

# HOUSING OPTIONS IN THE AFTERMATH OF HURRICANES KATRINA AND RITA

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## FIELD HEARING

BEFORE THE  
SUBCOMMITTEE ON  
HOUSING AND COMMUNITY OPPORTUNITY  
OF THE  
COMMITTEE ON FINANCIAL SERVICES  
U.S. HOUSE OF REPRESENTATIVES  
ONE HUNDRED NINTH CONGRESS  
SECOND SESSION

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JANUARY 14, 2006  
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## HOUSING OPTIONS IN THE AFTERMATH OF HURRICANES KATRINA AND RITA

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Saturday, January 14, 2006

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 9:20 a.m., in the City Council Chambers, City Hall, 2309 15th Street, Gulfport, Mississippi, Hon. Bob Ney [chairman of the subcommittee] presiding.

Present: Representatives Ney, Waters, Lee, Green, Cleaver, Watson, Melancon, Taylor and Thompson.

Chairman NEY. We meet this morning to continue this discussion of the Federal Government's response to the emergency housing needs of the residents affected by Hurricanes Katrina and Rita.

This is the first field hearing held in Gulfport, Mississippi, since Hurricanes Katrina and Rita struck the Gulf shores late last summer. Yesterday was the first hearing, official U.S. House hearing, held in New Orleans.

I am going to submit my opening statement because we do want to hear from you. We have a couple of important panels and I would appreciate it if the members would do the same thing.

We are going to hold strictly to the time limit here. I need to explain that for people who have not been to a House hearing. This will be an official hearing of the U.S. House Subcommittee on Housing and Community Opportunity. We will give you 5 minutes. If we do not have a light system, I will just give a light love tap here and then you can wrap up your statements. And we will leave the record open, since people might want to ask questions, for 30 days. The members have 5 minutes to offer opening statements and then 5 minutes to ask questions and your response time. So please hold to that.

And then also we do ask that although there is a lot of enthusiasm and passion on these issues, not to show your happiness by clapping or your sadness by booing. So just—you can murmur a bit, we do not mind that.

But I want to thank the Mayor. We had a discussion in Washington, D.C., awhile back about doing this here for the people. Mayor, thank you for hosting us and for the nice hospitality your staff has shown us here. Also, Governor Haley Barbour's staff person was on the bus with us today; we appreciated that.

I want to thank all the members of the Mississippi and Louisiana delegations who took the time to attend today's hearing. And

again, we want to hear from you. This is a terrible trauma that has happened to the people of the Gulf States.

With me today are, of course, many members who will identify themselves and I want to thank these members for taking the time to come across the country

I also want to assure you that since the day this has happened, we have focused on these issues. We may be from other States, but it is one Nation and we have to help each other; we are concerned about our fellow human beings. We have been on this, we have had meeting after meeting in the Capitol; also hearings and meetings with FEMA and HUD when problems arise, when we hear from local officials or Members of Congress from these affected States, like Louisiana and Mississippi. We have been working on it. Our ranking member, Maxine Waters, whom you will hear from in a second, is from California, and she has done a fine job on many, many issues in the subcommittee.

Our Full Committee Chairman, Mike Oxley from Ohio, and the Ranking Member, Barney Frank from Massachusetts, all of these individuals and the members—our ranking member, as I mentioned, Maxine Waters, have done an unbelievable job to effect some legislation to try to help and try to reach out to people who are in the greatest need of their lifetime after this most catastrophic disaster that this Nation, I think, has ever seen.

Not leaving the least for last, my colleague Mr. Taylor here, who has done a wonderful job. Thank you for having us. You hear about these, we have seen them on TV, but until you come—we were on a bus with the gentleman from Mississippi Mr. Taylor, and we saw first hand, it is an amazing picture that you see on the ground, it is absolute devastation. There is such a spirit here of people trying to pick up the pieces and go on. Thank you, Congressman Taylor, on behalf of all our colleagues for being here.

And I just want to point out another thing about Mr. Taylor that you will not see in the papers. When this happened, he lost a couple of district offices, I can remember his people and he were right on the phone, they wanted the services back up so they could help people. They knew people would be reaching out and need to find them. And his people had a tenacity that I appreciated quite a lot and they really were out there, first concern was not themselves and the houses they had lost; the first concern was what they could do to make sure that they could reach out to the people that were affected. Thank you and your staff for that.

With that, I am going to yield to our distinguished ranking member, Maxine Waters.

Ms. WATERS. Thank you very much, Mr. Chairman.

I want to take a moment to thank you for your leadership and thank you for having the vision and the concern that helped to bring this hearing to the Gulf Coast. This is extremely important and let me just share with you that not only are we the first official committee holding a hearing in the Gulf Coast region, but I am concerned that only 60 Members of Congress have been to the Gulf Coast since Hurricanes Katrina and Rita. And when we go back to Washington next week, we will make it known that the Members of Congress should come and see for themselves. The pictures on television and the pictures in the newspapers do not adequately de-



scribe the extent of the devastation that we have seen in Louisiana, in the New Orleans area, and today in Mississippi.

I am thankful to all of my colleagues for being here today, and particularly thankful to Mr. Taylor and Mr. Thompson from Mississippi, both of whom have been strong advocates in the Congress of the United States, battling for resources and appropriations, but also trying to get the Members of Congress to understand how lives have been torn apart and how families have been devastated. So I thank them so very much for the leadership that they have shown.

Mr. Mayor, we are very appreciative for your leadership and the time that you have taken and the fact that we are here in City Hall today.

And we are very grateful to HUD for the assistance that they have given to us on these tours. They have made themselves available to us in an extraordinary way, and Mr. Chairman, they used the resources of their department to do this. I do not know whether we could have done as well without them.

So I am here today, along with my Chairman and the other members, to hear from you, to let you know that yes, we have been doing a lot of work in Washington, D.C. This is the Housing Subcommittee of the Financial Services Committee. We are very concerned about housing. We have been concerned that everything from the temporary shelters to the trailers to the mobile homes, other kinds of efforts that should have been put together, may be being put together to house the families. And we are also very concerned about permanent housing. We are concerned about insurance companies and whether or not they are doing a good job. And we are concerned about our own government and what more we can do to make the transition from this catastrophe to "normalcy" a lot better for everybody.

So we thank you all for having us here today and we are grateful for everything you do. I am going to yield back the balance of my time so we can get on with the hearing.

Chairman NEY. I thank the gentlelady.

We will go to our host Congressmen first of all.

Mr. TAYLOR. Thank you, Mr. Chairman. I do want to thank all of my colleagues. Many in this room came from all across the Nation to be here. I want to thank so many elected officials that I spot, I would miss one or two. I see some Senators, State representatives, and city councilmen. We are very grateful that all of you are here.

Chairman Ney—to brag on him, when we lost the two Congressional offices down here, within a week or so—he had bent the rules in order to get us temporary quarters. He actually allowed me to increase my staff size. I very much want to thank you for that.

As you know, we have had an unprecedented disaster, we have had unprecedented requests for help. It was through him bending the rules that we were able to get some staffers down here for temporary offices. And I want to thank you for that.

Mr. Sid Melton is here, Ms. Waters asked your counterpart in Louisiana—Sid Melton runs the FEMA trailer operation—and Ms. Waters had asked your counterpart in Louisiana a number of questions yesterday. And Sid, I know we have given you a very hard

time for the past 120 days as we had about 36,000 requests, even though today about 31,000 have been filled, I am still not happy that there are 5,000 people waiting.

On the flip side, in Louisiana, something like 10 percent of the people who wanted a FEMA trailer have gotten the trailer. So even though we are not perfect here, we are doing a heck of a lot better than Louisiana and I want to recognize that you are doing a heck of a lot better than they are doing in Louisiana; so thank you for the 31,000 who do have a trailer.

Again, I see a lot of people who have a lot of good things to tell us, a lot of things that we need to address, so I am going to yield back my time. But it would be shameful of me not to thank Chairman Ney for what he has done to help the people of south Mississippi. We now have temporary offices in Bay St. Louis, Gulfport; we had one in Ocean Springs, but we had to find other quarters. And that is because of his good work and really the kindness of your heart and I want you to know we very much appreciate that.

Chairman NEY. The gentlelady from California.

Ms. LEE. Thank you, Mr. Chairman. I do want to thank you and our ranking member for your leadership and vision and commitment in assuring that our work on this committee is bipartisan on behalf of the people of the Gulf region.

Let me also say to Congressman Taylor and to Congressman Thompson, this devastation has been staggering, but the response—I mean your leadership in the community, the Mayor, all, has been extraordinary.

What we saw briefly this morning driving in was very unbelievable. I come from California in an area that is prone to natural disasters—earthquakes, fires—but nothing like what we have witnessed in the last 2 days here.

So I just wanted to commend all of you for your pulling together, ensuring the debris cleanup and the recovery process began immediately. I too am concerned and interested in how Federal agencies have coordinated around here together and with you, as well as I will be interested to hear about how the local residents have benefited from the jobs for the reconstruction.

I just want to thank again, Mr. Chairman and ranking member, Mr. Thompson and Mr. Taylor, for your leadership and just say that I look forward to working with you to see what we can do to make sure that we support the efforts that you have mounted.

Thank you very much.

Chairman NEY. Thank you. The gentleman from Texas, Mr. Green.

Mr. GREEN. Thank you, Mr. Chairman, and thank you, Ranking Member Waters.

Friends, we hear so often that we want our elected officials to work together. Our chairman and our ranking member are doing it. And I think they do it so well that we ought to let them know how much we appreciate the way they do this. These persons are the example of excellence that we are looking for in Congressional representation and I think that an expression of appreciation would be in order at this time.

[Applause]

Mr. GREEN. When you are a neophyte in Congress, you can get away with things because you do not know any better. This is my first year—I just started my second year.

[Laughter]

Mr. GREEN. I do want to thank Congressman Taylor and Congressman Thompson for the exemplary leadership that they have provided as well.

And I would simply like to say this in closing so that I can give back some of my time—the people of Mississippi are strong, you have great will, and you will rebuild. You rebuilt after Camille, the flood of 1927 did not stop you; and I assure you, Hurricane Katrina will not stop the people of Mississippi. And I want you to know that we are going to do what we can to be of assistance. I will work on behalf of the people of Mississippi.

Thank you, Mr. Chairman. I yield back.

Chairman NEY. Thank you. Congressman Cleaver.

Mr. CLEAVER. Yes. I would just like to express appreciation to you and to Ranking Member Waters and I will yield back the balance of my time. I will wait until we have the witnesses to ask questions.

Thank you.

Chairman NEY. Thank you. And this is not his district right here, but it is the same State, Congressman Thompson is a host for us and we want to thank you. Also thank you for all your interest; you, like Congressman Taylor and the other members of the Louisiana delegation have championed the issues up in Washington. Congressman Thompson.

Mr. THOMPSON. Thank you, Mr. Chairman, Ranking Member Waters, I have a written statement for the record that I will submit.

But I would like to say that my role as ranking member on the Homeland Security Committee gives me specific responsibility for the Department of Homeland Security. The response to Katrina concerns me greatly, the adequacy of the response here is of significant concern, and I look forward to making sure that in any disaster in the future, the response is far more robust than what we had here.

We are the Federal Government, we are the calvary. Our citizens need the cavalry in times of need. And I look forward to making sure that ability to respond is there and will be there as long as I am in Congress.

I yield back.

Chairman NEY. Thank you. The gentleman, Congressman Melancon from Louisiana.

Mr. MELANCON. Thank you, Mr. Chairman, Ranking Member Waters.

It is good to be over here in Mississippi. For those of you who do not know me, my district basically surrounds the Orleans metropolitan area. My district was the first to take landfall from Katrina and the first to get a swipe back from Rita when she came by. That is Plaquemines, St. Bernard, lower Jefferson. What Katrina did not do to my district, Rita came back and took care of.

As I was explaining to several members a few months ago, we have been through a lot of hurricanes along the Mississippi coast,

along the Louisiana coast. This was not a traditional hurricane in the sense that the magnitude was just so much more, and greater than anything that I have ever seen in my 58 years.

The Louisiana situation has a lot of different problems than Mississippi's situation for getting back up on its feet, but both States and both areas have a long way to go and are doing well to try and get there.

I commend you, Mayor, and the people of Mississippi for their efforts and also want to thank you, the people from Mississippi as well as people from Louisiana, for your help when the time came.

Thank you and I yield back.

Chairman NEY. Thank you. We also have Congresswoman Watson from California. She is not on detention from Congress.

[Laughter.]

Chairman NEY. She has done nothing wrong. She is a great member and has been with us now for 2 days of hearings. She is seated there because there was not enough space. Congresswoman Watson from California.

[Ms. Watson indicates no comments.]

Chairman NEY. Our first panel is Dr. Gavin Smith, Director, Office of Recovery and Renewal, Office of Governor Haley Barbour. Next is the Honorable Brent Warr, Mayor, City of Gulfport. Mr. James Russo, Federal Coordinating Officer, Federal Emergency Management Agency, FEMA, Department of Homeland Security. Mr. Nick Walters, Rural Development State Director, USDA. Mr. Hank Williams, Deputy Assistant Secretary, Multifamily Housing, Department of Housing and Urban Development. He has given us his time for the last 2 days and we appreciate it. And Ms. Dianne Bolen, Executive Director, Mississippi Home Corporation.

We will start with the Mayor, the Honorable Brent Warr. Thank you.

**STATEMENT OF HONORABLE BRENT WARR, MAYOR, CITY OF GULFPORT, MISSISSIPPI**

Mr. WARR. Thank you very much.

Mr. Chairman, Ranking Member Waters, distinguished members of Congress, thank you for your invitation to speak here today and for affording the City of Gulfport the opportunity to take part in the hearings to assess the housing options in the aftermath of Hurricane Katrina.

Before I begin with my assessment and suggestions for improvements in housing, I would like to give a special thanks to Chairman Ney. Our conversation back in D.C., in our Nation's Capitol, I think back over fondly and I never knew that in a meeting like that, an opportunity like this would be the result. And I want to thank you so much for giving our city the honor of hosting this event.

In all fairness, the unparalleled damage and destruction caused by Hurricane Katrina was so unimaginable that no single agency or organization could have possibly been prepared for a storm of this magnitude.

The City of Gulfport is extremely grateful and appreciative to everyone at the local county, State, and Federal level for assisting in the recovery process. In particular, I would like to thank President

Bush for his compassionate leadership, Vice President Cheney, Secretary Chertoff, Governor and Mrs. Barbour, and our distinguished Senators and Congressmen from Mississippi for their tireless efforts.

We also owe a debt of gratitude to Colonel Joe Spraggins, director of the Harrison County Civil Defense, and the Harrison County Board of Supervisors for their leadership. Additionally, I would like to extend a special thanks to our Gulfport City Council for their hard work and dedication to the citizens of Gulfport, and we applaud the talents of our local law enforcement and municipal departments. Our recovery efforts are where they are today because of their unwavering determination to put our city back together.

I took office as Mayor of the City of Gulfport on July 5, 2005, and on that very same day, we signed our first State of Emergency due to the threat of Tropical Storm Cindy. While Cindy had little impact on south Mississippi, a few days later, the Gulf Coast was threatened once again with a much more powerful hurricane, Hurricane Dennis.

On the Federal side, a call from the White House's Department of Intergovernmental Affairs on Sunday, August 28th, in preparation for Hurricane Katrina, began a relationship that placed Gulfport in good stead. Continuous direct communication with elected officials and their Administrations in Washington was extremely helpful and greatly appreciated. It was also on this Sunday, prior to Katrina, that I learned FEMA representative Mike Beeman was on his way to Gulfport. Beeman, who was assigned to Harrison County Emergency Operations Center, has been a tremendous asset to our recovery, and he certainly assisted our community with a great deal of knowledge and compassion.

However, Mr. Beeman was assigned to the county and he was one man dealing with an overwhelming volume of devastation. A FEMA representative should have been on hand for each municipality, and this officer should be vested with authority to make real time decisions and the ability to cut through red tape in acquiring vitally needed assets. While FEMA guidelines suggest that each municipality should be assigned a Public Assistance Officer, the acronym is PAO, within 24 hours after the storm, Gulfport did not receive its PAO for many weeks.

Our recommendations to this panel would be that we create a team of those who lived through this experience. They should be assembled to sit down and develop a play book, a real plan of real time preparation and solutions that could be followed to save many days and hundreds of millions of local and Federal dollars. This team should be challenged to do the following: develop an emergency plan for each city and any other populated areas; establish an organization of overall management and allocation of resources—commodities, volunteers and donations; create an asset management team or asset commander to allocate and move resources quickly and efficiently; and secure pre-existing contracts for immediate needs such as water, ice, generators, lighting, portable showers, and bathrooms.

There are many recommendations that could come with preparation for a storm, I guess, for the emergency needs, but you have come here to talk about housing.

In the short-term housing perspective, prior to landfall, Harrison County had 19 shelters in place for storm evacuees. Three of those were in the Gulfport City limits, the others were in the county and the surrounding area nearby. Pre-storm, these shelters housed approximately 6,000 evacuees, while post-storm, shelters have housed an average of 1,500 evacuees daily. Schools began to re-open and schools in Gulfport opened by October 1st. Shelters that were located at area schools were moved to local community and recreation centers. Gulfport housed two of these centers, the Gulf Coast Skate Park and the Good Deeds Community Center. The Skate Park location closed in November, while Good Deeds just recently closed, housing storm victims until the end of December.

Temporary housing was an immediately concern for the City of Gulfport and for all the local municipalities from day one. Thousands of local residents were left without homes, while an overwhelming percent of homes were severely damaged. While no plan was in place for long-term sheltering or for temporary housing beyond the established pre-storm shelters, the City worked closely with County officials to begin identifying potential housing sites.

Of the 13,000 county-wide requests for housing to date, close to 11,000 of those requests have been fulfilled, and the trailers are in place on numerous pieces of private property, in commercial trailer parks and in FEMA trailer sites throughout the county. The City of Gulfport currently has three FEMA sites for placement of travel trailers and mobile homes. The sites are as follows:

Rippy Road contains today 41 travel trailers; Milner Stadium, 131 travel trailers; the VA Hospital at Gulfport property, 47 travel trailers and 64 mobile homes.

The process, and the lengthy amount of time residents have had to wait to receive temporary housing has been a difficult issue. Of those 13,000 county-wide requests for temporary housing, there are approximately 2,500 people in Harrison County still waiting on trailers. However, the end result as we stand 5 months after the storm, we continue to have some families sleeping in tents on the grounds, children sleeping in their family's car and thousands who still have no place to call home.

Some of the blame for the slow delivery of trailers can also be directed toward the city and county officials who failed to have long-term shelter and trailer sites in place. Because of this oversight, there has been extreme difficulty finding large areas of land that have not been developed, or is in the process of development. Therefore, the city and the county have been forced to seek out private property, and there has been a great deal of difficulty negotiating prices at GSA's suggested pre-storm market value. We all know that the market value of property prior to the storm is very different than the market value of property post-storm.

In actuality, real estate is much more expensive and valuable post-storm, due to the emergent need for land and housing and owners have not been quick to sell or rent space at previously determined values.

Furthermore, trailer delivery has been delayed due to the fact that many residents have requested the placement of trailers on wetland property. To acquire a trailer for such property, a resident must obtain a 404 permit, which allows for temporary usage of

wetland property. And finally, the primary requirement to place a trailer on private property is that the property has water, sewer, and electricity. Due to the complete devastation of some residential areas, these three necessities have yet to be restored, and this has caused delay.

In the long-term housing, the good news is there is not a shortage of developers who are interested in helping us rebuild. The city has plans for a variety of mixed-use housing to accommodate every socio-economic class. Some of this housing included condominiums, three of which have been approved for construction; apartments, single-family residential housing subdivisions; and extended-stay hotels.

Developers, as well as public and private organizations, have shown more prevalent interest in the development of long-term affordable housing. This is very important. It is imperative, though, that this be done right. What we are asking for is specialized assistance in the development of a plan that will spread affordable housing evenly throughout our community and infield developments.

Our HUD Department needs additional support. We need inspectors, we need planners, we need employees. We need the opportunity to have live-work opportunities in communities where people can live in their homes and work in their homes, which will give them additional opportunities to get financing that will support the development of a home that they can be proud of.

Chairman NEY. Your time has expired. If you would like to summarize.

Mr. WARR. Yes, sir, I will wrap up.

In conclusion, when people ask who is to blame for the conditions after the storm, I sincerely answer you can only blame Katrina. No one came to the Mississippi Gulf Coast intending to do a poor job. Were there things that could have been done better? Absolutely. Are there organizations that did less than their mission statements? Yes. Were there far more successes than failures? Absolutely.

I ask this panel to engage locals in searching out ways and means of promoting the local readiness and abilities so that the tools are in the hands of those homes, families and properties who are involved.

Once again, I sincerely thank you for the honor of appearing before you today. The City of Gulfport thanks you for the important work that you are doing and the improved safety and quality of life that will ultimately spring from your efforts.

Thank you very much.

[The prepared statement of Mayor Warr can be found on page 171 of the appendix.]

Chairman NEY. Thank you, Mayor.

Dr. Smith.

**STATEMENT OF DR. GAVIN SMITH, DIRECTOR, OFFICE OF RECOVERY AND RENEWAL, OFFICE OF GOVERNOR HALEY BARBOUR**

Mr. SMITH. Thank you for allowing myself and our new office which has just been stood up, the Office of Recovery and Renewal

in the Governor's Office. We will be taking on some of these challenges, working in partnership with HUD and FEMA trying to cut through the red tape and figure out short, immediate and long-term and intermediate solutions to housing and other issues.

I want to talk a little bit about some of the things that did not go so well, but I want to talk first perhaps about some things I think that did go well.

One of the things that we recognize is that the provision of temporary housing in this disaster was done faster than ever before. However, that was not good enough. It is just not good enough. And that is one of the issues, one of the key issues that I would request you focus on, is coming up with a long-term housing recovery strategy. That is going to require partnerships among HUD, FEMA, EDA, and a number of other partners working in tandem with State agencies and local governments. Local governments in many ways driving that effort because we need to develop a plan that is based on local needs. And I will touch on that in more detail in just a moment.

Another issue that I certainly would like to commend FEMA for is the fact that they developed what are called Flood Advisory Elevation maps in Mississippi following Hurricane Katrina. And for those who do not know, it was an unprecedented effort, it is unbelievably useful to local governments to help them make educated decisions about where and how they rebuild. That is a very important tool, it is very difficult decisions that have to be made on the coast, but FEMA did a great job of providing that data very quickly. Those maps are available to communities and they can use them to help determine how they are going to rebuild their communities.

Another area where FEMA is improving but more work still needs to be done is the area of recovery planning, generally speaking. They have created an emergency support function. The focus is on long-term community planning whose role is to bring together Federal agencies, State, and local governments to address complex issues like this. However, it is just starting, it has been in process or in place for a couple of years. I would suggest that a cadre of experts from around the country and within FEMA are developed that can immediately deploy to these communities to help them address these issues upfront as quickly as possible.

Touching on the temporary and long-term housing strategy, as I mentioned earlier, while the temporary housing situation, more travel trailers were put up faster than ever before, again, it is just not fast enough for local governments.

One thing that we ought to think of, in my opinion, is the idea as part of this plan is having an in-place coordinated effort not only with State, Federal, and local agencies, but also the private sector. Having private sector individuals, builders, and others that have innovative housing solutions, be it manufactured housing, be it panelized housing, be it the resources that can be brought to bear to set up what are often being referred to as transitional communities, setting those up in the immediate aftermath. Trying to come up with a plan in the throes of a disaster is often too late. And that is kind of where we are today; we are trying to come up with a plan after the disaster.



So I would suggest that for the long-term recovery planning aspect, we really need to do a lot of that planning before the storm. And I would suggest that a group be formed, obviously to address Katrina and that is my primary responsibility and we will be doing that, but in the future to think about how we can develop a team that would do those types of pre-planning activities.

I think we all know that the provision of temporary and long-term housing is a foundation of recovery. Until we can get housing in place, until we can get quality housing in place, affordable housing for everyone who was affected by the disasters, the overall disaster recovery effort is actually not going to be achieved as quickly as it can.

Obviously people live in homes that are helping us rebuild the coast. People's kids need to come back to school, which in Mississippi, we do have all our schools open, which is a fantastic effort. But we need to do something comparable to that with our housing. And again, that is kind of the engine of recovery and we need to recognize that.

One of the things we also need to look at is in order to make this happen, we are going to need three things—funding to help make this happen, to implement some of the ideas, some of the plans. We need technical assistance, people on the ground that can provide State agencies, local governments with that type of assistance. And third, we need to knock out some higher level policy issues. And I would like to talk a bit about those today as well. If we can do those three things, we will really be able to achieve a renaissance, as the Governor is suggesting, in our State.

I want to focus a bit on policy, however.

Chairman NEY. Your time has expired. If you would like to summarize.

Mr. SMITH. Very quickly, it is very important, the Hazard Mitigation Grant Program is something we need to look at. Congressman Taylor did a great job of providing assistance for housing outside the floodplain. This program, very well intentioned, a key policy issue for us is to actually—you typically elevate flood damaged houses. Well, if the house is gone, what do you elevate? So in our State, one of our biggest challenges is that we are suggesting that the Hazard Mitigation Grant Program be used to elevate—pay for an elevated foundation and the house upon which it sits. A critical issue.

One other thing I would like to say very quickly is in connection with the floodplain mapping effort that was done post-disaster; pre-disaster floodplain mapping is critical, doing that before the storm comparable to the pre-disaster planning. And the map modernization program within FEMA, I would argue is under-funded. It is a great program and certainly is something worthy of further attention.

Thank you.

[The prepared statement of Dr. Smith can be found on page 159 of the appendix.]

Chairman NEY. Thank you very much. Mr. Russo.

**STATEMENT OF JAMES N. RUSSO, FEDERAL COORDINATING OFFICER FOR DR-1604-MS, FEDERAL EMERGENCY MANAGEMENT AGENCY, DEPARTMENT OF HOMELAND SECURITY**

Mr. RUSSO. Good morning, and thank you, sir, members of the committee, Congressman Taylor, Ranking Member Waters. I have a prepared statement that I believe has been given to you. What I would like to do is also give you some perspective so that you know what my role was from the early days of Katrina up through today, so when we answer questions, you will know what my perspective of the event was.

My initial role was to deploy into Jackson on the 27th of August, where I met State counterparts, then Federal Coordinating Officer Woody Carlisle, and began to pre-plan landfall operations. The day after landfall, it was decided that I would move forward to this city, to Gulfport, with a small command and control team to start identifying resources and requirements, funnel that information back up through the State and through Jackson, and begin the response operations in the lower six counties.

On October 14th, Mr. Carlisle decided to retire, I was then appointed the Federal Coordinating Officer for the State and relocated up to Jackson, where we work daily with Governor Barbour's staff, my State counterpart Robert Latham, and with the members of Mississippi's delegation.

While I will agree that there are many policy changes that I think are being looked at and I think they need to be looked at, I think in retrospect, many of the issues that we need to resolve were policy-related. I think the men and women who hit the ground here in Mississippi worked tirelessly. I know in the early weeks, the first six-and-a-half weeks I spent here in Gulfport and in the Biloxi area, many of our employees worked side-by-side with their State counterparts 18 and 20 hours a day, trying to identify the damages, what the needs were and try to get people back into some temporary shelter.

I agree with the statements that many have made, I know Congressman Taylor has made it, and I have made it myself, that 31,000 travel trailers on the ground at this date is an earth shattering number and a number that we would have never thought possible at this stage, but if your family is 31,001, it is not fast enough.

There are issues with procurement, there are issues with policy, there are issues with transportation movement, and I think quite honestly one of the things that was our biggest impediment is it is the first time that we have dealt with a wide scale operation that not only displaced hundreds of thousands of people, but it made it much more difficult when the infrastructure to replace those people back on their own property or even remotely close to their property, was dismantled or completely destroyed. As you know, in order to put those travel trailers and relocate those people, the placement of choice is to put a travel trailer on their property, for many reasons. One, for comfort and peace of mind, so that they can be on their property. When the property is gone, when the debris is such that it is not safe to put that travel trailer in there, or if any of the structure is completely wiped out, it made it very difficult for us to get in there.

I think there are changes that can be made to the way we put travel trailers in place, task force type mentalities that we can overcome. Several local issues that I think need to be addressed so that we can move quicker and faster in the future. But I think that for the most part, I think the movement at this level, ground level, was rapid and it was done I think within the confines of the incident that we were dealing with. The time lag in moving communications up and down the chain and horizontally, I think that was an issue.

I think we have never had an incident of this magnitude, and to date, I would offer to you that the majority of our catastrophic planning to this point has been done through hypotheticals, through mapping, through modeling. We now have historical data that we can use for future planning. We now know, we have put people on the ground, we have had our first catastrophic event. And I would hope that this is the information and these are the people that will be allowed to work on the planning process for future catastrophic events.

And with that, I will be happy to answer any questions you might have.

[The prepared statement of Mr. Russo can be found on page 147 of the appendix.]

Chairman NEY. Thank you. Mr. Nick Walters.

**STATEMENT OF NICK WALTERS, MISSISSIPPI RURAL  
DEVELOPMENT STATE DIRECTOR, USDA**

Mr. WALTERS. Thank you all for allowing us to attend.

As a Mississippian and a local person who is from 30 miles north of here in Stone County, we are glad you are here and thank you for being here.

I wanted to give you a little insight of what we have done as an agency in helping to try to do some relief efforts as well as what we at USDA Rural Development have done since that time of the first couple of months of being involved, to give you an idea of what we have done.

We are the single largest lender of single-family homes in the State of Mississippi. We literally build communities from the ground up, whether it is the water and sewer or whether it is the hospitals and the schools and the other necessary facilities, police stations and such as that that we are able to do, helping businesses try to find dollars so that they can operate. This is what we do for a living every day. And so we have been about the business of doing that. We do about \$250- \$270 million dollars a year here in the State of Mississippi.

What we did in response on the front end is first off, we tried to make sure that we knew where all our employees were, that we knew that they were safe. Indeed we are fortunate to say that while several lost their homes, everyone was safe and their families were safe, for the most part.

The second thing we did is we made the assumption that a lot of the folks at the Mississippi Emergency Management Agency or at the FEMA office probably were not as aware that we at USDA Rural Development had the resources that we did here in the State. So we immediately went to them. I don't think USDA is the

first place that is on a lot of folks' minds about where they turn to for help, but we went and met with our counterparts there and let them know about what we did, what we could offer, how we might be able to be of some assistance.

One of our employees, as a matter of fact, went to work over at the Mississippi Emergency Management Agency office and she worked there for about 3 weeks, just answering the telephone, just being able to take some calls and things like that that we thought were important to do.

The next thing that we did is I got on the phone with our Under-Secretary Tom Dorr in Washington and he told us and gave us the green light, and Secretary Johanns had given it as well, to please go and do everything we need to do under our legal bounds, take care of the things that we needed to do. We immediately began to do that.

We also did a quick assessment of our multifamily housing complex units that were vacant across the State, so that people who were in shelters would have the opportunity to possibly go into one of our multifamily housing complexes. So we needed an inventory, a tighter inventory, on what was available so that as folks tried to get placed, that we knew exactly where that was.

Then our Washington office really kicked in and we got debt forbearance for 6—first it was 90 days and then it was moved to 180 days, for anyone who owed us any money for a housing note, if a municipality owed it for a water and sewer project or others, we got a 180-day forbearance for them so that they could try to have a little bit more funds in their pockets as we went through this part as well.

Chairman NEY. Your time is expired. If you could summarize.

Mr. WALTERS. Okay.

Up to date, what we have done for the future is right now for housing, we have taken about 6,000 applications just in our four local offices that are down in the southern part of the State. Of those 6,000 applications, we have about 500 today that we have already processed, the rest of them were either ineligible or they did not want to access any of our dollars. We have put about \$6 million out so far to date in single-family housing loans, either as direct loan money or in guaranteed loan money. And even with the additional money that was given for response, we believe that we will spend every dollar and every dime that is given to us to be able to put folks into single-family homes.

The waivers that we were able to put into place so that we could come into more metropolitan areas, we can do a home in Gulfport and Biloxi now, and Hattiesburg, places that we have not, because of populations limits, been able to do a single-family home inside the city limits here. Our Under Secretary waived all those regulations, so we are able to do that. It has been taxing on our folks, but our people have done an outstanding job, I will have to brag on them, in trying to deliver these programs as much as possible for the local community.

Thank you.

[The prepared statement of Mr. Walters can be found on page 163 of the appendix.]

Chairman NEY. Thank you. Mr. Williams.

**STATEMENT OF CHARLES H. WILLIAMS, DEPUTY ASSISTANT SECRETARY, MULTIFAMILY HOUSING, DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT**

Mr. WILLIAMS. Mr. Chairman, ranking member and distinguished members of the committee, my name is Hank Williams and I am the Deputy Assistant Secretary of Multifamily Housing in the Department of Housing and Urban Development.

It is a privilege to be able to represent the Department today. We also wanted to thank you for the opportunity to host the tour from Louisiana along the Gulf Coast. When the call came in from the subcommittee staff, the HUD staff went to work right away to facilitate this tour and we know that it has made a big impression upon not only the members of the subcommittee but also many of the HUD staff, who had not had that opportunity previously.

The Katrina, Rita, and Wilma disasters have thoroughly tested all of us, and the President has directed the Federal agencies to adapt to the extraordinary challenges presented by the most extensive natural disaster in the Nation's history.

Responding to the President's direction, Secretary Jackson mobilized the resources of HUD, and I would like to describe just a few of those in my comments.

HUD worked very closely with FEMA in the early days of the disaster to get the housing assistance to those who were displaced and uprooted by the hurricanes. There were also partnerships formed with the USDA, VA, HHS, and others, which demonstrates the dedication for getting the housing resources into the hands of the people who need them.

Some of the best examples were the Katrina Disaster Assistance Program, KDHAP, and the Joint Housing Solution Center.

Also, there were hundreds of HUD staff who volunteered and were deployed to the Gulf Coast area to assist in a variety of different disaster related activities.

The program offices at HUD also aided in the recovery process. Administered by the Office of Community Planning and Development, the community block grant program, CDBG, is an important tool in the rebuilding effort. As you know, the President recommended additional funding for CDBG to help in the recovery and rehabilitation. The Congress and the President approved \$11.5 billion in additional CDBG funding as well as almost \$400 million for public housing authorities to assist in the recovery and housing efforts.

In addition, CPD issued waivers for more than 40 requirements within the grant programs that already existed so that the States of Louisiana, Mississippi, and Alabama could increase their flexibility to use their current resources in disaster recovery.

The Office of Housing took the lead and provided the first 90-day foreclosure relief in the Presidentially-declared disaster areas. On November 22nd, that 90-day period was extended to 180 days, which ends in February of 2006. Homeowners in those counties were given the opportunity to work with their mortgage companies and have the additional time in which to confirm what their intentions would be, their abilities to rebuild, and what their plans were for being able to service their mortgage payments and retain their homeownership. Realizing that even 180 days is not a sufficient pe-

riod of time, HUD and FHA took the extraordinary step of creating the first 12-month deferral of payments for the disaster victims. All disaster victims in the Presidentially-declared major disaster areas, whether they live there or work there, it could be either one, are eligible for 12-month deferral of payments on their FHA mortgage. This 12-month deferral then was put on the end of their mortgage, not required to be repaid at the end of the 12-month period of time, giving them really full relief for that 12 months of time. We determined that there were about 20,000 families who could benefit from this program of payment deferral.

In addition, Secretary Jackson personally encouraged lenders and lender groups to undertake actions such as mortgage modifications, refinancing, and the waiver of late charges so that those in the disaster areas could have the benefits that HUD was providing in all areas of the mortgage world.

The Office of Public and Indian Housing has issued guidance to the Nation's more than 3,000 public housing authorities on how to assist displaced residents. That is posted on the HUD website and provides the guidance both to these housing authorities and to the HUD offices, to be sure that maximum usage of the assistance is available.

As mentioned earlier, the Katrina Disaster Housing Assistance Program, KDHAP, is providing housing vouchers for evacuee families who were previously receiving rental assistance through HUD, and those who were homeless—and this is the first time that the homeless were actually provided disaster relief. And the KDHAP program is the first step towards doing that.

Under this program, individuals and households who had been found ineligible because of their participation in the HUD register with FEMA—

Chairman NEY. Your time has expired. You may summarize.

Mr. WILLIAMS. I will just finish up on this program because it is very important. FEMA then transfers that registration information and provides us the funding that is available through the Stafford Act to fund the program. It assists these families with the public housing authorities being able to help them to find suitable housing and they can pick a home in any area throughout the United States because any housing authority within the United States is funded through the program to help them with that selection. And those homes are funded 100 percent of the fair market rent for that particular area, giving them maximum flexibility for a start at their new life.

So we appreciate this opportunity of not only participating with you in this important Gulf Coast rebuilding effort, but also in the opportunity of presenting here today at the hearing.

Chairman NEY. Thank you, Mr. Williams.

And the last witness for panel one is Ms. Dianne Bolen.

**STATEMENT OF DIANNE BOLEN, EXECUTIVE DIRECTOR,  
MISSISSIPPI HOME CORPORATION**

Ms. BOLEN. Mr. Chairman, Representative Waters and distinguished members of the Congress; thank you for the opportunity to appear before this subcommittee to discuss Mississippi's housing needs and plans as a result of Hurricane Katrina.

The Mississippi Home Corporation is the State's housing finance agency. We offer various State, Federal, and corporate programs that address the affordable needs of Mississippians.

It is estimated that over 50,000 homes were destroyed on the Gulf Coast alone. The majority of homeowners had no flood insurance. People are still living in tents. Temporary housing remains a top priority. From day one, the IRS was available to make adjustments and waivers in our housing tax credit programs so that developers could move Katrina victims into vacant apartments.

Additionally, the Mississippi Home Corporation partnered with Freddie Mac, who donated \$900,000 for the purchase of travel trailers. The Mississippi Home Corporation was able to house 36 families that did not qualify for the FEMA trailers.

We also partnered with Fannie Mae to make 15 foreclosed properties available to displaced families rent-free.

MHC has focused on the rebuilding of permanent housing stock through the Federal programs that we administer which include housing tax credits, mortgage revenue bonds, and mortgage credit certificates. The recent enactments of the Gulf Opportunity Zone Act of 2005, and the tax relief bill HR 3769, have provided flexibility and increased cap for these programs to assist in the rebuilding of affordable housing. I thank Congress for this unprecedented situation and the speed with which it was enacted.

MHC estimates that 4,163 tax credit units in the disaster area were damaged or destroyed. On September 7th, our Board of Directors approved a plan to allow developers who had received an allocation of tax credits but had not begun construction to relocate their development to sites within the disaster area. To date, 8 requests have been approved to relocate 228 units.

On January 11, 2006, the Board approved a plan to reallocate some of the previously awarded 2006 tax credits and to utilize applications that are on a waiting list. By doing this, the Mississippi Home Corporation can immediately take advantage of the initial \$38 million in 2006 tax credits made available by the GO Zone Act. On January 17th, the Corporation will allocate approximately nine million of the GO Zone credits, some of which will be 15-year single-family lease/purchase developments. Developers will have the ability to maximize the number of units being built in the disaster area in the fastest possible manner.

A concern of both MHC and developers is that a development must be placed in service by 2008 to receive the difficult-to-develop designation. Developments typically take 24 to 30 months to reach placed-in-service. As a result, developments would be exposed to a risk in development costs that would discourage participation in 2007 and 2008. MHC would suggest that difficult-to-develop designations for GO Zone credits conform to the IRS requirements for Section 42.

MHC also seeks guidance on the use of the national non-metro income for tax credit development. In Mississippi, some metropolitan incomes are less than the national non-metro income. In these cases, MHC would like the flexibility to use the national non-metro income.

To encourage homeownership in the disaster area, MHC will provide training to lenders and realtors to educate them on recent

changes to the mortgage revenue bond program and the mortgage credit certificate program. We are also planning homeowner fairs with our partners to educate potential borrowers.

MHC is encouraging lenders to utilize HUD's 203(k) home improvement loan and HUD's 203(h) 100 percent financing loans in conjunction with a mortgage revenue bond and mortgage credit certificate program.

Freddie Mac has pledged to purchase up to \$1 billion in bonds at a below market price from States affected by Katrina. The benefit will pass directly to the potential homeowner in the form of a lower mortgage loan rate. To date, we have already reserved about \$17 million of these funds at a 5.61 percent interest rate and we also offered them a 3 percent cash advance to assist with closing costs and down payment assistance.

Families are now facing foreclosure, bankruptcy, and other credit issues as a result of Katrina. MHC will support housing counseling, credit counseling, and homeowner education services. We have recently approved grants from HUD and Freddie Mac. MHC estimates that 800 households will receive assistance from these grants. We also need additional funds to help, because there are more than 800 families who could use and benefit from services such as these.

MHC is also looking at ways that we can tweak other programs we administer to meet the needs of families of the disaster area. We just completed our annual housing conference where a record number of partners attended to share ideas and learn more about the latest changes in our program as a result of the GO Zone legislation.

Chairman NEY. Your time has expired. If you would like to summarize.

Ms. BOLEN. In conclusion, the Corporation has acted to implement the new authority Congress has given us. We are committed to continuing to work with our partners to rebuild Mississippi.

Thank you.

[The prepared statement of Ms. Bolen can be found on page 66 of the appendix.]

Chairman NEY. We thank you so much, Ms. Bolen.

Before we proceed, I failed to recognize special guest Ambassador Sidney Williams. He has been traveling with us. He is also the spouse of Ms. Waters. Ambassador, we are honored to have you here.

Also, the Democrat and Republican staff, from both sides of the aisle, raise your hands. These individuals do such a great job. We have to give them a round of applause.

I would like to mention the GSE bill where we work with the housing trust fund with Mr. Frank, Chairman Oxley and Ranking Member Maxine Waters, that penny—by the way, you might want to drop a little note to your United States Senator, we would love to have that House version of that fund which will help the poorest of the poor with housing and also will help specifically for disaster victims. That is one little penny.

I have a couple of quick questions and we will move to the other members. I just want to get a handle on a couple of differences



maybe, if any pops up, of the needs in New Orleans versus down here in Gulfport and this entire area.

We have an issue that we heard about yesterday, a privacy issue. The Secretary of State of Louisiana had asked for the names of people and where they live. The Secretary of State got the names. We think we now can get the names and the Mayor of New Orleans said that he could not get the names. That way they can contact people. Is there any issue, has this been a problem down here of privacy and the names cannot be passed on of where people are at, anything like that?

Mr. SMITH. What I will say is there has been an issue of trying to get information relative to homeowners who live inside the floodplain, outside the floodplain, to try to characterize the level of damages that they sustained. And actually we have been working closely with FEMA on that. I do not know that that is going to be a problem. I think we have resolved many of those issues.

Chairman NEY. How about FEMA, have you heard of any issues about privacy?

Mr. RUSSO. Initially the Privacy Act came into play particularly when we started looking at transitional housing and shelters and our cruise ship population where we were trying to identify any undesirables that may be amongst the shelter population. That request went up to the State's attorney general and to my knowledge, we are working through the State's attorney general into the local law enforcement. That is where that stayed, at that level, and thereafter it did not involve us.

Chairman NEY. The other question I wanted to ask and I do not know if you have exact statistics, but you might have an idea. Were there issues down here and do you know how many people have left to go to other States? As you know, in New Orleans, huge numbers of citizens have left. In my home area near Newark, Ohio, we have some families up there. Do you have that type of situation down here, or not; and if you did, do you know how many people are out around in other States?

Mr. RUSSO. I will try that, Mr. Chairman. From the Governor's Office—and I know one of the things we tried to assess early on is would we see an additional influx of shelterees from people who evacuated out-of-State. To date, we have not seen that. The assessment in-State is that there were literally only about 3,600 hotel-motel rooms being taken up by shelterees, 65 percent of that were from Louisiana. So the bulk of the Mississippians either stayed with relatives or remained in the State. We are still unsure, checking with the hotel populations out of the State as to exactly how many Mississippians left. Our guess, working with the Governor and his office, is that it is far fewer than Louisiana and some of the other States.

Chairman NEY. So you have some citizens in the hotel situation but not—

Mr. RUSSO. Very few Mississippians.

Chairman NEY. Okay. The other area is the flood mapping. I think Congressman Taylor will have some thoughts on that. Mapping is important. Where I live, the 18th District of Ohio, we had last year three rounds of floods and some people lost houses. We have had our share of floods and things, but I have found also that

the mapping issue, I think, needs to be updated. We are working with FEMA to update that mapping and digitize it. That will help I believe.

My last question I wanted to ask, also just to get a handle on it, was the issue of the trailers, because—has there been any—it seems like you got trailers in this State a lot faster, which is great. I know there are some different reasons for this, there are a lot of homeowners probably here and in New Orleans—some people are renting and they have to get permission. But it just seems like it went a little better here. Although you have, I understand, some trailers that are still hanging around. If you want a trailer and you see those thousands sitting there, you want that trailer obviously. And maybe that could be expedited somehow.

Was there an issue of sitings? The local government can say yes, we will put the trailers here. Was there any complication on that? We have heard up in New Orleans of complications between the locals and the United States Government and where are you going to site the trailers and things like that. Any comments?

Mr. WARR. Those issues were resolved rather quickly. The city councils and the planning departments of the cities made determinations that made it available for people to site trailers, primarily on their home sites, and in such a manner where the home can be rebuilt.

Chairman NEY. So that happened fast.

Mr. WARR. They were resolved quickly.

Chairman NEY. Okay. The gentlelady.

Ms. WATERS. Thank you very much, Mr. Chairman.

I think I should preface my remarks or my questions by saying to the panel, I am pretty direct and I do not want you to take offense.

I know that there has been a lot of cheerleading and I know that, you know, people talked about the high hopes and all, the good feelings and all like that. But my job is not to do that, my job is to find out where the problems are, why there are problems, and what we can do to help solve those problems. So if I come at it directly, just know this is just business, I do not want you to take it personally. Okay?

Now having said that, we are here and there is a lot of cheering, talking about the high spirits and the hopes and how well things are going. But on CNN, I believe, I saw one of the mayors—I think it would have been the mayor of Waveland, I am not sure. He was totally depressed, he was sitting on a pile of debris and he was talking about the fact that the debris was everywhere and had not been moved, etc. And my heart went out to him because this was a robust man, as I remember and he did not seem like he was the type who would usually go around depressed. So something was going on.

Now having said that, let me try to ferret out the problems as I know and understand them and get some response from the Governor's Recovery Office. The Governor has done a good job, he has friends in the White House, and they should respond to their friends, so he has done a good job.

But there are some issues that have not really been talked about. There are people who had flood insurance, they paid their pre-

miums every month, every year, every 6 months, and the insurance companies are not responding to them. They are trying to take every way possible not to have to pay these claims.

The State legislature and the Governors can do something about that. Insurance companies work under the laws of the State, they can be fined, they can be sanctioned, they cannot be allowed to operate in the State—you can do a lot. But they get away with too much, often because the relationships between members of the legislature and some of the special interests are very cozy, we know that. Many of us, you know, have been in the State legislature, then in Congress, so we understand that.

I want to ask have you done anything to deal with the problem of Mississippians who paid their insurance and now the insurance companies are trying not to pay their claims. What action have you taken to try to help people in that situation?

Mr. SMITH. Well, one of the things that we are looking at—and I did not get a chance to talk about it in-depth, is looking at it in the Hazard Mitigation Program, trying to help homeowners inside the floodplain. I certainly will address your question, but one of the things that we are trying to do is get resolution to policy issues about helping those homeowners who have lost everything.

Again, the Hazard Mitigation Grant Program, typically one of the types of activities they do is to elevate a damaged house.

Ms. WATERS. No, no, no, I do not want to hear about that. What I want to hear about is what are you saying to the insurance companies, are you threatening them or are you doing anything to make them pay these claims?

Mr. SMITH. I understand. If you will bear with me just a moment, they are connected. If we can assist in reaching a resolution, we can use money to elevate homes, pay for the foundation, that is one tool to assist those people that may or may not have had flood insurance in the floodplain.

Ms. WATERS. No, I do not want to know about that. I want to know what you are doing with the insurance companies that are not paying their claims.

Mr. SMITH. Well, to be honest with you, I have not seen that information.

Ms. WATERS. Okay, that is okay, that is an answer.

Mr. SMITH. I understand. What I am trying to say is that they are related.

Ms. WATERS. No, I do not want to hear the relationship.

Mr. SMITH. Okay.

Ms. WATERS. I just want to know, because this is a big issue.

Mr. SMITH. I agree, it is a very big issue.

Ms. WATERS. Now secondly, when those people who did not have flood insurance, who may have been told that they did not need it, that they were not in the floodplain area, we tried something in Washington to retroactively take care of these people, but I did not see any advocacy from the Governor's Office, from anybody in the State to say—

Mr. TAYLOR. Whoa, whoa, whoa.

Ms. WATERS. I am sorry, it was led by Congressman Taylor.

[Laughter.]

Ms. WATERS. But I did not see the help. We lost the vote on the Baker Bill by one vote, to help the people who did not have flood insurance. We could have done something retroactively. What do you think about that and will you help us in Washington to revisit that?

Mr. SMITH. I could not agree with you more. I worked in floodplain management issues for about 15 years. I could not agree with you more. One of the biggest problems is that we do not do a good enough job about educating our people about what options are available to them.

Ms. WATERS. No, we are past that, we are past that. We are past the time when—we are going to do that for the future, but I want to deal with the problem right now. Right now, on the other side of this, you have got the insurance companies, they are trying not to pay the claims and the second thing is you have those who do not have insurance, who did not know they had to have insurance, and they need some help or they are going to lose everything.

Mr. SMITH. That is right.

Ms. WATERS. What are you doing about that?

Mr. SMITH. The homeowners who do not have flood insurance but should have or thought they should have, is that—

Well, one of the things that Congressman Taylor did is help pull down billions of dollars to help those people, provide assistance to the 35,000 homeowners who were impacted, many of whom were outside the floodplain. So that act, in and of itself, is going to play a huge role in directly assisting them. That was the intent, because the idea being that the insurance industry does not do a good enough job of educating or informing them about their options, for those people that live outside the floodplain. So there is \$4 billion that will be assisting Mississippians to do just that.

Ms. WATERS. I am going to stop you at this point and I am going to let Mr. Taylor deal with that for a minute in the way that he knows how to do it.

Mr. Chairman, I just want to say to Mr. Russo, we spent a lot of time yesterday talking about trailers and the siting of trailers. I heard a figure here of 2,500, but I am told that there are 5,000 families who still need the trailers. And I have great respect for all of the work that has been done, but we understand that some of your contractors do not have enough crews to go out and put these trailers on the ground and these gentlemen will probably talk about this some more. He took us by a trailer today to show us exactly how you put the electricity in and how you put the boxes in, etc., etc. And we have learned there are some problems in the system. And while you may have done a much better job than Louisiana, it is not good enough. Five months later, there should not be children living in cars, there should not be people without trailers. And we want to know are you having problems with the contractors? Do they have enough crews to send out? And secondly, how is the electricity company doing, are they putting up the wiring? And again, Mr. Taylor probably will talk a lot more about whether or not the electricity company could also put in the meters and the boxes at the same time as opposed to having another crew having to come out and delaying all of this.

What are you doing to expedite the ability to get these trailers in use?

Mr. RUSSO. Ma'am, I agree with you 100 percent. One of the things we asked for early on in this event was that in siting travel trailers, particularly around private sites, which is I think what you are referring to, is that there is a slowdown in the siting. The site has to be identified and it has to be rendered safe. Then the utilities have to be identified, the trailer put on, prepped and leveled. Then, utilities must be individually put into that travel trailer. That is an inefficient way to put that travel trailer on that site.

What we asked for early on was a task force type event so that once a site was cleaned, it was rendered safe, the trailer would be placed on that private lot and then a task force with the plumbers, the electricians, all of the people that would be required to render that trailer safe and permittable, so that they could come to that site at once as opposed to over the course of 5 to 7 days.

Ms. WATERS. So what are you doing about it?

Mr. RUSSO. What we found out was the local utilities are a private entity, they are beyond our control. And we could request it, but we could not mandate it. And that is what is holding that process up.

Mr. TAYLOR. Will the gentlewoman yield?

Ms. WATERS. Yes, I will yield to Mr. Taylor.

Mr. TAYLOR. Mr. Russo, on that point, and I have had this conversation with the folks from Bechtel, had it with Sid, I have had it with Mr. Chertoff—there is absolutely no reason to send two crews out there to hook up the electricity. It would have been very easy, and it is still easy—we have still got 5,000 to go—to give the power pole to Mississippi Power or to Coast Electric and say you install it—one crew. Instead of a crew to take it from the street to the pole, have one crew do it right there. And that is the biggest holdup, one of the reasons these folks were good enough to let me walk them through it. Anybody can do PVC pipe, anybody can hook up the garden hose to get you your running water. Electricity, people can get hurt if you do it wrong, you can burn up the trailer, you can kill the installer.

But that is something that ought to be getting fixed right now. And one of my continuing frustrations is your agency does not mandate that change. This is not the last natural disaster. I have still got 5,000 families waiting on a trailer.

Mr. RUSSO. Yes, sir.

Mr. TAYLOR. And I keep hearing somebody is going to fix it but it is not getting fixed. Now I cannot control Federal employees—you can.

Mr. RUSSO. Yes, sir.

Mr. TAYLOR. And that is one of the things that needs to get fixed. The other thing is—and I should have walked the group through this, I mentioned it yesterday—I am 52. Carrying around those propane tanks is no big deal. But on a cold day, like we are getting now, you get about a 3-day supply of propane and for the elderly, for the folks who are disabled, changing out those tanks is a pain. Someone in FEMA ought to be changing those trailers to all electric. You can buy a rooftop air conditioner with a heat strip. There is absolutely no reason why we ought to be having propane heat

and going through the rigmarole of having to change out those tanks every 3 days, which costs, by the way, about \$70, when it could be all electric. And that is just a matter of going to a 50 amp fuse instead of 30 amp.

But you are not fixing that stuff and you do not seem to learning from your mistakes.

I very much appreciate—I mean the gentlewoman from California caught onto this very quickly. She is easy on you, you should have seen the guys in Louisiana yesterday.

[Laughter.]

Mr. TAYLOR. That guy just wanted to die.

But again we say this hopefully as constructive criticism. I respect Sid, Sid served in the United States Army for many years. But this affects the lives of south Mississippians, affects the lives of south Louisianians and it is going to affect—no telling where the next storm is, but we have got to get better as a Nation. And the frustration is I do not see you all getting better.

I yield back.

Ms. WATERS. Thank you. And I will just wrap this up by saying that you talk about inspections, I have a great respect for inspections. I do not know what all the local laws are, but we heard something really stupid yesterday. And that is a woman who wanted a trailer, who had a driveway, she is the only one in the neighborhood, but they are trying to rebuild her house. The neighbors on either side are gone, do not know where. And they would not let her have a trailer because it came 4 inches over her driveway. Now this says a lot about bureaucratic nonsense in the siting of these trailers. I do not know if the 4-inch problem is a local problem with city ordinances or what, but really, we expect that these kinds of little nuisances will not prevent these citizens from getting these trailers placed on their property.

We would like for you, FEMA, to identify every obstacle that you see, we want it in writing. Mr. Chairman, may I ask that they submit it to you—every obstacle from the Federal level to the local level that you have. And at the local level, I want you to talk with the Mayor and members of the city council and tell them about a stupid inspection rule that will not allow you to site a trailer on property because of some 4-inch extension over to another driveway. This is nonsense. It has been 5 months since Katrina and Rita. There should be nobody, nobody, without transitional housing of some kind, be it a trailer or some assurances that they can stay in rental property. And no excuse is good enough.

Having said that, again, I am very, very appreciative for the opportunity to be here and to share with you in the best way that I can, we are going to do everything possible. I am not going to go back through the history of FEMA and criticize what they have not done. I want to talk about right now what we can do.

Thank you, Mr. Chairman, I yield back.

Chairman NEY. I thank the gentlelady. Mr. Taylor.

Mr. TAYLOR. Again, I want to thank everyone who is here, particularly our witnesses.

Ms. Waters, in answer to a couple of your questions—and I realize this is a housing hearing, but you are the Financial Services Committee that has oversight for the Federal flood insurance.

The reason I took you to my neighborhood today is because I wanted you to see the slabs. And you touched on a huge problem for the people of south Mississippi. On the one hand, the Federal flood insurance companies are the only ones paying their claims. Our Nation has done the right thing by FEMA.

Ms. WATERS. Okay.

Mr. TAYLOR. On the other hand, the wind insurance people have used, as you mentioned, every excuse under the sun not to pay people. You saw my neighborhood. What took those houses away, was it water, was it wind? As I pointed out the Federal employee who died, who stayed in his home—if you stayed behind, you were going to die. And what happens is the inspectors come on board from the insurance companies and they say I do not see any wind damage. Well, there will be tin in trees 30 feet up in the air, there will be trees toppled over obviously by wind.

And so one of the things from Financial Services that I would ask is it is called the Federal flood insurance program, we need to change it to the Federal natural disaster program. It does not matter if it was wind or water or a tornado; if your home is destroyed, it is destroyed.

[Applause.]

Mr. TAYLOR. And again, this is something where our Nation did better than the private sector, we paid our claims, they did not.

The second thing is, and you touched on it, why in this day and age are there only two businesses in America that are exempt from the antitrust laws and do not have Federal regulation? Major league baseball and the insurance industry.

[Laughter.]

Mr. TAYLOR. It is perfectly legal for the insurance industry to set prices, to divvy up territories—you take Louisiana, you take Mississippi. They can conspire to raise your rates. No other business in America can do that. Anybody else would go to jail.

So again, this is your committee, this is where it would start. We need Federal regulation of the insurance industry, because—you come from a high-tax, high-service State.

Ms. WATERS. Yes.

Mr. TAYLOR. I come from a low-tax, poor-service State. So the resources available to regulate them in Mississippi, quite honestly there is not much there and they have done very little with what they have.

So again, it ought to be Federal, it ought to be just natural disaster insurance, so you do not have to stay in your house with a video camera to find out why it was destroyed or how it was destroyed. If you have been paying your premiums and it is gone, you ought to get your settlement.

To Mr. Smith's credit, we did not pass the bailout of those folks who lived outside the floodplain in the way I would have preferred and the way that you folks would. The way I would have preferred it is if we did it through Federal flood insurance, then you send an inspector out, who takes a look at the damage, and your claim is based on your damage and how much you insured yourself for. Now it is going to go through the community development block grant program. And since you are here, Mr. Smith, and I will give you an opportunity to comment on this, I have heard reports and I hope

they are wrong that the Governor does not want to pay claims on less than 51 percent damage. That is crazy.

If a person had insurance, which is one of the things that they had to have had in order to qualify, and they file a claim, I do not care if it is 20 percent of the value of their home, one percent of the value of their home, or 100 percent, it ought to be based on the damage.

[Applause.]

Mr. TAYLOR. If you are on a fixed income and you live at 25 feet elevation and the unforeseen happens, which is the flooding of your home, you have now got to pull up the sheetrock, you have got to pull up the insulation, you have got to rewire your house. Even a small house, that is \$50,000 expense that people never dreamt they were having. And that may be way less than 51 percent of the value of their house. Those people need help.

In my conversations with the Governor, he said he was going to help those people, so I hope it is not just some bureaucrat misspeaking, because the Governor's intentions—and I hope he will fulfill those intentions—is to help everyone who had insurance, who lived outside the floodplain, who had damage, up to the amount of their insurance or 150, whichever is less, minus what they got out of insurance. That was the agreement we had in Washington. I sure hope it is what your agency will do.

The last thing, the flood insurance, and again this comes back to your committee. You passed by the Stennis Space Center, it is our Nation's center for remote sensing from satellites, is where I showed you they test the rockets. They can tell you the elevation of every square inch on earth from space. They can tell you how high the water got the day of the storm, from space. There is absolutely no reason that these flood maps have to take 18 months. They had that information within days of the storm; and quite frankly, for the cities to come up with their ordinances and before they give building permits what your elevation has to be, that information needs to be in their hands right now. And my great fear is right now the Federal flood insurance is only issuing—and please correct me—recommendations.

Mr. RUSSO. That is correct.

Mr. TAYLOR. They are only recommending you go so high. So what happens if 6 months from now, the cities did not follow the recommendations, but then they come back and take the hard-nosed approach and say you did not follow our recommendations, no one in Gulfport can get flood insurance, or no one in Bay St. Louis or no one in Long Beach.

Again, we need a clear definition from the Federal folks, what the rules are going to be. And we need to know right now, so that the rules do not get changed after the fact, after people start rebuilding and we find out that Gulfport or Bay St. Louis or Long Beach or Delisle or whoever cannot get Federal flood insurance as a community, even if some people went and lived by the new rules.

Again, I am going to throw that back out, but that flows through this committee. I regret that I am not a member of this committee, but again, I am so grateful that so many of you gave up your weekend to come down here and see south Mississippi. We did take



them to see a travel trailer, they know what it is all about and they know we have got some incredible challenges.

So again, thank you to all of our witnesses. Mr. Smith, if you want to comment on that, I would welcome your remarks.

Mr. SMITH. There are a couple of things. One on your question of the 50 percent rule, I know that is a huge issue for a lot of people, because a lot of people suffered outside the floodplain less than 50 percent, perhaps 45 percent or 10 percent or less. That issue—you and I talked about it in the hall—is a big concern of the Governor and we are looking at the amount of money available and all of the needs outside the floodplain, for those people that have the criteria, they had homeowners, they are impacted by wind, it was an owner-occupied dwelling. We are looking at that and so we should have—in fact, I hope we will have the universe of need identified early next week and one option is to set up a prioritization of expenditure of those funds outside the floodplain.

Chairman NEY. Your time has expired.

The gentlelady from California.

Ms. LEE. Thank you very much.

Let me talk a little bit, very briefly, about the money in the Congress. Initially, as you know, there were five large contracts, no-bid contracts, let. And of course, many of us thought that that was totally unacceptable and in fact we know that when that happens, quite often, African-American businesses, minority companies, small businesses are eliminated from the overall benefit of the contracts that are let.

Let me ask you—yesterday we learned in New Orleans, for example, about debris removal. And so I want to ask how those contracts are working now.

Secondly, on the debris removal, we learned that the prime contractor is paid about \$43 a cubic foot, but by the time they subcontract, subcontract, subcontract, the individual or entrepreneur who finally does the work is paid about \$7 a cubic foot. To me, that seems totally unacceptable and I want to find out from you how this is working here, the percentage of African-American and minority businesses that are benefitting from these contracts for the huge amount of work that needs to be done, and how this is working and what you see for the future in terms of benefits to the local community.

Mr. RUSSO. Ms. Lee, I can tell you that to date of the contracts that have been let here in Mississippi, about 66 percent have been let to Mississippi contractors. In terms of the debris removal contracts, those debris removal contracts, if I am not mistaken—and we may have subject matter experts here in the room we can clarify it—those are being rebid I believe this week. So there will be a rebidding of those contracts.

Mr. THOMPSON. Will the gentlelady yield?

Ms. LEE. I will yield to the gentleman.

Mr. THOMPSON. Of that 60-some percent—

Mr. RUSSO. Yes, sir.

Mr. THOMPSON. Give me the dollar breakout.

Mr. RUSSO. I can certainly have that for you, sir, I do not have it in front of me.

Mr. THOMPSON. But you understand what I am saying. You give the impression that 60 percent of the companies from Mississippi got the bids, but did they get the money? If they only got 10 percent of the money, they got short-changed. That is the point.

Mr. RUSSO. Okay.

Mr. THOMPSON. If all these individuals were working as subs and not as general contractors, that should not give you bragging rights, because that is not good. There are good Mississippi companies who ought to have the general contracts and not the sub-contracts.

Mr. RUSSO. Yes, sir.

Ms. LEE. That is the second part of my question, the amount of money that is paid. In New Orleans, for example, \$43 a cubic foot versus the money that was finally paid to the sub, which really does the bulk of the job. So who would have that information, in terms of how much money is paid to who?

Mr. RUSSO. The majority of the contracts go through GSA procurement process, that is the way the contracts are let. We can certainly access that information and get it to you.

Ms. LEE. FEMA does not let the contracts directly at all for debris removal?

Mr. RUSSO. There are two mechanisms for debris removal. One is that the municipality has the option to go with the Corps of Engineers for debris removal, and they also have the option to contract individually for their city. And those contracts are let either by that city or they go directly through the Corps of Engineers. The Corps of Engineers contract is let by FEMA.

Ms. LEE. Okay. So you do not have that information here today?

Mr. RUSSO. No, ma'am.

Ms. WATERS. If the gentlelady will yield for a moment.

Ms. LEE. Sure.

Ms. WATERS. FEMA contracted with several firms, as the Congresswoman mentioned, they were no-bid contracts; that was Shaw, that was Bechtel, that was Fluour, etc.

Mr. RUSSO. Yes, ma'am.

Ms. WATERS. Now you did that contract, FEMA did that contract.

Mr. RUSSO. FEMA did that contract.

Ms. WATERS. For debris removal.

Mr. RUSSO. Correct, yes.

Ms. WATERS. That is what the gentlelady was asking. I mean we do not want you to deflect it and talk about the GSA contracts, you did those contracts. And furthermore, you have some escape clauses in those contracts. And if they are not performing, if they do not have the crews, if they are not charging properly, if they are not including the local community, you can get out of those contracts.

Mr. RUSSO. Yes, ma'am.

Ms. WATERS. Right?

Mr. RUSSO. I am sure the agency has some escape clause, yes.

Ms. WATERS. Of course you do.

Ms. WATERS. I yield back to the gentlelady.

Ms. LEE. So do you know how much money then the contractor is paying, bottom line, to those who are doing the work?

Mr. RUSSO. I do not.

Chairman NEY. Can you get that information?

Mr. RUSSO. Yes, ma'am, we can get that information for you, I do not have that information.

Ms. LEE. Thank you very much. And you will get that to the committee. Thank you very much.

Chairman NEY. And we will pass that to the members.

The gentleman from Texas.

Mr. GREEN. Thank you, Mr. Chairman.

Mr. Russo, I am sorry to continue with you, but I think we have more business to discuss.

In your State, how many people are in hotels?

Mr. RUSSO. Last estimate is 3,700, sir, I believe.

Mr. GREEN. Thirty—

Mr. RUSSO. 3,700.

Mr. GREEN. This is something you may not know. Living in a hotel is not living high on the hog. And people need to know this, because yesterday at one of our hearings, we had a lady to give us testimony indicating that in the hotel, you have no refrigerator, you have a little ice bucket; no means to cook her food, so she has to eat out every day—person on a fixed income, eating out; no maid service. Hotels do not give you maid service when you are there as a FEMA evacuee. No room service. So it is not the typical hotel situation. And every 3 days she has to request an extension.

Now it would seem to me, given that we have had a Federal judge to intercede, given that we have municipalities who are pleading to have people get extensions, that we ought to be able to do something about this 3-day extension, so that people do not have to go in to the hotel management every 3 days with an extension. It was 7 days at one time, it has been reduced to 3 days and we need to do something about these extensions. What can we do so that elderly senior citizens do not have to continue to get these extensions?

Mr. RUSSO. Sir, I think that in conjunction with the new code system that they are putting in for hotel shelterees, there should be no reason for them to have to extend every 3 days. That is a matter of FEMA notifying our housing contractor to notify those housing providers that that is no longer necessary. That is something that is an easy fix and it can be done.

Mr. GREEN. So let me make sure I understand. The 3-day extension rule is something that is imposed by the entrepreneur, the hotel—

Mr. RUSSO. I am unaware of any 3-day extension required by us.

Mr. GREEN. Well, then I think, Mr. Chairman, we truly need to check these and verify this.

Chairman NEY. If the gentleman will yield, I am not taking it off your time, but I noticed yesterday, I recall the one lady said she had a 3-day but the second lady who was in another hotel said she did not. There is something going on where, for whatever reason—you are saying you do not know about it, but in New Orleans one person had to do it and one did not. So we need to find out if that is a blanket policy.

Mr. GREEN. If we could do some additional inquiry, Mr. Chairman, I would appreciate it if you would advise us how we may proceed.

Finally, before I yield back my time, it is true that these are difficult tasks, but given that we are now months away, 5 months away, people ought to have what we would expect to have if we were similarly situated. A lot of these people are coming up short because they are poor and because they do not know how to finesse the system the way you and I might. This system has to be revamped so that it can respond not only to those who are among the best and the brightest, but also so that it can respond to those who are among the least, the last, and the lost. We have to reform the system.

Thank you.

Chairman NEY. The gentleman from Missouri, Mr. Cleaver.

Mr. CLEAVER. Thank you, Mr. Chairman.

Let me first of all ask whether or not the Governor's office has been notified of the \$11.5 billion of community development block grant.

Mr. SMITH. Yes, we have. And we are in the process of working with the Mississippi Development Authority who will be the entity administering that program. In fact, that is what I was referring to, is looking at the need, collecting the data as quickly as we can and looking to disburse that money to those folks that do meet the criteria as stated in the bill—the law.

Mr. CLEAVER. That money—there is great flexibility with CDBG dollars, however, those dollars are aimed at—unless the regulations have been dramatically altered, you can only spend those dollars in certain areas and under certain circumstances. My concern is—and we really may need to go back and have HUD officials come before our committee to go through the regulations. It appears that the regulations that normally govern CDBG, Mr. Mayor, have been altered. I would imagine that this community under normal circumstances would apply for CDBG through the State. Jackson and probably a few other larger cities would get a direct grant. My concern about the CDBG dollars are two-fold. One that the public is involved in determining how those dollars are being spent, according to existing Federal guidelines. Those dollars are not supposed to be spent without a public hearing. And in addition to the way I think we normally have public hearings, members of the public are not notified. I think in this case, they need to be. I think that Congressman Taylor needs to know when the public hearings are being held.

The other concern is because of the contentious nature of CDBG hearings—my experience—if you have a number of Mississippi communities that have been devastated by the event, what you are also going to have are a number of people coming together vying for those dollars. And I think it creates chaos where chaos should be minimized. The people will come in and naturally they are going to want to get the dollars they think their communities needs. And retrospectively, we might have come out better if we had figured out a formula before those dollars were allocated, because some communities feel neglected and, you know, they are excluded. I have been there, I could write a little pamphlet on it. I have great concern about it.

And the other concern is when we—I keep hearing that the time has been reduced from a 30-day notification to a 3-day notification.

And I have been told that by officials in New Orleans and if that is the case here as well, then what we have tried to do is to get away from notifying the public at all, because 3 days, that just is not—that does not make sense.

Mr. TAYLOR. If the gentleman will yield.

If you are not familiar with all this, I certainly cannot fault you but the debate on this took place at 4:00 on a Monday morning on the House floor. The Katrina relief was attached to the Defense bill, which again, at 4:00 in the morning, not everyone is at their best.

But that has been very well publicly—at least here in Mississippi—explained. That \$11 billion will be split roughly 60/40 between Louisiana and Mississippi. And the Mississippi portion will be directed to individual homeowners who lived outside the floodplain who had some form of homeowners insurance, up to \$150,000 they can file a claim or ask for a grant to help them move their lives forward to either pay off their mortgage on a house that is gone, use that money for repairing a house that has been damaged. It is going to flow through the State and what I was asking Dr. Smith to do, is to see to it that whether a home was 10 percent destroyed, one percent destroyed, or 100 percent destroyed, that they can file a claim. Because my concern is some word has come out of our Governor's office that only those homes that were 51 percent destroyed or more could file a claim, and I do not think that is fair and that is certainly not the understanding I had with the Governor when we spoke in Washington.

Chairman NEY. Your time has expired.

Mr. SMITH. If I could respond just briefly. Yes, sir, that 50 percent rule has not been established per se, it is being discussed. I just want to make that very clear. What we are trying to do is assess the need first and foremost.

Just very quickly to your question, in addition to public meetings as required, they are also in fact—Mississippi Development Authority is holding focus groups, so they are going to look at bringing in a series of disaster victims that are facing in some cases the worst of the worst, those that need the most help, that really need the assistance. They are going to have a panel and they are going to ask them questions, almost like you would at a housing council. They are going to try to get in-depth information as to how to best spend this money.

Mr. CLEAVER. Thank you, Mr. Chairman.

Chairman NEY. Mr. Thompson, I do not think at this time, has any questions.

Congressman Melancon.

Mr. MELANCON. Thank you, Mr. Chairman.

Mr. Russo—and I do not know if this is the situation here, I know last night going home after having discussions with Mr. Wells in New Orleans—are there hotel rooms or apartments or facilities where Federal employees or contractors to the Federal Government are staying in the immediate area? And to what extent would that number be of the total housing available?

Mr. RUSSO. The total workforce in the State of Mississippi to date is about 1,800. I do not have the number on contractors or other Federal agencies.

Mr. MELANCON. For FEMA, the people that you have on the ground, how many people are here in the coastal area?

Mr. RUSSO. In the coastal area to date, we probably have about 350.

Mr. MELANCON. And they are all in single-family dwellings or hotels or trailers?

Mr. RUSSO. They are wherever they could find lodging.

Mr. MELANCON. One of the things—and the reason I asked that and this is one of those after-thoughts I had last night. The folks in the metropolitan area of New Orleans are being put in trailer parks up in the northern part of the State, in other States, any place they can, other than where they want to be and that is close to their home so they can rebuild. And I guess I need to speak with Mr. Wells or maybe the regional people for FEMA.

It makes more sense to me when you have a trailer park outside the city somewhere to put the FEMA workers out there, contract workers out there. They are not bringing their families, so they will not be burdening the education system. They should be working in New Orleans all day or in the region down there all day, so they will not be burdening the law enforcement system and the trailer parks should not be burdening the water, gas and electricity system. And we have got just the opposite. The FEMA workers are in and the people are out. And that is one of our dilemmas there, but it does not sound like that is a problem here.

Mr. RUSSO. I do not think it is that extreme here, sir. It is certainly something we could review and if it had any impact at all, we could make adjustments.

Mr. MELANCON. I would rather see them commuting in government cars and rented cars than folks having to commute in to work on their house.

I yield back my time, Mr. Chairman.

Chairman NEY. The gentlelady from California.

Ms. WATSON. A question for Mr. Russo. I understand that there were non-bid contracts given out because of the emergency needs of the various communities that were affected by the hurricane. What I am hearing, we heard today and we heard all day yesterday, is that they have not been effective. Why then would you continue giving these contracts out and they cannot do the work. I think it is the most ridiculous thing and Mr. Taylor took us out and showed us the poles and so on, and one group comes in to do one part and another group comes in to do the other and a third group comes in. That seems to be a very inefficient way.

What is FEMA—Federal Emergency Management Agency—going to do about that? And why do you give contracts out when they cannot deliver?

Mr. RUSSO. Well, ma'am, first in terms of the contracts, the contracts are let at a level, a policy decision level, and I am not involved, nor am I solicited for information on the contracts and how they are awarded.

I agree with Congressman Taylor in terms of the travel trailers. I think in order—we only have control over Federal employees, but I agree that there needs to be a better system and I think one of the things we would have to do to accomplish that is we would have to enter into memorandums of agreement with those local

power authorities, so that we could do that in a task force mentality rather than have that homeowner wait for 5 to 7 days for the various utilities to be hooked up. Have a memorandum of understanding or memorandum of agreement between the Federal Government and the local utility companies to make that happen in a one stop.

Ms. WATSON. I appreciate you stating that it is happening above your level, because I am suspecting, and it seems to be consistent that it is an old-boy still and the friends get the contracts. The people who really need them, the locals who can do business, are not getting them and so the work is not being done in an expeditious way. So I would hope that you would give to this committee a list of positions that can be changed to make what you do more effective and impact in a positive way on these people who have survived this terrible disaster. And we cannot continue to cover up for bad doings. This is public money that you get to serve the public and I do not see it being done in an effective way.

So I would hope that you would report back to your agency that there are some problems out in the field.

Thank you very much, Mr. Chairman.

Chairman NEY. I will also, without objection, leave the hearing record open for 30 days so that members of this panel who have questions, additional questions, will put them in writing and you can respond to them.

I want to thank the panel. This was I think informative, there are some similarities and contrasts to the operations. Also again I want to thank the Mayor for your help. I still think too that it is important, as we talked in Washington, that we are here to help. We cannot tell you how to live, your communities need to decide that, mayors and councils and trustees and working with members of Congress.

You are at that point where a lot of things have got to be put forth and decided, and we appreciate your input.

Mr. WARR. It is an honor to have you all here today.

Ms. WATERS. I just want to say that I want the record to reflect that I do not know for sure who the mayor was that I was trying to describe. I will get my staff to go back and research that because I do not want the wrong mayor to get all upset.

Mr. WARR. Well, it was not me. I have been depressed, but that was not me.

[Laughter.]

Ms. WATERS. Thank you very much.

Chairman NEY. We want the right mayor upset.

[Laughter.]

Chairman NEY. Thank you for all your help.

Mr. WARR. Thank you.

Chairman NEY. We need to proceed right away. Our second panel is Rodger Clark, executive director, Bayou Gulf States Chapter, Paralyzed Veterans of America; Ms. Sheri Cox Bowling, disaster response coordinator, Diocese of Biloxi, Catholic Social and Community Services; Mrs. LaNelle Davis, executive director, Housing Authority of the City of Long Beach; Mr. Wallace Davis, chief executive officer, Volunteers of America; Mr. Phil Eide, Enterprise Corporation of the Delta; Ms. Cynthia Griffin, executive director,

Habitat for Humanity/Metro Jackson; Mr. Derrick Johnson, president, Mississippi NAACP; Ms. Shantrell Nicks, attorney and local resident; Reverend Rosemary Williams, Mount Zion United Methodist Church and Pastor Carlton Jones, Second Sweet Home Church, Gulfport, Mississippi.

We will begin with Mr. Clark.

**STATEMENT OF RODGER CLARK, EXECUTIVE DIRECTOR,  
BAYOU GULF STATES CHAPTER, PARALYZED VETERANS OF  
AMERICA**

Mr. CLARK. Thank you, Mr. Chairman.

Chairman NEY. If we could clear the hallway.

Mr. CLARK. I would like to take this time to thank the chairman and other distinguished members of this committee for allowing me the opportunity to testify before you today on behalf of my organization and the disabled community on the Mississippi Gulf coast as a whole.

Immediately after Hurricane Katrina, my organization went into the devastated areas to check on our members and the disabled community doing whatever we could to get food, water, fuel, and medical supplies to those who had lost everything. I found that we had 24 spinal cord injury veterans at that time who had lost everything and were living and sleeping in tents, and out of their wheelchairs.

I immediately contacted the FEMA representative here and the Harrison County Emergency Operations Center, introduced myself, and told him what the situation was. I was informed at that time that he was worried about the entire operation of southern Mississippi, not just a handful of disabled veterans or disabled members of the community.

I then notified Washington, D.C., and advised them of the situation, talking directly with the head office of FEMA out of Washington, D.C., and my national president in Washington, D.C.

So we turned our attention to FEMA and the Bechtel Corporation, who was responsible for getting temporary shelters into the affected areas. I started placing phone calls and every call went unanswered. I contacted WLOX-TV and talked with A.J. Gardina and he agreed to meet me at one of the FEMA trailer parks located here at the Biloxi/Gulfport Regional Airport. We did an interview out there. They had a total of 56 mobile homes at that trailer park. There was a total of 13 disabled trailers set up for the handicapped. They all had occupancy stickers, this is 9 weeks after Katrina and there was not the first member of the disabled community or the able-bodied community living in this trailer park.

The interview aired at 6:00 p.m. that night. At 6:05, my cell phone rang. It was a representative from FEMA out of Jackson. He stated you wanted FEMA's attention, you have got FEMA's attention. What can we do for you? I told him the situation with the trailers down here on the coast and the fact that handicapped trailers were non-existent. There were no handicapped trailers delivered to the coast. He stated that he is averaging three to four trailers a week that are handicapped accessible. I find that ludicrous.

My organization in Washington, D.C., submitted a plan for a universal design of trailers, both mobile homes and the travel trailers.



That plan never went into place. If you had a universal designed trailer that is set up for either the disabled community or the able-bodied community, universal design, anybody can get in that trailer. All it takes is putting that trailer in a location and if it is for an able-bodied, place steps so the able-bodied can get in; if it's for the disabled, place a ramp.

I was given a call the next morning from the same individual up in Jackson, and he told me to fax a letter to him that had a list of my spinal cord injured veterans and the disabled community, he would fast track them into trailers. I got in touch with the local organizations here that represent the disabled community to get the information. The information that FEMA required me to fax to them consisted of the individuals' names, number in family, the registration number, where they are displaced to, and the location where they want the trailer to be placed.

When you try to contact nine organizations to find out where their people are at, how many people they have, and the whole nine yards, and then get it in, that is tacking more and more time on these individuals waiting. I have still got 45 spinal cord injured veterans who are scattered in VA medical centers throughout the United States waiting on FEMA trailers right now. And that does not include the disabled community as a whole.

I was contacted by a lady yesterday, FEMA delivered a trailer to her home, she has been waiting all this time for a handicapped accessible trailer and they delivered a trailer to her home and put a ramp up. She called me up, I went out there, and went up the ramp. The door is a foot-and-a-half-wide. Now how can an individual in a power chair get into a trailer with a one-and-a-half-foot-wide door? When I contacted FEMA—

Chairman NEY. Your time has expired, if you would like conclude.

Mr. CLARK. Yes, sir. When I contacted FEMA, FEMA stated that it would be taken care of.

The Gulf Coast Fair Housing Center did an audit of complexes prior to Katrina and 75 percent of the complexes here on the Mississippi Gulf Coast were not compliant with the Fair Housing Act.

We as a community, and the leaders in the community, need to look—it is sort of like a clean palette now. We need to ensure that when they rebuild the Mississippi Gulf Coast and New Orleans, we need to ensure that all new construction is done to standards in the Fair Housing Act to allow affordable accessible housing for everyone in that community, to include the disabled and those on fixed incomes.

I would like to thank this committee. With me today for questions on the Fair Housing Act are Charles Lee, the executive director of the Gulf Coast Fair Housing Center, and my government relations director, Wayne Grassley, for when the question and answer period opens up. Thank you.

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

Chairman NEY. Thank you. Now Ms. Sheri Cox Bowling.

**STATEMENT OF SHERI COX BOWLING, DIRECTOR, DISASTER  
RESPONSE COORDINATOR, DIOCESE OF BILOXI, CATHOLIC  
SOCIAL AND COMMUNITY SERVICES**

Ms. BOWLING. Good morning. I am Director of Long Term Recovery for the Catholic Diocese of Biloxi. We serve the lower 11 counties in Mississippi.

Chairman NEY. Could you move the microphone a little bit closer. Thank you.

Ms. BOWLING. We serve the lower 11 counties of Mississippi. We are most active right now in the lower six counties. Currently we have 961 families who have requested assistance from us and that number grows between 20 and 30 per day.

I have prepared a list for you that is basically the voices of the clients that we serve. When I received the invitation, I was not sure how to respond. We have been on the ground since the storm; I was here for the storm. We were not sure exactly what you needed from us, so I went to our clients and said tell us what the problems are so I could bring them.

I will not go over all of them; you have heard most of them. A lot of them have already been in the media and a lot of them have already been discussed today, everything from the extended wait time for a FEMA trailer—one of the issues that a client has brought up over in the Waveland community is that those trailers are available, they are ready, but because of the rain we keep having, they cannot get the heavy equipment through the mud to be able to clear the debris enough to set the trailers up. I went to our recovery team and I said what suggestions would you have for something like that and everyone said the same thing—we have the SeaBee base here, we have military experts in going over difficult terrain; why can we not use that resource to figure out how to get across the mud? So that was one of their suggestions.

Some of the other issues that were brought up were the lack of a clear plan for the housing issues after the 18 months that FEMA provides, the temporary housing for 18 months. But because this recovery process is so long, 18 months is going to expire and there is no clear plan for what will happen after that point.

Let me preface that by saying I come from Florida. I am a Mississippi resident now, but I come from Florida and was in long term recovery there, and we have seen, and I certainly know from my own personal experience and from professional experience that the recovery process can take years. We really need to come up with something that is going to ride us past this 18 months. In Florida, they had a plan where people could purchase their FEMA trailers after the 18 months, to remain there until they could move on. And they have announced several times in the newspaper here that it is not an option for Mississippi residents. Somebody needs to come up with a plan for that.

A lot of the trailer clients complain that the trailers were delivered to them but they were not equipped with the essential things that generally come with a FEMA trailer, the linens, the pots and pans, the essentials for living inside this trailer.

We have had numerous complaints, as Mr. Clark has talked about, clients who are handicapped, disabled in different ways, who are not given handicapped accessible trailers.

As an agency, I have had to send my volunteers and pay for two ramps to be built on trailers and we had to cut the doorway on one trailer because after going around and around, it finally came to FEMA's attention locally to help us with this client and the solution was for us to go cut the door and put a new door in and build our own ramp on the trailer because no one was coming to build a ramp for that client.

Again, I brought that issue to our case management team and said what is your recommendation and they said, you know, we are set up and experienced in case management, our job is to match clients with resources. American Red Cross, all of us who do this for a living and have done it for years, know how to match clients with resources and match them together quickly and efficiently. Our suggestion is that FEMA might consider contracting with agencies like us and Red Cross and other large agencies who do case management. And when you have clients that are applying for the FEMA trailers, to let us come in and help and we make sure that there are pots and pans and linens and things for those trailers.

The two other main things that clients have mentioned where we have had difficulty was relocation issues. FEMA and HUD have offered and given written documentation to our clients that they will be provided with 18 months of rental assistance. Two problems with that. One is that they do not provide for a way to move, so as an agency I have to rent them a moving van and I have to pay for the gas to get that moving van from point A to point B. So a comprehensive package that included all the things that are necessary to relocate would be helpful.

The other issue is that we have clients who are being evicted because their FEMA money has not shown up, the landlords have not received the funds that they were promised in that letter. So we have clients in Jackson, Laurel, down here that are all being evicted from their apartments and their houses because that money has not arrived and the client does not have the ability to pay for it themselves. So again, a comprehensive package that would meet those needs across the board.

The other thing we had was with private housing, we are having situations where—and obviously that is a money-making enterprise and any businessman is going to want to make money, but they pressure clients, they use intimidation methods to get clients to break their leases, to leave early, so that the landlord can turn around and rent that place for twice as much money the next month. To refuse to make repairs on the property, so they end up living in mold-infested housing because the landlord is hoping that the client will give up and move out so that then he can make the repairs and charge twice as much for the property. Our recommendation on that would be the landlords not be able to raise their rental prices for 6 months after a storm to give the community time to adjust.

Chairman NEY. Your time has expired. You may summarize and then we will come back with questions.

Ms. BOWLING. That is all.

[The prepared statement of Ms. Cox Bowling can be found on page 72 of the appendix.]

Chairman NEY. We will move on to Ms. Davis.

**STATEMENT OF LANELLE DAVIS, EXECUTIVE DIRECTOR,  
HOUSING AUTHORITY OF THE CITY OF LONG BEACH, MISSISSIPPI**

Ms. DAVIS. First of all, I would like to note that I am a Katrina victim; I lost everything. I lived in Long Beach but I will be a Katrina survivor; I plan on coming back. I am being told that it will likely be 18 months before we can start building.

I am executive director of the Housing Authority of the City of Long Beach. I have been there for 35 years, rebuilt it immediately after Camille, and I still operate it.

Prior to Katrina, I spent 2 days out there boarding up and notifying the tenants of the coming hurricane, which was routine procedure for us. As it turned out, we were preparing for a storm that was not really routine.

After Katrina, I got there about 9:00 on Tuesday morning, proceeded to go through the subdivision that I have, we had 100 percent damage. We went door-to-door checking to see if we had any fatalities or any injuries, which fortunately, we did not. We did have damage to all of our units. We went to check points, got ice, water, and supplies. We took groceries to our office for them to come to us, most of them did not have transportation at the time.

We immediately notified insurance and FEMA, and applied for the emergency funding that HUD had, at that time it was \$29 million. Out of the \$29 million, only one housing authority in the State of Mississippi was funded. There were five coastal authorities that were damaged very heavily in Katrina and out of that, we got approximately \$68 million to \$100 million damage just in housing stock. Some of them had to be demolished. I am fortunate, I can rebuild or repair. So far, we have received no funding from HUD or from FEMA to either rebuild or repair.

Chairman NEY. I am sorry, just for clarification, when you say we have not received funding, you or the housing authority?

Ms. DAVIS. The housing authority.

Chairman NEY. Sorry.

Ms. DAVIS. The housing authority. As I said, only one in the State of Mississippi has been funded through the emergency fund.

The funding that has come through in 2006, we do not have access to because it is strictly for 2006 and our disaster was in 2005.

The FEMA/HUD policy that goes back to 2001 prevents or prohibits FEMA from funding any permanent repairs to any of our units. They can only reimburse for emergency repairs. This was signed in 2001.

The money that the government has allotted to the State of Mississippi basically is going to help homeowners; it will not help the rental people. We house the needy, the seniors, the disabled, and the poorest of the poor working.

The housing stock is not here. You can give us all the vouchers you want, but if you do not have the housing stock, we cannot house people. We have relocated people out-of-State, we have relocated people in the State, and we have gotten eight units ready since Katrina that we have put people in that was damaged.

Again, we do not need more paperwork, we do not need more proposals, we do not need more applications to have to fill out. We need funding. We need funding now, not next year, or not 2 years from now.

That is basically all I have to say.

[The prepared statement of Ms. Davis can be found on page 114 of the appendix.]

Chairman NEY. Thank you very much. Mr. Davis.

**STATEMENT OF WALLACE DAVIS, CHIEF EXECUTIVE OFFICER,  
VOLUNTEERS OF AMERICA-SOUTHEAST**

Mr. DAVIS. Thank you very much for giving us the opportunity, Chairman Ney, Ranking Member Walters and other distinguished members of this committee. Thank you very much for what you have done, for the resources that you have brought to our communities all along the Gulf Coast from Mobile to New Orleans and thereabouts.

Katrina was far bigger than any governmental agency. I think there are a lot of good Katrina programs that are working. There are a lot of gaps, there are a lot of people falling through the cracks. But I am grateful for our government, for the response that this committee and others in our government have made and I thank you very much.

I would like to basically highlight one non-governmental resource that provided critical help immediately following the storm, and that is the overwhelming response of the faith-based community. People in this community, people of faith, came out of their wrecked homes and their wrecked sanctuaries and began to minister and to help one another. People from all over this country came because of their faith and they responded to the needs of the people in this community and to all the victims of Katrina. They had no red tape to cut, they had no bureaucratic process to go through, they just did because it was their higher calling to do.

Volunteers of America, which I have been a part of for the last 27 years, is a faith-based group since 1896. And during that time, we have been motivated by our faith to reach out. During this time in the days following Katrina, in partnership with faith groups and churches, we established eight relief sites, four warehouses, two medical clinics, one of them right here in this community not far from here, and we served over 20,000 patients in those clinics. And in the relief effort, we served 70,000 individuals needing help.

We have helped people to rebuild their homes and to muck out their homes and to start over, and helped some businesses as well. And all that cost the Federal Government not one red cent.

Sometimes I think the Federal Government overlooks the powerful resource that we have in our faith-based community. The response has been overwhelming. Our country has seen the best of the faith community. Somehow, I believe the artificial wall that separates the faith community and the governmental community must be torn down, torn down to the extent that we can work together to achieve our similar goals and our similar objectives. Government must see the faith community as one of the community's most valuable assets and bring it to the planning table before and after all disasters.

My hope is that Katrina will change forever the way churches minister to people in the community and the way the government responds to the faith-based community. As we move forward, please see the faith group as one of the valuable resources.

As I tried to think about what you all have said this morning and as I was preparing my remarks, I have one very basic guiding principle that I would like to suggest to this group. And then as I have heard you this morning, I realized that you do not need my suggestion. And that is the very simple principle called KISS, keep it simple and smart. That is what we need in government. This is what these folks have said, this is what the folks said before, and this is what you said you wanted from the agencies of government as well as the agencies in the community. Keep it simple.

It is simple and smart to embrace the faith community. Let me tell you a quick, quick story. There was a church in this community in Biloxi, that through the compassion faith monies that we received from HHS, we gave that church \$10,000 to build a community feeding kitchen to feed the homeless people on Saturday and Sunday. Would you believe that 8 months later, one day after Katrina, that church in Biloxi was up and they were the first responders in the community feeding the people who were hungry. Now that is about the best investment I have ever known the Federal Government to invest \$10,000, to feed hungry people. They were preparing using the faith community for the next disaster and for what was going on right there.

It is simple and it is smart to embrace the faith community. It is also simple and smart to keep people in hotels on a voucher system when there is no housing stock out there no matter how much money you have.

It is simple and smart not to fight it every month in the court system either, just let it be, pay the bill and let people have a place to live and do not let them have a fear and intimidation that they are going to be kicked out and they do not have any security, they do not know how long they are going to be there.

It is simple and smart, in Bayou La Batre, we have got boats in trees and in marshes. It would be simple and smart to get those boats out of the trees, out of the marshes, back into the water fishing and shrimping. I got some good news today in the Mobile Press Register though, I saw where we are getting some foreign aid now to help us get our shrimp boats out of the trees and the marshes.

Chairman NEY. Which country?

Mr. DAVIS. Sir?

Chairman NEY. Which country?

Mr. DAVIS. They did not identify which country but there has been a lot of countries that have given some monies and they figured out that they can—

Mr. TAYLOR. The Coast Guard is going to do that. If you were to go to the Industrial Seaway, the Coast Guard has already put dozens of boats back in the water. That function is going to get done.

Mr. DAVIS. Well, it has been—

Chairman NEY. Your time has expired. We have eaten away a little at your time, but if you could summarize.

[Laughter.]

Mr. DAVIS. I would encourage you to find simple and smart ways to respond to the needs of people and that we do it together, not forgetting the faith community, bring everybody to the table because I believe you will find tremendous resources in our faith community and keeping government simple and smart.

[The prepared statement of Mr. Davis can be found on page 120 of the appendix.]

Chairman NEY. Thank you, sir. Mr. Eide.

**STATEMENT OF PHIL EIDE, ENTERPRISE CORPORATION OF  
THE DELTA**

Mr. EIDE. Thank you. I also want to thank you for the invitation to be here today and thank you for taking the time out to see for yourselves what we have ahead of us.

I also want to thank you for sending the CDBG funds down. It will be a big help as we begin this, continue this rebuilding process.

I work for Enterprise Corporation of the Delta and Hope Community Credit Union which are two statewide organizations with a track record of working with especially low and moderate income families for more than a decade. We have partnered with local banks, State government, Fannie Mae, and national foundations to provide and leverage our funds for commercial loans, mortgage loans, and consumer loans for the last 10 years. Our biggest challenge lies ahead.

I would like to talk a little bit about demographics of the region that was hardest hit. Using census data, the median family income is about \$40,000 per year or \$10,000 less than the national average. Poverty rate is about 18 percent, 5 percent higher than the national average. Home ownership rates are in the mid-50 percent and the median home value is about \$85,000. Demographics for the African-American community are much lower. The median family income is under \$30,000 per year with poverty rates nearly 30 percent. Home ownership rates are well under 50 percent and the median home value is under \$65,000.

After working in this area, we feel it is important that this is not lost in the whirl of spending and activity, especially with significant CDBG funds arriving. Waving a check and hoping for the best will not be enough for those who are especially at risk, the elderly citizens, those with significant assets to lose if the work is not done properly, and those who are not used to working with contractors. As word gets out about money being available, unscrupulous contractors will be around to take what they can without rebuilding.

Shortly after Katrina hit, ECD began conversations with the Enterprise Foundation and others to craft a meaningful response and get private solutions. We set about creating a pilot project that would begin rebuilding. With the help of John Grisham, Fannie Mae, the Home Depot Foundation, and Freddie Mac, we have raised about \$5 million to date.

We are providing counseling services to those who initially request help, including helping with their current insurance, their FEMA payment, and the gap needed to rebuild the property. A construction specialist then inspects the home to determine what is needed and prepare a write up that is presented to the contractor.

A financial counselor works with the family to determine the best options for refinancing, paying off other debt, and ensuring the construction job is completed.

Finally, a construction supervisor oversees the construction and the payoff so that the task is correctly completed.

We believe this is the best way to ensure rebuilding is done to the current code and standards and is acceptable to the owner.

We expect to provide about \$80,000 on average to each family in subsidy funds during this pilot phase which will last about 6 months. These will generally be grants. They will also include loans that are forgiven as the owner continues to occupy the property and some low interest repayable loans. The pilot will include 50 new homes in Pass Christian and about 50 rehabs in Biloxi at this point. As we raise additional funds, this effort can be expanded as needed. Administration costs will be kept low and we are projecting well under 5 percent when the project is done. The money is spent on rebuilding, not administrative costs.

Figuring out the new FEMA elevations and providing affordable housing at the new elevations is going to be difficult at best. Any help you can provide in figuring out some reasonable solutions will be helpful.

We are confident that we can provide these services and funds to help many people rebuild during this pilot phase and provide counseling, construction services as funds come into the region.

I want to thank you again for being here today and for your commitment to keep our region in the minds of your colleagues in Washington. With the cooperation of government, lenders, foundations, and non-profit organizations, I believe we can get the job done.

Chairman NEY. Thank you, sir. Ms. Griffin.

**STATEMENT OF CYNTHIA P. GRIFFIN, EXECUTIVE DIRECTOR,  
HABITAT FOR HUMANITY/METRO JACKSON**

Ms. GRIFFIN. I, too, would like to thank the subcommittee for your work and for allowing me to be here today.

A toddler learns early on that it is much easier and quicker to knock down a tower of blocks than it is build one. To build, it takes patience, coordination, and discipline.

We know it will take years to rebuild, but we urgently need to start now. Every day that goes by leaves more and more families without hope and choices and deeper in despair and financial ruin.

Affordable housing must not be overlooked as the rebuilding process begins. Low income housing was in short supply before the storm hit. Rents before the storm were an average of \$700 to \$900 a month. They are currently up to \$1,500 and more. It is imperative that each of us be advocates for affordable housing.

Four days after Hurricane Katrina, Habitat for Humanity International announced an unprecedented response to an unprecedented national disaster. Habitat's plan is to be poised and ready to build in a big and fast way when it is appropriate to start building. Habitat will mobilize and utilize the energy and desire of tens of thousands of volunteers and donors from across the country and around the world.



During the first weeks after the storm, Habitat affiliates from across the country provided funds and materials and built modular housing components called homes in a box, for shipment to the devastated areas. Habitat affiliates have built 300 homes in a box. The first Habitat for Humanity home on the Mississippi Gulf Coast is scheduled to be built February 6th in Gulfport. The Home in a Box Program was designed as a first response, but as building becomes possible, Habitat for Humanity will utilize a variety of building options to maximize production.

Habitat for Humanity Metro Jackson is one of the largest Habitat affiliates in the Nation and being on the fringe of the disaster area, we knew we had to help our neighbors. Joining with the Harrison and Jackson County Habitat affiliates, Habitat Metro Jackson has expanded to serve in the Hancock County area. Before I made my first visit to the Hancock County area after Katrina, my enthusiastic determination to begin rebuilding was unencumbered by the reality of the huge barriers that impede our progress today.

While the Governor's Commission made an impressive and fast start in leadership and planning, other vital information comes in bits and pieces over much time. For example, the FEMA flood maps, information about the national Federal assistance and insurance settlements, and feedback on how to deal with the issue of lack of flood insurance have all trickled in slowly. These issues, coupled with the incredibly mammoth and time-consuming task of debris removal and disposal, the challenge of finding temporary housing solutions, and the lack of water and sewer infrastructure for trailers and homes, has created a depressingly slow building response.

Habitat Jackson and the other Mississippi Coastal Habitat affiliates are being joined by Habitat for Humanity International and its hurricane recovery program, Operation Home Delivery, to address the housing needs on the Mississippi Gulf Coast. Our efforts could be greatly advanced in the following areas:

First and foremost, locating buildable property. The availability of property with necessary infrastructure of roads, utilities, water, and sewer at an acceptable elevation has proven hard to find. Some communities have no property that would fit these criteria. So the first and foremost need for short term building to begin is property at the appropriate elevation, or C zones, with roads, water and sewer, utilities; or barring that, an economical and fast way to establish infrastructure for undeveloped properties in these areas.

Habitat for Humanity is actively seeking partners interested in developing mixed use, mixed income developments. Habitat works to create communities, not projects.

Streamline permitting and site design and filing process so building can begin as soon as possible.

An increase in the number of tradesmen and contractors willing to work at reasonable rates, resisting the price escalations that push more and more families into substandard housing solutions.

And an efficient and well supplied pipeline of building materials to circumvent slowdowns due to material shortages once building begins.

With the above recommendations implemented, Habitat would be poised to mobilize the thousands of volunteers ready and willing to

begin work on the Mississippi Gulf Coast. We recognize the fact that Habitat alone cannot be the solution to all of the housing needs along the coast and we are working with other organizations and entities to have a greater impact on more people.

Chairman NEY. Your time has expired. If you would like to summarize.

Ms. GRIFFIN. Habitat is committed to rebuilding and will bring the necessary resources at its disposal to help as many families as our resources allow.

Thank you.

[The prepared statement of Ms. Griffin can be found on page 129 of the appendix.]

Chairman NEY. Thank you. Mr. Derrick Johnson.

**STATEMENT OF DERRICK JOHNSON, PRESIDENT, MISSISSIPPI NAACP**

Mr. JOHNSON. Good morning, Chairman Ney, Ranking Member Waters, and members of the committee. My name is Derrick Johnson and I am the State President for Mississippi NAACP.

I am going to raise two issues here this morning. One will be the dire need for affordable housing and the second will be oversight of the CDBG funds that are coming to Mississippi.

NAACP got involved in Katrina as a result of our local branch president here in Biloxi issuing a call because of the lack of response from FEMA, Red Cross, and other relief agencies in African-American communities on the coast.

As a result, on the Saturday following the hurricane, we began to deliver a supply truck to East Biloxi; we were the first to deliver those supply trucks. East Biloxi is a community that is predominantly African-American with a very large Vietnamese working class population and black working class population that was pretty much left out in the aftermath of Hurricane Katrina.

As a result of that, we began to establish additional sites across the Gulf Coast to provide food and other essential items in African-American poor communities to ensure that our communities were served, because of the lack of response from relief agencies and FEMA. In Biloxi, we established our first site on Saturday following the hurricane; in Gulfport that following Sunday and in Moss Point, I believe, the following day.

What we discovered was a wholesale lack of information provided to working class Mississippians across the Gulf Coast, irrespective of color, but particularly those African-American, Vietnamese communities and the handicapped community were not served at all.

Following that, we were able to negotiate some 2 weeks later, the Red Cross to begin opening recovery centers in our communities, the first being at United Methodist Church in Moss Point, the second being right here in Gulfport at our office out near Fredericks and then following with several others after that.

Our next goal was working hand-in-hand with Congressman Thompson on the issue of minority contracts. We found that minority contractors were locked out, but pretty much all Mississippi based contractors were locked out. We tried to work with Bechtel and other companies to try to utilize the skills of local contractors, but to no avail. And in some minor instances where they were

hired to do debris removal, where the general contractors were paid \$18 to \$20 an hour, they ended up being paid \$6 an hour, well below what they could earn as a decent living considering the high price of gas.

I was later invited to serve on the Governor's Commission and became one of the vice chairs of the Governor's Commission. The Governor's Commission was a good effort to make people feel like there was some activity going on. And as a result of the Commission's report, our focus was on housing. We had a very comprehensive housing report to come out of that Commission, it focused mainly on affordable housing to assure that renters, elderly and others who would normally be out of the mainstream of home ownership would be properly taken care of.

Unfortunately, to date, that Commission's report which was submitted to the Governor, from my understanding has not been part of the recommendations from the Governor in terms of community development. The Governor's proposal would include a proposal that has been repeated here earlier for homeowners who had insurance prior to Katrina, who lived outside of the floodplain but didn't have flood insurance.

One of the groups that is completely left out of this proposal are home renters, which many African-Americans and other working poor on the coast happen to be home renters, especially those who work in the casino industry. There is no provision in the CDBG funds that I am aware of that would allow any sum of money for this population.

A second group that we are really concerned about are senior citizens on fixed income. A gentleman and I were talking and he told me about an elderly gentleman, 84 years old, who owned his home for the last 20 years. He was on a fixed income, social security, and could not afford to keep up the payments on the insurance. Under the Governor's plan as proposed, this individual would be left out of the CDBG funding. I suspect that there will be many more who fall in this category.

In addition to that, when the question was asked by State senator Earl Williamson to the Governor about this particular scenario, the response was there was no appetite to reward irresponsible behavior; in other words, there was no program to be offered. I find this to be unfortunate and unfair for those who worked all their lives simply to buy a home and retire in peace.

Under current Mississippi State law, there is no legislated oversight over CDBG funding. Funds are given directly to the Executive Branch and the Executive Branch then allows the Authority to decide who will administer the funds. Currently that will be the Mississippi Development Authority. Without any type of oversight, without the huge gaps in individuals who will not be covered by CDBG funds, we will find that the Mississippi Gulf Coast will pretty much cleanse itself of low income working individuals because there will be no option or very few options for them to be able to rebuild.

Chairman NEY. Your time has expired. If you would like to summarize.

Mr. JOHNSON. I ask this committee to do two things. One, reconsider how CDBG funds are appropriated in the State of Mississippi,

and secondly, work to ensure that individuals who would be left out of CDBG funding as proposed by the Governor somehow be included, because if they are not, we will have a large population of our citizens who are left out of this process.

Thank you.

[The prepared statement of Mr. Johnson can be found on page 131 of the appendix.]

Chairman NEY. Thank you. Ms. Shantrell Nicks.

**STATEMENT OF SHANTRELL NICKS, ATTORNEY AND LOCAL  
RESIDENT**

Ms. NICKS. Good afternoon. My name is Shantrell Nicks, I practice law in Gulfport, but I am currently assisting my community in recovering from Hurricane Katrina.

Congressman Ney, Ranking Member Waters, and other distinguished members of the committee, I would like to thank you for this opportunity to speak with you today about the government's response to emergency housing needs of residents affected by Hurricane Katrina.

I resided in Mississippi my entire life. I am proud to say that before Katrina, 72 percent of Mississippians owned their own home. This is 4 percent higher than the national average. In fact, more African-Americans own their own home in Mississippi than in any other State in the union, at 61 percent.

Katrina struck the Gulf Coast. She caused wind, rain, and flood damages that were unprecedented. Most homeowners were insured for hurricane damage, which we thought would cover a hurricane.

All of the damage to my home was caused by wind-driven rain. I also had mold coverage.

But, I have yet to be fully compensated by my insurance company. They will not give me in writing what they have covered or if and when I will receive additional insurance proceeds for the subsequently discovered damage. I first thought that I had very little damage, but the walls were soaked and as we waited for our insurance proceeds to fix our home, the mold grew and now my family of four live in two rooms of our house. I consider myself fortunate and blessed, as others do not even have two rooms. They have a cousin's couch, a tent or a shelter, or perhaps a small trailer.

Insurance companies have refused to cover damage that resulted from flood damage. This is a complex case, but so far we are told nothing will change. There is talk about Federal money going to the State, but so far no money has trickled down to the people, so we are skeptical and wondering if the 72 percent of Mississippians will continue to be homeowners.

We are also told to be patient and not to rock the boat as the insurance companies may leave the State or will not insure homes on the Gulf Coast. Well, I know one person that has already attempted to buy insurance on property that she bought after Katrina, and she was told that no major insurance companies will insure homes and that she should contact a local person where the premiums were much higher than what it would have been prior to Katrina.

As for FEMA, FEMA's policy is that insurance companies must act first and then they will see. The insurance companies are not acting or they are offering such little money, such as \$9,000 for losing a three bedroom house with all the contents. The people want to contest the settlement; however, FEMA requires that it be settled before they pay.

FEMA has said that some areas are high-impact areas and they will not need inspectors, and that the money is coming. However, the working insured American individuals have not received that money. I have asked FEMA about this again and they say they have to wait until the insurance company pays and that it is illegal for them to act prior to the insurance company. Therefore, the Federal Government's response to insured individuals has been inadequate. The FEMA regulations penalize and overlook individuals for being responsible and paying their insurance premiums.

In the end, it seems as though there is a crisis of leadership. There is no oversight of the insurance industry. They are allowed to cite the magnitude of the disaster as a cause for delay, but now it has now been over 4 months since the storm.

Now a natural disaster has turned into a human disaster. The people of our community have worked their whole lives to achieve the American dream of ownership and a better future for their children. We went to school, we got jobs, we bought homes and paid our bills and insured our properties.

We have been told that help is on the way and that money is there but we are starting to give in to the skeptics that say that Katrina was an easy way to clean out the lower and the middle income Americans from the Gulf Coast and make way for those of greater means.

As a taxpayer, and a homeowner, and someone who faithfully paid insurance premiums year after year, I respectfully request that you make the insurance companies accountable so that the taxpayers will not have to subsidize the insurance companies with FEMA grants.

I would also request that Congress appoint an independent oversight entity to investigate and ensure that the Federal monies are allocated wisely.

I think the FEMA trailer allocation should be spent much more wisely. The amount of money, effort, and time being exhausted in setting up these trailers could be used to do prefabricated homes which provide families with a more permanent housing solution. Furthermore, the government contractors are issuing FEMA trailers and are not taking into consideration people with handicaps and not providing the citizens with a forum to voice those concerns. I personally went to a site on Menge Avenue to speak with someone about a handicapped individual who needed a trailer. I was ordered to leave and speak with George Bush about my concerns.

In closing, accountability is the key for the insurance companies. Thank you.

[The prepared statement of Ms. Nicks can be found on page 137 of the appendix.]

Chairman NEY. Thank you. Next, the Reverend Rosemary Williams.

**STATEMENT OF REVEREND ROSEMARY WILLIAMS, MOUNT  
ZION UNITED METHODIST CHURCH**

Rev. WILLIAMS. First let me express my gratitude to Chairman Ney, Ms. Waters, my Congressman, Gene Taylor, my colleague in the ministry, Rev. Cleaver, and others of this group. Your presence is truly a representative of Christ's leadership style—leadership that is rooted in service and sacrifice for others.

I am a native Mississippian and I have lived here all my life. I am the pastor of Mount Zion United Methodist Church in Delisle. Delisle is located approximately 5 miles, 6 miles from Pass Christian, which was heavily damaged by Katrina.

Katrina was good to the physical structure of Mount Zion. Mount Zion still stands and we share our church with three other congregations, two Baptist and one of my husband, Theodore Williams, which is St. Paul United Methodist Church in Pass Christian.

Katrina has been a blessing and Katrina has been a burden. She has blessed me with an opportunity to extend God's love, grace, and generosity to a wider community, a community that my husband and I have known well for we both taught in Pass Christian schools where I retired in 1996 to go into the ministry.

I toured Pass Christian after the storm. Our first thought was to go and to find our parishioners, to see that they were safe. I also toured Pass Christian after Camille. After Katrina, the houses had faces on them, faces of parents whom I had worked with, faces of children whom I had taught, and parishioners of ours. The devastation was incomparable to any that I have ever seen. We thought Camille was bad, but it is no comparison to what Katrina did to our community.

The church has always been the center of community assistance in this region. Mount Zion immediately went into action to open her doors for people to live, for people to put camps, to go across State lines and bring gasoline back, to bring food in, to feed the people in the community, and to give them spiritual support, and moral support in a time of great loss. We even purchased small heaters for the trailers after they began to be given out, so that our handicapped and our older citizens would not have to worry with trying to see that they kept gas in the little tanks that they have on their trailers.

We have given in all of the ways that we can, but we need financial assistance that is beyond a resource that we can produce. We read in the papers about block grants and billions of dollars being generously allocated by the American taxpayers and donors, but before Katrina and post-Katrina, the money has not made its way to the people who need it the most.

Housing is our biggest priority. Our community cannot survive without housing. The jobs will come and have come back, but people must have a place to live. Many members of my community are on a fixed income and have paid off their homes in full. Without any payment from the insurance companies, and as of yet no money from FEMA and no SBA loans, they are living day-by-day, often in mold-infested homes. Others still have debt on their homes.

We are grateful for the FEMA trailers that have arrived. But they are not a long-term solution and many are still living with rel-

atives and friends. The uncertainty is starting to unhinge the strongest.

My church has 20 acres that we have spent the last 4 months trying to determine how we can work in concert with the community to develop affordable housing. We have not yet been able to move forward as the local community is without public assistance funds to build the infrastructure. This property is on high ground, but we have not been able to break ground. This property can provide for a blended community without houses on stilts that make me fearful for my older and handicapped citizens.

We are also working with a private donor who has purchased a large piece of property across from our future housing development that will serve as a community center for educating young adults who have dropped out of school or need some type of employment training.

Chairman NEY. Your time has expired. If you would like to summarize.

Rev. WILLIAMS. We ask if you will consider helping us do the infrastructure for Mount Zion United Methodist Church in order that we can be a part of the healing of our community and bringing homes back to our people, affordable homes.

Thank you.

[The prepared statement of Rev. Williams can be found on page 177 of the appendix.]

Chairman NEY. Thank you. The last witness is Pastor Carlton L. Jones.

**STATEMENT OF REVEREND CARLTON L. JONES, SECOND  
SWEET HOME CHURCH, GULFPORT, MISSISSIPPI**

Rev. JONES. First it is an honor to have you come to us, the Honorable Mr. Ney and the rest of your committee. We thank you for coming a whole lot and we praise God for your visit.

Thank you for this opportunity to speak on behalf of a hurting community, but one that continues to trust God and to work to make a better life for our citizens.

The greatest need for the Subcommittee on Housing and Community Opportunity would be to fully fund—we are asking that these needs would be fully funded by a community block grant to assist low- and moderate-income homeowners, and to assist in good and viable rental projects.

The community's needs are greater than the small community block grant amounts being given to the City of Gulfport. Many of our citizens are disheartened, and they feel let down as millions and even billions of dollars are being talked about and criteria assigned that will leave us completely out of the picture and other criteria that will make us disappear from the picture altogether.

We hope we will not be left behind. We need more senior citizen complexes. We are still in need of funding to assist senior citizens who have their homes and have had them for more than 30 years and help them to upgrade their homes. We need support for young families to neighborhoods but we must have a police visibility and greater police community funding.

We need to support communities the same as many decades ago, we need continued revitalization of our neighborhoods, affordable

mom and pop small businesses with educational centers inside of our communities to expand their knowledge of marketing and business plans to use their God-given talents to re-open businesses again in our communities.

We need public housing that addresses mixed income neighborhoods and looks like hope, not poverty.

We need support of funding for early childhood education programs such as Head Start.

We need training programs for youth to continue the Job Corps and summer training programs and summer camp programs and the facilities to give quality summer camp. We want to expand and upgrade the Boys and Girls Clubs, expand community libraries, computer education centers and etc.

I want to go back and recap some things because I have been working in this community since Katrina and since before Katrina hit, and I just am really thankful for what you are doing, but there are some other needs that I think if we could make it happen, it would greatly assist us.

I would ask you to exhort the media to continue to communicate the needs of the Gulf Coast area, because there is an old saying, "out of sight, out of mind." And right after Katrina first hit, it was aired all over the Nation. Now there is very little airing going on. I think that the community, church community, has great programs throughout this Nation and many others have already touched on how great the church community—they are saying faith-based, but I do not see a problem saying the church community—has played in this role.

The second week, we had churches from all over the Nation in our neighborhoods and they were really assisting us. Red Cross did not make it to many of my neighborhoods until the fourth week.

I am asking that we would allow the church community or faith-based community to sit down and help to devise a plan where they have such plans as the Nehemiah Rebuilding Program, Joseph Project, etc. And you know, the church community is a champion of reaching out and rescuing people and I think it would be a great tragedy to push them aside, push the church community aside, and not grab hold of the information that we already have and that has been in use.

There was also something else that I noticed. It took awhile for our people to get into the FEMA offices, to get into the Red Cross offices and then there was the human services. They did a great job and I asked one of the head persons why did they do such a great job of getting people in and getting them out and their secret was they had over 200 people taking applications and working those applications. When I went over to the FEMA office over in Ocean Springs, they would have maybe a dozen, maybe a few more, and that is why it took so long because there was not too many people working those applications.

Chairman NEY. Your time is expired. If you would like to summarize.

Rev. JONES. Yes, sir. Also, I want to ask that we tap the private sector. There are many of those who just moved in and those kinds of things that would gladly give support to the elements here if we would just ask them.



Thank you for the opportunity to speak. We pray God's blessing upon each of you and your families.

[The prepared statement of Rev. Jones can be found on page 135 of the appendix.]

Chairman NEY. Thank you, sir.

Before we move on to questions for the witnesses, without objection, I would like to insert a statement for the record by Bobby Rayburn, president of Rayburn Associates, to the House Financial Services Committee. He is a homebuilder. Something happened to his flight and so he could not get here. He is former president of the National Association of Home Builders.

Also for the record three items—a letter from Bechtel to myself as Chair; a statement from the Mississippi Association of Housing Redevelopment Officials and again, the statement I mentioned of Bobby Rayburn. Without objection, they will be part of the record.

I just have a couple of questions I wanted to ask. I want to thank all of you for good testimony.

I want to ask the housing authority—I am sorry for your personal loss of your home, but I want to ask the housing authority about Section 8. Are any people on Section 8 and has that followed them to other areas or any comments on Section 8?

Ms. DAVIS. We have relocated several of our residents—

Chairman NEY. I am sorry, could someone get her a microphone?

Ms. DAVIS. Under our Section 8 program, a lot of our residents were south of the tracks. We have relocated some of the Section 8 people to other areas, other States. We are getting a few units back on line for Section 8 vouchers. We have put one of our Section 8 residents in a FEMA trailer on our property because we could find no place to put FEMA trailers for our Section 8 residents.

Housing is just not there. Even with the vouchers, the rents have gone so high that we cannot house people because the fair market rents are not high enough.

Chairman NEY. Because the fair market rent is not high enough?

Ms. DAVIS. Yes.

Chairman NEY. I wanted to ask another question. I know you do not have statistics maybe on this, but we talk all the time about the housing authorities of course never have enough of the vouchers in the regular course of business.

Now as far as what I will call the new Section 8, you have people who want Section 8 and now you have a lot of people who have lost their homes and did not have insurance, it is going to create a whole different group of people now who are going to get on Section 8. Have you had people approach you that have never been on Section 8 before and now are considering that?

Ms. DAVIS. Yes, sir. But there is absolutely no housing stock.

Chairman NEY. I assume you do not have the ability either.

Ms. DAVIS. Yes.

Chairman NEY. One other question I wanted to ask is what about projects that were underway or what about units that had been built, multi-family, single-family, as we saw. There were six projects up in New Orleans, we saw other housing complexes, one that was built in the 1940's, I doubt it can be rehabbed, it is going to have to be ripped down and everything I have seen down here

cannot be rehabbed because things are in pieces from Katrina. Did you have units that people lived in that are gone?

Ms. DAVIS. We have had quite a few units that had to be demolished. The Waveland Housing Authority has been demolished. Some of the Bay St. Louis Housing Authority has been demolished. Also your Region 8, which is in Gulfport and Biloxi had to be demolished. I did not demolish any of mine at this point. We had structural damage but I think we can rehab them easier than we can rebuild it.

Chairman NEY. This is a personal opinion, but I just feel that somewhere along the line, where we had units, the government is going to have to pay to rebuild. The housing authorities are not going to have the ability to—

Ms. DAVIS. Without funding, they cannot be rebuilt.

Chairman NEY. It is part of the process, like Habitat for Humanity does a piece of the housing and there are all different types of situations to get people in some form of housing, but I just thought if they are gone, they have got to be rebuilt.

The one other question I had of Mr. Johnson. You are talking about oversight of—there needs to be oversight of Mississippi of the CDBG or oversight by the Federal Government in regards to Mississippi?

Mr. JOHNSON. Well, currently under Mississippi State law, there is no provision for oversight by the legislature. CDBG funds are given to the Executive Branch, the Executive Branch issues the funds, and there is no oversight at all from the legislature.

We are talking about in excess of \$4 billion. That is just a few million dollars short of our total State budget and we would find it inherently unfair if, without any public input, without any legislative oversight and entitlement cities being taken out of the process because with the new legislation, it goes directly to the Executive Branch and entitlement cities do not have any say. There needs to be a level of oversight to ensure that those funds are properly distributed to the communities who are most in need.

Chairman NEY. Thank you. I wanted to ask Mr. Clark a quick question. How has the VA been—I know it is not an ideal situation to have—I have dealt with the Paralyzed Veterans Groups for years, how has the response from VA been recently as far as temporary situation?

Mr. CLARK. I met with now General Spraggins and the emergency operations center. We have got all the medical facilities here, and a good VA and those veterans with spinal cord injuries, spinal cord disease, and dysfunction who were considered high risk, high-level quadriplegics, we got with the VA and got them served and got them out of the area. Immediately after the hurricane, I met with the directors of the Biloxi VA Medical Center, the Jackson VA Medical Center, the Memphis VA Medical Center, and the New Orleans VA Medical Center, and set up immediate replacement of any and all hospital beds or equipment that was lost, immediate input of medical supplies, prescriptions being transferred down to the Biloxi VA Medical Center. This way the vets could come into the area, if they had a problem, I got on WLOX and announced that the VA had come up with this program. VA has been excellent in addressing the needs of the veteran population.

The problem that I see is the non-veteran disabled population. They have run into a lot of issues on trying to get chairs replaced, you know, through Medicaid or Medicare, private insurance. What we did, I had a corporation out of Florida contact me and say what type of supplies or medical equipment do you need to get out to your veteran members. I informed him that if he was wanting to send anything down, we would get chairs and medical supplies down to the disabled community as a whole, because the vets would be taken care of by the VA. So he then had convoys come in and they got with the University of Southern Mississippi out of Long Beach now displaced from the hospital in Gulfport, but they brought the supplies to them. I told them to contact them and find out what type of supplies were needed in that area there on the MS side as well, and then I contacted the Executive Director of the Coalition for Citizens with Disabilities up in Jackson.

Chairman NEY. Last question I wanted to ask of Ms. Shantrell Nicks. What is this—I do not want to take time from other members, but elaborate a little bit on what you said about this site, your site. Oh, I am sorry—Rev. Williams.

Rev. WILLIAMS. The property, this 20 acres is located right north of Pass Christian. We had the vision some years ago, in 1999 when we bought the property, that we would build houses there for that community, not knowing that Katrina would come. This is a small church, we are talking about 135 members, but what we need is financing in order that we can do the infrastructure.

Chairman NEY. Oh, I am sorry, it was the site where the government said something to you about calling the President, what was that?

Ms. NICKS. Okay.

Chairman NEY. Did you contact him?

[Laughter.]

Chairman NEY. He does not call me back either, do not feel bad.

Ms. NICKS. I went to the Bechtel site on Menge Avenue, which they are I guess the place that the FEMA trailers are being brought into and delivered. That is the I guess headquarters or whatever.

Chairman NEY. So this is not where people are living, this is where they are stored.

Ms. NICKS. And I wanted to go there and find out if they had some type of priority or any type of list for handicapped people because I knew of two handicapped people that did not have a place to live. And I merely drove up to the site, tried to find out where the office was, who did I need to talk to—"Ma'am, leave. If you have any questions, talk to President George Bush, that is who my boss is." And escorted off the property.

Chairman NEY. Thank you. I am going to move to our ranking member in just a second, but I just wanted to make a couple of comments.

I appreciate, and we all do, you thanking us for coming here. We appreciate the thank you's and warm hospitality but we wanted to be here. I am from Ohio and we have people who have come to Ohio, people who are, you know, temporarily relocated there. I hope they can come home to their areas. Some people were not given options, they were not given the option of staying in the area

or given the option to come to Ohio. If they gave me the option—well, New York City is great to visit, but if you give me the option to move there, I will not do it, I want to stay where I live in my State.

But, you know, you have made a good point. I think this panel, us having the ability to come here and get this elevated even within the Congress, I think it is a good thing because people need help. So we are happy to be here.

The other thing I wanted to stress to you is please, if you see things, do not assume we know. If there are things that are going right and you want to tell us about it so we can utilize it in other disasters to help people, that is great. But if there are things going wrong, do not assume that the members will know. You should contact your Congressman, call us. I just wanted to stress that. A lot of people say I know you know this has been going on with the housing, but we do not necessarily always know. So that will be helpful.

And with that, I will go to our ranking member.

Ms. WATERS. Thank you so much, Mr. Chairman, and I want to take this opportunity one more time to thank you for organizing this hearing and bringing us here to the Gulf Coast. I have learned more in 2 days than I could have ever learned in Washington, D.C. And again, I think we are going to have to be the advocates for getting other Members to come so that they can see firsthand and hear firsthand.

To all of you here on this panel, I want to say a word of thanks to all of you. You are the helping professions, you are doing the kind of work that people need so desperately and without the kind of organizations that you represent, the kind of advocacy that you represent, a lot of people would simply be dropped off of everybody's agenda. So I really appreciate who you are and what you do.

For the veterans, I want to tell you, I did not realize until yesterday that I had not heard from the Veterans' Administration about what kind of help they were giving to veterans who were the victims of Katrina. In addition to my conversations with the VA, I have seen again we have got to put some attention, Mr. Chairman, on the contractors who have the responsibility for the trailers. It is outrageous that they do not have trailers designed for the handicapped. It is outrageous that you would have to cut the doors and build the ramps. These people are making a lot of money and it seems to me it should have been well designed in the contract and has not been. Mr. Chairman, we are going to have to see what we can do to alter and amend those contracts to make sure that they have special provisions for the handicapped in them.

The other thing that I just did not realize until you brought it to my attention was the fact that when you move somebody, who pays for the transportation, who pays for the gasoline, who pays for the pots and pans and the other stuff. It is one thing to talk about providing for a trailer, but there is nothing in it. And if you have lost everything, what are you supposed to do. I get it—I get it and I am going to work with my chairman and my members to do everything I possibly can to deal with those issues.

I also realize that in our anxiety and in our attempt to do something about getting some assistance to those who perhaps did not have flood insurance, I think, Mr. Chairman, we tried to do something about using this as an opportunity to provide quality housing, low income housing on an ongoing basis, I really did not think about what was being done at the time we have been trying to address these issues about all the money that was going to be needed for the replacement of housing for public housing. That is a lot of money that needs to be dealt with. So we are going to have to really take a look at the budgets for HUD, to talk about where the money is going to come from for replacing all of these units.

To the faith-based community that has been represented by you people here, I have a special appreciation for what you shared with us. Many of us are deeply rooted in our faith, many of us do not talk about it, many of us grew up in Sunday School, 11:00 service and then we had to go back at 6:00 just like you do. We know the church. I want to tell you, we depend a lot on the church, and right after Katrina, while I was not in Mississippi, I was in Louisiana and I went to Alexandria, Lafayette, New Iberia, Opelousas, all these places, and I saw the church-based community, the faith-based community, responding without anybody asking them to, without having any money from government. They opened their shelters on their own. As far as I am concerned, many of them far outdid what the Red Cross was doing. And even for those Red Cross shelters that were being run, I saw the faith-based community bring the meals in every day to feed people in the shelters. In one of the cities that I was in, they had one of the biggest shelters, over 3,000 people that were being fed by the faith-based community every day.

So we do appreciate you. And I do not want you to think that you are not at the table, you are at the table in more ways than one, but I wanted to leave you with this. You have a Governor here who supports, through public policy along with the President, the faith-based initiative. I do not want you to lose sight of that. I want you to make him perform because this has been a big platform of this Administration and I want those who are in the faith-based community to engage your Governor and elected officials about faith-based initiatives so that you can make sure you have the technical assistance to respond to requests for proposals that will help in many of these areas.

Enterprise, you are doing exactly what is needed to be on top of contractors. Most people, even if they had the money, do not know how to maneuver the complications of getting the contracting done without getting ripped off and I commend you for that.

It seems to me that Habitat for Humanity ought to be getting together with Rev. Williams. You told me and told us you need some property on high ground. They have got 20 acres and it seems to me there ought to be some networking here to talk about how to utilize it because what Rev. Williams needs is some developers and she needs somebody to help put together all of those entities, a combination of Section 108, CDBG, HOME funds, etc., developers to get together to talk about how to utilize that property for the benefit of low income housing, how to make it work for the church.

We goofed on CDBG. We are big supporters of CDBG but somehow after it left us I believe—that is what staff is telling us—somebody manipulated something in order to redirect CDBG away from those entities that would normally have it come directly to the cities and to give the State and this authority that you guys are alluding to, the power to be in control; and Mr. Cleaver, who is on this panel, has been talking a lot about that yesterday and today, and it is on our radar screen and I know that Mr. Cleaver is going to take some leadership and I am also, Mr. Chairman, and others, to see what we can do about addressing the concerns for the way that CDBG money has been fashioned for Katrina rather than the traditional way that it is dealt with, you know, normally as CDBG is allocated to the cities and all of the oversight, etc. Mr. Taylor certainly is going to have to take a leadership in taking a look at this to make sure that you are taken care of properly.

Let me just say to Ms. Nicks, as an attorney, you come here with the kind of knowledge and expertise that is so desperately needed by many of our communities, who do not know how to respond to requests for proposals, who do not know how to navigate the system and deal with Section 108, CDBG, etc. I do not know how you handle your profession and your career and you have to make a living, but I am hopeful that everybody sitting around this table, that you will get together. All of the agencies that are concerned about the poor, about the handicapped, about the minorities, etc., would form a coalition. You will have a lot of power—churches and faith-based communities working with non-profits, etc., form a coalition and identify where you are going to go to work and how you are going to use your funds, and allocate some of those dollars to someone that you can place on line for you to help get some of this work done. You have indicated that you are willing to use your time and effort for the least of these. You cannot do that without some kind of funding, and I think a collection of these organizations could help to provide the ability for you to do this so that you ought to focus on how to access some of the dollars that are already in the pipeline.

We are going to spend some time on FEMA to do some of the work that you have been trying to do that I do not think even takes legislation in dealing with the handicapped, etc. But there is other work that has to be done to ensure that there are ongoing efforts to provide low income housing and the kind of work that really is going to have to be targeted and attention paid to and someone is going to have to be funded to do it.

Let me just close by saying you have got a great advocate. I want to tell you that Congressman Taylor is a hands-on Congressman, who was out here on the streets, in the trenches helping to feed people, helping to guide, helping to direct. He does not wait for anybody to tell him what he can do, he empowers himself and he just goes out there despite whatever obstacles there are to get rid of them and to get it done. Work with him—work with him and help him to understand how he can be even more effective in the work that he must do.

You have educated us here today and we leave here with a long list of things that we think we can be helpful with. And I want you to know that we are not adverse at all to churches and the faith-

based community. Some people talk a lot about their faith and you see a lot of politicians sometimes talking about how much they love God, etc. But the proof of the pudding is in the eating. And those who talk the talk, they have to then walk the walk, all right?

Mr. CLEAVER. Amen.

Ms. WATERS. All right. So you may not hear some of us ranting and raving about it, but we do the work and I want you to use your power now because there is a lot of talk in Washington about the faith-based community and I want you to use your power and get together in the faith-based community and interact with those who are talking about it a lot and make sure that in their talking, in their prayers, that they bring the bacon home. Okay?

Thank you very much.

[Applause.]

Chairman NEY. We thank Ranking Member Waters for her time and attention to all these issues. And I thank the Congressman for hosting us here in your community. We will hear from you.

Mr. TAYLOR. Thank you. Well, again, I want to thank my colleagues. I want to thank this panel. You have not quite covered the waterfront, but you have covered almost everything. I am sure everyone in this room can share their own stories of what they went through and what they have done to help out. I want to thank each of your groups.

Mr. Davis, a quick story. We lost a National Guardsman the night of the storm on a search and rescue mission. I attended his funeral the Monday after the storm. Somehow, in the aftermath of the storm, this boy was lost. His funeral was a week to the day from the storm up in Purvis. And one of the things I remember from passing out MRE's is people would come to me and say do you have any baby formula. Of course we did not, all we had was MRE,s at the time. So when I attended the soldier's funeral in Purvis, I stopped by the Wal-Mart and picked up as much baby formula as I could afford. I remember going to Enunciation Church—now this a week to the day from the storm. Tuesday, Wednesday, Thursday after the storm, people were begging for baby formula. A week to the day from the storm at Enunciation Church, I show up and said I have baby formula, expecting everybody to go great stuff. They showed me literally rooms of baby formula that had been donated by this time.

So of course, the faith-based community is wonderful and we cannot thank them enough. But our Nation has to be there also. There is a place for both. In the immediate response, you just about have to order people to be there, get them away from their families.

In the case of the Paralyzed Veterans, please do not take any offense to my absence, I got caught up in the hallway. And what is going to make you even madder and what is going to make you, Mr. Clark, even madder, if you went to Purvis today to the FEMA staging area where the trailers come in, I guarantee you there are between 600 and 800 ADA travel trailers and ADA capable mobile homes. And it makes my blood boil to know that they are there, sitting there while people in south Mississippi need them.

And again, I am not on this committee, they were kind enough to let me sit in today and show them around, but that is a snafu that has somehow got to get fixed for our veterans, for our people

with disabilities. It is just unacceptable that in this great country, that resource is sitting up there, the taxpayers have paid for that resource, but it has not been delivered to the people who can use it. That has got to get fixed, I blame Bechtel, I blame FEMA. That has got to get fixed and it has got to get fixed right now. So again, we are all aware of that, there really are ADA travel trailers, they just have not been delivered to the right folks.

Mr. Russo, I hope you have listened to Reverend Williams, because once again, one of the things FEMA was talking about is finding a site where we can put trailers. Since you are offering, we sure as heck want to take you and your congregation up on that good offer and make sure that that is taken care of.

But for all of you, thank you for everything you have done since the day of the storm; thank you for being here today; and on behalf of the people of south Mississippi, let me thank you for what you and your groups have done to help your fellow Mississippians.

[Applause.]

Chairman NEY. The gentlelady from California.

Ms. LEE. Thank you very much. Mr. Chairman, let me first say to you how much I appreciate the opportunity and privilege to come, as a member of this committee, to really come and witness and listen and understand more fully, first of all the devastation that Katrina has reaped. But also the impact of the pain and the human suffering.

And Mr. Chairman, I must say, and also to our ranking member, that had we not come on this visit and had we not conducted this field hearing, I would have wondered about some of the President's observations. I listened very carefully to his statements recently and I am wondering, and as I listened to all of you with regard to the issues, the fact that you are helping the most vulnerable restore their lives, helping them recover and helping them move forward; I am just wondering if those issues, he understands and knows as he goes back to the White House. Had we not come here, quite frankly, I would not be able to explain what I have learned and I would also not be able to more fully discuss with the White House some of the pain and suffering and impact that you all are addressing each and every day. So I really appreciate being able to personally see this and understand it more fully.

I wanted to just mention a couple of things, with regard first of all to this issue of rental housing. I do not know how we are going to address it, Mr. Chairman, but when you have a community that has paid \$500 to \$700 for rent and now is required to pay \$1,500, something is wrong, something is wrong. And I know they are going to say it is market forces working. But this is an emergency and this is a disaster and sometimes we have to figure out ways to allow market forces to work but also to make sure that the people are taken care of and making sure the people can afford to live in communities where they have grown up, and especially during and after such a disaster.

I am not sure how this committee can weigh in on this issue. I remember that at one of our hearings in Washington, D.C., I asked about the rent gouging issue, which I had heard, but I believe the response was there cannot be rent gouging because we just will not pay but "X" amount of dollars in terms of HUD. So I am not sure



how landlords are getting away with this, but this is something we are going to have to figure out.

Also, earlier we heard from HUD, from Mr. Williams, that for the first time the homeless were receiving some form of HUD housing assistance. And I wanted to ask him in terms of the percentages of individuals here in Gulfport or in the Gulf region, how many people now were receiving that type of housing assistance who were homeless. But I want to close by just asking any of you if you have a handle on that, because you service and work with and help the homeless each and every day. Are you familiar with how they are being integrated now into the system in terms of the provision of HUD assistance for homeless individuals who, prior to Katrina, had not had those services and funds available to them? Anyone can answer that question if you know the answer, if you have had any experience with that.

[No response.]

Ms. LEE. If not, Mr. Chairman, I hope that as part of this record, we could ask HUD to let us know how this is working, how many individuals who, prior to Katrina, were homeless and how many now are receiving the assistance that they deserve but did not receive before Katrina.

Chairman NEY. We will pose that question to HUD and give the response to you and all members.

Ms. LEE. Thank you very much. And in closing let me just say once again I want to thank you for your service, your sacrifices, your commitment to the least of these, and your commitment to make sure that this recovery process is equitable in that process, the real issue of equal opportunity, equitable development and the issues of poverty are addressed in a very comprehensive fashion as we move forward.

Thank you, Mr. Chairman, again.

Chairman NEY. The gentleman from Texas.

Mr. GREEN. Thank you, Mr. Chairman.

I think, Mr. Chairman, it is appropriate at this point to quote Dr. King, "injustice anywhere is a threat to justice everywhere." An injustice as it relates to persons who are handicapped is a threat to justice for every one of us in this room, because but for the grace of God, it could be any one of us in this room. And I assure you that we want to correct this problem with the trailers that you have called to our attention.

I also want to say to the NAACP President, having been one for more than 10 years or approximately 10 years myself, Mr. President, there is some great work to be done because I have read reports and accounts of persons being discriminated against as they have been seeking housing. I understand from these accounts that persons will call in and if they sound a certain way, they are told—sound like they are part of one ethnic group—they are told that no housing is available. And then right afterward, another person calls, housing is available with a free TV.

Now friends, we have come too far in this country to allow this hurricane, this natural disaster, to permit this kind of ugly behavior to manifest itself.

Mr. President, you have got great work to do. I salute all of you and I beg that each of you take up the cause of justice, because again, injustice anywhere is a threat to justice everywhere.

Thank you, Mr. Chairman.

Chairman NEY. The gentlelady from California.

Ms. WATSON. I am Diane Watson from California, I sit on the International Relations Committee, so I want to thank the Chair and the ranking member for allowing me to sit in for two of the most informative visits that I have been on since I have been in Congress. We travel the world on our committee and this time last year, we went into the region where they had the tsunami. I did not see any more disaster there than we found here along the Gulf Coast.

And what is troublesome to me is that we are spending billions and billions of dollars, 10-, 11-, 12,000 miles away, and we are not making the necessary investment here in our own homeland. There are several problems that we are able to identify because we came here and we listened, we heard and we saw. And number one is, we must work, Mr. Chairman, to pull the Emergency Management Agency out from under Homeland Security.

FEMA was created to be able to handle and expedite emergencies. Now you are waiting 5 months for housing? The urgent need passed 4 months ago. And so whatever the bureaucracy is that is keeping the mission blocked, FEMA's mission, then we need to move it out of the way. And I think what has happened, we are concentrating on homeland security but the homeland seems to be thousands of miles away. So when we get back to Washington, we need to make that very strong suggestion.

I also, Mr. Eide, with your Enterprise Corporation of the Delta, I think you have got all the elements that we would need as a prototype. And I would hope that you would give us an outline of how you do it here in Mississippi and send it to the Chair, because my colleague, Ms. Lee, has been talking about psychological counseling. People who experience these disasters are traumatized and I know we have adopted a family in Los Angeles, because we have over 8,000 evacuees within the City of Los Angeles, a lot of them in my district. So we adopted one family and the brother came back here to assess the damage to the property and had a nervous breakdown and was taken to Texas. And we finally—he became withdrawn and depressed and he still is that way. So the counseling services that you mentioned are very much needed as a package when we talk about enterprise. So thank you so much, and if you could outline and send it in, we would appreciate it.

And then a question to Derrick Johnson and Shantrell Nicks. As I listened to your testimony, did I hear a tinge of racism? You know, I am really bothered by the fact someone told you to talk to the President. Well, a few days ago, you could have found him over in Louisiana because he has said publicly that things are going—we are making progress. Well, I do not think he is well informed because I have not seen the kind of progress that we should have been making 5 months later.

So I would like each one of you to elaborate again on just what you found in the process of trying to set some programs and restore

people's lives in housing. Shantrell, I was interested in what you said and then if you could just make a comment, Mr. Johnson.

Ms. NICKS. In reference to—my major concern is the insurance companies not being regulated or not being forced to respond to people being insured, people receiving adequate payment for their loss.

The other thing is in reference to the incident at the site on Menge Avenue where the FEMA trailers are being delivered from, it was very hostile. I am African-American and the person that I was speaking to was a Caucasian male.

Mr. TAYLOR. They are rude to everybody.

[Laughter.]

Mr. TAYLOR. I want you to feel better, they are rude to everybody.

Ms. NICKS. I could not believe it. I mean I was just simply trying to ascertain where was the office, do you have some type of list for handicapped people. And they would not answer any question other than speak to the President, speak to George Bush, he is my boss.

Ms. WATSON. Would you mind—and I will leave my card with you—sending me the identifying information on this person, where this person was located, his name and so on? I would like to ask the committee to write him a letter and we need to inform them what is happening in the field. We need to inform our colleagues.

Ms. NICKS. Ms. Watson, I do not have the name, I have a location and the corporation.

Ms. WATSON. All right, that is good enough.

And Mr. Johnson, if you would like to make a comment.

Mr. JOHNSON. In talking about racism, one of the things we found was immediately following the hurricane, that the response in the African-American communities was not as rapid as other communities. But we further learned that the response in poor communities, black or white, was not as rapid as it should have been. In every site we set up to distribute food and other items, at no time did we find poor whites—working class poor whites and Vietnamese communities, particularly Biloxi, the very first day when people were lined up for food, it was the whole area, because they were completely left out. What you find in the area is shrimpers and casino workers and retired individuals. As we moved around, in every area where we set up, we found the same situation. It is one in which working class Mississippians and black Mississippians are left out. And the affluent are often catered to more often with subsidies that were intended for working class minorities and low income.

For example, in the HUD waivers moving forward, there were requests and HUD waived or suspended a requirement for replacing low and moderate income building units that were damaged or demolished after the hurricane. That would disproportionately affect African-Americans but it would disproportionately affect low income individuals. And that is a waiver that HUD provided.

In the actual legislation, there was a waiver to use CDBG funds at 70 percent for low and moderate income individuals, it went through legislation and it was reduced to 50 percent and there was some discretionary language there for the head of HUD to lower it a little bit lower.

That is where we will find the discrimination. Not only by race, but by working class individuals in this area. Mississippi is a poor State and one of the things we are finding is those who vote for certain groups of individuals oftentimes are left out. And you will find on the Mississippi Gulf Coast individuals who either do not vote or vote mostly for a particular party of individuals, you will find them with fewer resources.

The fear with the Executive Branch administering all the CDBG funds with no oversight is those who do not vote or those who do not vote for a particular party will be left out. This past Monday, we had a convening before the Governor of field experts to talk about legislation for our legislature. One of the things that we are seeking to do is track where money goes from the CDBG fund by census tract so we can see who is actually getting the money, who is benefitting, to ensure that there is some equity in how the funds are distributed.

We introduced approximately 12 pieces of legislation for oversight with our State legislature. I do not know if that is going to get passed. That is why it is imperative for this body to also track. Because we may find out that the Vietnamese community is being left out, black people are being left out and just working class white folks are being left out.

Ms. WATSON. Your representative Gene Taylor, the representative from this area, is very knowledgeable and sympathetic to what is going on. He calls this an equal opportunity disaster, but what we are learning is that the Emergency Management Agency is not addressing it as an equal opportunity need for resources. And that is very, very troubling to me. I think FEMA has really messed up and we need to do something about it.

And I am sure with the good graces of the Chair, who has shown a great amount of compassion as we have gone through the streets in New Orleans and we went along the Gulf Coast earlier this morning, I am sure that he will take the lead.

And I just want to say in closing that we really appreciate all of you coming and expressing your views on not only Katrina but the aftermath and the way we are doing our job. Please do not hesitate to write us, e-mail us, fax us, or call us. And particularly Mr. Taylor, because he understands what needs to be done. Let him know. We are out here in the field, but there have only been 55 Members of Congress, 345 Members make the decisions, and they ought to come down here and see for themselves. I had no idea the handicapped, and maybe the mentally ill, the disabled were not being specifically cared for. I had no idea—well, we heard some rumors about the insurance companies and the way they are defining what is covered by flood insurance and what is wind borne. And I think it is absolutely ridiculous, but we do not know these things until we come here and hear it from you. So do not fail to write us.

I like what the faith-based community is doing, they come on board immediately, you do not have to ask them, they are there. And so what we need is for you to keep us informed. In my area, we suffer from earthquakes, we suffer from drought, we suffer from fires and we had to really put the pressure on our own Governor when we had a major fire in my area, to come down and observe.

They just did not—they ignored the area, and we had hundreds of thousands of dollars worth of damage. But until people come and see, they do not get impacted the same way.

So I thank all of you for being here today, for informing us. Trust us, we are going to take this information back to Congress and I hope we can improve on our housing needs plus overall on our disaster response.

Thank you so very much, Mr. Chairman, for letting me sit in.

Chairman NEY. I thank the gentlelady.

Also, Mr. Green, without objection, submitted for the record some additional material by Mr. Rodger Clark.

And to close today, our distinguished member from Missouri, Mr. Cleaver.

Mr. CLEAVER. Thank you, Mr. Chairman. Thank all of you for coming, particularly Dr. Brenda Matthews, who lives here in this community but was a principal in our community in Kansas City before coming back to her birthplace. I appreciate the opportunity to just share with you—I too would like to commend the faith community, you do what you are supposed to do. It is a little weird to say thank you to a group that is doing what they are supposed to do. That is what we do.

I am not so sure that we ought to be at the table with the government. Jesus not only would not go to the table, he turned it over. But I do think we have to be what we are, and that is what you have been doing.

Let me heighten your paranoia about CDBG. In the National Housing Act of 1937, Sections 8 and 9 and the Cranston-Gonzalez Act, Fair Housing Act, not only are we supposed to do housing for the homeless but for AIDS victims as well. That is not being mentioned.

Now I want to go further. The \$11.5 billion that we approved, as Congressman Taylor mentioned, is a 60/40 break. Each Governor will get the money and I know there is a representative from the Governor's Office, I am not mad at you, I think that was a big mistake, it was a colossal mistake, it was something that we did not do when the legislation was approved.

The reason it was a mistake—and every man in the country, I do not care if he is a Democrat or a Republican—opposes this. I used to be the President of the National Council of Black Mayors, the Governor of Louisiana is a Democrat, the Governor of Mississippi is a Republican, neither of them should be dealing with the money.

First of all, in the legislation, not that we passed but in the regulations, 5 percent of those dollars will be taken off for administrative costs and that is millions of dollars. So that is 5 percent in Louisiana and 5 percent in Mississippi. Now in addition to that, in reading the regulations, there is no requirement for public hearing. I do not believe that we ought to deviate from the Federal regulations from HUD on these dollars. The public ought to be able to say what they want to do with those dollars. And the reason we do not want Governors to have it is because the local communities, the Mayor, the man who just left, he knows better what needs to be done in this community than the Governor. I am not mad at the Governor, I do not know him. This is an issue of trying to make

sure that we get the maximum out of the dollars that we spend. These are taxpayer dollars and we ought to have this community involved in how those dollars are going to be spent.

Now finally, having gone through this legislation—and let me explain this. I know this is going to make you not want to be involved with Members of Congress, but when we voted on this, this was in a Defense bill. It has nothing to do with defense, but this was in the Defense bill, it was the last day, and as my colleague mentioned, at 4:00 a.m. in the morning. We did not have a chance to read this. In fact, I am not even sure that it was written. Somebody stop me if I say something that is not right. I am not sure it was written. So what happened, the bureaucrats put this stuff together. We approved the money, the bureaucrats put it together.

And in my estimation as a former mayor, this is not the way you deal with rehabilitating a community in a way that the public is involved in and in a way that is done quickly. And so my hope is that—I mean you are right to be concerned, Mr. President, State president of the NAACP, you are right to be concerned about CDBG. Now the State legislature does not do oversight, all grants over \$25,000 are required to be audited, but in terms of the Mississippi legislature having oversight over these dollars, there is none, zero, zilch, nada.

And so it means that frankly the money will be spent and unlike if it came to the city, the city council is held responsible for those dollars, or whatever it is called here, whatever the municipal bodies call it.

I think there ought to be some concern by this committee in Washington. I do not know if it is too late for us to try to do anything or not. But if we cannot, at least I want the local community to understand the full gravity of the situation. And that is exactly what is going on. And I hope that you can rally the people and challenge what is going on so that it can accrue to the best interests of this community.

I appreciate all of you coming. I hate to leave on a negative note, but I want you to be paranoid.

[Laughter.]

Mr. CLEAVER. Thank you.

Chairman NEY. Thank you. Without objection, the record will be left open for 30 days in case members of the committee would like to pose additional questions.

Again, on behalf of the U.S. Housing Subcommittee, we thank you and God bless you for what you are doing for a lot of people down here who have had the toughest trauma of their lives. Thank you.

[Whereupon at 1:12 p.m., the subcommittee was adjourned.]

# **A P P E N D I X**

January 14, 2006

**Testimony of Dianne Bolen**  
**Executive Director, Mississippi Home Corporation**  
**Before the Subcommittee on Housing and Community Opportunity**  
**January 14, 2006**

Mr. Chairman, Representative Waters, and Distinguished members of the Subcommittee:

My name is Dianne Bolen, and I am the Executive Director of the Mississippi Home Corporation (MHC). MHC was created by the State of Mississippi as a non-profit housing finance agency to provide the opportunity for safe, decent and affordable housing for low and moderate income Mississippians. MHC accomplishes this mission through federal, state and corporate housing programs.

Thank you for the opportunity to appear before this subcommittee to discuss Mississippi's housing needs and our plans in the aftermath of Hurricane Katrina, which struck our State on August 29, 2005. The storm wrought significant devastation not only to Mississippi's Gulf Coast communities, but also throughout the southern half of the State. Many residents find themselves with homes having sustained significant damage or completely destroyed. A majority of these residents had no flood insurance.

**Temporary Housing**

It is estimated that 50,000 Mississippi residents lost their homes during Hurricane Katrina. Therefore, temporary housing remains a top priority. FEMA has been the driving force in providing travel trailers for our displaced citizens.

To compliment FEMA's efforts, MHC partnered with Freddie Mac, who donated \$900,000 for the purchase of travel trailers. MHC was able to house 36 families on the Coast who did not qualify for FEMA assistance.

MHC also partnered with Fannie Mae, which made 15 foreclosed properties available to displaced families at zero rent. MHC is in the process of placing families in these homes.



### **Permanent Housing**

In addition to addressing the need for temporary housing, MHC is focused on the rebuilding of permanent housing stock through the Federal programs it administers, including the Housing Tax Credit (HTC) program and the Mortgage Revenue Bond (MRB) program. The recent enactment of the Gulf Opportunity Zone Act of 2005 (the GO Zone Act) and the tax relief bill HR 3769 has provided flexibility and increased cap for these programs to assist in the rebuilding of affordable housing in the affected areas.

### **Housing Tax Credits**

With respect to tax credit properties, we estimate that 4,163 units in the disaster area were damaged or destroyed, and approximately 1,000 of those units were deemed uninhabitable. In order to stimulate rebuilding efforts in the affected areas, the MHC Board of Directors, on September 7, 2005, voted to allow developers of Housing Tax Credits to relocate their projects to sites within the disaster area. This change applied to previously-awarded tax credit properties that had not yet begun construction. All requirements of the Qualified Allocation Plan (QAP) under which the Credits were awarded remain in effect with the exception of timelines. Any deadline established by the QAP was extended for a period of 120 days upon approval of such transfer by MHC. To date, MHC has approved eight requests for site relocation totaling 228 units: 126 units will relocate to Hattiesburg, 30 units to Laurel, and 132 units to Gulfport.

In June 2005, MHC forward committed 2006 Tax Credits to developments in accordance with the 2005 QAP. Once we exhausted the 2006 Credits, the remaining developments were placed on a waiting list. In an effort to fully utilize the additional \$38 million of 2006 housing tax credits made available by the GO Zone Act, the MHC Board will consider a proposal at its January 11 Board Meeting that will reallocate some of the previously-awarded 2006 Housing Tax Credits. The previously-awarded Credits for developments located in the disaster area will be substituted with GO Zone Credits and those previously-awarded Credits will be reallocated to developments on the waiting list

in other areas of the State. Furthermore, we will allocate Go Zone credits to all developments in the disaster area that are on the waiting list.

In November 2005, MHC distributed the 2006 QAP to developers two months ahead of schedule in an effort to assist them in quickly addressing the critical need for housing. On January 11, 2006, MHC will provide developer training on the 2006 QAP which will incorporate the tax relief and adjustments contained in the GO Zone Act.

A concern of both MHC and Tax Credit developers is the GO Zone designation of Difficult to Develop Areas (DDA). The DDA may allow up to a 30% basis boost to a Tax Credit development. H. R. 4440 provides that the Go Zone shall be treated as DDA for properties placed in service in 2006, 2007, or 2008. It typically takes a Tax Credit developer 24 to 30 months from the time an allocation is received to reach placed in service status. MHC is authorized to allocate approximately \$38 million annually in GO Zone Tax Credits in 2006, 2007 and 2008. If the GO Zone DDA designation expires on December 31, 2008, due to the placed in service language and HUD subsequently fails to designate the GO Zone counties as DDA, the developer will lose the 30 % basis boost and be exposed to a risk in development cost that would discourage participation in the Tax Credit program in years 2007 and 2008. MHC would suggest that the DDA designation for the GO Zone Tax Credits conform to the placed in service requirements mandated by IRS Code Section 42 .

#### **Single Family Mortgage Revenue Bond Program**

In November 2005, MHC's 2005B Mortgage Revenue Bond proceeds were depleted, resulting in a waiting list for available funds for single family mortgage loans.

On December 1, 2005, MHC priced a \$40 million Single Family Mortgage Revenue Bond Issue that was privately placed with Freddie Mac. Freddie Mac agreed to purchase the entire bond issue at 25 basis points below the market rate, the benefits of which will pass through directly to potential borrowers under this issue in the form of a lower mortgage loan rate. In addition, Freddie Mac agreed to a delayed bond closing, now scheduled for January 24, 2006, to allow MHC to incorporate any Katrina-related legislation passed prior to the bond closing. With the passage of the GO Zone Act, loan

applications submitted after December 21, 2005 by persons in the disaster area counties will be considered Target Area applications, which will provide for higher purchase price and income limits. Additionally, the GO Zone Act allows one third of the proceeds of the bond issue to be allocated to borrowers without regard to their income. These enhancements to the Single Family Mortgage Revenue Bond program will be a tremendous help to Mississippians living in the disaster area.

Since December 1, 2005, \$17 million in of the bond issue have been reserved. MHC offered a 3% cash advance to assist with downpayment and allowable closing costs. The \$17 million reserved thus far is at a higher volume that we normally see this time of year. From the limited data we have been able to collect, we know that some loans are going to Gulf Coast counties, but the majority of the loans are in the Jackson metro area with some going to displaced Katrina families. At this point, it is too early to have a complete profile of the borrowers.

#### **Other Programs**

MHC is also working with our participating lenders to stimulate the use of other programs. For example, we are encouraging them to utilize HUD's 203(k) mortgage loan product for homes being purchased that require rehabilitation and HUD's 203(h) program which allows 100% loan financing in disaster areas.

In November, MHC held Lender/ REALTOR training on the Mortgage Credit Certificate (MCC) program in hopes of increasing mortgage production as a result of the waiver of the first-time homebuyer requirement.

MHC is planning several Lender/ REALTOR trainings in the disaster area to inform lenders of changes in the MRB and MCC programs as a result of the enactment of HR 3769 and the GO Zone Act of 2005. MHC has provided these changes to lenders in the form of program bulletins, but we feel one-on-one question and answer sessions will be beneficial to both lenders and REALTORS.

### **Credit Assistance Programs**

MHC has a counseling component to the services it offers. Katrina not only destroyed physical units, but family finances have been devastated as well. Families are facing foreclosure, bankruptcy, as well as job disruptions, and have need for financial and housing counseling to make wise decisions as they seek to rebuild their lives. MHC provides housing education services through contracts with local nonprofit organizations, eight of which are located in GO Zone counties. MHC will support these services during 2006 using recently approved funds from HUD totaling \$148,000 and Freddie Mac for \$50,000. Families will be able to receive assistance in finding affordable rental housing and obtaining credit reports, credit repair plans, and homebuyer education services. MHC estimates approximately 800 households will receive assistance from these funds.

MHC is also assisting Freddie Mac and housing counselors to roll out a “Don’t Borrow Trouble” campaign in Mississippi. This program establishes a 1-800 number and a network of housing counselors to answer individuals’ questions about credit and mortgage financing. Because so many families were affected by the storm, additional services using other funding sources will be needed to give advice to families trying to make sound financial decisions.

### **Other Issues**

In addition to the aforementioned plans, MHC has identified the following needs faced by residents of Mississippi:

1. Elderly households with no mortgage balance who need funds to repair their home but have limited or no ability to repay.
2. Individuals who have an existing mortgage whose income does not allow them to borrow sufficient funds to pay off their first mortgage and rebuild (even after insurance and FEMA settlements).
3. Individuals whose home was not located in a flood plain and accordingly not insured, but whose home was damaged or destroyed by the tidal surge.

4. Homeowners who do not qualify for SBA Financing.

MHC is working with other agencies on the local, state and federal levels to develop solutions to these issues.

**Summary**

In summary, MHC is working to address the Katrina aftermath on several fronts:

1. On temporary housing, working with Fannie Mae and Freddie Mac to compliment FEMA's efforts,
2. On Tax Credit issues—relocating certain Tax Credit projects and reallocating 2006 credits,
3. On Single Family MRB's—partnering with Freddie Mac to offer lower mortgage rates,
4. and by offering counseling and training services to individuals and lending institutions.

Again, I thank the Subcommittee for the opportunity to appear before you today.

Office of Long Term Recovery  
Catholic Social and Community Services  
Diocese of Biloxi  
1450 North Street  
Gulfport, MS  
228-897-2280

Testimony of Sheri Cox Bowling, Director  
Date: January 14, 2006

In reviewing the concerns of our clients and assessing the recovery efforts, it appears the response by the federal, state and local governments to the emergency housing needs of the residents affected by Hurricane Katrina was chaotic at best. The sheer magnitude of the storm and the large area affected was unimaginable. While it is futile to hold the belief that the local, state and federal governments could have been completely prepared for nature's wrath, the lack of preparedness, when compared to the effective response of neighboring states in response to their hurricane plans, and the lack of effective communication is abhorrent.

In completing our global assessments with families affected by Katrina the following issues were voiced:

1. The extended wait time to obtain a FEMA trailer.
2. The excessive number of available trailers that for unknown reasons have not been delivered to those in need.
3. The inability to place FEMA trailer in some locations due to muddy conditions. Those areas have not been cleared of debris so that trailers can be placed in position because the clearing equipment cannot transverse the mud.
4. The inability of handicapped individuals to receive a handicapped accessible trailer. The standard FEMA travel trailer will not accommodate a wheelchair.
5. The lack of clear plan for housing past the eighteen months clients are offered from FEMA.
6. FEMA trailers are delivered without essential items such as sheets, linens, pot and pans.
7. Lack of affordable alternative housing for hurricane victims, which greatly impacts the local available workforce.
8. Reports of rampant landlord attempts to intimidate tenants to gain and end to lease agreement so landlord can dramatically inflate rental rates.
9. Inability of residents to relocate due to lack of available rental space, moving vehicles, storage areas and funding for the move.
10. Incomplete package of assistance for relocation. FEMA offers 18 months of rental assistance, but provides no funds for moving van rental.

11. Residents offered 18 months of rental assistance in writing from FEMA and USDA, relocate as planned but are not being evicted because promised FEMA/USDA funds are have not arrived.
12. Government use of non-local contractors, stifling economic development.
13. Inadequate training of local FEMA staff, example FEMA DRC staff calling our offices to seek rental assistance for a client when they provide rental assistance.
14. Inability of support local government and agency infrastructure to lead rebuilding efforts.
15. Incomplete evaluations of damaged home sites by FEMA workers, causing delay in residents applying for and receiving FEMA assistance.

Sheri Cox Bowling is the Director of Long Term Recovery for the Catholic Diocese of Biloxi serving the lower 11 counties, including all the coastal counties, of Mississippi. Mrs. Cox-Bowling comes to this position with twenty years of both personal and professional disaster experience from the state of Florida.

*MR. Rodger Clark \* Paralyzed Veterans of America*

**Subcommittee on Housing and Community  
Opportunity**

**“Housing Options in the Aftermath of Hurricanes  
Katrina and Rita”**

**I am scheduled to testify before the sub-committee at the hearing, which will be held in the City council chambers of Gulfport, MS on January 14, 2006. The Organization in which I represent has not received any grants and we are not under any contract that deals with the issue in which I have requested to testify on.**

**My name is Rodger D. Clark, Executive Director of the Paralyzed Veterans of America, Bayou Gulf-States Chapter. I represent Veterans with Spinal Cord Injuries, Disease, Dysfunction, and MS, that reside in Mississippi, Louisiana, Alabama, and the Florida Panhandle. In attendance with me are Dwayne Grasty, Director BGSPVA, and the Executive Director of the Gulf Coast Fair Housing Center.**

**I would like to thank the Chairman and other distinguished members of this committee for allowing me the opportunity to testify before you today, on behalf of my organization, its members, and the disabled community as a whole.**

**Immediately after Hurricane Katrina, my organization went into the devastated areas checking on our members and doing what ever we could to get Food, Water, Fuel, and Medical Supplies to those who lost everything. We found that we had 24 members at that time, who had lost everything and were living in make shift shelters, and tents.**



**I immediately contacted our National office and advised them of the situation, and the problems that we were having with FEMA.**

**I then turned my attention to FEMA and the Beck tale Corporation (who was responsible for temporary shelters) I started contacting them by phone and every call went unanswered. I then contacted WLOX-TV 13 and spoke to A.J. Gardina, who agreed to meet me at one of the FEMA trailer parks located by the Gulfport/Biloxi Regional Airport, and conduct an interview in reference to the lack of accessible trailers, mobile homes, and housing on the coastal area for the disabled. While doing the interview, we approached two FEMA employees, who were standing watching the interview, upon seeing us approach them, they jumped into their vehicle and declined to comment as to why the park had 56 mobile homes, 13 of which were handicap accessible and not the first trailer was occupied, keep in mind that this is now almost nine (9) weeks after the Hurricane and no one has been moved into these trailers.**

**The interview aired at 6pm that night and around 6:05 pm I received a call on my cell phone from a FEMA Representative located in Jackson, MS. He stated you wanted FEMA's attention, now you have it. What, can I do to help you and your members? I informed him of the housing situation or should I say lack of housing for the disabled on the Mississippi coast and that they needed to look into getting a universal design trailer that could be issued to any one, able-bodied or disabled in the area. I was then told to fax a list of my 24 members to Jackson, but the list had to include their names, FEMA numbers, contact numbers, location or address of the members, and location as to where the trailers would be placed. The next morning this information was faxed to them**

**and I received a call that our members would be fast tracked on the list and gotten trailers. I was then told that I needed to schedule an interview with the local networks and let everyone know that FEMA was doing everything in their power to address the issue of handicap housing. I was told that an average of 2 to 4 accessible trailers were being delivered to the coastal areas weekly, I then again stated the need for a universal design for the trailers and mobile homes, but my comments fell to deaf ears. I then contacted Congressman Gene Taylor's staff and got them involved with the issue as well.**

**I also found that FEMA and the contractor that was delivering and setting up the trailers were blaming the other for the lack of accessible housing and the problems that the disabled community is experiencing in the disaster areas.**

**As a member of the disabled community I felt as though FEMA did not care who got housing or when and now almost four months after the Hurricanes, the problem still exist. Someone needs to be held accountable and FEMA needs to step up to the plate, cut all the red tape, quite pointing fingers, and do what has to get done in order to improve the lives of all the disabled people in the disaster areas.**

**I also feel that the housing that is built should also be built with the disabled in mind, both in the area of accessibility and affordability. But as I watch the news and attend town meetings, all that is ever discussed are new Condo projects, not the real issue that faces us today and that is affordable, accessible, homes, and apartment complexes. In 2004 an accessibility audit on rental complexes was conducted on the Gulf Coast by the Gulf Coast Fair Housing Center and the audit showed the following:**

1. **45% of the complexes had units that lacked accessible entrances.**
2. **11% of the complexes had units that lacked accessible routes and/or passage ways within the units.**
3. **10% of the complexes had units that lacked accessible public and/or common areas.**
4. **37% of the complexes had units with interior doorways that were not accessible.**
5. **26% of the complexes reported that units may lack the structure or reinforcement of bathroom walls for grab bars.**
6. **58% of the complexes had units with inaccessible bathrooms.**

**The results of the audit were even more alarming when only newly constructed complexes were examined. The 200 Census indicates there are approximately 53,412 people on the Mississippi Gulf Coast with disabilities. When you look at the audit it becomes painfully obvious that the Mississippi Gulf Coast leaves much to be desired in the disability arena.**

**With the destruction left behind in the aftermath of Hurricanes Katrina and Rita, we as a community have the opportunity to ensure that all new construction is not only ADA compliant, but in accordance with the Fair Housing ACT. We need to ensure that the elderly, the disabled, and anyone that is on a fixed income have affordable and accessible housing.**

**At this time, I would like to again thank you for allowing me to testify and we are willing to answer any questions you have for us at this time.**

**I can be contacted at our Chapter office, the following information is submitted:**

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Executive Director**

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**Enclosures:**

**2004 Rental Housing Audit conducted by the Gulf Coast Fair Housing Center**

**December 2005 No Home for the Holidays: Report on Housing Discrimination Against Hurricane Katrina Survivors conducted by the National Fair Housing Alliance in Washington DC.**

# 2004 RENTAL HOUSING ACCESSIBILITY AUDIT

An Audit Report on Compliance with the Fair Housing Act's Design  
and Construction Manual in the Mississippi Gulf Coast Rental  
Housing Market

## **Gulf Coast Fair Housing Center**

*The work that provided the basis for this audit and report was supported by funding under a grant from the National Fair Housing Alliance and the U.S. Department of Housing and Urban Development. The substance and findings of this work are dedicated to the public. Interpretations, facts and information found herein do not necessarily reflect the views of the government.*

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## **DESCRIPTION OF THE GULF COAST FAIR HOUSING CENTER**

### **WHO WE ARE**

The Gulf Coast Fair Housing Center (GCFHC) is a private non-profit organization. The center was established by a group of concerned Gulf Coast citizens in 2003 under a grant from the National Fair Housing Alliance (NFHA).<sup>1</sup> GCFHC is active in five Mississippi Gulf Coast Counties: George, Hancock, Harrison, Jackson and Stone.

### **THE MISSION**

The Gulf Coast Fair Housing Center is dedicated to eliminating housing discrimination and furthering equal housing opportunities through education, outreach, advocacy, and enforcement of fair housing laws.

### **WHAT WE DO**

The Gulf Coast Fair Housing Center furthers fair housing by dividing its efforts into two major categories: education and enforcement. GCFHC educates Gulf Coast citizens about their rights under fair housing laws and through mass media, presentations, seminars, workshops, publications, etc. GCFHC also works with the housing, mortgage lending, and homeowners insurance industries to assist in their voluntary compliance with fair housing laws. In an effort to enforce fair housing laws, GCFHC takes fair housing complaints from individuals. Complaints are researched and investigated, and clients are assisted in finding the best remedies to their fair housing issues.

<sup>1</sup> NFHA received a Fair Housing Initiatives Program grant from the U.S. Department of Housing and Urban Development to establish a full service fair housing agency over a three year period.



## FOREWORD

It is universally recognized that one of the fundamental decisions that people have to make in life is where they will live. Choice of dwelling affects numerous matters, including choice of schools, choice of friends, access to health care and transportation, and employment opportunities, among other things. The Fair Housing movement has worked for years to provide an equal playing field in the housing arena. Early battles focused almost solely on issues of race based discrimination. This focus by the civil rights community has resulted in great strides towards the eventual end of race discrimination, so much so that many assume that any time a person discusses discrimination, they are talking specifically about race discrimination.

Other movements, including the disability rights movement, are deserving of this attention as well. While many people have a basic concern for people with disabilities, the fight is often not considered a civil rights movement to end discrimination against people with disabilities. In fact the movement is just that. Just as African-Americans have said “no” to segregated buses, movie theaters, employment and housing, people with disabilities have had to do the same.

Perhaps the major difference in the two movements is public consciousness. For example, it is widely regarded that slurs against African-Americans are unacceptable. Racial epithets that littered television in the 1960's and 1970's are no longer common on contemporary television. For people with disabilities, the story is different. In two popular Comedy Central Television shows, core characters are people with disabilities who are consistently the subject of jokes that are targeted exclusively at their mental and/or physical disabilities. In addition, most people are hard pressed when asked to name a character with a disability shown in a positive light on a top rated television show.

While public consciousness may be lacking, disability advocates have been successful on legal fronts. Laws like Section 504 of the Rehabilitation Act of 1973, the 1988 Amendments to the federal Fair Housing Act, the Americans with Disabilities Act and other laws, go a long way in the fight to end second class status often forced on people with disabilities. American courts have seen

the progress and agreed with advocates on some of the most important principles. As recently as 1999 the Supreme Court did so in the *Olmstead* Decision. The justices commented, “Individuals with disabilities continually encounter various forms of discrimination, including outright intentional exclusion, failure to make modifications to existing facilities and practices... [and] segregation...” In the case, the Court ruled that people with mental disabilities had to be treated equally by states and not segregated from people without mental disabilities.

In order to gain true equality for citizens with disabilities, advocates must make even more progress on both the legal and public consciousness fronts. GCFHC hopes that its *2004 Rental Housing Accessibility Audit* will work towards both. Readers will realize that for wheelchair users, negative characterizations are no laughing matter. They are, in fact, forms of egregious discrimination. It is no joke when the common dignity that people with disabilities deserve is denied because there are no accessible restrooms. It is no joke when the common dignity that a person with a disability should have in being able to use a wheelchair to enter his/her home is denied because all entrances have stairs. The public consciousness must be changed. Similarly, readers will realize that the laws are not strict enough. Most complexes examined in the Audit did not comply with minimum standards even though legally required to do so. Stricter penalties under the law and enforcement of those penalties are the likely solutions to the accessible housing crisis on the Mississippi Gulf Coast and will play a role in the eventual end to discrimination against people with disabilities. To these ends GCFHC, is committed to staying at the forefront of the movement to ensure civil rights for people with disabilities.

## OVERVIEW OF FAIR HOUSING LAW AS IT RELATES TO DISABILITY

Title VIII of the Civil Rights Act of 1968, commonly referred to as the Fair Housing Act, was passed on April 11, 1968. The legislation was pending in Congress for several years when the assassination of Dr. Martin Luther King, Jr. motivated Congress to approve and enact the law seven days after his death. At the time of its passage, disability was not included as a protected class. However, the legislative history for accessibility standards began that same year, with the passage of the Architectural Barriers Act of 1968, providing that federal construction be made accessible. Section 504 of the Rehabilitation Act of 1973 as amended was passed five years later. It prevents discrimination against people with disabilities in the administration of any federally subsidized program, including housing. Further, complexes receiving federal funds must provide modifications at the owner's expense. The Fair Housing Act of 1968 was amended in 1988, not only strengthening its original protections, but adding disability as a protected class. Two years later, the Americans with Disabilities Act was passed, rounding out the current legislative framework.

The Fair Housing Act as Amended in 1988 is the legal focus of the *2004 Rental Housing Accessibility Audit*. A key provision requires that multifamily units built after March 13, 1991, be made accessible. In this same vein, the *Design and Construction Manual* was created to accompany the provisions of the Amendments to the Fair Housing Act. The manual provides seven requirements:

1. An accessible building entrance on an accessible route;
2. Accessible and usable public and common use areas;
3. Usable doors;
4. Accessible Route into and through the covered units;

5. Light switches, electrical outlets, thermostats, and other environmental controls in accessible locations;
6. Reinforced walls for grab bars; and
7. Usable kitchens and bathrooms.

## EXECUTIVE SUMMARY

*"We know that equality of individual ability has never existed and never will, but we do insist that equality of opportunity still must be sought."*

-Franklin D. Roosevelt

Despite the passage of the Fair Housing Act in 1968 and the Fair Housing Amendments Act of 1988, the Gulf Coast Fair Housing Center (GCFHC) *2004 Rental Housing Accessibility Audit* indicates that as of October 13, 2004, the Mississippi Gulf Coast has not achieved equal housing opportunity for people with disabilities. The *2004 Rental Housing Accessibility Audit* documents, describes and quantifies accessibility barriers which amount to discrimination against people with disabilities in rental housing. The Audit not only measures the extent of the discrimination, but also reveals the nature of that discrimination – the ways in which housing providers are failing to conform to the Design and Construction requirements in rental housing.

The *2004 Rental Housing Accessibility Audit* examined twenty apartment complexes, each of which had more than four units and was built after March of 1991 (such complexes are required to satisfy Design and Construction requirements under the 1988 Amendments to the federal Fair Housing Act). **Seventy-five percent of the complexes failed to comply with one or more of the seven Design and Construction requirements.** This means that only five of the twenty newly constructed apartment complexes studied can be considered accessible to people with disabilities. Of the fifteen complexes that did not comply with Design and Construction Requirements, there were six categories of non-compliance that were measured. Failures to comply were broken down in the following manner:

- **45% of complexes had units that lacked accessible entrances.**
- **11% of complexes had units that lacked accessible routes and/or passage ways within the units.**
- **10% of complexes lacked accessible public and/or common use areas.**
- **37% of the complexes had units with interior doorways that were not accessible.**
- **26% of complexes reported that units may lack reinforcement of bathroom walls for grab bars.**
- **58% of complexes had units with inaccessible bathrooms.**

The breakdown of non-compliance is particularly important because there were some complexes that were compliant in all but one or two categories. While this is better than a complex having no compliance at all, it is still a major problem. For instance, if a complex has bathrooms that are perfectly compliant, it remains inaccessible to a wheel chair user if the unit's front entrances are not wide enough for a wheel chair to pass through. That is, the wheelchair user will never be able to make it to the accessible restroom.

The results are even more disconcerting when one considers that only newly constructed complexes were examined. There are well over 100 Mississippi Gulf Coast apartment complexes which were not considered in the Audit. The complexes were exempt mostly because they were built before March of 1991 and/or had 4 or fewer units. GCFHC estimates that as many as 90% of the unconsidered complexes are inaccessible.

The 2000 Census indicates that there are approximately 53,412 people on the Gulf Coast with disabilities. While it is unclear what percentage have physical as opposed to mental disabilities, when one considers that so few complexes meet minimum accessibility

requirements, it becomes painfully obvious that Mississippi Gulf Coast housing leaves much to be desired in the disability arena.

These results have far-reaching implications, because people with disabilities cannot simply settle for inaccessible housing. For instance a person with a disability cannot simply choose to live in a property where only the bathroom is inaccessible. They *must* be able to use the restroom. A person who uses a wheel chair cannot simply choose to live in a housing unit where steps are the only way to enter the unit. They *must* be able to enter the unit in order to live there.

Unfortunately some Gulf Coast citizens with disabilities have been forced to reside in units that fail to meet their needs. GCFHC has received reports of people with disabilities who rarely leave their homes because they cannot fit their wheelchairs through doorways and must crawl out of their home. Others feel stigmatized because they are forced to live in areas set aside for people with disabilities and are unable to live in a truly integrated housing environment. In one case, because the entrance to an apartment unit was too narrow, a resident with a disability was forced to keep two wheelchairs: one for inside the apartment and another that remained outside. On the rare occasions when the resident would leave home, he would have to transfer himself from one chair to the other in the narrow doorway.

GCFHC, as part of its mission, works to find resolutions to housing discrimination complaints through investigation and private enforcement of fair housing laws. This Audit will help to familiarize citizens with issues confronting people with disabilities and encourage citizens to take advantage of GCFHC's services. It is through this Audit that GCFHC has been able to holistically assess accessibility barriers to rental housing for people with mobility impairments. But diagnosis is only the first step. The next step is to fix the problem. With this regard GCFHC has proposed several recommendations that would

work to end housing discrimination against people with disabilities. After a review of the recommendations, readers will find that there is no way GCFHC can do it alone. Rather, success in resolving housing discrimination against people with disabilities requires the participation of the entire Gulf Coast community. Equality for people with disabilities depends on it.



## METHODOLOGY

### TESTING AND INVESTIGATION

Twenty rental housing complexes were audited for discrimination based upon physical disability. Individual testers performed site visits on subject complexes. All testers were given profiles that provided the following: each tester was qualified for housing at the subject complex and each tester represented that a member of his/her household had a disability which required the use of a wheelchair. While viewing units in subject complexes, testers investigated subjects' compliance with the Fair Housing Act as Amended (FHA), as well as design and construction requirements.

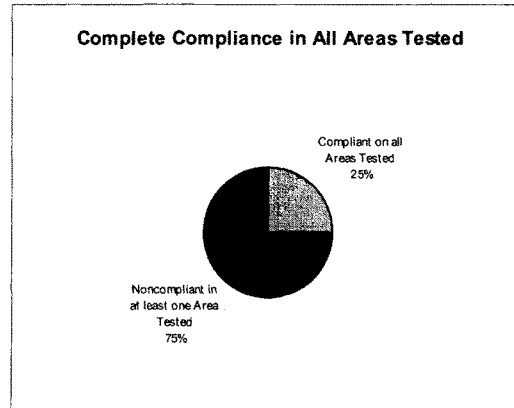
The use of the testing process has been upheld by the United States Supreme Court, not only as legal, but as an effective tool to investigate claims of housing discrimination. The United States Department of Justice and the United States Department of Housing and Urban Development use testers to conduct investigations.

### TRAINING OF TESTERS

All testers received standardized training from GCFHC and NFHA. For the purpose of accessibility testing, testers received additional training specifically related to the design and construction requirements under the Fair Housing Act. The training included both classroom and field training. Testers are taught to be objective fact-finders and to report, but not interpret, the results of their test.

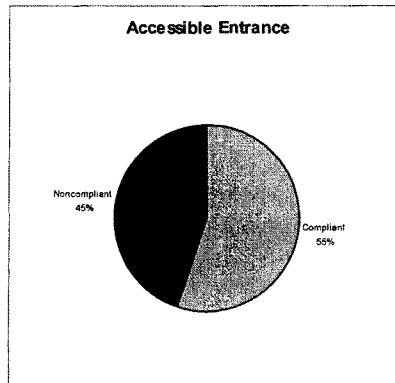
**SELECTION OF SITES**

Sites were randomly selected using Mississippi Gulf Coast media. Complexes not covered by the Fair Housing Act's Design and Construction requirements were filtered from the list leaving 20 complexes, all of which were constructed after March 13, of 1991 with more than four units and otherwise required to meet Fair Housing Act design and construction standards. The sites were tested in random order.

**RESULTS****Figure 1. Overall Compliance levels**

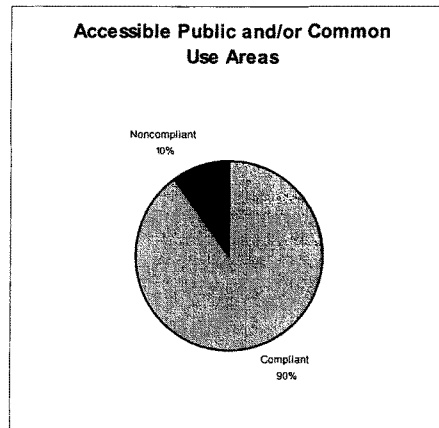
**Seventy-five percent of all complexes tested were deficient in at least one category of the six tested.** Without full compliance, full enjoyment of the premises will never be realized by wheelchair users in three out of every four complexes tested. Given that the Design and Construction Requirements only apply to newer complexes, the amount of choices that people with physical disabilities have is severely limited anyway. To fail to follow the law as many builders/complexes have done only exacerbates an already egregious situation.

Figure 2. Compliance with the Accessible Entrance Requirement



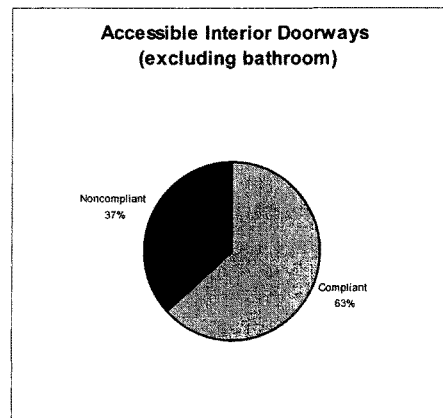
Despite having the Design and Construction Requirements in effect for well over a decade, 45% of the complexes tested were noncompliant in this regard. The front entrance can be inaccessible for a variety of reasons, including front doorways that are less than 32 inches wide or steps being the only way to get to the front door. Others lacked curb cuts that are required to allow wheelchair users to get from their vehicle to the front door.

Figure 3. Compliance with the Accessible Public and Common Area Requirements



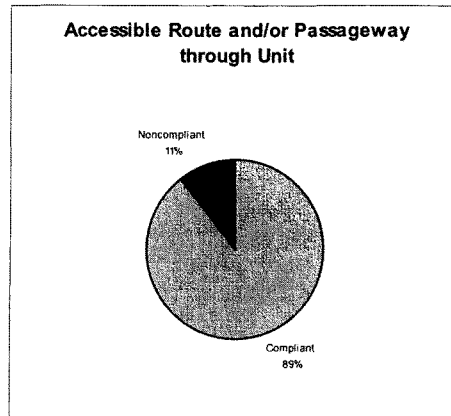
The level of discrimination in this category was lower than all others at 10%. In non-compliant complexes, laundry facilities, workout rooms, and even a few rental offices had steps leading up to them, making the areas inaccessible. This was particularly troublesome when the steps were the only way to access the rental office. The result is that wheelchair users would never even have an opportunity to speak to a rental agent. Situations like this create de facto segregation by making it impossible for people with many physical disabilities to even apply.

Figure 4. Compliance with the accessible interior doorway requirement



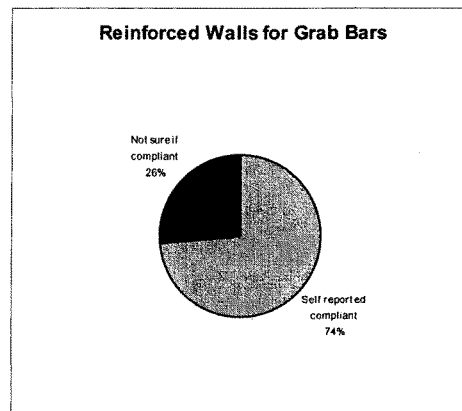
In 37% of complexes considered, bedroom and laundry room doors were not wide enough for a wheelchair user to enter or exit those rooms. This included many with doorways less than 30 inches (32 inches is the minimum required by law), too small for a wheelchair user to safely fit through the door without causing damage to themselves, the wheelchair or the doorframe. The Fair Housing Act requires that people with disabilities be allowed full enjoyment of the premises as any other tenant would have. Inability to use a room such as the bedroom renders that apartment unacceptable for a wheelchair user.

Figure 5. Requirement of an accessible route throughout the entire interior of the unit



Eleven percent of complexes had units with hallways that were less than 36 inches wide, making maneuvering in a wheelchair quite difficult, if not impossible. In many cases, the narrow hallways may make it difficult if not impossible to make a 90 degree turn into another room.

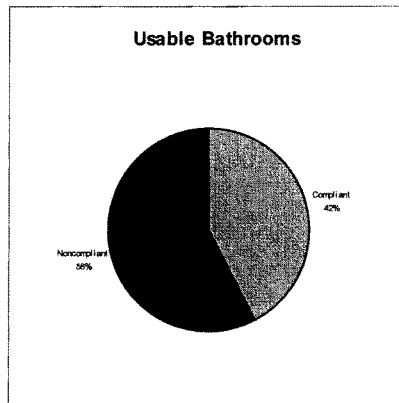
Figure 6. Reinforced Walls for Grab Bars



The results in this category are based on the rental agent's word as to if the walls were reinforced or not. 25% of all complexes reported that they were unsure if their walls were reinforced. Some rental agents assured testers that they would call later to tell the tester whether or not the walls were reinforced. None of the agents called. Even if the walls were reinforced, several of the complexes had bathroom layouts that did not allow for proper placement of a grab bar.



Figure 7. Requirement that bathrooms be usable



Perhaps the most disturbing results of the Audit dealt with how few complexes built their restrooms in a way that was accessible to wheelchair users. Over 58% of the bathrooms had doorways which were too narrow for a wheelchair user to use, some doorways were as narrow as 20 inches (32 inches is the minimum allowable by law). Further, in many units, improper layouts/floorplans would not allow a wheelchair user to successfully transfer to the tub and/or toilet.

## Recommendations

Because of the extremely high rate of non-compliance with the Design and Construction requirements of the Fair Housing Act on the Mississippi Gulf Coast, the Gulf Coast Fair Housing Center (GCFHC) makes the following recommendations.

1. Permitting departments along the Gulf Coast must be educated about the Design and Construction requirements. GCFHC is hopeful that once educated, permitting departments will pass the information to developers and builders. This would be extremely effective as permitting departments have significant contact with developers in all stages of construction projects.
2. Local architects and builders must be taught all fair housing laws, but specifically those provided in the *Design and Construction Manual* and required by the federal Fair Housing Act. Many mistakes resulting in inaccessible housing are the result of well intentioned but misinformed builders and/or architects.
3. The State of Mississippi and the local municipalities should enact their own Fair Housing Acts. The laws will help to clarify what is required of housing providers and better communicate the state and cities' commitments to fair housing.
4. Gulf Coast city and state officials must strongly and publicly condemn housing discrimination and take an active role in furthering fair housing.
5. In an effort to prevent further non-compliance, realtor, architectural, and builder's associations need to educate their own members as to their obligations under the Fair Housing Act.
6. A fair housing media campaign, specific to the Gulf Coast, should be developed and run on the local television, radio, internet, and print media.

7. Gulf Coast cities and counties should work with fair housing centers to develop a regional annual fair housing conference for both consumers and housing providers.



**No Home for the Holidays:  
Report on Housing Discrimination Against  
Hurricane Katrina Survivors**



**December 20, 2005**

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## **REPORT ON HOUSING DISCRIMINATION AGAINST HURRICANE KATRINA SURVIVORS**

### **EXECUTIVE SUMMARY**

The National Fair Housing Alliance (NFHA) is the only national civil rights organization focused solely on eliminating housing discrimination and promoting residential integration. Based in Washington, D.C., NFHA was founded in 1988 and is a consortium of more than 220 private, non-profit fair housing organizations, state and local civil rights agencies, and individuals from throughout the United States. NFHA works to educate the public and the housing industry about their rights and obligations under fair housing laws, and it conducts investigations into discriminatory rental, real estate, mortgage lending and homeowners insurance practices throughout the nation.

In response to concerns of housing discrimination against persons forced to evacuate because of Hurricane Katrina, NFHA conducted an investigation of rental housing practices in five states to determine whether victims of Hurricane Katrina would be treated unfairly based on their race. We conducted tests over the telephone to determine what both African-American and White home seekers were told about unit availability, rent, discounts, and other terms and conditions of apartment leasing. In 66 percent of these tests – 43 of 65 instances – White callers were favored over African-American callers. We also conducted five matched pair tests in which persons visited apartment complexes. In those five tests, Whites were favored over African-Americans three times.

Several of these tests revealed egregious types of discrimination, and NFHA has filed administrative complaints with the United States Department of Housing and Urban Development (HUD) against five apartment complexes. NFHA's first goal in taking this action is to remind both apartment seekers and housing providers that housing discrimination is illegal. NFHA's second goal is to hold accountable the housing providers who have discriminated on the basis of race and national origin.

### **OVERVIEW OF THE INVESTIGATION**

The waters have receded from the Gulf Coast in the aftermath of Hurricane Katrina. The images of those fleeing New Orleans and those left behind during the hurricane reflected a significant and struggling African-American community. The media images provided graphic evidence of the destructive effects of residential segregation in the United States.

Illegal housing discrimination and residential steering based on race created the segregation in New Orleans, the Gulf Coast and most other communities

throughout the United States. In order to ascertain whether or not even those forced to relocate because of the hurricanes would experience discrimination, NFHA conducted testing of rental housing providers in several communities. Although housing discrimination based upon race, color, religion, sex, national origin, disability or familial status is illegal,<sup>1</sup> NFHA's investigation into housing practices following the hurricanes documented violations of the federal Fair Housing Act in several states to which many hurricane victims fled: Alabama, Georgia, Florida, Tennessee and Texas. Out of 65 tests of rental housing providers, African-Americans experienced discrimination in 43, or 66 percent, of the transactions. NFHA will conduct further testing in 2006 to ascertain treatment of displaced people based on national origin, disability and family status.

To counteract these widespread findings of race discrimination against Hurricane Katrina survivors, NFHA has filed complaints alleging violations of the federal Fair Housing Act with the U.S. Department of Housing and Urban Development against five apartment complexes. These are the complexes at which the most egregious instances of differential treatment occurred.

#### **SUMMARY OF FINDINGS**

From mid-September through mid-December, 2005, NFHA conducted telephone tests of rental housing providers in seventeen cities in five states, as follows:

Alabama: Birmingham, Mobile, Huntsville and Montgomery  
 Florida: Gainesville, Tallahassee and Pensacola  
 Georgia: Atlanta, Columbus, Macon and Savannah  
 Tennessee: Nashville, Chattanooga and Memphis  
 Texas: Houston, Dallas and Waco

NFHA conducted 65 tests in five states, all with two White callers and one African-American caller. In 43 of these tests, White testers were favored over African-American testers. With limited resources and a short time-frame, NFHA was able to conduct five in-person tests at apartment complexes for which we had identified differential treatment on the initial phone test. These in-person tests were matched pair tests with one White tester and one African-American

<sup>1</sup> Title VIII of the Civil Rights Act of 1968 (the Fair Housing Act), as amended by the Fair Housing Amendments Act of 1988, (42 U.S.C. § 3601 et. seq) prohibits discrimination in housing and housing related transactions based on race, color, religion, sex, national origin, disability or familial status. Its legislative history is entwined with the national experience of urban riots and civil unrest, and its passage was expedited in response to the assassination of Dr. Martin Luther King, Jr. and the release of the Kerner Commission Report that concluded that America was "moving toward two societies, one black, one white — separate and unequal." In enacting the Fair Housing Act, Congress' purpose was "to provide, within constitutional limitations, for fair housing throughout the United States." 42 U.S.C. § 3601 (2004). The ultimate purpose of the FHA was to create "truly integrated and balanced living patterns." 114 Cong. Rec. 3422 (1968).

tester. In these site visit tests, differential treatment that favored White testers was detected in three of the five tests, or 60 percent.

#### Types of Differential Treatment

In many tests, White testers were given truthful information about the availability of units or the terms and conditions for securing an apartment, while that information was withheld from or provided differently to their African-American counterparts. Many types of differential treatment were detected in the tests, but most fell into the following categories:

***Failure to tell African-Americans about available apartments.*** White callers were told that one or more apartments were available while African-American callers were told that nothing was available. For example: in Gainesville, two white callers to one complex were told that two apartments were available, while an African-American caller was told that all apartments were currently taken and that management was only taking names for a waiting list. In Pensacola, two white testers were told that one or more apartments were available, while the African American caller was told there was nothing available

***Failure to return telephone messages left by African Americans.*** Testers were instructed to leave voice mail messages when no one answered the phone. In several tests, rental agents failed to return messages left by African-American testers. At a complex in Waco, both white testers spoke with an agent and were given information about available apartments. The African-American tester left three phone messages but never received a return phone call. A third White tester who left a message after office hours had her call returned within 12 hours.

***Failure to provide information to African-American testers.*** Managers volunteered more information to White callers about the number of units available, dates of availability, rental price ranges and security deposit requirements. For example, at one apartment complex on the same day, both White callers were given a range of rental prices and unit availability. In contrast, the African-American was told that the computer was down and the agent would have to call her back with rental price information. The agent never called the tester back.

***Quoting higher rent prices or security deposits to African-American testers.*** In many tests in several locations, African-American callers were told the rent or security deposit for a unit would be higher than the rate quoted to White callers for the same or a similar unit. In Birmingham, a White tester was told that a \$150 security deposit and \$25 per adult application fee would be waived for her as a Hurricane Katrina victim. She

was also told that she needed to make 2.5 times the rent to qualify for the apartment. The African-American tester was told that she would have to pay \$150 for the security deposit and a \$25 application fee for each applicant. The African-American hurricane survivor was also told that she would have to make 3 times the rent to qualify for the apartment.

**Offering special inducements or discounts to White renters.** White testers were provided with a number of discounts or special inducements, while their African-American counterparts were not. For example, in Dallas, both White testers were told that if they rented at a particular complex, they would receive a free 26 inch LCD television. The African-American tester was not told about the free television but was told that she would have to pay a \$500 security deposit plus a \$500 administration fee (non-refundable). One White tester was told that the administration fee was \$400, plus a \$100 refundable security deposit. A second White tester was told that, if she leased within 48 hours, the security deposit would be \$500 with \$100 refundable. The agent offered to fax or overnight an application to the White tester and asked if he should take the apartment off the market for her.

#### The Ramifications of Housing Discrimination on Katrina Survivors

Under normal market conditions, studies have documented high levels of discrimination against African-Americans, Latinos, and Asian-Americans. Given the devastating images of New Orleans and the Gulf Coast, NFHA is concerned that hurricane survivors face even higher levels of discrimination.

What is happening now in the face of the current crisis? What would be the impact of almost one million displaced households on the housing market nationwide? How many people of color, families with children, single female-headed households, and individuals with disabilities will experience discrimination as they search for new housing in the rental and real estate sales markets? How many renters and homeowners will experience discrimination when filing a claim with their insurance company? How many people will become victims of predatory lenders as they seek to obtain financing to repair or replace their homes? How much worse is the level of discrimination in housing markets inundated with those forced to evacuate the Gulf Coast areas?

There are an estimated 125,000 evacuees still located in hotel rooms paid for by the Federal Emergency Management Agency (FEMA). Of these, approximately 85,000 applications for FEMA rental assistance are as yet undecided.<sup>2</sup> In addition to evacuees known to be in hotel rooms, an untold number of people are

<sup>2</sup> Hsu, Spencer S, "FEMA Ordered to Extend Hotel Stays," *The Washington Post*, December 13, 2005, p. A1.



staying with friends and family or living in cars, tents or damaged homes.<sup>3</sup> All are in need of housing, and a large number of them are African-American. As this population seeks a more permanent housing solution and contacts any number of housing providers, a sixty-six percent rate of discrimination could translate into hundreds of thousands of acts of discrimination against Katrina survivors. Fair housing must become a component of all housing programs, and FEMA must make particular efforts to ensure the persons it assists do not experience housing discrimination.

One of NFHA's staff members has attempted to contact the Washington, DC, office of FEMA on three occasions in order to ascertain what FEMA's policy is on housing discrimination as it relates to persons evacuated because of the hurricanes. She explained that she was calling on behalf of NFHA and that NFHA had concerns regarding the potential for discrimination by housing providers who might be contacted by displaced persons. The first time she called, she was told by a woman who answered the phone that her call would be returned; it was not. She second time she called, she was asked what fair housing was and was told that she had called the wrong agency. The third time she called, she was told that FEMA doesn't deal with "fringe organizations" and the person with whom she was speaking hung up the phone.

HUD's Office of Fair Housing and Equal Opportunity has a role to play as well. While brochures and media campaigns are underway to alert displaced persons about their fair housing rights, FHEO needs to channel funds directly to private non-profit fair housing agencies to help people combat housing discrimination and to open all neighborhoods to displaced families.

#### **HOUSING DISCRIMINATION IN THE LARGER CONTEXT**

Recent research by the United States Department of Housing and Urban Development (Housing Discrimination Study 2000, Phases One, Two, and Three) has documented significant levels of discrimination against African-Americans, Latinos, Native Americans, Asian Americans, and Pacific Islanders.<sup>4</sup> There is no comparable national data for persons with disabilities, yet this group files the highest number of complaints with HUD each year and a recent small scale study of housing discrimination based on disability documented significant levels of unfair treatment.<sup>5</sup> Whether or not the discrimination is blatant, done

<sup>3</sup> Sanders, Kerry, "Thousands Still Waiting for FEMA Trailers," *NBC Nightly News*, December 10, 2005, available at <http://www.msnbc.msn.com/id/10399646/>.

<sup>4</sup> *Discrimination in Metropolitan Housing Markets, National Results from Phase 1, Phase 2, and Phase 3 of the Housing Discrimination Study*, Urban Institute 2002-2003) available at <http://www.huduser.org/publications>.

<sup>5</sup> *Discrimination Against Persons With Disabilities: Barriers at Every Step*, Urban Institute, 2005, available at <http://www.huduser.org/publications>.

with a "we don't want you people here" attitude, or done politely through more subtle differences in treatment, housing discrimination is a fact of life for large numbers of people in our society. A recent study commissioned by NFHA found that race and national origin discrimination in the rental/real estate sales housing market occurs more than an estimated 3.7 million times a year. These results are based on data produced by HUD's Housing Discrimination Study 2000 (HDS 2000).<sup>6</sup>

Studies by social scientists and others echo these findings. A 1995 study by John Yinger found that the cumulative likelihood of experiencing some form of racial discrimination in U.S. rental markets was 53 percent.<sup>7</sup> The HDS 2000, which NFHA believes significantly undercounted the incidence of housing discrimination, found that whites were favored over African Americans in rental housing transactions 20.6 percent of the time.<sup>8</sup> A study of the general public found that 14 percent of adults, the equivalent of more than 28 million people, said that they had experienced housing discrimination at some point in their lifetime.<sup>9</sup>

Even as a growing U.S. population becomes more diverse, our communities remain highly racially segregated, and segregation continues to extract a high price in economic and societal terms.

A recent study of 2000 U.S. census data indicates that of 69 metropolitan areas in which African Americans are a dominant minority, 64.8 percent of Whites live in neighborhoods that are exclusively White and 52.3 percent of Blacks live in neighborhoods that are majority Black. That is, in 69 key urban areas, more than two-thirds of Whites live in areas that have less than a 5 percent Black

<sup>6</sup> Simonson, John, *Report for the National Fair Housing Alliance on the Incidence of Housing Discrimination Based on HDS 2000*, Center for Applied Public Policy at the University of Wisconsin-Platteville. The HDS reported on the probability (using percentages) that discrimination would occur; NFHA's commissioned study reports instead on the number of instances of discrimination.

<sup>7</sup> Yinger, John, *Closed Doors, Opportunities Lost: The Continuing Costs of Housing Discrimination*. New York: Russell Sage Foundation (1995).

<sup>8</sup> NFHA believes that the Housing Discrimination Study significantly under counts housing discrimination. For example, this study:

- Excludes many smaller owner-occupied housing units which comprise a significant portion of the rental market;
- Fails to capture housing discrimination that occurs at the preliminary telephone contact stage (an increasingly frequent phenomenon in today's housing markets); and
- Fails to capture discrimination that occurs after an applicant submits an application for housing.

See also: Massey and Lundy, *Use of Black English and Racial Discrimination in Urban Housing Markets: New Methods and Findings*, Population Studies Center, University of Pennsylvania, June, 1998, available at <http://www.ksg.harvard.edu/inequality/Seminar/Papers/Massey.PDF>.

<sup>9</sup> *How Much Do We Know?*, United States Department of Housing and Urban Development, Office of Policy Research and Development, 2002, available at <http://www.huduser.org/Publications/pdf/hmwk.pdf>

population. In these same communities, more than half of Blacks live in neighborhoods that are more than 50 percent Black.

A similar examination of suburban neighborhoods indicates that these neighborhoods are also likely to be exclusively White: 58 percent of the suburban neighborhoods examined were exclusively White, while only 21 percent of the urban neighborhoods were exclusively White. Only about one-third of the neighborhoods studied were considered to be mixed neighborhoods — those with significant populations of both Blacks and Whites.<sup>10</sup>

Douglas Massey, who has conducted extensive research on patterns of racial segregation, has noted that *America's large urban areas remain only slightly less segregated than South Africa during apartheid*. Today, 41 percent of Black Americans live in neighborhoods that are described as hyper-segregated, that is, in all Black high-density neighborhoods near other all-Black neighborhoods. Another 18 percent of African Americans also live in conditions of high segregation.

#### TESTING APPROACH AND METHODOLOGY

In order to understand and document the experiences of those seeking housing due to displacement by the hurricanes, NFHA conducted telephone tests of housing providers located in states to which we knew many people had fled. NFHA utilized "paired" and "sandwich" testing approaches to measure and document the types of discrimination occurring in these markets. Testing is a widely-accepted methodology that has been utilized for both enforcement and research purposes for decades.<sup>11</sup>

Fair housing testing is a controlled method for measuring and documenting differences in the quality, quantity and content of information and services offered or given to various home seekers by housing or housing service providers. For example, a paired test for racial discrimination in the rental context might involve sending both an African-American tester and a White tester to an apartment building, in the same general time frame, to inquire about the availability of the same or similar apartments for rent. The two testers are generally matched on their personal and home seeking characteristics so that the only significant difference is their race. A sandwich test is an expansion of a paired test. It involves the same general principles as a paired test, but adds a third tester. The third tester is matched with both the first two testers, differing only in race,

<sup>10</sup> Rawlings, L., Harris, L., and Turner, Margery Austin, "Race and Residence: Prospects for Stable Neighborhood Integration," *Neighborhood Change in Urban America*, Urban Institute, March 2004.

<sup>11</sup> The use of fair housing testing evidence has uniformly been accepted by the courts, including the Supreme Court. See e.g. *Havens Realty Corp v. Coleman*, 455 U.S. 363, 373-374 (1982).

national origin or other protected characteristic from one of the first two testers. Sandwich tests are particularly useful in situations in which the availability of a specific apartment or house is in question. For example, a White tester calls to inquire about an apartment and is told that there is a specific apartment available on a particular date. An African-American tester calls to inquire about the same apartment and is told the apartment is no longer available. A second White tester calls to inquire about the same apartment as the first two testers and is told that there is a specific apartment available on a particular date. Testers are generally matched on the type of housing sought, income, employment qualifications and credit standing, with the minority tester usually slightly more qualified than her white counterpart. Testers provide detailed reports and narratives of their contacts with the housing provider. Discrimination in the quality and quantity of information and services provided to testers can be evident in a comparison of the reports.

Almost all housing transactions these days begin with a phone call. Many people never even have an opportunity to see an apartment or house because some housing providers identify persons by race or ethnicity over the phone and refuse to do business with the callers. The methodology used in these tests incorporates this behavior of "linguistic profiling" and utilizes the research of linguistics expert John Baugh.<sup>12</sup> In this specific project, NFHA also utilized a number of testers from the south. Several of the testers are originally from New Orleans and have linguistic characteristics that are both racially and geographically identifiable.

#### **RECOMMENDATIONS**

In order to address and combat the high levels of discrimination against African-Americans attempting to find housing in the wake of the hurricanes, NFHA makes the following recommendations.

1. As all Gulf Coast cities and counties rebuild and create housing opportunities, they should make fair housing a basic component of each program. The redevelopment of communities that are integrated in terms of race, national origin, and economic class must be a priority.
2. Local fair housing organizations in Louisiana and Mississippi should receive additional funding from HUD and other entities for their education and enforcement programs.
3. Federal, state and local government officials must strongly and publicly condemn housing discrimination and make fair housing a priority in appropriate program activities.

<sup>12</sup> See e.g. Baugh, John, "Perceptual and Phonetic Experiments on American English Dialect Identification," (with Thomas Purnell and William Idsardi). *Journal of Language and Social Psychology*, Vol. 18 No. 1, pp. 10-30 (1999).

4. FEMA must make fair housing a component of the relief it is offering. Its trailer parks must not perpetuate residential segregation. FEMA is not exempt from federal, state or local fair housing laws.
5. Municipalities that receive Community Development Block Grant funds are required to affirmatively further fair housing. They should utilize a portion of these funds to fund the education and enforcement programs of local fair housing organizations.
6. A fair housing education campaign, specific to victims of Katrina, should be developed and run in print and electronic media outlets. Resources should be allocated to address the needs of those who respond to the campaign.
7. HUD should be actively involved in funding local fair housing efforts and addressing fair housing concerns.
8. The Red Cross, United Way, and other charitable organizations must ensure that their programs are administered without regard to race, religion, national origin, etc. These charities are not exempt from federal and local fair housing laws. The housing placement offered must not perpetuate segregation.
9. HUD should fund a national enforcement testing project to uncover the nature and extent of housing discrimination against people displaced by the recent hurricanes and people rebuilding in the Gulf Coast region and to identify predatory lending and home repair schemes.

#### CONCLUSION

The aftermath of Hurricane Katrina demonstrated the devastating impact of social, racial and economic segregation on communities of color. The legacy of segregated neighborhoods continues to this day, where neighborhoods are redlined into zones bereft of economic activity, city and government services are nominal, businesses and grocery stores are few, and property values are stagnant. Segregation exacerbates economic disparities between Whites and people of color, reinforces institutionalized racism within the housing industry and entrenches attitudes about where people of certain races and ethnicities should live.

Professor Craig Colten of Louisiana State University attributes New Orleans' segregated communities, and the subsequent disproportionate suffering of impoverished African Americans, to the legacy of racial inequality and its parallel economic class divisions. Because only those with the highest incomes could afford to live in safer, more attractive areas, the neighborhoods with the fewest services were left to those with the least means. The resulting drain on the tax

base left an overall infrastructure weakened and city administrators unable to plan effectively for their citizens.<sup>13</sup>

The destruction wrought by Hurricane Katrina illuminated the hazards of both racial and economic segregation in our communities and the crucial responsibility that the housing industry has in ensuring equal treatment and promoting integrated neighborhoods. Not only do integrated neighborhoods create a more diverse community and reduce the concentration of poverty in a city, they also sustain better schools, more amenities, a healthy infrastructure, a stronger tax base and a broader mix of businesses. Neighborhood integration provides everyone with the opportunity to have multi-cultural and multi-racial associations.

In September, FEMA estimated that 300,000 families were homeless and that 200,000 of them would require government housing as a result of Hurricane Katrina. In addition, surveys of evacuees in Houston indicated that two-thirds did not have available credit or insurance, most family incomes were less than \$20,000 and half had children under 18. Despite housing units being made available in hotels, motels, cruise ships, rental units and military bases, of six hundred manufactured housing sites proposed at the time, only five percent had ready access to water, sewer, power and other essential services.<sup>14</sup>

In areas affected by Katrina and throughout the country, it is crucial for federal, state and local agencies to ensure that the federal Fair Housing Act is upheld for all residents in the process of securing safe and decent housing. Additional funding must be made available to promote compliance with fair housing laws and educate consumers about their right to secure housing, homeowners insurance and mortgage loans free from discrimination. It also falls upon the housing and real estate industries to support and advance integration in our neighborhoods so that all citizens can gain equal access to wealth, stability and reliance on our country's social safety net.

**Acknowledgements:** NFHA is deeply grateful to the testers who participated in this project. While it is impossible to individually name the testers in a public document, this project and its important findings and enforcement actions would not be possible without the professionalism exhibited by individual testers around the country. Testers provided detailed and objective accounts of encounters with housing providers for minimal reimbursement. Many of these testers were from New Orleans and the Gulf Coast area and were themselves displaced by Hurricane Katrina. In the midst of their own personal relocations and rebuilding, their time for this project is profoundly appreciated.

<sup>13</sup> National Public Radio, *Professor Craig Colten on Race, Poverty and Katrina*, September 2, 2005.

<sup>14</sup> "Housing the Displaced is Rife with Delays," *The Washington Post*, September 23, 2005.

About The National Fair Housing Alliance

The National Fair Housing Alliance is the voice of fair housing. NFHA works to eliminate housing discrimination and to ensure equal housing opportunity for all people through leadership, education, outreach, membership services, public policy initiatives, advocacy and enforcement.

Through these programs, NFHA provides equal access to apartments, houses, mortgage loans and homeowners insurance policies for millions of people across the United States and in all neighborhoods throughout the nation.

I am the Executive Director of the Housing Authority of the City of Long Beach, Mississippi, and have been for the last 35 years. The morning after Hurricane Katrina my assistant and I were in Woodward Park Subdivision by 9:00 a.m. I had made my way from Bayou Oaks Subdivision in Gulfport to Long Beach by driving the back roads and dodging debris and picked my assistant up on the way. We walked both subdivisions going door to door to determine if there were any casualties or fatalities in either subdivision and accessing the outside damage as we went through the subdivisions.

We departed the subdivision late that afternoon to view my home as I had been told my home was complete gone, however security would not allow me to go down to my property. I also had not heard from my son since about 11:00 a.m. the morning of August 29, 2005. I did not know at this time if he was dead or alive as he was at the Point in Biloxi. I saw him walking across the railroad track on Railroad Street in Long Beach looking for me on the way out of Long Beach. My assistant and I returned to the subdivisions the next morning around 9 a.m. and we immediately started trying to find tarps etc. for emergency repairs on missing roofs. etc. I also hired a couple of males to help me pickup limbs, shingles, debris out of yards, driveways, and roads so any residents here or coming back in could get through. We also went to check points and picked up ice, water, meals, canned goods, toiletries and took residents to get medicine in our vehicles.

We had done a final inspection on 5 units that been completed on rehab under Capital Fund Program on the Friday prior to Katrina. All five units were heavily damaged. I talked with my consultant and the contractor and did an amendment to the contract on the five damaged units. This was the quickest way to get a few units ready for occupancy. One of the residents that lived in 28B went next door to unit 29, which was one of the units just finished, during the hurricane when her roof blew off and we allowed her to stay there until we could get a unit for here to go into and then redid unit 29. We also placed a family from unit 1, which was destroyed, into unit 33A temporarily until we could get a four bedroom ready for them.

I contacted the insurance company as soon as communication was available and also contacted the HUD area office. I immediately took pictures of the subdivision for insurance and FEMA purposes. I wrote a letter in regard to emergency funding to the HUD office in Washington and also in regard to Section 8 as we had a majority of our section 8 house damages and unlivable also. Attached is a copy of the letter I recently received turning my agency down for emergency funding. I understand the only authority in the State of Mississippi that received any of the 29 million emergency funds left for 2005 was Biloxi Housing Authority. It is also my understanding that New Orleans received over 7 billion in funds to redo a development. Out of the five housing authorities in the coastal area there was over 68 million in estimated destruction.



We have 75 units, a community/maintenance building, and office damaged from Katrina. Seven of these units have substantial structural damage but I chose along with my chairman not to demolish these units. A contractor that I had worked with under the Capital Fund program prior to Katrina came by and offered to put tarps on the damaged units, if I had the tarps. We had purchased tarps through several different stores, had purchased chain saws and our two were missing at the time, and purchased two generators, I discussed this with the commissioners that were available and they authorized me to proceed under emergency actions to secure as much as possible the units from rain, etc. We continued, along with residents, to bring ice, water, meals and supplies in each day from the check points for any residents that were still here and that were coming back. Residents were told that they were staying in the units at their own risk as we had 100% damage. Some units were damaged more than others. We worked seven days a week, approximately 10 to 12 hours a day for several weeks after Katrina.

As soon as possible due to the gas shortage volunteers from F Troop, a disaster group set up through the Mississippi Association of Housing and Redevelopment Officials, moved in along with volunteers from South Carolina, Tennessee, Kentucky, and other states representing SERC members, to help the five coastal authorities with emergency repairs. We have been informed by HUD that we have to reimburse these volunteers for their time and material. NAHRO and SERC organizations have been extremely helpful in making the problems in our area known to you and other authorities throughout the United States.

We also contacted FEMA as soon as they moved in for trailers for our residents with damaged units. Residents were asked if they wanted to apply for trailers and for FEMA assistance. A group hired by HUD came into our authority and took applications for assistance with FEMA from our residents and submitted them for us. Tetanus shots were available through our office from a medical team from Tennessee if any employee or resident want to get one. Red Cross and faith groups came in and brought supplies during this time. Our residents were also given the opportunity to relocate to other housing authorities in the state or out of state. The majority did not want to be uprooted any more than they were to move out of area.

As of this date we have received two FEMA trailers in our subdivision and have relocated several of our residents to either units we have finished redoing or to other areas. We continue to make emergency repairs due to wind and weather damaging the temporary tarps. We have exhausted our Capitol Fund Program 2005 money and most of our reserves. Out of the first million the insurance group, MHARM, advanced my authority received \$25,000.00, with Waveland receiving \$75,000.00, Bay St. Louis receiving \$60,000.00, Region VIII receiving \$600,000.00 and Biloxi receiving \$240,000.00 \$25,000.00 will not redo one unit completely. The cost to rebuild a unit is approximately \$100,000.00 with the FEMA elevations and guidelines now recommended or required. As of this date we have not received funding from the insurance people, HUD, FEMA nor any other entity. There has been no commitment from HUD to fund reconstruction or rebuilding of public housing. The insurance coverage for the coastal authorities was capped at ten million and the balance of the state was capped at ten

million also. The housing authorities on the coast were unable to even obtain insurance after Hurricane Frederick so our state association formed a self insurance pool and represent all of the authorities in our state and members covered under this pool.

The money I understand that has been allotted for the State does not address public housing. It is my understanding that all this money is spoken for and will not be available to public housing. According to press reports the Miss. Development Authority will administer Mississippi's share of the supplemental block grant funding. Mississippi hopes to receive about \$5 billion in supplemental CDBG money. Mississippi plans to use approximately \$4 billion of the award to make grants, capped at \$150,000.00 to homeowners who were not required to carry floor insurance but whose homes were destroyed by Katrina. This stipulation does not apply to public housing authorities who were not required to carry flood insurance by HUD. This is making it hard on the agencies that house the needy families. This appropriation bill is HR 2863 and was signed into law on December 30, 2005, it includes 390 million for tenant-based rental assistance for displaced families. In December HR 4100, "The Louisiana Recovery Corporation Act", authorized \$100 million for emergency public housing capital repairs. I thank the members of the committee for their recognition of the need for emergency capital repair funding. I hope that you will continue to seek authorization of these vital funds when Congress reconvenes.

Even with all the vouchers being issued the housing supply is not out there for the poor of the poorest families that the public housing authorities house. If an additional amount of money was allotted there is no assurance that any would be prioritized for public housing. My agency with a little funding could have units available within a reasonable period of time for occupancy. This would help ease a little of the housing crunch in Long Beach. On a long term basis the City of Long Beach will need affordable housing. Rental property is very few and the rents have increased drastically, for example our Fair Market Rent for a three bedroom unit is \$801.00 which includes utility allowance. Most three bedrooms post Katrina are renting for \$1000.00 and above. Even with the 10% allowance this does not put our residents within reach of affordable housing.

The HUD/FEMA policy signed in 2001 prevents FEMA from funding permanent repairs to public housing units. Before this policy was signed in 2001 FEMA paid for permanent repairs. As I see it HUD nor FEMA neither one is stepping up to the plate to fund reconstruction and repairs of public housing authority units which are damaged or demolished by disasters.

The 17 million emergency capitol funds allotted for this physical year cannot be accessed by anyone affected by Katrina as this disaster was in 2005.

In Waveland all the Housing Authority's units have been demolished and in Bay St Louis there is only one development left, the rest were demolished. I do not have any knowledge of any funds being earmarked for development per say as public housing replacement units.

The majority of residents, especially south of the railroad tracks, and businesses are completely gone and we are probably looking at from 18 months to 24 months to be able to rebuild. The city and our agencies do not have the money, staff or time to have to jump through the loops that are required by FEMA and other agencies to put plans and proposals together for rebuilding our communities. We need relief now in ways of funding ,not paper work, as soon as possible so we can began the rebuilding cycle. The height regulations alone will add \$30,000 and up to each dwelling or business that wants to rebuild. I personally lived south of the tracks and lost everything. I have a slab left. I have yet to get a FEMA trailer even though I was told I was approved on two occasions for a trailer. I received a letter from FEMA stating that I am not eligible after a FEMA person inspected my structure. I have spent time, telephone calls, and jumped through every hoop requested to try to get funding, trailers, etc for my agency and as of this date have batted zero. Please look at the situation very carefully and make some adjustments to your thinking and realistically take steps to get the coastal cities and residents back on the road to rebuilding. We do not needs plans and proposals we need funding, and we need funding immediately not paperwork. Public Housing is very different from other types of housing. We house the poor of the poorest. Tax credit housing residents pay higher rent and with the recent disaster, the housing shortage, loss of housing, loss of jobs, families can not pay high rent. There is no affordable housing available for vouchers. We need funding to rebuild and reconstruct public housing.

October 11, 2005

**LONG BEACH**  
**Damage Assessment Talking Points**

Statistics below are based on initial evaluations from the Florida team:

- Total number of assessed properties in Long Beach approx. 6,000 (5981) valued at \$708Million
- Nearly 50% of all properties in Long Beach sustained storm damage (46%)
- Estimated value of the total storm damage was over \$326Million in Long Beach. This equals nearly 1/2 of the communities total tax base (46%). **NOTE:** South of the tracks the estimated damage figure was very high approx. \$236Million!
- Over 61% of Long Beach business sustained damage from Katrina.
- Over 44% of Long Beach residential structures sustained damage from Katrina. Note: figure could go much higher with water damage from leaks and mold issues.
- City facilities (City Hall, PD, Fire) sustained \$1.1 – 1.2Million in damage
- Sewer on Hwy 90 alone – est. \$4.5Million. Team is still assessing the rest of the sewer system.
- Water on Hwy. 90 alone- est. \$2.0Million. Team is still assessing remainder of the system.
- Street signs approx \$216K
- School damage assessment still in progress

*Roofing approx. mostly 168<sup>00</sup> per square  
 Physical Assessment for repair for Long Beach Housing  
 units. \$2,820,399.00 B.104. Housing Author \$37,460,802.00*

## Long Beach Apartment Survey

Information accept for availability after Katrina is from  
 The MISSISSIPPI GULF COAST APARTMENT SURVEY OF OCT 2004  
 Prepared for  
 GULF REGIONAL PLANNING COMMISSION  
 By  
 \*W. S. LOPER AND ASSOCIATES

*UNITS AVAIABLE PRE-KATRINA		1,333	
**POST KATRINA			
UNITS AVAILABLE WITH DAMAGE		150	
UNITS WITH SEVERE DAMAGE-TENANTS DISPLACED NOW BEGINNING REBUILDING		398	
UNITS COMPLETELY DESTROYED		785	
*AVERAGE RENT BEFORE KATRINA			
1 BEDROOM		\$500	
2 BEDROOM		\$555	
3 BEDROOM PLUS UTILITIES		\$770	
**FAIR MARKET RENT			RENT
1 BEDROOM	UTILITY ALLOWANCE \$74	\$526	(\$452)
2 BEDROOM	UTILITY ALLOWANCE \$94	\$615	(\$521)
3 BEDROOM	UTILITY ALLOWANCE \$115	\$801	(\$786)
RENT ASKING AFTER KATRINA			
1 BEDROOM	MOST COMPLETELY DESTROYED		UNKNOWN
2 BEDROOM	IF AVAILABLE		\$600+
3 BEDROOM PLUS UTILITIES	IF AVAILABLE		\$900+
**LONG BEACH HOUSING SECTION 8 PROGRAM			

**Before:**

**U.S. House of Representatives, Financial Services Committee  
Subcommittee on Housing and Community Opportunity  
Gulfport, MS January 14, 2006**

**Revised Testimony of:**

**Wallace T. Davis, PhD  
President, CEO  
Volunteers of America Southeast**

**Introduction**

Thank you Chairman Ney, Vice-chairman Miller, ranking member Waters, and other subcommittee members, for this opportunity to speak with you about the challenges our communities on the Gulf Coast face following Hurricane Katrina. Volunteers of America Southeast serves people in Alabama, Mississippi, and Georgia, particularly those who are elderly and those with various disabilities. After Hurricane Katrina we became – by default, by necessity, and because it was the right thing to do – a disaster relief agency. We are an affiliate of Volunteers of America, which is a national, nonprofit, spiritually-based organization providing local human service programs and opportunities for individual and community involvement.

It is especially meaningful that you came to Gulfport to bring attention to the “on the ground” needs, and I encourage each of you to talk with displaced persons and visit the areas devastated by this storm. As we now know, Katrina was the largest natural disaster in the United States, killing an estimated 1,400 people and costing billions of dollars in damage.<sup>1</sup> The costs to evacuees, businesses, the economy, and society are of devastating proportions.

**The Response to Katrina**

The federal response to date has been adequate given the extreme nature of destruction and far reaching impacts. Katrina was larger than any government or any government agency, and far more destructive than almost anyone could have imagined. However, there have been implementation problems that have weakened the “on the

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<sup>1</sup> [http://www.nhc.noaa.gov/ms-word/TCR-AL122005\\_Katrina.doc](http://www.nhc.noaa.gov/ms-word/TCR-AL122005_Katrina.doc)

ground” effectiveness of the response. Reviewing different components of the response, we have observed that:

1. FEMA’s initial emergency payments to families and the American Red Cross’ aid to those in need have proven invaluable. However, there has been some confusion over who was eligible for these payments and what they can be used for, and many eligible people have had difficulty completing the application process.
2. The hotel voucher program to stabilize those who became homeless during the hurricane has also been an appropriate emergency and intermediate response given the incredibly limited nature of the housing stock in our region. However, FEMA has provided evacuees in these hotels with inconsistent and unclear information about deadlines for leaving and assistance available to help them find permanent housing. As a result, evacuees have faced delays in moving forward to rebuild their lives.
3. The partnership between FEMA and HUD that introduced the Katrina Disaster Housing Assistance Program known as KDHAP is a model that should be in place for any future disaster. As a housing agency, HUD is in fact much better equipped than FEMA to operate a transitional housing program. However, HUD has not implemented KDHAP well. Creating a new program that is similar but not identical to Section 8 has resulted in widespread confusion. Evacuees would be better served if HUD had simply implemented KDHAP by issuing time-limited Section 8 vouchers.



4. Also extremely helpful early in the relief efforts was the relaxation of occupancy guidelines in existing subsidized housing programs such as HUD housing for the elderly and persons with disabilities; we were able to place evacuees almost immediately into vacant units for which they generally would not have qualified.

I don't believe anyone outside of the impacted areas truly understood the depth of the challenges our communities faced immediately following the storm and face today as we rebuild. I would like to share one non-governmental resource that proved critical and invaluable immediately following the storm—the overwhelming response of the faith-based communities throughout the impacted area and from across the United States. These mostly local, faith-based groups and churches, large and small, appeared only hours after the storm passed. They quickly assessed their own damages, mobilized their resources, and opened their remaining damaged sanctuaries and buildings to those in their communities who lost everything. They provided food, water, shelter, and comfort. They used their preexisting relationships and church community partners to meet the emergency needs, all without any governmental or other directive or financial assistance.

Volunteers of America Southeast was one of those faith groups. In the days following the storm—with faith partnerships—we established eight relief sites and four warehouses in Mississippi and Alabama to distribute critical supplies and assist residents in stabilizing their physical homes. We also set up two free emergency medical clinics in the hardest hit cities and have treated over 20,000 people. To date, we have served over 70,000 people at our non-medical relief sites, utilized over 7,000 volunteers, and received

and distributed over \$10 million dollars of in-kind donations. Today we continue our efforts, now focusing on recovery and rebuilding. Our medical clinic, staffed solely by volunteer medical personnel, remains in operation and will until the need no longer exists. We continue to “muck” homes and assist homeowners in rehabilitating if possible. All of these efforts and work cost the federal and local governments nothing.

Again, the response of the faith community was and continues to be tremendous. Our country has seen what has been done by the faith community and our local, state and federal governments must embrace its work to resolve the issues now and to plan for the next natural disaster. The artificial wall between the faith community and the governmental community must be torn down to the extent that we can all work together to achieve our similar goals. Each must trust the other and see what each brings to the table.

I was impressed when the afternoon before the storm, Governor Riley of Alabama called Governor Barbour of Mississippi to offer his state’s resources. As state governments recognize and utilize one another’s resources, that same reciprocal philosophy should be extended to the faith community. Government must see the faith community as one of their greatest assets.

Indeed, the faith community was the first responder to the needs of the community and will be among the last responders. Their calling is to a high standard! It is my hope that the Katrina experience will forever change all of us, particularly those faith groups and churches that were locked behind their own walls. As a result of Katrina, they will never rebuild those walls, not because of the physical floodwaters, but rather because of the flood of needs in their community. The numbers of nonprofits,

faith-based organizations, and volunteers have made a tremendous difference in the quality of life for thousands of people. As we move forward in rebuilding communities, we must look to the greatest resource that already exists and that is the faith community.

**Next Steps In Rebuilding the Gulf Coast**

We need government that knows the KISS principle. Keep it simple and smart!

1. It is simple and smart to embrace the faith community before a disaster and bring them to the table as a primary resource. Let me tell you this story. Volunteers of America was one of the first recipients of the President's Compassion Capital funding through the U.S. Department of Health and Human Services (HHS). We worked before the storm to build an alliance of faith groups all across the Gulf. Those partners were critical in responding to the needs immediately after Katrina. Eight months prior to Katrina, New Bethel Church in Biloxi was a recipient of \$10,000 of federal dollars which they used to build a commercial kitchen to feed the homeless. Less than 24 hours after Katrina made landfall, this church was feeding their entire community from that kitchen. They were the first responder when there was nobody else to fill that role, and it cost the taxpayers and governments very little – both overall and particularly in comparison to the return provided.
2. It is simple and smart to get the commercial boats back in service. In Bayou La Batre, we have approximately 20-40 commercial fishing boats in trees and in marshes and out of the water. Two weeks ago, Governor Riley committed that he

and the State of Alabama would get the boats back in the water if the Federal government did not. In order to bring this community back, we must assist it to regain the tools critical to its fishing industry. We need to do what it takes to get people back to work. That's smart.

3. Rebuilding needs to be simple and smart. It is vital for housing and businesses to be restored, but we don't need to rebuild where something can easily be destroyed again. These issues should be addressed through local planning and building codes. It is smart to look at the past to prevent a similar disaster from having the same impact.
4. It is simple and smart to keep people in motels on a voucher system when they have no place else to go. We must not put people on the street without a place to live. As FEMA inherited the hotel program from the American Red Cross, court battles had to straighten out what the best plan would be for some 41,000 hotel rooms housing Katrina evacuees.<sup>2</sup> It is simple and smart not to fight this in court each month, just do the right thing.
5. It is simple and smart not to push all the people who needed housing before Katrina to the back of the line. Prior to the hurricane, the 2.4 million people residing along the Gulf<sup>3</sup> were among the poorest communities in the nation, with limited affordable housing stock. In fact, 25% of the children in Mississippi lived

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<sup>2</sup> [http://www.signonsandiego.com/uniontrib/20060103/news\\_in3katrina.html](http://www.signonsandiego.com/uniontrib/20060103/news_in3katrina.html)

<sup>3</sup> [http://www.census.gov/Press-Release/www/releases/archives/hurricanes\\_tropical\\_storms/005672.html](http://www.census.gov/Press-Release/www/releases/archives/hurricanes_tropical_storms/005672.html)

below the federal poverty rate prior to Katrina<sup>4</sup> and 34% of those in poverty who rent paid more than 50% of their income in rent.<sup>5</sup> The data is similar for all of the affected areas across the Gulf region. This context is important in order to comprehend the vast pre-existing needs of the citizens both in the most impacted areas and also in the communities that are now hosting evacuees. Hurricane Katrina has shed a light on the depth of the disenfranchisement in our region. Our social systems were overburdened before the storm and now it is even worse. The needs were great before Katrina, and we must not forget those who have been waiting for housing assistance.

6. Housing is the foundation for any community. It is difficult at best to work where you can't live. Be smart - put as much funding as possible toward rapidly re-housing families in permanent housing. Cruise boats and FEMA trailers are intermediate solutions, but what happens when the next hurricane season starts? We need real single-family houses, real apartment complexes, and a real plan for getting people back into their communities. More funding is required to develop single family homes and rental units specifically for the elderly and disabled. Volunteers of America will be a player in developing all types of housing and is developing a housing manufacturing company to put people back to work while creating smart homes to meet the needs of people in the community.

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<sup>4</sup> <http://www.nccp.org/about.html>

<sup>5</sup> <http://www.nlihc.org/research/lalihd/Mississippi.pdf>

We have experienced the greatest natural disasters in our country. The impact is bigger than government or governmental agencies. However, Katrina is not bigger than our faith, our values, our work ethics, our determination.....and no disaster is greater than our people coming together to work for the common good of all.

We all need hope.

Remember the simple nursery rhyme of Humpty Dumpty.

*Humpty Dumpty sat on a wall. Humpty Dumpty had a great fall. All of the Kings horsemen and all of the Kings men couldn't put Humpty together again.* No king, President or Congress can put us back together. However, all of us working together can renew what seemed impossible by keeping it simple and smart and by learning from yesterday. That is the smartest way to work, together in faith—faith in one another and faith in the God we serve.

Thank you again for the opportunity to testify today. We at Volunteers of America look forward to working closely with you, and with other federal, state, and local officials, as we rebuild the Gulf coast.



*Habitat for Humanity / Metro Jackson, Inc.*

P. O. Box 55634  
 Jackson, Mississippi 39296-5634  
 Phone: (601) 353-6060 • Fax: (601) 353-5829  
[www.habitatjackson.org](http://www.habitatjackson.org)

*You make a living by what you earn • You make a life by what you give*

A toddler learns early on that it is much easier and quicker to knock down a tower of blocks than it is to build one. To build it takes patience, discipline and coordination.

We know it will take years to rebuild on the coast, but we urgently need to start now. Everyday that goes by leaves more and more families without hope and choices and deeper in despair and financial ruin.

Affordable housing must not be overlooked as the rebuilding process begins. Low income housing was in short supply before the storm hit. It was not uncommon for hourly workers to commute 50 miles due to the lack of affordable housing. Rent before the storm was an average of \$700 to \$900 per month with rent climbing to \$1,500 and upward afterwards. In the coastal Hancock community, the storm destroyed all low-income housing. Each of us needs to be advocates for affordable housing.

Four days after Hurricane Katrina Habitat for Humanity International announced an unprecedented response to an unprecedented national disaster. Habitat's plan is to be poised and ready to build in a big and fast way when it is appropriate to start building. Habitat will mobilize and utilize the energy and desire of tens of thousands of volunteers and donors from across the country and around the world who want to help.

During the first weeks after the storm, Habitat affiliates across the country provided funds and materials and built modular housing components for shipment to the devastated areas. Habitat affiliates have built 300 homes in a box. The first Habitat for Humanity home on the Mississippi Gulf Coast is scheduled to be built February 6, 2006. Most of the Houses in a Box are being constructed on the Gulf Coast in neighboring states. The Home in a Box Program was designed as a first response, but as building becomes possible Habitat for Humanity will utilize a variety of building options to maximize production.

The Board of Directors of Habitat for Humanity/Metro Jackson, the 16th largest Habitat affiliate in the nation and on the fringe of the disaster area, knew we had to help facilitate building for our neighbors on the coast. While Harrison and Jackson Counties had functioning Habitat affiliates, Hancock County did not. In another unprecedented move for our affiliate, Habitat Jackson has expanded its service area beyond Metro Jackson to include Hancock County. Before I made my first visit to Hancock County after Katrina, my enthusiastic determination to begin building was unencumbered by the reality of the huge barriers that impede our progress today.

While the Governor's Commission made an impressive and fast start in leadership and planning, other vital information comes in bits and pieces over much time. For example, the FEMA flood maps, information about the national federal assistance and insurance settlements, and feedback on how to deal with the issue of lack of flood insurance all trickled in slowly. These issues, coupled with the incredibly mammoth and time-consuming task of debris removal and disposal, the challenge of finding temporary housing solutions, and the lack of water and sewer infrastructure for trailers and homes, has created a depressingly slow building response.

Habitat Jackson and the other Mississippi Coastal Habitat affiliates are being joined by Habitat for Humanity International and its hurricane recovery program, Operation Home Delivery, to address the

housing needs on the Mississippi Gulf Coast. Our efforts could be greatly advanced in the following areas:

1. Locating buildable property. The availability of property with necessary infrastructure of roads, utilities, water and sewer at an acceptable elevation has proven hard to find. Some communities have no property that would fit these criteria. So the first and foremost need for short term building to begin is property at the appropriate elevations, or C zones, with roads, water and sewer, utilities or an economical and fast way to establish infrastructure for undeveloped properties in these areas.

Habitat for Humanity is seeking partners interested in developing mixed use, mixed income developments. Habitat works to create community, not projects.

2. The streamlining of permitting, site design, and filing processes and mutual cooperation with other local municipalities. While respecting the wishes of the local community to the types of development wanted by the residents, Habitat requests considerations to shorten the permitting and design phase of projects so that we can begin building as soon as possible.

3. An increase in the number of tradesman and contractors willing to work at reasonable rates resisting the price escalations that push more and more families into substandard housing solutions.

4. An efficient and well supplied pipeline of building materials to circumvent slowdowns due to material shortages once building starts.

With the above recommendations implemented, Habitat would be poised to mobilize the thousands of volunteers ready and willing to begin work on the Mississippi Gulf Coast. We recognize the fact that Habitat alone cannot be the solution to all of the housing needs along the coast and we are working with other organizations and entities to have a greater impact on more people. Plans are being made to house and provide for volunteers to streamline and maintain production once begun. Habitat is committed to rebuilding and will bring the necessary resources at its disposal to help as many families as resources allow.

Habitat for Humanity is an ecumenical group of concerned Christians in the Metro Jackson area that believes everyone deserves a decent place to live. Working in partnership with low-income families and using volunteer labor and donated materials whenever possible, the organization is building basic, affordable houses that are then sold to families at cost with no profit or interest. A Habitat homeowner, with the help of family and friends is required to invest "sweat equity" hours working on their and others' homes.





DRAFT Testimony/Remarks for  
Derrick Johnson, President, NAACP of Mississippi  
Before Congressional Subcommittee Field Hearing  
January 14, 2006, Gulfport, MS

**Opening - Introduce Self**

Chairman Ney, Ranking Member Waters, and members of the Committee, I would like to thank you for inviting me to speak with you today about the dire affordable housing needs and fair housing issues facing the Gulf Coast – and in particular the need for more oversight and public participation to ensure that federal rebuilding funds meet the needs of not just middle- and upper-income homeowners, but

**Briefly summarize NAACP activities in Mississippi**

**Overall Housing Concerns**

**Perpetuation of exclusion:** Ironically, the initial media coverage of Katrina emphasized the segregation and abandonment of low-income, African-American citizens and asked how we could ignore the existence and needs of this population, leading to tragedy. But we may continue that legacy of ignorance and exclusion if we do not ensure that rebuilding resources are allocated in a way that includes the most needy, vulnerable populations.

**Affordable housing needs:** The recent Governor's Commission Report included preliminary data on housing damaged by the storm and noted that, although all people were struck by the storm, lower-income households were more likely to lose their homes, likely due to their greater likelihood of living in older properties.

But since Katrina, a second storm has further eliminated affordable housing on the coast. A wave of evictions and rent gouging threatens to exacerbate the displacement of low- and moderate-income families from their coastal communities. We have already seen eviction cases clogging the justice courts, and TV news stories covering tenants in low-income developments threatened with eviction to make way for higher rents.

Other storms are gathering: low- and moderate-income homeowners in some communities face fights with their insurers to receive coverage, or receive settlements adequate to make needed repairs. They face an uphill battle to pay mortgages when their jobs have been disrupted and income temporarily lost.

: And while these problems face all low- and moderate-income owners and renters, they are of particular concern to African-American communities – particularly historic coastal communities like Turkey Creek – that were already dealing with decades of exclusion and disinvestments before the storm.

If the housing problems faced by these groups are not addressed, we fear that the storm and the government's response may permanently displace too many African-American and lower-income people. We fear that those able to stay and return will no longer recognize their communities, as gentrification pushes people of color out. This is why it is so important that federal and state policymakers carefully shape federal programs to include all people – and continue oversight to make sure that funds are spent in a way that creates more housing opportunities for all, not just the well-to-do. [Add? We do not want the response to Katrina to recreate the patterns of exclusion and segregation that historically marked too much of state and federal policy.]

#### **Equity in Federal Funding**

As you are aware, in December 2005, Congress provided Mississippi and other states with substantial funds primarily under two programs: the Community Development Block Grant (CDBG) and the Low-Income Housing Tax Credit (LIHTC). Because of the discretion provided to states, however, there is no guarantee that any of the housing funding will be used in ways that benefit low- and moderate-income homeowners, or that do anything to create or rehabilitate rental housing affordable to the poorest and most vulnerable families displaced by the hurricane.

**The question we face is about both equity in the funding itself and in the process - whether these funds will be used to help those most in need, and importantly whether those in need get a chance to participate in determining where funds are spent.**

**CDBG:** Congress provided \$11.5 billion in hurricane recovery CDBG funds divided between Mississippi and four other states. However, the plans announced by the Governor to date likely would provide disproportionately high benefits to higher income people, and offer little assurance that housing affordable to low-income people will be maintained on the Mississippi Coast. The Governor's plan would provide funds to homeowners outside the flood plain who lacked flood insurance when the storm struck. This proposal may make it difficult for

many low-income homeowners to access the assistance. Further, the Governor's plan would allocate no CDBG funds for rental housing.

The CDBG funds do not, however, need to be used in the manner the Governor proposed. Thought the federal appropriation must be administered by an entity chosen by the Governor of each state, **nothing in federal law requires that the funds be spent on any particular program.**

**State Legislation:** We strongly believe that the people most in need should be involved in deciding where the funds are spent – and that the funds should prioritize those most in need. One way to do this is for the Mississippi state legislature to establish a public process for communities to be involved in determining how funds are spent, and to establish minimum non-waivable requirements, such as the traditional CDBG requirement that 70% of funds support low- and moderate-income people. Legislation to this effect has been introduced by \_\_\_\_\_ . In addition, this Committee should maintain a careful oversight role to ensure that plans announced for the funding do include all affected groups.

**Spending Proposals:** In particular, we believe that CDBG should support lower-income homeowners and renters. Some ideas to make the spending more inclusive are:

- **Support development of affordable multi-family housing** by using CDBG funds to provide “gap financing” to enable tax credit proposals to support larger shares of lower-income households.<sup>1</sup>
- **Include small rental properties in Governor's outside-the-flood-plain assistance plan.** 2000 census data indicate that 70% of renter households in Coastal Mississippi lived in buildings with fewer than 10 units. As with the owner-occupied single family homes, owners of small rental properties may have foregone flood insurance because they were located outside the floodplain.
- **Providing assistance to homeowners in a manner that meets needs of low-income families.** The Governor's plan would assist homeowners outside of the flood plain who had basic homeowner insurance but not flood insurance at the time Katrina struck. It limits assistance to the lower of \$150,000 or the property's insured value, and requires homeowners to rebuild to higher building standards than were in place before the storm and maintain flood insurance in the future.

<sup>1</sup> For example, setting aside \$150 million in CDBG funds — a small portion of the total likely to be available — to support rental housing affordable to households with incomes below 60 percent of the area median income (with allocation preferences for projects where some units are affordable to households at lower income levels) potentially would allow about \$10,000 in additional financing to be provided per tax-credit funded unit.

The program may leave behind low-income households, especially elderly and disabled, less likely to have the additional resources needed to bridge the gap between the insured value of their pre-Katrina homes and the cost of rebuilding to the stricter post-Katrina standards.

In order to provide meaningful assistance to low-income people, a separate allocation of funds should be provided to help low-income households bridge this gap – or, homeowners could be given the option of using the assistance to buy a new home rather than rebuilding their pre-Katrina homes.

In addition, homeowner assistance to date through the SBA loan program has primarily helped higher-income households, since SBA's credit criteria tend to deny recovery loans to lower-income homeowners. To balance, priority in allocating CDBG funds should be given to households denied by the SBA.

*What about a request for SBA credit to be included in the program to make the LIHTC credits accessible to segments of society w/ poor or no credit history - the disabled, elderly, poor.*

**Low-Income Housing Tax Credit:** Mississippi's added LIHTC credits will allow it to allocate a total of more than \$1 billion worth of credits over 2006, 2007, and 2008. However, it is critical that the Mississippi entities issuing the tax credits take account of the special need to rehabilitate and create housing affordable to the lowest-income groups who may otherwise be excluded from the coast. In particular, such credits should be focused on affordable rental development, the biggest unmet need.

**Give priority in allocation of tax credits to projects where at least 25 percent of the units in each development are affordable to and occupied by people with poverty-level incomes.** This goes beyond the current income-targeting in the program, which requires units serving more moderate-income people.<sup>2</sup>

**Give priority in allocation of tax credits to projects with longer-than-required affordability restrictions.** The tax credit only requires that rents be kept at an affordable level for at least 30 years. But as with rents, states can choose to require or favor projects with stricter requirements, and some have. Given the risk of gentrification on the Mississippi Coast, it makes sense to make extended affordability terms — preferably as long as 50 years — a priority.

<sup>2</sup> Federal tax credit rules only require that 40 percent of units have rents affordable to households with incomes below 60 percent of the local area median (or that 20 percent be affordable to households with incomes below 50 percent of area median income) so generally housing will only be made affordable to poorer people if the state makes it a priority.

Pastor Carlton L. Jones, Second Sweet Home Church,  
Gulfport, Mississippi

January 14, 2005

U. S. of Representatives Committee on Financial Services Field Hearing on Housing <sup>Committee</sup>  
and Community Opportunity

First in honor to our Lord and Savior Jesus Christ and to the Chairperson of this public hearing, we thank you for coming to our community and Praise God for your visit.

Thank you for this opportunity to speak on behalf of a hurting community, but one that continues to trust God and to work to make a better life of our citizens.

The greatest need for Housing and Community Opportunities would be to fully fund Community Block Grants to assist low and moderate income homeowners and to assist in good and viable rental projects. *Historical Neighborhood (150 yrs TurkeyCreek)*

The communities' needs are greater than the small Community Block grant amounts being given to the city of Gulfport. Many of our citizen are dishearten and feel let down as the million and even billions are being talked about and criteria assigned that will leave us completely out of the picture and other criteria that will make us disappear from the picture all together.

We hope we will not be left behind. We need more senior complexes and senior are still able to owner their homes for more than 30 years need help to upgrade their homes. We need support of young families to neighborhood but we must have a police visibility and greater police community funding.

The need to support communities the same as many decades ago, we need continue revitalization of our neighborhoods affordable mom and pop small businesses with educational center inside of our communities to expand their knowledge of

*Defer to Council Woman Ella Holmes Hines  
State Rep Francis Frederick*

**marketing and business plans to use their God given talents to re-open businesses again our communities.**

**We need public housing that address mix-income neighborhoods and look like hope not poverty.**

**We need support of funding for early childhood education as Head start.**

**We need training programs for youth to continue the Job Corp and summer training programs and summer camp programs and the facilities to give quality summer camp (Expand and upgrade Boys and Girls Club, expand community's libraries, computer educational centers, swimming classes, funding to public school for voc-technical and the Arts). Our children and our future and we need to invest in the future to train.**

**We need expanded programs for our seniors for viable interaction and medical screening.**

**We are thankful to God for our local city leaders, county leaders, state leaders and our elected officials for they cared about us from the beginning. We should always pray for them.**

**Thank you for this opportunity to speak and we pray God's blessing upon each of you and your families.**

**Congressional Testimony of Shantrell Nicks, Esq., resident.  
January 14, 2006  
Gulfport, Mississippi**

Good morning, my name is Shantrell Nicks. I practice law in Gulfport; but I am currently assisting my community recover from Hurricane Katrina.

Chairmen Ney, Ranking Member Waters, and the other honorable members of the Committee, I would like to thank you for inviting me to speak with you today about the government's response to emergency housing needs of residents affected by Hurricane Katrina.

I have resided in Mississippi, my entire life. I am proud to say that before Katrina, 72 % of Mississippians owned their own homes. This is 4 % higher than the national average. In fact more African Americans own their own homes in Mississippi than in any other state in the union at 61%.

Katrina struck the Gulf Coast. She caused wind, rain and flood damages that were unprecedented. Most homeowners were insured for Hurricane damage which we thought would cover a hurricane.

All of the damage to my home was caused by wind driven rain. I also had mold coverage.

But, I have yet to be fully compensated by my insurance company. They will not give me in writing what they have covered and if or when I will receive additional insurance proceeds for the subsequently discovered damage. I first thought that I did not have much damage, but the walls were soaked and as we waited for the insurance proceeds to fix our home, the mold grew and now my family of four lives in two rooms of our house. I consider myself fortunate and blessed, as others do not even have two rooms. They have a cousin's couch or a tent or a shelter or if perhaps a small trailer.

Insurance companies have refused to cover any damage that resulted from the flood damages. This is a complex case but so far we are told that nothing will change. There is talk about Federal money going to the state, but so far no money has trickled down to the people, so we are skeptical and wondering if 72% of Mississippians will continue to be homeowners.

We are told to be patient and not to rock the boat as the

insurance companies may leave the state or leave the gulf coast. I know of one person already who has attempted to buy insurance on property she bought after Katrina. The home had less than five thousand dollars worth of damage from Katrina and had no flooding at all. She was told to contact an insurance loan shark as no major insurance companies would insure her for hurricane damage and the premiums were about twice what they would have been before the storm.

As for FEMA, FEMA's policy is that the insurance companies must act first and then they will see. The insurance companies are not acting or they are offering such little money, such as \$9,000 for loosing a Three bedroom house with all contents. The people want to contest the settlement; however, FEMA requires that it be settled before they pay.

FEMA has said that some areas are high impact areas and that they will not need to inspect and the money is coming. However, the working class insured individuals have not received that money. I have asked FEMA about this and again they say that they have to wait for the insurance companies and that it is illegal for them to pay any money until the insurance companies act. Therefore, the Federal government response to insured individuals has been inadequate. The FEMA regulations penalize and overlook individuals for being responsible and paying insurance premiums.

In the end it seems as though there is a crisis of leadership. There is no oversight of the insurance industry. They are allowed to site the "magnitude of the disaster" as cause for delay, but it is now, over four months after the storm.

Now a natural disaster has morphed into a human disaster. The people of our community have worked their whole lives to achieve the American dream of ownership and a better future for their children. We went to school, we got jobs, we bought homes and paid our bills and insured our properties.

We have been told that help is on the way and that the money is there, but we are starting to give into the skeptics who say that Katrina was an easy way to clean out the lower and middle income American from the gulf coast and make way for others of greater means.

As a tax payer and a home owner and someone who faithfully paid insurance premiums year after year, I respectfully request that you make the insurance companies accountable so the taxpayers will not have to subsidize the insurance



companies with FEMA grants.

I also request that congress appoint an independent oversight entity to investigate and insure that federal monies are allocated wisely.

I think the FEMA trailer allocation should be spent more wisely. The amount of money, effort, and time being exhausted in setting up the trailer could be used for prefabricated homes which provides families with a more permanent housing solution. Furthermore, the government contractors that are issuing the FEMA trailers are not taking into consideration people with handicaps and not providing the citizens with a forum to voice concerns. I personally went to the site on Menge Avenue to speak with someone about a handicap individual that needed a trailer. I was ordered to leave and speak with George Bush about any concerns.

In closing, Accountability is the key.

My contact information is:

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**Statement by Bobby Rayburn  
President of Rayburn & Associates  
For the  
House Financial Services Committee  
Subcommittee on Housing & Community Opportunity**

**January 14, 2006  
City Council Chambers  
Gulfport, Mississippi**

I would like to express my appreciation on behalf of the Mississippi home builders for the opportunity to share our viewpoint and recommendations on responding to and recovering from Hurricane Katrina. This disaster was of unprecedented magnitude, and we believe that it will take significant fortitude and commitment to ensure that all affected areas are able to fully and successfully recover. As you know, of the hundreds of thousands of victims, many were local homebuilders. They are struggling to get their businesses back up and running, and in spite of the difficulty of this task, are committed to playing a major role in the recovery effort.

I am currently the president of Rayburn & Associates in Jackson, Mississippi and have been in the business of home building and development for more than 33 years. I work in both the single-family and multifamily sectors and have constructed more than 3,300 homes during my career. I am also the 2004 Immediate Past President of the National Association of Home Builders (NAHB) and am leading NAHB's Katrina recovery efforts. We are striving to get our builder members on their feet and back to work rehabilitating and rebuilding homes damaged or destroyed by Hurricane Katrina.

My testimony touches upon the Mississippi builders' experience with the local, state and federal responses to Hurricane Katrina. In that regard, the focus of my testimony is upon those aspects of the government's response that directly impact the home building and housing construction industries and the short- and long-term housing and economic development needs in Mississippi.

#### **Responses to the Hurricane**

The depth and breadth of the hurricane disaster caught all of us unprepared, including state and federal agencies tasked with responding to crises like Katrina. The responses by these agencies have caused some concerns among home builders in Mississippi and the Gulf Coast and illustrate some important lessons that should be applied to the Katrina recovery and future crises. There are four primary areas of concerns of builders in Mississippi:

- the overall strategy taken by the Federal Emergency Management Agency (FEMA) in responding to the crisis;
- access for builders to Small Business Administration (SBA) financing resources;
- the availability of temporary housing for construction workers; and

- communication and coordination between the state and federal governments and the home building community.

I also have addressed some general concerns with the recovery process not directly related to the response by federal, state and local governments, but still critical to the recovery.

### **The Overall FEMA Strategy**

FEMA's strategy in dealing with the hurricane disaster is taken from a "playbook" that is sorely mismatched to the unique nature of the disaster. FEMA has never faced a crisis on this scale, but has failed to adjust its approach accordingly. A primary example of this failure is the use of trailer "cities" to provide temporary housing for evacuees and those that have lost their homes because of the hurricane. This approach is short-sighted and has more negative than positive impacts on residents and the surrounding communities. Trailer cities in Florida created in recent years, for example, did more to isolate displaced residents than integrate them into the community as it was rebuilding. These cities were anything but temporary and evacuees are still living in them today, over one year later. Finally, many of these trailer communities have deteriorated into centers of economic despair and crime and are negatively impacting the surrounding community. Despite the lessons learned in places like Florida, FEMA continues to advocate for the concentration of trailer housing for displaced hurricane victims in "temporary" locations.

FEMA must adjust its thinking and strategy for dealing with the hurricane disaster. This is a new game and the old playbook does not work. New approaches must be crafted, especially in the area of temporary housing. Instead of concentrating displaced hurricane victims in trailer cities, FEMA should, where possible, step up delivery of trailers to sites where homeowners are repairing and rebuilding their homes. This approach ensures that trailer homes are temporary and allows the homeowner to return to their community and become invested in the reconstruction effort. There must be recognition by FEMA in this area and others that the old ways will not work and new thinking is critical to an effective response to the crisis.

**Lack of Temporary Housing for Workers**

The work of repairing and rebuilding housing in the Gulf Coast demands a steady supply of workers. In order to attract and retain those workers, there must be sufficient housing for them. Unfortunately, the pace of delivery of trailers for temporary housing has been extremely slow since the disaster. This has hampered the ability of builders – who are still primarily focused on rehabilitation – to gather a critical mass of workers in the affected areas. When work shifts to rebuilding and new construction, the ability to draw workers to the region and provide them with housing will become an even more important issue.

FEMA must not only increase the pace of delivery of trailers for workers, it should engage the home building community in crafting creative ways to attract and house workers in the region. For example, workers could be housed temporarily on cruise ships or retired military vessels until more permanent housing can be built. The key point is to provide access to temporary housing for workers engaged in rebuilding work on the Gulf Coast.

**Processing of Small Business Administration Loans**

Like the overwhelming challenge faced by FEMA in dealing with the crisis on the Gulf Coast, the SBA has similarly been overwhelmed by the number of requests for assistance. Limited SBA staff resources is slowing the response time to loan applications and delaying the delivery of critical financial resources for small businesses like builders. Without these dollars, there is great danger that many builders will go out of business. Not only does this mean lost economic activity in the state, but also fewer “hands” to do the work of repairing and rebuilding housing in the region.

SBA must come up with alternative strategies for delivery these much needed resources to builders and other small businesses in the region. One alternative could be to engage other, private-sector entities as contractors to assist in the delivery of SBA loans and other resources.

**Communication/Coordination with State and Federal Governments***Federal Government*

Builders in Mississippi also have concerns with the lack of communication and coordination between federal and state governments and the home building community. The state and local home builder associations (HBAs) have had to initiate all contact with relevant federal agencies, like FEMA, the U.S. Department of Housing and Urban Development (HUD) and others. Further, it has been difficult to find the right person within those agencies to answer questions and provide information. Once engaged, FEMA representatives have been fairly responsive and have attended some meetings. However, greater communication between these entities and the home builder community would only improve the overall response to the Katrina crisis.

A related issue is the failure of state and federal government agencies to actively engage home builders in the planning process for recovery and rebuilding efforts on the Gulf Coast. This is discouraging as home builders will be key private sector partners in responding to this crisis in both the short and the long terms. One exception is the Rural Development office within the U.S. Department of Agriculture. Staff from this office have been very responsive to inquiries and have engaged the building community in discussing ways to address the impacts of Katrina in rural areas of Mississippi.

*State Government*

At the state level, the experience has been the same. Neither state agencies nor the Governor's office have reached out to state or local home builders for input or advice. Just this week, the Governor stated that he will ask the state legislature to authorize local governments to assess impact fees on new development. The stated goal of this proposal is to advance revenue so local governments can provide services. However, impact fees only add to the cost of housing and seem ill-advised at a time when access to affordable housing will be critical to families whose homes, businesses or both were destroyed by the hurricanes. Moreover, impact fees effectively

price entire segments of the workforce, including construction workers, police officers, firefighters and others, out of the housing market. These workers will fulfill the most critical needs during the recovery and rebuilding on the Gulf Coast. A more open dialogue between state officials and the home building community surely would result in more creative strategies to help local communities meet their revenue needs, provide critical services and still protect housing affordability.

### **Other Needs**

#### *Supply of Skilled Labor*

Skilled labor was in short supply across the country before Hurricane Katrina struck the Gulf Coast. Carpenters, brick layers and other skilled trades will now be in higher demand during the rebuilding effort. Federal and state governments must think of ways to increase the pool of skilled workers to respond to this demand, such as engaging the Home Builders Institute (HBI) the workforce development arm of the National Association of Home Builders. HBI focuses on meeting the education and training requirements of the housing industry.

#### *Cost and Supply of Building Materials*

The cost and supply of building materials has been a significant, nationwide problem for several years, particularly framing lumber, OSB plywood and cement. This problem will only worsen as demand spikes from rebuilding activities in Mississippi and the Gulf Coast. While most builders are still in the repair phase of work, we hope rebuilding will begin in earnest soon. When this phase of intense construction begins, builders need a constant, reliable supply of key building materials.

Contributing to the higher cost and constrained supplies of critical building materials are the excessive and unjustified tariffs and duties on these products from Canada, Brazil and Mexico. These tariffs and duties only serve to increase the cost of housing at a time when housing affordability will be critical to the recovery of Mississippi. While I recognize that this issue is

not directly tied to the emergency response to Katrina by state or federal agencies, it is still a crucial piece of the repair and rebuilding effort that will take place in Mississippi and on the Gulf Coast. The U.S. Congress should encourage the removal of these tariffs and duties to ensure the adequate flow of materials into the area.

#### *Housing Program Regulations*

I applaud the work already done by this Subcommittee and the Congress to pass legislation allowing for waivers in several federal housing programs. This is critical to maximizing the value and impact of these programs to the recovery and rebuilding process. I encourage the Congress to review and correct other technical aspects of federal housing programs that could hamper rebuilding in the Gulf Coast. For example, in the Rural Development Section 503 Direct Loan Program, there is a technical anomaly that actually penalizes homebuyers who live in areas of the state where home prices exceed the program's loan limit and who use HOME program dollars to cover downpayment and closing costs. Correcting issues like these will ensure that those displaced by the hurricane have greatest access to homeownership opportunities.

#### **Conclusion**

Thank you for the opportunity to share some my experiences with the local, state and federal responses to hurricane Katrina. The road to full recovery from this crisis is a long one and will require the combined efforts of the public and private sectors. I hope some of the lessons learned by builders in Mississippi will help hasten that recovery.



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STATEMENT OF

JAMES N. RUSSO

FEDERAL COORDINATING OFFICER FOR MISSISSIPPI  
RECOVERY OPERATIONS

FEDERAL EMERGENCY MANAGEMENT AGENCY

DEPARTMENT OF HOMELAND SECURITY

BEFORE THE

HOUSING AND COMMUNITY OPPORTUNITY SUBCOMMITTEE

FINANCIAL SERVICES COMMITTEE

U.S. HOUSE OF REPRESENTATIVES

JANUARY 14, 2006

GOOD MORNING CHAIRMAN NEY, RANKING MEMBER WATERS, AND  
SUBCOMMITTEE MEMBERS.

I AM JAMES N. RUSSO, THE FEDERAL COORDINATING OFFICER FOR MISSISSIPPI  
RECOVERY OPERATIONS. IT IS AN HONOR TO APPEAR BEFORE THIS  
SUBCOMMITTEE TO PROVIDE AN UPDATE OF FEMA'S ROLE IN THE JOINT EFFORT  
TO MEET THE EMERGENCY HOUSING NEEDS OF MISSISSIPPI RESIDENTS  
AFFECTED BY HURRICANE KATRINA. WE ARE GRATEFUL FOR THE OPPORTUNITY  
TO PRESENT AN OVERVIEW OF OUR CURRENT SHORT- AND LONG-TERM  
HOUSING PLANS FOR MISSISSIPPI. THE DEPARTMENT OF HOMELAND SECURITY  
APPRECIATES YOUR INTEREST IN THE HOUSING CHALLENGES PRESENTED BY  
THE SCOPE AND SCALE OF THIS UNPRECEDENTED DISASTER. WE ALSO  
APPRECIATE THE RESOURCES CONGRESS HAS PROVIDED TO HELP US TACKLE  
THESE CHALLENGES AND ACCOMPLISH OUR MISSION.

WITHOUT QUESTION, HURRICANE KATRINA'S UNPRECEDENTED IMPACT ON  
COMMUNITIES IN MISSISSIPPI HAS CALLED FOR EQUALLY UNPRECEDENTED  
MEASURES FROM FEMA TO MEET THE HOUSING NEEDS OF THOSE DISPLACED BY  
THE STORM.

HURRICANE KATRINA HAS THOROUGHLY TESTED THE CAPABILITIES OF FEMA,  
THE DEPARTMENT, AND THE NATION, INCLUDING MANY STATES AND  
COMMUNITIES NATIONWIDE WHO ARE STILL HOSTS TO DISPLACED AMERICANS

FROM THE GULF REGION. WHILE THESE EVENTS HAVE TESTED OUR PLANS AND PROCESSES AS NEVER BEFORE, FEMA'S SHELTERING AND HOUSING ASSISTANCE PROGRAMS HAVE HELPED THOUSANDS OF MISSISSIPPIANS SECURE INTERIM ACCOMMODATIONS, AND WE CONTINUE TO CARRY OUT AN AGGRESSIVE STRATEGY TO TRANSITION THOSE INDIVIDUALS AND FAMILIES INTO LONGER-TERM HOUSING SOLUTIONS.

**EMERGENCY HOUSING**

IMMEDIATELY FOLLOWING THE STORM, INITIAL DAMAGE ESTIMATES DERIVED FROM PREDICTIVE MODELING, ON-SITE SURVEYS, AND TELEPHONE REGISTRATIONS PROJECTED A TOTAL OF 45,000 FAMILY REQUESTS FOR EMERGENCY HOUSING. THIS FIGURE REPRESENTS APPROXIMATELY 120,000 MISSISSIPPIANS. THE MAJORITY OF THESE RESIDENTS ARE IN THE SIX SOUTHERN-MOST COUNTIES IN MISSISSIPPI AND, IN PARTICULAR, AREAS SOUTH OF INTERSTATE 10 IN JACKSON, HARRISON, AND HANCOCK COUNTIES. IN AN EFFORT TO TRIAGE THE ENORMOUS NUMBER OF REQUESTS FOR ASSISTANCE, AND MEET THE NEEDS OF THOSE MOST VULNERABLE, APPLICANTS REQUIRING EMERGENCY HOUSING WERE PRIORITIZED AS FOLLOWS:

1. PEOPLE IN EMERGENCY SHELTERS
2. EMERGENCY WORKERS, ESSENTIAL PERSONNEL, AND PEOPLE LIVING IN SUBSTANTIALLY DAMAGED DWELLINGS
3. PEOPLE BEING ASSISTED BY VOLUNTEER AGENCIES AND LIVING IN PLACES SUCH AS HOTELS.

4. PEOPLE WITHOUT INSURANCE BEING SHELTERED BY FAMILY AND FRIENDS.
5. PEOPLE WITH INSURANCE STAYING IN HOTELS, WITH FAMILY OR FRIENDS BEYOND A REASONABLE COMMUTING DISTANCE.

FEMA OFFERS TWO FORMS OF INTERIM HOUSING ASSISTANCE; RENTAL ASSISTANCE IN THE FORM OF FINANCIAL ASSISTANCE PAID DIRECTLY TO ELIGIBLE APPLICANTS, AND DIRECT HOUSING ASSISTANCE, PRIMARILY IN THE FORM OF MANUFACTURED HOUSING UNITS PROVIDED RENT-FREE BY FEMA FOR UP TO 18 MONTHS. IN MISSISSIPPI, FEMA'S EMERGENCY SHELTERING AND HOUSING ASSISTANCE PROGRAMS HAVE PROVIDED DISPLACED RESIDENTS WITH SECURE INTERIM ACCOMMODATIONS AS QUICKLY AS THEY COULD BE MADE AVAILABLE.

INTERIM ACCOMMODATIONS INCLUDE TRAVEL TRAILERS, MOBILE HOMES, HOTEL AND MOTEL ROOMS, AND A 1,600-PASSENGER CRUISE SHIP. TENTS HAVE BEEN PROVIDED TO LOCAL GOVERNMENTS FOR DISTRIBUTION TO CITIZENS, WHO WISHED TO REMAIN ON THEIR PROPERTY FOR SECURITY OR REBUILDING PURPOSES. WHILE FEMA DOES UTILIZE TENTS IN CRISIS SITUATIONS, WE DO NOT BELIEVE IT IS A LONG-TERM SOLUTION TO THE HOUSING NEEDS OF MISSISSIPPIANS.

TWO PRIVATE CONTRACTORS WERE HIRED TO INSTALL TRAVEL TRAILERS AND MOBILE HOMES THROUGHOUT MISSISSIPPI TO MEET THE MAJORITY OF THE

TEMPORARY HOUSING NEED. BEGINNING SEPTEMBER 11, 2005, ONLY 13 DAYS AFTER THE STORM, FEMA BEGAN RELOCATING FAMILIES INTO THESE TEMPORARY HOUSING UNITS ON BOTH PRIVATELY OWNED AND COMMERCIAL SITES.

AS OF JANUARY 10, 2006, MORE THAN 31,000 TRAVEL TRAILERS AND 400 MOBILE HOMES ARE OCCUPIED THROUGHOUT MISSISSIPPI BY OVER 85,000 PEOPLE. 85 PERCENT OF THESE UNITS ARE ON PRIVATE SITES, AS HOMEOWNERS PREFER TO BE NEAR THEIR HOMES DURING RECONSTRUCTION. THE REMAINING UNITS ARE LOCATED ON EITHER COMMERCIAL SITES OR 44 FEMA-DEVELOPED GROUP SITES.

CURRENTLY, ROUGHLY 700 APPLICANTS ARE TEMPORARILY HOUSED ON A CRUISE SHIP IN PASCAGOULA HARBOR. THE STRATEGIC OUTREACH PLAN OF COMMUNITY RELATIONS AND SHELTER TRANSITION STRIKE TEAMS HAS DECREASED THIS FIGURE SUBSTANTIALLY FROM ITS PEAK OF MORE THAN 1,500 PEOPLE. THIRTY-TWO STRIKE TEAM MEMBERS HAVE BEEN WORKING THROUGHOUT MISSISSIPPI, CONTACTING DISPLACED INDIVIDUALS AND FAMILIES TO ASSIST THEM IN DEVISING LONG-TERM HOUSING PLANS. THE STRIKE TEAMS HAVE ALSO WORKED WITH APPLICANTS PARTICIPATING IN THE TEMPORARY HOTEL/MOTEL LODGING PROGRAM AS THEY TRANSITION TO LONG-TERM HOUSING OPTIONS. COUNSELORS ARE ADDRESSING SPECIAL

NEEDS, EDUCATIONAL OPPORTUNITIES, AND EMPLOYMENT OPTIONS WITH APPLICANTS.

WE ESTIMATE THAT BY THE CONCLUSION OF THE PROGRAM, ABOUT 105,000 MISSISSIPPIANS WILL HAVE BEEN PROVIDED EMERGENCY SHELTERING IN 35,000 TRAVEL TRAILERS AND 4,000 MOBILE HOMES.

**INDIVIDUALS & HOUSEHOLDS PROGRAM**  
THE INDIVIDUALS & HOUSEHOLDS PROGRAM (IHP), AUTHORIZED UNDER SECTION 408 OF THE STAFFORD ACT, PROVIDES RENTAL ASSISTANCE, HOME REPAIR ASSISTANCE, HOME REPLACEMENT ASSISTANCE, DIRECT HOUSING, AND OTHER NEEDS ASSISTANCE TO MEET NECESSARY EXPENSES AND SERIOUS NEEDS OF ELIGIBLE DISASTER VICTIMS. IN THE FOUR MONTHS SINCE THE HURRICANE, MORE THAN 420,000 MISSISSIPPIANS HAVE REGISTERED FOR ASSISTANCE BY GOING ON-LINE OR CALLING A TOLL FREE NUMBER, 24 HOURS A DAY, SEVEN DAYS A WEEK. MORE THAN 250,000 HOUSEHOLDS HAVE BEEN APPROVED FOR SOME FORM OF HOUSING ASSISTANCE.

TO DATE, APPROXIMATELY \$237 MILLION HAS BEEN APPROVED IN RENTAL ASSISTANCE FOR OVER 120,000 HOUSEHOLDS TO AID THOSE WHOSE HOMES ARE UNINHABITABLE AND WHOSE RENT IS NOT COVERED BY INSURANCE. RENTAL AND HOUSING ASSISTANCE MAY ALSO BE PROVIDED BY FEMA FOR ELIGIBLE EVACUEES OF MISSISSIPPI WHO WILL TRANSITION OUT OF THE SHORT-TERM HOTEL/MOTEL LODGING PROGRAM IN FEBUARY. OVERALL, FEMA HAS

PROVIDED \$1 BILLION TO MISSISSIPPI RESIDENTS THROUGH THE INDIVIDUALS AND HOUSEHOLDS PROGRAM.

AN INDIVIDUAL OR HOUSEHOLD DETERMINED NOT TO BE ELIGIBLE FOR FEMA ASSISTANCE IS REFERRED TO OTHER SOURCES OF POTENTIAL ASSISTANCE. ONE SUCH PROGRAM IS THE KATRINA DISASTER HOUSING ASSISTANCE PROGRAM (KDHAP) OFFERED THROUGH THE DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT, OR HUD.

**HOUSING CHALLENGES**

MANY CHALLENGES REMAIN TO PROVIDING HOUSING TO THOSE DISPLACED BY THE HURRICANES. MANY AREAS IN MISSISSIPPI ARE STILL WITHOUT WORKING UTILITIES MAKING THE INSTALLATION OF TRAVEL TRAILERS AND MOBILE HOMES ON PRIVATE SITES DIFFICULT. THEREFORE, LOCAL GOVERNMENTS ARE BEING ASKED TO APPROVE ADDITIONAL EMERGENCY GROUP SITE LOCATIONS. THERE HAVE SOME OBSTACLES TO THE CREATION OF GROUP SITES, SUCH AS RESOLVING ENVIRONMENTAL AND ZONING ISSUES. WE UNDERSTAND THOSE CONCERNS AND ARE WORKING WITH STATE AND LOCAL OFFICIALS TO OVERCOME THEM. OTHER CONCERNS INCLUDE HOW COMMUNITIES WILL ADDRESS THE HOUSING NEEDS OF THOSE DISPLACED RESIDENTS CURRENTLY IN OTHER FORMS OF TEMPORARY HOUSING. IN ADDITION, THE RELOCATION OF VICTIMS OF THE HURRICANE IN LOUISIANA WHO WISH TO MOVE IN WITH RELATIVES WHO RESIDE IN MISSISSIPPI HAS BECOME A GROWING ISSUE.

AS OF THE FIRST OF THIS YEAR, FEMA HAS SPENT NEARLY \$750 MILLION IN HOUSING ASSISTANCE FOR MISSISSIPPIANS DISPLACED BY KATRINA. AS THE RELENTLESS RECOVERY PHASE CONTINUES, SO TOO DOES OUR COMMITMENT AND RESOLVE TO THOSE AFFECTED BY THE DISASTER. WE REMAIN COMMITTED TO HELPING THE STATES AND COMMUNITIES WHO ARE HELPING HOUSE AND CARE FOR THEIR NEIGHBORS AFFECTED BY THE DISASTER DURING THIS TIME. AT THE SAME TIME, WE CONTINUE TO SEEK AND DEVELOP ALTERNATIVE HOUSING SOLUTIONS IN THE DAMAGED AREAS, TO GIVE DISPLACED VICTIMS THE OPPORTUNITY TO RETURN HOME, AS FAST AS POSSIBLE.

I WOULD LIKE TO BRIEFLY ACKNOWLEDGE THE CONTRIBUTIONS OF THOSE WHO RESPONDED TO AND CONTINUE TO RESPOND TO THIS DISASTER.

I APPRECIATE THE THOUSANDS OF FEDERAL, STATE AND LOCAL OFFICIALS, VOLUNTARY ORGANIZATIONS, AND PRIVATE-SECTOR INDIVIDUALS WHO HAVE BEEN RESPONDING TIRELESSLY TO HELP THEIR FELLOW CITIZENS.

MOST IMPORTANTLY, I SALUTE THE PEOPLE OF MISSISSIPPI, SPECIFICALLY THE THOUSANDS WHO HAVE SURVIVED KATRINA'S WRATH AND HAVE SHOWN NOT ONLY COURAGE AND RESILIENCE, BUT ALSO INCREDIBLE PATIENCE AND REMARKABLE GOOD WILL. THEY ARE THE REASON WE ARE HERE TODAY.

THANK YOU. I WOULD BE HAPPY TO ANSWER ANY QUESTIONS YOU MAY HAVE.





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## Public Assistance

Infrastructure Recovery Program

### Response & Recovery

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### Coordination of HUD and FEMA Disaster Assistance to Public Housing Authorities (PHAs)

MEMORANDUM FOR:	<ul style="list-style-type: none"> <li>HUD Secretary's Representatives</li> <li>HUD State Coordinators</li> <li>HUD Public Housing Directors</li> <li>FEMA Regional Directors</li> <li>FEMA Regional Response and Recovery Division Directors</li> <li>FEMA FCO Cadre Members</li> <li>Public Housing Authority Directors</li> </ul>	<ul style="list-style-type: none"> <li>Public Assistance Program</li> <li>• Program Overview</li> <li>• People</li> <li>• Policy</li> <li>• Process</li> <li>• Performance</li> <li>• Reference List</li> </ul>
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FROM: Harold Lucas  
Assistant Secretary for Public and Indian Housing  
Department of Housing and Urban Development

Lacy Suiter  
Executive Associate Director  
Response and Recovery Directorate  
Federal Emergency Management Agency

SUBJECT: Coordination of HUD and FEMA Disaster Assistance to Public Housing Authorities (PHAs)

This is to inform you that the Department of Housing and Urban Development (HUD) and the Federal Emergency Management Agency (FEMA) have agreed on a new policy for coordination of disaster assistance to PHAs for properties damaged by major disasters declared by the President. This policy is effective for disasters declared after the date of this memorandum.

HUD and FEMA have agreed that with respect to public housing authorities FEMA will, in its discretion, provide for essential assistance authorized under section 403 of the Robert T. Stafford Disaster Relief and Emergency Assistance Act, as amended (at 42 U.S.C. 5170b(3)). This assistance may include debris removal, demolition of unsafe structures, and any actions necessary to reduce an immediate threat to life, property, and public health and safety.


This essential assistance is generally provided immediately following a disaster. To receive essential assistance from FEMA, PHAs should submit a *Request For Public Assistance* to the State Public Assistance Officer within 30 days of the disaster designation for that area. The State will forward it to FEMA who will assign a Public Assistance Coordinator to work with the PHA to identify eligible assistance. For work FEMA approves as eligible, FEMA generally provides 75 percent of the cost of the work. For work FEMA does not approve, the PHA may appeal FEMA's decision in accordance with 44 CFR 206.206.

For PHAs' disaster recovery costs not covered by insurance and essential assistance from FEMA, HUD will provide funding from the capital public housing reserve authorized by section 9(k) of the United States Housing Act of 1937, authority, as amended (42

U.S.C. 1437g(k)), or similar statutory authority, subject to the availability of appropriations. Each PHA that incurs damage in excess of insurance coverage and essential assistance from FEMA from a Presidentially declared disaster is responsible for submitting a funding request to HUD.

- The PHA must submit its request to the local HUD field office (FO) after determining the amount of funds to be provided from insurance and other sources.
- To substantiate the extent of the damage and its request for funds, the PHA may include pictures, a videocassette, engineering surveys, etc.
- The HUD field office at its option, may conduct an on-site inspection or issue a task order to the Corps of Engineers (COE), with whom HUD has an interagency agreement, for such an inspection to verify the PHA's request for funds, e.g., need and cost.
- Within 14 calendar days of receipt of the PHA's request, the FO must complete its review and forward its recommendation for approval, with the PHA's request, to HUD headquarters for review and final decision.
- If the request is approved, HUD headquarters will notify the FO when funds have been assigned for the PHA and the FO will process the PHA's application, reserve the funds and execute an Annual Contributions Contract Amendment.
- If the FO does not recommend approval of the PHA's request the FO shall disapprove the request and notify the PHA in writing, including the reasons for disapproval.
- The PHA may appeal a FO's disapproval to HUD headquarters for a review and final determination.
- Funds received for damages resulting from a disaster do not require repayment.

We are pleased to announce this new public housing disaster assistance policy. It should ensure access by our Nation's PHAs to appropriate Federal assistance following major disasters to help with immediate and long-term recovery. If you have any questions, please call Patricia Stahlschmidt, Director, Infrastructure Division, FEMA, at (202) 646-4066 or William Flood, Director, Office of Capital Investments, HUD, at (202) 708-1640.



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## Public Assistance

### Response & Recovery

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### 9523.7 Public Housing Authorities (PHAs)

1. **Date Published:** April 14, 2003
2. **Recovery Division Policy Number:** 9523.7
3. **Title:** Public Housing Authorities (PHAs)
4. **Purpose:** The attached memorandum of understanding (MOU) is being numbered as part of the Federal Emergency Management Agency (FEMA) Public Assistance Program policy publication system. It states the policy that FEMA and the Department of Housing and Urban Development (HUD) have agreed to with regard to funding the repair of PHA facilities that are damaged by a major disaster, as declared by the President.
5. **Scope and Audience:** This policy is applicable to PHA facilities that were developed or modernized with funds provided under Section 9(k) of the Housing Act of 1937, as amended, and is applicable to all major disasters declared after January 8, 2001. It is for use by FEMA personnel making public assistance eligibility determinations for the Public Assistance Program.
6. **Background:** Although HUD has specific authority under Section 9(k) of the U.S. Housing Act of 1937, as amended, to provide funds for the repair of disaster damaged PHA facilities, FEMA has generally funded these costs in the past. FEMA and HUD developed the attached agreement to eliminate confusion among the respective agencies and applicants and to ensure that all publicly-subsidized housing facilities have access to appropriate Federal assistance following major disasters. This policy does not result in a significant reduction in assistance for publicly-subsidized housing facilities.

- Public Assistance Program
- Program Overview
- People
- Policy
- Process
- Performance
- Reference List

Since issuing this policy in March 2001, FEMA has learned that not all publicly-subsidized housing facilities are eligible for disaster assistance funding from HUD. Specifically, HUD is only authorized to provide disaster assistance to publicly-subsidized housing facilities that were developed or modernized using funds provided under Section 9(k) of the U.S. Housing Act of 1937, as amended. Publicly-subsidized housing facilities that were developed and financed from other sources, such as other HUD programs (e.g., Section 8, FHA Mortgage Insurance, etc.) or funds provided by cities, do not qualify for HUD disaster assistance. It was not the intent of the MOU or this Policy to deny disaster assistance to otherwise eligible publicly-subsidized housing facilities. Therefore, publicly-subsidized housing facilities that do not qualify for disaster assistance from HUD may apply directly to FEMA for public assistance grants under any category of work, including Section 406 permanent repairs.

Furthermore, American Indian and Alaskan Native Tribal organizations that own and/or operate public housing facilities are not eligible for HUD disaster assistance. These groups do not fall under the authority of the Housing Act of 1937, but are subject to separate legislation addressing their special circumstances. Since the Federal law governing Indian housing has no provisions for emergency or disaster-related funding, American Indian and Alaskan Native PHAs may apply directly to FEMA for disaster assistance.

7. **Policy:** The policy is attached.
8. **Supersession:** RR Policy #9523.7, dated March 19, 2001.
9. **Authorities:** Section 403, Robert T. Stafford Disaster Relief and Emergency Assistance Act, as amended [42 U.S.C. § 5170b(3)]; Section 9(k), United States Housing Act of 1937, authority, as amended [42 U.S.C. § 1437g(k)], The Native American Housing Assistance and Self Determination Act of 1996, as amended (25 U.S.C 4101).
10. **Originating Office:** Recovery Division, Emergency Preparedness and Response Directorate.
11. **Review Date:** Three years from date of publication.
12. **Signature:**  
                    signed                      
 Laurence W. Zensinger  
 Acting Director  
 Recovery Division  
 Emergency Preparedness and Response Directorate

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**Last Updated: Saturday, 23-Oct-2004 00:00:00 EDT**

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Dr. Gavin P. Smith, Director  
Governor's Office of Recovery & Renewal  
Testimony Before the Subcommittee on Housing and Community Opportunity Hearing  
"Housing Options in the Aftermath of Hurricanes Katrina and Rita", January 14, 2006

I'd like to thank the members of the Subcommittee on Housing and Community Opportunity for allowing the State of Mississippi the chance to discuss our observations and express our concerns regarding immediate and long-term housing needs of disaster victims following Hurricane Katrina.

While FEMA has been widely criticized for a number of real and perceived mistakes during Hurricane Katrina, it has achieved success in the following areas that are directly relevant to housing-related issues; the fastest deployment of temporary housing units to a disaster-stricken area since the program was established, the creation of real-time post-disaster mapping of flood hazard areas, and a growing commitment to long-term recovery planning, which in the recent past has not been viewed as an important part of achieving a successful recovery. While improvements have been made, it is not good enough. Past disasters have taught us that while better temporary and permanent housing solutions are available, they require a degree of operational and long-term planning and inter-organizational coordination that remains unrealized.

There are several areas in need of significant improvement. First, the federal government needs to develop an improved temporary and long-term housing strategy that is more flexible and comprehensive in nature. This requires the efforts of numerous federal agencies, including, but not limited to FEMA. The current approach is not sufficient to address the needs of communities and states following a catastrophic disaster like Hurricane Katrina. Perhaps the greatest limitation of the current approach is the lack of coordination across federal agencies and the failure to develop a plan that recognizes the lessons learned in past major events. The provision of temporary and long-term housing solutions requires innovative thinking, driven by the identification of local needs and the implementation of multiple solutions designed to meet those needs. These solutions must be responsive to unique local conditions. The traditional reliance on old approaches must be replaced, recognizing advances in the housing construction trade, including the use of modular, panelized and other forms of safe, more livable housing types. This approach can greatly reduce the current reliance on travel trailers and mobile homes.

Serious safety and long-term quality of life issues are prevalent when using the current approach. For example, the use of travel trailers for long-term occupancy results in an unnecessarily high fire hazard risk due to the fact that these units were not designed for long-term, sustained use. The rapid establishment of housing manufacturing operations in the affected states represents one example of an innovative solution. However, like many forward-thinking options, this requires that federal agencies must work with states and local governments in non-traditional ways.

The concept of "transitional communities" should be further researched as a means to supplement housing needs, although in Mississippi, its utility was limited due to the fact

that policies and practices were not in place early in the disaster to consider this approach on a large-scale. Again, in order to be effective, this requires the coordination of multiple federal agencies, working in concert with state and local governments in order to determine appropriate solutions based on local needs.

The repair and reconstruction of housing is the foundation of individual, community, and overall economic recovery. It also represents the greatest challenge facing the State of Mississippi. Without the rapid provision of temporary and permanent housing solutions, recovery will be slowed or fail to occur in a manner that meets the needs of disaster victims, the recovery objectives of local leaders, or the intent of the Governor, which is to achieve a coastal "renaissance."

Simply put, we need more practical temporary and permanent housing alternatives and the means to pay for them. We also need to resolve a number of policy issues that ultimately speed the delivery of recovery housing programs. A specific example involves the use of FEMA Hazard Mitigation Grant Program funds to pay for the costs associated with the construction of an elevated foundation and the cost of the repair or replacement of a damaged or destroyed home.

Following the release of the post-Katrina Advisory Flood Elevation maps, communities have had to make a difficult choice - adopt these maps or rebuild to older Flood Insurance Rate Maps that in many cases show a lesser flood risk. While it makes sense to adopt new advisory maps to help guide safer reconstruction, it remains unclear the extent to which the federal government will pay to assist in the repair and reconstruction efforts inside the floodplain. At this point, we believe that there may be as many as 65,000 households that may qualify for this type of assistance. The recent release of Congressionally appropriated funds to repair homeowners damaged outside the floodplain is greatly appreciated and will go a long way to assist as many as 35,000 households recover. What remains uncertain is the level of assistance provided under the Hazard Mitigation Grant Program to help rebuild damaged housing in a manner that lessens their vulnerability to future events. The rapid clarification of this issue is critically important to the people of coastal Mississippi.

One of our greatest fears is that the inability to pay for the reconstruction of safer homes along the coast will result in property owners selling their land to developers who will replace damaged and destroyed homes with a homogenized series of high rise hotels and condominiums, thereby permanently altering the very nature of what made coastal Mississippi so unique.

In order to affect wise recovery we also need to emphasize the repair and reconstruction of supporting community infrastructure to better withstand the forces of future hazard events. Under the FEMA Public Assistance Program, a greater emphasis should be placed on the use of "406" funds to harden or relocate damaged water, sewer and critical public facilities like police and fire stations, thereby increasing the probability that communities can quickly bounce back and resume daily operations following disasters.

Next, I'd like to briefly mention several housing issues facing the State of Mississippi that are associated with the need to speed the construction of safe, affordable, high quality housing. This proposed approach requires first reaching out to the private sector, particularly homebuilders and community design professionals, as well as housing non-profits, who often take the lead in developing affordable housing. Establishing pre-existing public-private partnerships should be done well in advance of the storm. Trying to establish these relationships following a disaster severely limits a government's ability to provide high quality permanent housing in a rapid fashion. As a result, governments must rely on past approaches like the construction of large-scale emergency group sites and the use of travel trailers on private property.

From the perspective of the homebuilder, three issues are critical to success. They include the availability of an adequately trained workforce, the presence of temporary housing in close proximity to construction sites for those involved in the repair and reconstruction effort, and the availability of construction materials appropriate for coastal construction. The last issue is particularly relevant in light of new elevation requirements.

For those victims living in disaster housing, FEMA, working with other federal agencies, states and local officials need to develop a strategy designed to speed the construction of permanent housing (both owner-occupied and rental), thereby getting people out of trailers or other temporary living arrangements as rapidly as possible. In order to facilitate this effort, we need continued federal assistance to speed the construction of permanent housing.

As communities begin the long-term rebuilding process, local governments desperately need assistance in a number of key areas. Specific technical assistance needs include the provision of building inspectors, grants managers and housing counselors. A sufficient number of qualified building inspectors are needed to assist in the processing of building permits and the evaluation of compliance with existing codes and standards during reconstruction. We are excited about the development of FEMA hazard mitigation grants that will help provide this type of assistance.

In order to achieve an effective long-term recovery, local governments also need capable, experienced grants managers to help write and implement programs addressing housing, infrastructure and other identified needs. Post-disaster grants are often difficult to administer and require unique skills developed through experience in the post-disaster setting.

Housing counselors will also play a key role, yet are not traditionally provided on a long-term basis by the federal government to help disaster victims sort through the number of housing options before them. The failure to comprehensively identify individual housing needs and assess eligibility requirements across all federal housing programs results in an unnecessary number of people falling through the cracks. Unfortunately, this often happens to those facing the greatest need.

In closing, I would like to reemphasize a few key issues. We need to continue FEMA's emphasis on rebuilding in a way that recognizes the vulnerability of our coast. In order for this to be achieved most effectively in Mississippi, we need to maximize the use of the Hazard Mitigation Grant Program to fund the repair of damaged housing in the floodplain, based on our understanding of risk. On a national level, Congress should consider reauthorizing the amount of Hazard Mitigation Grant Program funds available to states to its initial amount equal to 15 percent of disaster costs rather than the current 7 percent allocation. Similarly, in order to help communities achieve a greater understanding of the flood hazard risk facing them, Congress should continue to support and expand funding of the FEMA Map Modernization program.

Our country needs to do a better job of planning for recovery at all levels of government. This is clearly evident in the context of housing, but it certainly applies to other issues, including infrastructure, land use, and public health, among others. We encourage FEMA to continue to improve the commitment to long-term recovery planning through the identification and development of a cadre of experienced disaster recovery planning experts that can be deployed following disasters to assist local governments bring together federal agencies to tackle complex recovery problems, develop recovery plans and identify appropriate sources of funding to implement identified projects.

The reconstruction of safe, affordable housing that reflects the architectural history of our coast remains our primary concern in Mississippi. Thank you for providing us the opportunity to discuss the challenges facing our state and we look forward to continuing an ongoing dialogue with you in order to help Mississippians recover from Hurricane Katrina in a manner that makes our coast a better place to live, work and play than it was before the disaster.



**For Release only by the  
House Committee on Financial Services**

**Field Hearing on  
Housing Options in the Aftermath of Hurricanes Katrina and Rita**

**Gulfport, Mississippi  
Saturday, January 14, 2006**

Statement of Nick Walters, Mississippi State Director of USDA Rural Development, submitted to the Financial Services Subcommittee Housing and Community Opportunity

From the time of my appointment as State Director of USDA Rural Development in March of 2001 until the evening of Sunday, August 28, 2005, I would have guessed that the biggest challenge I would face in my tenure as state director would be something that would arise out of the usual business of USDA Rural Development.

USDA Rural Development is a catalyst in the economic and community development of rural Mississippi, known by those we serve as an engine for the growth of rural counties and communities and a resource for the betterment of rural life. We distribute over \$200 million in federal dollars in rural Mississippi communities each fiscal year.

Prior to August 29, 2005, I thought that the biggest challenge might come from USDA Rural Development's highly effective single-family home finance program which has enabled thousands of rural Mississippi families to achieve home ownership; or from USDA Rural Development's vast multi-family housing program which finances and monitors apartment-style housing for low-income families and the elderly all over the state; or from USDA Rural Development's water and sewer programs, which have financed essential water and waste systems in hundreds of rural Mississippi communities; or from USDA Rural Development's programs to finance essential community facilities,

such as hospitals, schools, fire stations, city halls, and senior citizens centers, in Mississippi's rural cities and counties; or from USDA Rural Development's rural business programs, which bring jobs to rural Mississippi communities; or perhaps from some of the many other areas in which we work, such as the establishment of distance learning or broadband systems in rural areas, the support of our state's rural electric system, or the encouragement of the development of value-added agricultural products in Mississippi.

However, on Monday, August 29, 2005, Mississippi, along with Louisiana and Alabama, was struck with the worst and most destructive natural disaster ever to hit this nation: Hurricane Katrina. As the world now knows, the southern-most parts of these states, including my hometown of Wiggins in nearby Stone County, received severe and catastrophic damage from the hurricane. Less severe but equally significant damage was felt by communities and counties hundreds of miles north of the Gulf Coast.

Being from the area affected, it did not take me long to realize that the biggest challenge I would face as state director might well be just beginning.

USDA Rural Development is not traditionally the place that folks think of when a disaster strikes. Other federal or state government agencies, esteemed private charities such as the Red Cross and Salvation Army, and local churches and faith-based institutions, are what first come to mind when a disaster strikes.

Certainly we have experienced hurricanes in the past, and certainly many down here have vivid memories of Hurricane Camille and others since then. However, few were prepared for an event with the size and ferocity of Hurricane Katrina. Few dared to anticipate such a happening and the many trails of damage that it carved into not only Mississippi, but Alabama and Louisiana.

Because of this, it was clear that one agency, one charity, or even one layer of government, would not be able to handle this task by itself. It was clear a team effort was

needed, and when this team effort started, all hands should be on deck.

With this in mind, on the morning of Tuesday, August 30, 2005 at around 9:00 a.m., I made contact with my Director of Administrative Programs. After briefly assessing the immediate situation, I directed her to quickly conduct a tally of the whereabouts and safety of our state's USDA Rural Development employees. If we were going to take an active role in the Katrina relief effort, it was of supreme importance to me to account for the safety of our people and their families first.

Next, I contacted my Public Information Coordinator, and dispatched him to the Jackson headquarters of the Federal Emergency Management Agency (FEMA)/Mississippi Emergency Management Agency (MEMA) to make initial contact with FEMA/MEMA principals and to enlighten them on the potential role USDA Rural Development in Mississippi could play in helping in the response to the hurricane. Possibilities discussed that day included helping with public information work, helping FEMA/MEMA teams navigate by car around rural Mississippi, lending personnel support for headquarters work, helping to set up and manage FEMA Disaster Recovery Centers, and informing FEMA/MEMA of the possibility of multi-family housing vacancies. We were well-received by FEMA/MEMA in the midst of a very chaotic time for all involved.

I then began initiating telephone contact with the USDA Rural Development national office and with my fellow state directors in states that had been in a disaster-recovery mode in the past. I was especially uplifted by the response from Under Secretary Thomas Dorr and by the office of Secretary Mike Johanns. Under Secretary Dorr felt emphatically that the full resources of USDA Rural Development should go toward the immediate and long-term effort to pull the state out of the wreckage of Katrina, and gave me the green light to take what action we could take under our legal bounds.

On Wednesday, August 31, 2005, I and other USDA Rural Development officials met with representatives of FEMA/MEMA at their headquarters and detailed the

resources USDA Rural Development had to offer. We immediately assigned a USDA Rural Development employee, to work at FEMA/MEMA headquarters to help with their need for logistical support.

I then contacted our Multi-Family Housing program director, and requested a full tally of all available vacancies in USDA Rural Development's Mississippi multi-family housing properties. We began to think that these vacancies might provide the necessary housing for Katrina evacuees.

On Thursday, Friday and Saturday, beginning at 5:30 a.m. each morning, USDA Rural Development sent twelve USDA Rural Development staff members, who knew the rural areas of Mississippi, to drive FEMA's damage assessment teams to affected counties all over the state to assess the damage, which is a pre-requisite for FEMA aid being released to these counties. USDA Rural Development also supplied twelve vehicles and fuel for the vehicles.

During this time, we began working with the national office to give forbearance on debt payments to all of our hurricane-affected borrowers. Such relief was needed by our borrowers, as many of them struggled to repair or salvage not only their property but their lives. On September 8, 2005, we were able to announce this additional time, which was originally for 90 days and was later extended to 180 days.

This of course gave immediate relief to the thousands of Katrina-affected homeowners who had utilized USDA Rural Development's popular home loan programs. However, the waivers also gave relief to scores of cities, counties and businesses that had loans for water and sewer systems, community facilities, or business starts or expansions. USDA Rural Development's Community Programs Director Bettye Oliver had begun to assess the damage to our state's water and waste systems and to open lines of communication with local government entities as to what damage they had experienced.

On the same day, we announced a number of initiatives from Secretary Johanns

and the USDA national office, including: the earmarking of \$50 million dollars to provide emergency food assistance to Hurricane Katrina survivors; the deployment of 2,760 Forest Service employees trained in rescue and response to assist the Federal Emergency Management Agency; and the delivery of more than 300 trucks containing over 12 million pounds of food (canned vegetables, fruits, cheese and meats) and baby food and formula products.

We also worked with FEMA to identify places to locate Disaster Recovery Centers (DRC) in the affected counties and cities. USDA Rural Development coordinated efforts to locate places for DRCs and to assign USDA Rural Development employees to Disaster Recovery Centers. USDA MS Rural Development personnel were assigned to open, operate and even manage some recovery centers.

Until recently, we had a full-time presence in each of the state's 35 Disaster Recovery Centers. More than 120 of our employees from across the state volunteered to go and work at a DRC for an extended length of time. Most worked twelve hour days on a regular basis while at the DRCs. In addition, thirty-four USDA Rural Development employees from states other than Mississippi came to Mississippi for three weeks to help staff Disaster Recover Centers. We were at DRCs as early as September 6, 2005, and the last USDA Rural Development employees left DRCs on December 16, 2005.

This would be as good a time as any to point out the hard work and selflessness of our approximately 230 USDA Rural Development employees in Mississippi. During the stressful months following Hurricane Katrina, no USDA MS Rural Development employee passed up an opportunity to pitch in. No one complained of the extra work. Each of our employees embraced the mission and worked in earnest to help our fellow Mississippians. They deserve congratulations.

On September 12th, USDA Rural Development began placing hundreds of evacuee families in vacant units at our multi-family apartment complexes, as well as at those in other states. We started this by allowing affected parties to apply for placement at the locations of our area and county offices (and later at the 35 DRCs across the state),

as well as by setting up a mobile unit at the Mississippi Coliseum and Trade Mart buildings in Jackson, which had become the main shelters for Katrina evacuees from three states.

On very short notice, our staff not only conducted and maintained an up-to-date listing of all vacancies nationwide in USDA Rural Development's multi-family apartment complexes, but supervised and operated a statewide program to reserve these units for evacuee families. As a result, almost 800 families were housed in USDA Rural Development multi-family unit vacancies across Mississippi.

Each family was also given Rental Assistance for six months, which made their stay at the unit a rent-free one. Security deposits were waived and utility deposits were paid by the apartment complex's management.

One person who also deserves special thanks is Associate Administrator for Rural Housing Jack Gleason. Jack came to Mississippi, with prior multi-family housing experience, shortly after the hurricane to explore possible inter-agency cooperation avenues regarding housing for Katrina victims. A former state director of USDA Rural Development in the state of Washington, Jack stayed and helped with many of our ventures during the months he was here.

On September 8th and 14th, USDA Rural Development was given sets of population waivers, so hurricane-affected persons and families in other areas of Mississippi would have access to the same home loan programs that are serving Mississippi's rural borrowers so effectively. On September 15th, we did a press tour on this and made sure that all of the major radio stations, television stations, and newspapers in the affected areas received word of this event.

The home loan waivers have been well received. USDA Rural Development's direct and guaranteed home loan programs require no down payments. The interest rates and terms are competitive. For someone facing the daunting task of rebuilding from scratch, these loans could be just what they need to get started.

A recent tally showed that we have had almost 6,000 prequalified applicants for home loans from Katrina-affected areas in Mississippi. About one-third of these prequalifications are in the areas with populations under 20,000. However, about two-thirds are in areas with populations above 20,000, which are the more urban areas where we can now operate under the waivers. Of these, about 500 have made actual home loan applications and have been approved for funding. We continue to process applications to provide housing

Of course, we are limited as to the number of home loan applications that we can fund. We've spent almost \$3 million in home direct loans, over \$3 million in guaranteed home loans. Additionally, the hurricane relief bill passed by Congress last year includes \$175.5 million for USDA Rural Development's direct home loan program and \$1.3 billion for USDA Rural Development's guaranteed home loan program. In that same legislation, Congress also funded USDA Rural Development's home repair loan fund at \$34.2 million and the grant fund at \$20 million. I am here today to tell you that we in Mississippi will fund as many home loan or repair applications as there is money to fund.

In closing, let me note that in times like these, sometimes points of light break through the clouds of darkness. An example is our state's congressional delegation. It was good for Mississippi to have these members in their positions during this tough time.

I believe we in Mississippi were also very fortunate to have in place visionaries like U.S. Secretary of Agriculture Mike Johanns and Under Secretary for Rural Development Thomas Dorr, who saw in our time of crisis the value of "thinking outside of the box," while keeping within our legal parameters. Their openness to ideas allowed us to pursue various means of providing relief, such as waiving loan payments and filling multi-family housing unit vacancies with evacuees. In addition, Secretary Johanns and Under Secretary Dorr each separately toured the Katrina-affected area of Mississippi, with Secretary Johanns visiting a Disaster Recovery Center in Waveland and Under Secretary Dorr spending a solid day surveying the damage, meeting with local elected officials, and comforting those coping with losses due to Katrina.

Because of this, I can go to sleep in my hometown of Wiggins knowing that we at USDA Rural Development did our very best for Wiggins, the Mississippi Gulf Coast, and for the other areas hit by this hurricane. We know these people; they are our friends, and they deserve nothing less.

Thank you for the opportunity to present this information and for your support of USDA Rural Development programs. I look forward to working with you and welcome your guidance and assistance as we continue our work together.



**Written Testimony of  
Mayor Brent Warr, City of Gulfport, Mississippi**  
**Before the  
US House Subcommittee on Housing and Community Opportunity**

**January 14, 2006**

Mr. Chairman and Distinguished Members of Congress, thank you for the invitation to speak here today and for affording the City of Gulfport the opportunity to take part in the hearings to assess the housing options in the aftermath of Hurricane Katrina.

Before I begin with my assessment and suggestions for improvement, in all fairness, the unparalleled damage and destruction caused by Hurricane Katrina was so unimaginable, that no single agency or organization could have possibly been prepared for a storm of this magnitude. The City of Gulfport is extremely grateful and appreciative to everyone on the local, county, state and federal level who are assisting in the recovery process. In particular, I would like to thank President Bush for his compassionate leadership, Vice President Cheney, Secretary Chertoff, Governor and Mrs. Barbour, and our distinguished senators and congressmen from Mississippi for their tireless efforts.

We also owe a debt of gratitude to Colonel Joe Spraggins, Director of the Harrison County Civil Defense, and the Harrison County Board of Supervisors for their leadership. Additionally, I would like to extend a special thanks to the Gulfport City Council for their hard work and dedication to the citizens of Gulfport, as well as applaud the talents of our local law enforcement and municipal departments. Our recovery efforts are where they are today because of their unwavering determination to put our city back together.

*Assessment of Local, State and Federal Response*

I took office as the new Mayor of the City of Gulfport on July 5, 2005, and on that very same day, I signed my first State of Emergency due the threat of Tropical Storm Cindy. While Cindy had little impact on South Mississippi, a few days later, the Gulf Coast was threatened once again by a much more powerful Hurricane Dennis.

Assuming that a coastal city threatened by storms practically every year would have an emergency response plan in place, I quickly began to seek out and execute Gulfport's plan. However, much to my surprise, I learned that while each municipal department and public safety agency had its own individual plan, the city lacked a centralized emergency response plan for all to follow. Upon this realization, discussion began to take place about the emphatic need for a city emergency response plan, but too soon after, Hurricane Katrina developed in the Gulf, and once again, disaster was upon us.

The Harrison County Emergency Operations Center (EOC), under the leadership of Director Joseph Spraggins and the five county Board of Supervisors, functioned as the centralized command center for the county and its five municipalities. Liaisons from the various local, state, and federal agencies staffed the EOC around the clock beginning at noon, Saturday, August 27. All necessary meetings and advisories, such as evacuation orders, curfew orders, and shelter openings, were decided upon at the EOC during executive meetings with county and municipal law enforcement, county supervisors, and the five municipal mayors. Acting as united voice for all Harrison County residents, the EOC disseminated all official messages to the media and the public.

Post storm, the Harrison County Emergency Management Agency and the Mississippi Emergency Management Agency (MEMA) continued to execute their emergency plan. Numerous MEMA liaisons and FEMA's Urban Search and Rescue (USAR) team were on the ground within 24 hours. A steady caravan of first responders and crisis management teams from the state of Florida arrived daily, while additional support from the state of Virginia, California, Kansas and numerous other states continued to arrive throughout the following weeks/months.

While the outpour of assistance was much needed and appreciated, unfortunately, the city's ability to function was hindered by overlapping state and federal agencies working to fulfill their own missions tapped into some of the city's vital resources. A specific example of this occurred when the Mississippi Department of Transportation (MDOT) commandeered fuel that was on order for the Gulfport Police Department and redirected it to unknown destinations. Similarly, numerous personnel were extracted by the National Guard from beleaguered Gulfport Public Safety Departments and redirected to other cities.

On the federal side, a call from the White House's Department of Intergovernmental Affairs on Sunday, August 28, began a relationship that placed Gulfport in good stead. Continuous, direct communication with elected officials and their administrations in Washington was extremely helpful and greatly appreciated. It was also on this Sunday prior to Katrina that I learned FEMA representative Mike Beeman was on his way to Gulfport. Beeman, who was assigned to the Harrison County Emergency Operations Center, has been tremendous asset to our recovery, and he certainly assisted our community with a great deal of knowledge and compassion.

However, Beeman was assigned to the county, and he was one man dealing with an overwhelming volume of devastation. A FEMA representative should have been on hand for each municipality, and this officer should be vested with authority to make real time decisions and the ability to cut through red tape in acquiring vital needed assets. While FEMA guidelines suggest that each municipality should be assigned a Public Assistance Officer (PAO) within 24 hours after the storm, Gulfport did not receive its PAO for many, many weeks.

Recommendations

To remedy the previously mentioned lack of a city plan, please allow me to make a prudent recommendation for municipalities. All communities in the storm-prone areas need a play book-- a brief yet comprehensive guidelines which are specialized for catastrophes of various magnitudes. Let me suggest the following -

1. If the storm is coming from the southwest, evacuate to the northeast.
2. If you need space for 5,000 evacuees, open 5 shelters that hold at least 1,000 each
3. If the storm surge is likely to come in at 30 feet above sea level, all manhole covers under 35 feet elevations in the area should be tack welded down 2 days prior to the storm, control panels for the electric service for sewer and water lift and pump stations should be built and on stand-by. To the same end, power and pump stations should be shut off to these services just prior to arrival of the storm when possible so if they become submerged, the units themselves don't melt down.
4. Diesel and gas generators should be on stand-by staged in different areas of the city and county filled with fuel and with standby fuel ready to pump. We had to resort to siphoning fuel from wrecked vehicles in order to keep critical equipment running. *No American community should ever again be reduced to this.*

My last recommendation to this panel would be this - A team of those who lived through this experience should be assembled to sit down and develop a play book, a real plan of real time preparations and solutions that could be followed to save many days and hundreds of millions of local and federal dollars. This team should be challenged to develop the following:

- Development of an emergency plan for each city and any other populated area. Establish an organization of overall management and allocation of resources, (commodities, volunteers, donations) – Create an asset management team or “Asset Commander” to allocate and move resources quickly and efficiently.
- Secure pre-existing contracts for immediate needs (water, ice, generators, lighting, portable showers and bathrooms, etc) prior to the storm
- Maintain Trained Incident Command Teams on the County and Municipal level
- Take advantage of current technologies that can predict devastation levels – for example, the 3-Dimensional Visualization Center located at the Center for Higher Learning at Stennis Space Center
- Establish closer relationships to federal installations giving the installations (i.e. Naval Construction Battalion Center, Keesler Air Force Base) more flexibility to work closer with the city/county authorities. This would be a logical use of on-the-ground federal assets.
- Promote through funding Municipal Resource Reserves – have extra diesel on hand, gas reserves, transportation vehicles for both as well as generators

Short-Term Housing

Prior to landfall, Harrison County had 19 shelters in place for storm evacuees, three of which were within the Gulfport city limits. Pre-storm, these shelters housed approximately 6,000 evacuees, while post storm, shelters housed an average of 1,500 evacuees daily. As schools began to re-open (all schools in Gulfport were opened by October 1<sup>st</sup>), shelters that were located at area schools were moved to local community and recreation centers. Gulfport housed two of these shelters -- the Gulf Coast Skate Park and the Good Deeds Community Center. The Skate Park location closed in November, while Good Deeds closed just recently, housing storm victims until the end of December.

Temporary housing was an immediate concern for the City of Gulfport and all of the local municipalities from day one. Thousands of local residents were left without homes, while an overwhelming percent of homes were severely damaged. While no plan was in place for long-term sheltering or for temporary housing beyond the established pre-storm shelter housing, the city worked closely with county officials to begin identifying potential temporary housing sites.

Of the 13,000 county-wide requests for housing (to date), close to 11,000 of those requests have been fulfilled, and the trailers are in place on numerous pieces of private property, in commercial trailer parks, and in FEMA trailer sites throughout the county. The City of Gulfport currently has three FEMA sites for placement of travel trailers and motor homes. The sites are as follows:

Rippy Road:	41 Travel Trailers
Milner Stadium:	131 Travel Trailers
VA Property:	47 Travel Trailers, 64 Mobile Homes

The process, and the lengthy amount of time residents have had to wait to receive temporary housing, has been a difficult issue. Of those 13,000 county-wide requests for temporary housing, there are approximately 2,500 people in Harrison County still waiting on trailers. While some of the blame should be directed towards inadequacies and miscommunications within FEMA and their subcontractors, responsibility can also be placed on those residents who have failed to give FEMA adequate, updated information, or have waited until the last minute to file for assistance. However, the end result is the same, and as we stand 5 months after the storm, we continue to have families sleeping in tents on the ground, children sleeping in their family's car and thousands who still have no place to call home.

Some of the blame for the slow delivery of trailers can also be directed towards city and county officials who failed to have long-term shelter and trailer sites in place. Because of this oversight, there has been extreme difficulty finding large areas of land that has not been developed, or is in the process of development. Therefore, the county/city has been forced to seek out private property, and there has been a great deal of difficulty negotiating price at the GSA's suggested "pre-storm market value."

In actuality, real estate is much more expensive and valuable post-storm due to the emergent need for land and housing, and owners have not been so quick to sell or rent space at previously determined values.

Furthermore, trailer delivery has been delayed due to the fact that many residents have requested the placement of trailers on wetland property. To acquire a trailer for such property, a resident must obtain a 404 permit which allows for temporary usage of wetland property. And finally, the primary requirement to place a trailer on private property is that the property has water, sewer, and electricity. Due to the complete devastation of some residential areas, these three necessities have yet to be restored, and this has caused delay.

Today, there are currently three additional mobile home sites proposed in Harrison County to assist with short-term housing needs. These sites will add approximately 180 mobile homes in the City of Gulfport.

#### Long-Term Housing

The good news is, there is not a shortage of developers who are interested in helping us rebuild. The city has plans for a variety of mixed-use housing to accommodate every socio-economic class. Some of this housing includes condominiums, three of which have been approved for construction, apartments, single-family residential housing subdivisions, and extended-stay hotels.

Developers, as well as public and private organizations, have shown most prevalent interest in the development long-term, affordable housing. While this is very important, it is imperative that this is done right. What we are asking for, is specialized assistance in the development of a plan that will spread affordable housing evenly throughout our community and infield developments.

#### Economic Development

Gulfport is fortunate to have a diverse source of revenue. We are not dependent upon any single source of income for our recovery or economic prosperity. Gulfport has taken great strides in recent years to develop and improve its retail market, and thanks to the numerous developments that were built well inland, retail business was quick to be restored and sales have not suffered.

Gulfport also boasts one of the largest container ports in the Gulf of Mexico, and while the port has not been completely restored, it is functioning in a limited capacity, and plans are underway to make our port the biggest and the best in the Gulf. Furthermore, Gulfport is home to a number of industrial businesses, which will continue to feed our economy and assist with our economic recovery.

While the storm devastated homes, businesses, restaurants, and historical sites that have withstood the test of time, plans are underway to rebuild this great city bigger and better, all while preserving the city's charm and character. Spec plans and building codes for the beachfront, the downtown area, and the port are in the works and will soon be presented to the public.

Conclusion

When people ask who is to blame for the conditions after the storm, I sincerely answer...you can only blame Katrina. No one came to the Mississippi Gulf Coast intending to do a poor job. Were there things that could have been done better? -- Absolutely. Are there organizations that did less than their mission statements? -- Yes. Were there far more successes than failures? -- Yes. Ultimately, I believe that locals can and should be responsible for themselves. I ask this panel to engage locals in searching out the ways and means of promoting the local readiness and abilities, supported by streamlined Federal assistance, so that the tools are in the hands of those whose homes, families, properties and lives are involved.

Once again, I sincerely thank you for the honor of appearing before you today. The City of Gulfport thanks you for the important work you are doing and the improved safety and quality of life that it will ultimately bring. Thank you.

RoseMary Hayes Williams, Pastor  
DeLisle- Mount Zion United Methodist Church  
Testimony before the U.S. House of Representative  
Committee on Financial Services  
January 14, 2006

First let me express my gratitude to you for coming to Mississippi to be with us. Your presence is a blessing and representative of Christ's leadership style--leadership rooted in service to and sacrifice for others.

I am a native of Mississippi and have lived here all my life except the time I attended seminary at Candler in Atlanta. I am the pastor of the Mount Zion United Methodist Church in DeLisle, Mississippi. Katrina was good to the physical structure of Mount Zion. She still stands and we share her with three other congregations who were not so fortunate. One of those congregations belongs to my husband, Reverend Theodore Williams who is the pastor of St. Paul United Methodist of Pass Christian.

Katrina has been a blessing and a burden. She has blessed me with an opportunity to extend God's love, grace and generosity to a wider community--a community my husband and I have known well, we were both school teachers for more than three decades, and where I retired after 34 years of service to the schools of Mississippi and now we both pastor in the same community.

I toured Pass Christian in 1969 after Camille and the scene was completely different for me when I went to call on those homes after Katrina. Each lot where a home had been had a face and a name to me, families that I had taught their children or the homes of the children that I have taught. I could not have imagined this much devastation without an eye view.

The church has always been at the center of community assistance in this region. When people meet hard times, they often come to the church. We have assisted in paying light bills and rent as well as fed people for many years and it is our privilege and blessing to do so. But Katrina has provided a whole new level of demand on our limited human resources.

We have read in the papers about block grants and billions of dollars being generously allocated by the American tax payers and donors, but before Katrina and post Katrina, the money has not made its way to the people who need it.

Housing is our biggest priority! Our community cannot survive without housing. The jobs will come and have come back, but people must have a place to live. Many members of my community are on fixed incomes and had paid off their homes in full. Without any payment from the insurance companies and as of yet, no money from FEMA and no SBA loans, they are living day by day, often times in mold infested homes. Others still have debt on their homes.

We are grateful for the FEMA trailers that have arrived, but they are not a long- term solution and many are still living with relatives or friends. The uncertainty is starting to unhinge the strongest

The church where I pastor has 20 acres of land that we have spent the last four months trying to determine how we can work in concert with the community to develop for affordable housing. We have not been able to move forward as the local community is without public assistance funds to build infrastructure. This property is on high ground, but we have not been able to break ground.

This property can provide for a blended community without having to have their homes constructed on stilts.



We are also working with a private donor who has purchased a large piece of property across from our future housing development that will serve as a community center for educating young adults who have dropped out of school and or need employment training and it will be an after school facility for our school age children as well as a place for families to gather in the evening. It will be the only center of its kind in the area.

We have are working with a private donor to obtain grant money for this project, but it appears that the only assistance forthcoming is from private individuals that they have personally canvassed. Again, public assistance money for infrastructure costs would go a long way to making this community center a sign that things are getting better, even better than before Katrina. It is our goal to have the center open for 2006 summer camp for the children.

I need your help in obtaining the money that I am told is available for housing and community programs. We are handy. We are capable. We just need the resources, even the raw materials would work. We can do the rest, but so far we are only told to wait.

Your presence here today is a comfort and a sign of hope to the people of the Gulf Coast and especially me and the people I pastor.

Thank you and may God Bless you continually.



January 11, 2006

The Honorable Robert Ney  
Chairman  
Subcommittee on Housing and Community Opportunity  
Committee on Financial Services  
U. S. House of Representatives  
Washington, D.C. 20515

Dear Chairman Ney:

Bechtel is happy to provide the attached information as background for your upcoming hearing in Gulfport, Mississippi on FEMA's relief program for victims of Hurricane Katrina, and would appreciate your entering it as a part of the official record of this hearing.

Bechtel is proud to have helped house more than 80,000 victims displaced by the hurricane in Mississippi and to have set up 33 Disaster Recovery Centers across the state where 200,000 residents registered for assistance. FEMA officials have called our work "a remarkable success" and noted that our housing installations proceeded at a pace "faster than at any time in FEMA's history."

We are also proud to have enlisted so many local and small businesses in our efforts, including veteran-owned, women-owned, and small disadvantaged businesses. Their participation not only helped us succeed in our work on behalf of the victims, but returned more than \$137 million to the state's economy.

If you or your staff have questions, please don't hesitate to contact me.

Sincerely yours,

A handwritten signature in black ink that reads "Jack Covey". The signature is fluid and cursive, with the first name "Jack" being more prominent.

Jack Covey  
Senior Vice President, Corporate Affairs  
Bechtel Corporation

(Identical letter sent to Representative Maxine Waters)

Bechtel National Inc.

5275 Westview Drive  
Frederick, Maryland 21703-8306 USA

**BECHTEL'S EMERGENCY HOUSING EFFORTS  
IN THE WAKE OF HURRICANE KATRINA**

Following the devastation caused by Hurricane Katrina, Bechtel has worked under the direction of the Federal Emergency Management Agency to haul and install temporary housing for more than 80,000 residents in Mississippi made homeless by the largest natural disaster in U.S. history. This paper describes what Bechtel has accomplished on FEMA's behalf to mitigate the suffering of Mississippi victims and to help engage the state's workers and businesses in the relief effort.

**Bechtel Responded Immediately**

FEMA contacted Bechtel for assistance on August 29, the day Hurricane Katrina hit the Gulf Coast. Thanks to the company's previous experience with emergency services and complicated logistical operations, Bechtel was able to respond immediately.<sup>1</sup> Personnel began arriving in the Gulf Coast states on September 2 and Bechtel installed the first mobile housing units in Mississippi on September 8. We quickly established 33 FEMA Disaster Recovery Centers across Mississippi, where more than 200,000 disaster victims have received assistance.

Bechtel also began working with local officials to identify sites that could be used for group housing, and to ensure that temporary housing complied with codes for building and land use. To assist the local economy, Bechtel subcontracted extensively with small and local businesses, and participated in state-sponsored conferences throughout Mississippi to provide local firms with information about contracting opportunities.

**Bechtel's Work: "A Remarkable Success"**

Although the job of providing people with temporary housing is not yet done, FEMA officials have called Bechtel's rapid mobilization and work "a remarkable success."<sup>2</sup> Overcoming challenges of ruined infrastructure and a widely scattered local workforce, Bechtel averaged almost 370 trailer installations per day for the months of October and November, according to FEMA, a rate "faster than at any time in FEMA's history." In the first seven weeks after Katrina hit Mississippi, Bechtel installed 12.5 times more housing units than were put in place in Florida following Hurricane Charlie in 2004. By November 3, 2005, Bechtel had installed 15,000 housing units in Mississippi.

Bechtel has continued to install units at a remarkable rate.<sup>3</sup> As of January 8, 2006, Bechtel had installed and made more than 31,000 temporary housing units ready for occupancy, of which more than 29,000 were occupied and providing shelter to more than 80,000 people. FEMA has forecast a total need for 35,000 housing units.

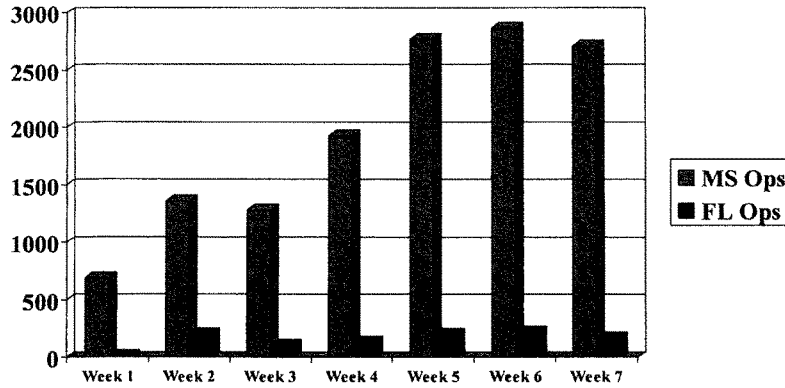
<sup>1</sup> Emergency response and disaster relief projects include rescue and cleanup work at New York's Ground Zero after 9/11; building camps for Kosovar refugees in Albania; rebuilding civilian infrastructure in Iraq, extinguishing oil fires in Kuwait after the Gulf War, and performing safety assessments after major earthquakes in the San Francisco Bay Area, Taiwan, and Turkey.

<sup>2</sup> See Q&A with MEMA Director Robert Latham and Deputy Federal Coordinating Officer James N. Russo, October 29, 2005; FEMA press release, "Historic Recovery Follows Historic Destruction," October 29, 2005.

<sup>3</sup> In December, Aneice Liddell, housing representative in Moss Point for the Jackson County unified command, said with regard to progress on moving families into trailers and mobile homes, "They are moving right along. Jackson County is looking pretty good." Quoted in Vivian Austin, "Trailers Begin to Add Up," *The Biloxi Sun Herald*, December 15, 2005.

**Comparison of Emergency Housing Units Occupied per Week  
Florida 2004 vs. Mississippi 2005**

FL began occupying travel trailers 8 days after Hurricane Charlie  
MS began occupying travel trailers 11 days after Hurricane Katrina  
Week # 1 on this graph depicts the first full week of those activities



**Total Week 7: FL: 1,249 (8% of total)  
MS: 15,686 (45% of goal)**

**Challenges Remain**

Despite the record rate of temporary housing installation, we have faced continuing challenges. In particular, the multi-jurisdictional process of identifying sites, obtaining county approval, completing environmental assessments, and receiving FEMA approval has slowed down the overall trailer installation process. Only a small percentage of the sites examined by FEMA have proved to be usable, and local and county officials do not always provide permits to place trailers on those sites deemed usable. Various officials and interested parties have assisted us in trying to identify additional sites, including Rep. Gene Taylor (D-MS), and we and FEMA certainly appreciate any help expediting the process.

Another challenge is reaching displaced people who still need housing. When applicants were congregated in shelters, it was easier to reach them to arrange delivery and installation of the trailers. Now they are more scattered, and dispatchers may need to make numerous calls before they reach an applicant. Even so, we are currently installing housing for nearly 600 people each day.

Maintenance is a third challenge to which Bechtel is devoting increased resources now that housing installation goals are close to being met. Bechtel has hired numerous local subcontractors and installed a call center and data management system to streamline the processing of maintenance requests. Crews are making significant progress in reducing the maintenance backlog, although more progress is needed. As of the 7 day period ending January 4, there was no

backlog of urgent maintenance needs and a 5 percent decline over the previous week in the average age of routine maintenance calls.

#### **Roles and Responsibilities**

Criticism of Bechtel's performance in Mississippi is sometimes grounded in a mistaken impression of Bechtel's important but limited responsibilities. Our role is specified in our contract and task orders from FEMA. FEMA works with the public to assess individual needs, determine eligibility, and establish priorities among those eligible. FEMA and local officials provide Bechtel with updated priority lists by county, and approve candidate housing site locations.

Private site assessment. Working from FEMA's list of individual housing needs, Bechtel assesses the proposed private sites for suitability and makes utility improvements necessary to connect trailers to power, water, and sanitation.

Group site assessment. Group sites vary from parking lots, parks, and campgrounds to newly-developed mobile home parks. Bechtel visits and assesses proposed sites and forwards information for promising sites to FEMA and the U.S. Army Corps of Engineers for environmental review to determine suitability. Approved sites are processed by FEMA to obtain leases from the landowners. Bechtel designs site systems including sewer, water distribution, drainage, erosion control, electricity, and pad and road details. After site plans are approved by FEMA and local building officials, Bechtel performs site improvements and utility construction.

Hauling and installing. Once utilities and other requirements are readied at private and group sites, Bechtel hauls, installs, and inspects each trailer using subcontractors and local craft labor. Bechtel also confirms that the installed trailers' systems function properly and meet building codes, and informs FEMA when units are ready for occupancy.

Occupancy. FEMA contacts eligible individuals to complete their occupancy agreements, orient them to their trailers, and hand over their keys.

Maintenance. Bechtel then arranges trailer maintenance services and provides a toll-free number for occupants to report maintenance problems.

#### **Payment Terms**

Contrary to a number of incorrect public assertions, Bechtel is neither paid by the month nor by the day. According to the terms of our letter agreement, FEMA reimburses Bechtel for its costs and pays a fixed fee for each task. It is in Bechtel's best interests, from both humanitarian and business perspectives, to be as expeditious as possible, and we strive every day to meet the goals set by FEMA.

#### **Bechtel's Efforts to Promote the Local Economy**

In addition to providing shelter and relief to Hurricane Katrina's victims, Bechtel also is focused on providing local employment. Bechtel's disaster relief effort has employed more than 2,600 people at its peak, most of whom are from Mississippi and other Gulf states. With help from local construction industry groups, we are identifying and using as many local suppliers and contractors as possible. Bechtel is also making every effort to use the services of women- and minority-owned firms.

- More than 47 percent of Bechtel's subcontracts have been awarded to companies in Mississippi, with a total contract value of \$138 million. (Bechtel has also awarded \$49 million in subcontracts to firms in neighboring Alabama.)

- Through January 10, more than 80 percent, or \$234 million, of Bechtel's expenditures went to small businesses. About 26 percent, or \$74 million, went to veteran-owned small businesses. Six percent, or \$17 million, of Bechtel's subcontracts went to small disadvantaged businesses. Five percent, or \$14 million, went to women-owned businesses.

Bechtel has encouraged local residents seeking employment with Bechtel to visit our web site at <http://www.bechtel.com/careers/> for non-manual positions, or to call our craft hotline at 1-800-644-7244. We have encouraged local contractors and suppliers to register at the Bechtel supplier and contractor site (<http://supplier.bechtel.com>) and enlisted local industry associations to help identify qualified Mississippi contractors.<sup>4</sup> To prepare them for future work, we have also mentored local businesses on proper procedures for doing business with the federal government.

Finally, in order to maximize the participation of historically disadvantaged contractors, Bechtel has taken part in 15 local or regional outreach events sponsored by the Mississippi Economic Council, Mississippi Development Authority, American Subcontractors Association (Jackson Chapter), American General Contractors, National Black Leadership Roundtable, Economic Development Council for New Orleans, NAACP, and Rep. Benny Thompson, D-Miss.

#### **Bechtel's Charitable Efforts**

Bechtel as a company is focused on helping the victims of Hurricane Katrina. Our employees have made more than \$1.3 million in contributions to the American Red Cross. Bechtel will also contribute profits from our initial relief work for the benefit of victims of this natural disaster.

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<sup>4</sup> Perry Nations, executive director of the Mississippi Associated General Contractors, based in Pascagoula, praised Bechtel for being "very cooperative" in trying to use Mississippi contractors. See Mary Powers, "Troubled Times, Mixed Messages," *Constructor Magazine*, November/December, 2005.