TESTIMONY OF

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BEFORE THE U.S. HOUSE COMMITTEE ON TRANSPORTATION AND INFRASTRUCTURE

SUBCOMMITTEE ON ECONOMIC DEVELOPMENT, PUBLIC BUILDINGS AND EMERGENCY MANAGEMENT

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Thank you for having me here today to speak to this very critical matter of transitioning those currently in temporary disaster housing in Louisiana. Our state faces a housing crisis unlike no other. You have heard the statistics many times over, but in Louisiana we have suffered four devastating hurricanes in the span of three years. In hurricanes Katrina and Rita, we were left with more than 200,000 housing units with major or severe damage; 82,000 of these were rental units. Orleans Parish alone accounted for 50 percent of the damage statewide and lost more than 51 percent of its rental units. This past fall the state experienced two devastating storms, Gustav and Ike. While not at the same scale of the 2005 events, these storms caused significant housing damage and economic interruption along the Gulf Coast. Additionally, these storms caused much greater damage statewide than in 2005. Another 9,400 homes received major damage and 800 families have been placed in FEMA-assisted housing.

Emergency Actions to Assist Disaster Victims

At the height of the post Katrina and Rita FEMA trailer program in Louisiana, we had more than 76,000 active trailer leases. Through homeowners rebuilding their houses using Road Home and other funds, the DHAP program, rental units being restored and other recovery efforts, this number has been whittled to fewer than 3,000 residents. Working together with FEMA, the state of Louisiana, led by the staff of the Louisiana Recovery Authority, is reaching out to these remaining trailer residents to ensure that they are not made homeless at the end of the month.

Already we have housed 25 residents who had to vacate their FEMA-subsidized hotel rooms at the beginning of May through our existing Rapid Rehousing Program funded with Community Development Block Grants. Additionally, our staff each day speaks to trailer residents to determine their needs and also meets with FEMA to review files and cases on an individual basis to find solutions that will prevent these citizens from becoming homeless. Our staff has been assured many times by FEMA staff in Louisiana that FEMA will work with trailer residents on a “case by case” basis to ensure that families are not adversely affected by this trailer deadline. Our staff has seen great commitment from the new acting head of the Transitional Recovery Office in Louisiana, Tony Russell, and we thank FEMA and the Department of Homeland Security for sending him to us. He understands why this housing issue is so critical and has tried to approach this transition with a compassion for disaster victims, and his hard work has not gone unnoticed in Louisiana.

Some of these residents can be assisted through other programs, some may be able to keep their trailers temporarily while they finish home repairs and others may benefit from a FEMA’s donations and sales program that would allow them to keep their temporary housing units. We estimate around 300 residents will buy their units from FEMA and as many as 600 units may be donated. Each of these units will be tested to ensure they meet the state’s “acceptable” formaldehyde level.

Beginning this month, the LRA has secured, through Louisiana’s Department of Social Services, up to $2 million in Social Services Block Grants to provide case management for this population, as we continue working to secure the FEMA Disaster Case Management Pilot program.

Additionally, we accessed FEMA funds last year for a "case management close out" program that aimed to assist those who were moving out of large FEMA group sites.

We do know that many of those who remain in trailers are homeowners who are having difficulty completing their home repairs. Data from early March showed that the majority of those in trailers who were Road Home applicants had received some level of funding from the program. However, in many cases, for many reasons, there are gaps in their financing that is preventing them from moving forward quickly.

To address this, we have two housing programs that we soon will send to HUD for approval. One creates a $5 million pilot program that will fund nonprofit groups that are providing rebuilding aid to homeowners to continue rebuilding homes. Another would reallocate some funds previously designated to create rental units in Plaquemines Parish directly to home rehabilitation. This $4 million CDBG program was created at the request of the parish and will help rehabilitate homes.

Additionally, there are a variety of CDBG and HOME funded rebuilding programs underway in Louisiana, particularly in New Orleans, and the state's $73 million Permanent Supportive Voucher program starts next month.

While we are working with trailer residents, we also must transition some 14,831 individuals who are receiving aid from the Disaster Housing Assistance Program that will end on August 31, 2009. Earlier this year HUD Secretary Shaun Donovan granted an extension of this program to give us six more months to transition these residents. We cannot thank him enough for this action, which has been critical to ensuring that we prevent mass homelessness in Louisiana. Additionally, HUD is allowing the state up to $8 million for case management for this population. Working with the Housing Authority of New Orleans, we have started outreach to these DHAP participants and, in only three weeks, more than 9,000 clients have signed up for case management through the program. Many of these DHAP participants actually may qualify for Housing Choice Vouchers, which would provide them long-term housing. So far, around 3450 residents have had their requests to be converted from DHAP vouchers to Housing Choice Vouchers processed.

We understand that there is language in the supplemental that would secure funds for additional vouchers for Louisiana and Mississippi. We support this effort and are grateful to you for your assistance in ensuring there is a safety net as both of our states continue to rebuild.

Permanent Housing Solutions

In addition to these stop gap measures to prevent homelessness, the state has been working to invest CDBG funds in permanent housing in the years since Katrina and Rita. The cornerstone of Louisiana's recovery program is the Road Home housing program, which is divided into two components – Homeowner aid and the Small Rental Property Program. Though the Road Home has faced many trials and initially struggled to award grants, we now have paid almost $8 billion to more than 124,000 Louisiana homeowners. Since the beginning of 2008 when Governor

Jindal took office, we have disbursed more than $2.2 billion to homeowners, re-launched the stalled elevation program and provided more than $822 million in elevation dollars to 28,400 applicants, started serving applicants who sold their homes prior to the program's launch, revamped the appeals process so that it is more customer friendly and closed more than 31,500 of the most difficult applicant cases. The majority of the applicants we've closed since January 2008 had complicated cases and had been pushed to the back of the line while the contractor picked easier to close cases. In 2008, we had more than 20 successful mobile outreach sessions where we took Road Home and state of Louisiana staff into the community to meet with applicants one-on-one to discuss their issues.

We anticipate that between 2,000 and 3,000 applicants could still close on their grants this year. Many of the remaining applicants have difficult title, power of attorney or other legal issues that stand between them and closing on their Road Home grants. The state has provided and will attempt to continue to provide legal services for lower income Road Home applicants. Additionally, we do not have current deadlines for applicants to close. That said, we anticipate that the majority of closings for compensation and elevation grants will be complete by the end of 2009.

While the Small Rental Property Program, the second aspect of the Road Home, has been slower going than we had hoped, we have made great strides in the past year. When we took this program over from the previous administration, it had created only five rental units. We have now created 1,439 rental units using these funds. Additionally, we soon will begin offering advance payments to landlords, which was not something done under the original program implementation. This will speed up production of units significantly, as many landlords have been left unable to get financing for their reconstruction efforts due to the economic downturn.

Additionally, we have made great strides in our Low Income Housing Tax Credit "Piggyback" program, which pairs CDBG funds with GO Zone tax credits to help build large rental developments. Six of these complexes opened in March 2009 and another 18 are under construction, including several HUD complexes that will replace the "Big Four" public housing projects in New Orleans. CDBG funding has been critical gap financing that has kept many of these developments afloat during this tough economic time.

In total, when looking at this Piggyback program and other tax credit initiatives by the Louisiana Housing Finance Agency, in Louisiana we have created 7,548 rental units statewide, including 2,364 in Orleans Parish. We have another 5,228 units under construction across the state and we expect almost all of these – 5,100 – to come online by the end of the year. When coupled with our investments in the Road Home Small Rental program, this will provide much more affordable housing for residents and help stabilize the very uncertain rental market in New Orleans and the surrounding areas. We are working every day to connect families with units as they come available.

In addition, the state now has construction of Katrina Cottages underway in three parts of the state – New Orleans, Lake Charles and Baton Rouge. This program is funded with $74.5 million

in funds from FEMA, which the state will use to create 500 cottages. It is designed to test different housing models to determine which could be used by FEMA in the event of a major disaster. Though we anticipate we will need a program extension from FEMA, we are confident that we will have these units completed by the end of the year and we are working with nonprofits in the state, including Habitat for Humanity, to help place residents in these cottages.

Conclusion

There are many factors that affect the length of time residents remain in temporary housing after a disaster. In Louisiana we saw much improvement in the speed of post-disaster housing after hurricanes Gustav and Ike, when compared with the 2005 storms. That said, we would encourage a few changes to ensure a quicker housing response:

- FEMA should refine its Disaster Housing Plan, which was hastily released in the final days of the Bush administration, to ensure that the federal government is providing the states with necessary capacity in the event of a disaster, rather than adding additional burdens on the states. This document should be a living, breathing plan that the agency updates based on new experiences, best practices and input from the states. States should be given a briefing on the plan and technical assistance in developing their own Joint Housing Taskforce to stand ready to respond in concert with federal partners in the event of a disaster;
- HUD should work to ensure that its post-disaster response addresses immediate needs and that it is repairing its own properties as quickly as possible to aid in housing lower income, disabled and elderly residents to minimize their displacement;
- Funds set aside for long term disaster recovery should be allocated and sent to the states more quickly. Two thirds of the CDBG funds reserved for states with 2008 disasters remain unallocated to the states almost five months into 2009. Housing is not something that can be rebuilt in a short time, meaning it is critical for states to gain access to the resources for housing recovery as soon as possible;
- HUD and FEMA disaster housing deadlines should be in sync with each other. A state's production pipeline for housing units should be a leading consideration when setting these deadlines.

Thank you for allowing me to outline some of the actions the state and its federal partners at HUD and FEMA are taking to prevent many disaster victims from becoming homeless in our state. I was standing with nonprofit housing advocates under the Claiborne Bridge in New Orleans last year when they announced they had closed down the infamous homeless tent camp that had festered there in post-Katrina New Orleans. We heralded this day as critical one in the fight to eradicate homelessness in Louisiana. No one should be forced to live in such unsanitary and unsafe conditions. I can assure you, the image of that tent camp is in my mind as we work through this complicated transition process. We know that failure in this transition could result in thousands of our citizens left without homes, and we are fighting each day to ensure that we prevent this outcome. Thank you.