

**WRITTEN STATEMENT OF
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U.S. DEPARTMENT OF HOUSING AND URBAN
DEVELOPMENT**



**HEARING ON
“Housing Options After the Hurricanes”
BEFORE THE
U.S. HOUSE OF REPRESENTATIVES
COMMITTEE ON FINANCIAL SERVICES
SUBCOMMITTEE ON HOUSING AND COMMUNITY
OPPORTUNITY
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Introduction:

Mr. Chairman, Ranking Member, and distinguished Members of the Committee; it is a privilege to appear before you today. Our purpose is to discuss what the Department has done in the effort to help people recover and rebuild and to discuss what we have done and what we are doing to provide housing for so many with unprecedented challenges before them.

I must take a moment, however, to thank the Chairman for his invitation to appear today. In discussions with him and his staff, it was agreed that we would honor the request to testify. However, there was a genuine misunderstanding circulating that somehow this Department refused to appear last Thursday and that there might be a need to coerce an appearance and testimony. That simply was not the case; we were trying to coordinate and finalize a date when we could testify. At no point did the Department refuse to appear.

On the Secretary's behalf, the Department regrets any miscommunication that occurred, and I assure everyone that it is this Department's practice, responsibility and priority to appear before this and other committees of the Congress when requested. It is my understanding that HUD has accepted all requests for testimony in the last 5 years.

Next, I want to be clear that, consistent with Acting Director Garratt's testimony, HUD has been working very closely with the Federal Emergency Management Agency (FEMA) to get housing assistance to those who have been displaced and uprooted by these hurricanes. This partnership, along with those with USDA, VA, HHS, and others, demonstrates a dedication to providing housing assistance. Some of the best examples of these partnerships are the Katrina Disaster Housing Assistance Program (KDHAP), programs that provide multiple types of temporary federal housing, the Joint Housing Solutions Center, and the numerous times we joined with other Departments to brief staff and Members of Congress in both the House and Senate.

The Katrina, Rita and Wilma disasters have thoroughly tested all of us, and the President has directed federal agencies to adapt to the extraordinary challenges presented by one of the most extensive disasters in this Nation's history. Within the limits of the law, we are working with FEMA and other agencies to get assistance of all kinds to those most in need.

Immediate Actions Taken by HUD:

I will now address the steps HUD took in the days before and the weeks immediately following Hurricane Katrina's devastation of the Gulf Coast.

Prior to Hurricane Katrina's landfall, Secretary Jackson directed the establishment of a working group to prepare for possible problems related to the hurricane. When the level

of destruction caused by Katrina was understood, Secretary Jackson directed the establishment of HUD's Hurricane Recovery and Response Center (HRRC).

This emergency management center served as a command post for HUD efforts and was staffed with housing professionals from every program office including Housing, Public and Indian Housing, Community Planning and Development, General Counsel, and Public Affairs. The HRRC reported directly to the Secretary and operated at HUD Headquarters. Shortly after being established, this management center directed the HUD field offices to conduct a nationwide survey of vacant rental housing units in HUD and FHA housing programs. This effort identified over 20,000 units of multifamily housing that were made available to displaced families through FEMA starting on September 5th.

In addition to the work being done in HUD offices across the country, during the first two weeks following Katrina almost 100 HUD volunteers were deployed to disaster recovery work in the Gulf Coast region. Some worked closely with FEMA and supported their response effort, while others worked independently as part of HUD to provide answers to longer-term temporary housing needs. These HUD specialists brought years of experience in reconstruction and community planning. Many had previously volunteered in other disaster relief efforts.

The HRRC was an effective communication tool during the emergency phase of the disaster, as all HUD program offices were together in one location. As we moved forward into the recovery and rebuilding stage, the Secretary and Deputy Secretary established, on December 5th, HUD's Assistance and Recovery Team (HART), which consists of senior HUD Officials who will serve as Senior Advisors to the Secretary and Deputy Secretary on matters related to the Department's hurricane response. This team is coordinating all HUD deployment with FEMA ensuring that program offices are fulfilling their mission as well as coordinating policy decisions.

HUD also joined with FEMA to establish the Joint Housing Solutions Center, located in Baton Rouge. The Joint Housing Solutions Center focused on combining federal resources with private sector, nonprofit and faith-based efforts. These resources were then provided to the local and state governments and the community stakeholders in their efforts to recover the homes damaged or destroyed by the Gulf Coast hurricanes. Responding to concerns about the living conditions in temporary travel trailer communities, the JHSC developed plans for Transitional Communities where the temporary trailer communities' design is consistent with a supportive neighborhood structure. The footprint of these communities and the utilities and streets developed can support permanent affordable housing when the temporary trailers are removed.

Governor Barbour in Mississippi endorsed the Transitional Community design, and all temporary trailer facilities in that state will utilize the Transitional Community concept. The JHSC continues to be a vehicle for bringing together a broad array of resources and focusing them on longer-term recovery planning.

HUD worked with organizations that set up “one-stop” centers in major shelters across the nation such as Reunion Arena and the DC Armory. These centers allowed HUD officials to meet with displaced individuals eligible for HUD assistance to determine how HUD could assist them in finding more appropriate temporary housing or permanent housing in the host city. In the first weeks after Katrina, HUD placed nearly 10,000 families in subsidized units working through these centers. HUD offices in at least 20 cities across the country continue to serve evacuees.

On September 12, 2005, an Interagency Agreement (IAA) was signed between HUD and FEMA. The IAA set forth the conditions and a protocol for the transfer of HUD Real Estate Owned (REO) properties held off the market and made available to FEMA for displaced families. This agreement identified and made available 5,600 single-family (HUD owned) homes within a 500-mile radius of the Gulf Coast, and hundreds of families have already made these homes their new temporary residences.

Also, Secretary Jackson reached out to the United States Conference of Mayors (USCM) and the National Association of Counties (NACo) to seek their support in coordinating the identification of housing opportunities for the hurricane victims. All organizations have responded by establishing links on their websites for mayors, communities, and individuals to register housing assistance assets. The response to this call to action has been tremendous from across the country – including Detroit, Philadelphia, Allegheny County (PA), and Miami-Dade County -- that each housed over 1,000 displaced individuals.

Our efforts to respond to hurricane disasters have been extensive, and I will turn now to specific actions HUD’s program offices have taken.

Actions by Program Offices:

Office of Community Planning and Development

HUD’s Office of Community Planning and Development has issued waivers of more than 40 requirements in an effort to increase the flexibility of our existing grant programs to be used within their current resources for disaster relief. A few examples are:

CPD reached out directly to Governor Blanco of Louisiana, Governor Barbour of Mississippi, and Governor Riley of Alabama to provide them support and flexibility to use their programs effectively and efficiently to meet the needs of communities destroyed by the hurricane. In response to a request from Governor Blanco, we have issued a series of waivers in the HOME program that include self-certification of income, elimination of the match requirement, and greater flexibility in the use of HOME and American Dream Downpayment Initiative funds to help low-income Louisianans receive tenant-based rental assistance, and rehabilitate and buy homes. These waivers also offer the same flexibility to Governor Barbour, and Governor Riley. Beyond these efforts with the HOME program, we have issued a series of waivers for the Community Development

Block Grant Program, the Emergency Shelter Grants program, and the Housing Opportunity for Persons with AIDS (HOPWA).

Office of Housing

In the Office of Housing, FHA initially urged approved lenders to provide forbearance to FHA borrowers displaced by the storm and unable to make regular monthly payments. HUD took the lead in providing the first 90-day foreclosure relief for FHA borrowers in Presidentially Declared Major Disaster Areas impacted by Hurricanes Katrina, Rita and Wilma. On November 22, 2005, Secretary Jackson and I extended foreclosure moratoriums, in those counties declared eligible for individual assistance as a result of Hurricanes Katrina and Rita, an additional 90 days to February 28, 2006. The extended foreclosure relief will provide mortgagees additional time in which to confirm the mortgagor's intention and ability to repair the home, resume regular mortgage payments and retain homeownership.

Earlier this month, the Department announced an additional homeownership retention initiative to help homeowners with FHA-insured mortgages who live or work in Presidentially declared Major Disaster Areas approved for individual assistance as a result of Hurricanes Katrina, Rita or Wilma and who are unable to maintain mortgage payment obligations due to hurricane related property damage, curtailment of income or increased living expenses. Under the initiative, FHA will advance mortgage payments for up to twelve months for eligible borrowers who are committed to continued occupancy of their homes as a principal residence and are expected to have the financial capacity to repair storm damage and resume making full mortgage payments within a twelve-month period. This unprecedented mortgage relief is expected to help up to 20,000 families seriously impacted by the hurricanes to retain homeownership while they concentrate on repairing their homes and finding jobs.

In September, the President proposed the creation of a new Homesteading program to assist families displaced by Hurricane Katrina in the states of Alabama, Louisiana and Mississippi to return to their states and have an opportunity to own a home. Recently introduced in both the House and Senate, this legislation would allow low-income families who were displaced from their residences in the designated disaster areas to return to their States, areas, or communities, by providing homeownership opportunities. The program would assist in the rebuilding of neighborhoods that were damaged by Hurricane Katrina through strategies that promote homeownership opportunities. The President's proposal would also maximize the use of existing Federal resources to assist State and local governments in providing homesteading and other homeownership opportunities in the designated disaster areas.

In addition Secretary Jackson personally encouraged lenders to undertake actions such as mortgage modification, refinancing, and waiver of late charges for those in the Katrina disaster area and to refrain from reporting derogatory credit information to credit bureaus.

Office of Public and Indian Housing

The Office of Public and Indian Housing has issued guidance to the Nation's more than 3,000 Public Housing Authorities (PHAs) on how to assist displaced public housing residents. HUD's Guidance and Q and As for PHAs and public housing residents are posted on HUD's website. This document, titled "Guidance for Public Housing Agencies in Assisting Families Displaced by Hurricane Katrina," has also been distributed to all PHAs, HUD Field Office Directors and to HUD's Field Policy and Management staff (Regional Directors, Field Office Directors, etc).

HUD's Katrina Disaster Assistance Program is providing housing vouchers for: (a) evacuee households that were previously receiving public housing assistance, and (b) evacuees who were homeless prior to the hurricane. Details include:

- Individuals and households must register with FEMA and be determined ineligible for FEMA assistance. FEMA will transfer appropriate registrant qualification data and authorized Stafford Act funds to HUD for this program.
- Displaced families, including former HUD assisted evacuees, who do not qualify for other assistance – such as FEMA IHP grants or homeowners insurance – can qualify for HUD's Katrina Disaster Housing Assistance Program
- Housing assistance will be administered through the established network of local public housing authorities across the country.
- Eligible individuals and households may contact local housing authorities nationwide to participate in this program. Participants will receive housing vouchers that can be redeemed for both public and private housing units in any community at the discretion of the participant.
- Vouchers will be calculated at 100 percent of the fair market rent in any community that an evacuee selects.
- Eligible evacuees may receive rental assistance payments for up to eighteen months.
- The effective date for the program is Monday, September 26, 2005.

In September, HUD presented a satellite broadcast for the public and assisted housing industry, interest groups, and field offices on HUD's Hurricane Katrina disaster response, including remarks by Secretary Alphonso Jackson and me. The broadcast outlined the various actions HUD has taken at both the headquarters and field office level since the beginning of the disaster. The key component of the broadcast was the unveiling of the Katrina Disaster Housing Assistance Program (KDHAP), as part of the broader HUD-FEMA transitional housing initiative. KDHAP eligibility, PHA responsibilities, and payments were explained. HUD has also posted detailed guidance to PHAs on this program on its website.

On October 5th, HUD released interim operating procedures for KDHAP to provide up to 18 months of temporary rental housing to tens of thousands of families displaced by Hurricane Katrina. HUD and the network of public housing authorities jointly administer KDHAP. Nearly 15,000 families are currently receiving rental assistance through KDHAP. In taking on district functions from FEMA for meeting housing need, HUD has recognized that restoration and recovery do not mean that person previously living

without homes - especially those who also meet the definition of chronically homeless - should be returned to homelessness. HUD has an opportunity here to identify its actions to meet both the goal of responding to Katrina and also meet goals related to homelessness.

HUD has now verified which vacant public housing units are in livable condition and available for housing evacuees. Field office staff contacted every public housing agency in the Nation to identify: the number of public housing units currently available, those that could be made ready for occupancy in five to seven days, and available vouchers. HUD has identified over 39,000 vacant public housing units and available vouchers nationwide.

All physical inspections of both public housing and multifamily properties in the impacted counties in Mississippi, Louisiana, Alabama, and Florida have been postponed.

HUD's Office of Native American Programs (ONAP) has consulted with all Native American Tribes that were affected by Hurricane Katrina. The Chitimacha Tribe of Charenton, LA and the Tunica-Biloxi Tribe of Marksville, LA are now housing displaced tribal families evacuated from New Orleans and destroyed areas of Mississippi. The Chickasaw Nation Housing Division, located in Ada, OK, is housing displaced families in various sections of their service area, most of whom are not tribal members. An on-site inspection of the damage to tribal areas in Louisiana was conducted on September 19, 2005. The on-site inspection conducted in the MOWA Band of Choctaw area was completed on September 14, 2005.

Indian Community Development Block Grant (ICDBG) Imminent Threat (IT) funds in the amount of \$2.4 million are currently available for distribution to tribes affected by Hurricane Katrina. Requests are currently being processed for each tribe in need of assistance in the amount of \$425,000 per tribe. These funds become available on a first-come, first-serve basis as soon as the request is received and approved by HUD.

ONAP is also in the process of publishing Q and As on Native American programs for Tribes and Tribally Designated Housing Entities. This will be made available on the HUD website in the first week of October.

Section 8 administrative fees set aside for emergencies (\$1.3 million) can be used for any administrative cost related to the Section 8 Program, including services to dislocated residents, staffing, the purchase of equipment and office furnishings and/or overtime for staff. These funds may not be used for vouchers and are available after an assessment of the requesting Housing Authority's needs and requirements.

The Public Housing Capital Fund has a Reserve for Emergencies and Natural Disasters in the amount of \$29.7 million for FY 2005. These funds can only be used to repair and replace existing public housing that was directly impacted by Hurricane Katrina. PHAs must submit applications to HUD for these funds.

The Housing Authority of New Orleans (HANO) received a \$21,804,000 grant from the Capital Fund Reserve for Emergencies and Natural Disasters, which was approved on September 28, 2005. This request was for a preliminary grant until a full assessment of the damage and cost to repair and/or replace its public housing inventory is completed.

These funds will be primarily used to:

- Make minimal repairs to 4 properties to make them habitable.
- Secure uninhabitable properties.
- Pay relocation costs for displaced families.

PIH awarded a contract for general disaster assistance within three days of the hurricane.

The contract covers:

- Assessment of damage.
- General assistance to HUD staff, PHAs, and residents.
- Assistance in facilitating communication and transportation among HUD and PHA staff and other service providers.
- Assistance in identifying and coordinating temporary shelter for flood victims.
- Assistance in coordinating social services and other special needs activities for elderly, disabled and others.
- Assistance in facilitating space to coordinate HUD response activities.
- Other emergency activities as identified by site visits.

PIH set up two hotlines within days of Hurricane Katrina:

- The first hotline is for PHAs to verify the status of persons claiming to be displaced public housing residents or voucher holders.
- The second hotline is for public housing residents or voucher holders that need assistance and information on available public housing.

HUD assisted the Housing Authority of New Orleans (HANO), which has been under HUD receivership for several years, in quickly setting up headquarters operations in Houston, and a satellite office in Dallas. HUD worked closely with the Houston Housing Authority, which provided extensive facilities and assistance to HANO. HANO was able to set up a booth in the Astrodome to process HANO residents and voucher holders within the first week.

HUD is currently assisting HANO with finding temporary and permanent housing for HANO residents and voucher recipients. As of October 5, 2005, 2,238 HANO families had been confirmed as either public housing or housing choice voucher participants. Out of that number of HANO-verified families, 1,017 have acquired permanent housing in the Dallas/Ft Worth (879) area and Houston (138).

The HANO Receiver reports that HANO currently has 23 staff working from the Fisher Community Center in the Algiers section of New Orleans on damage assessments of public housing. The goal is to have 100 HANO staff working there by the end of October.

Notice of a blanket waiver process has been posted on HUD clips and was published in the Federal Register on October 3, 2005. The PIH waivers will facilitate the administration of properties in the Hurricane Katrina declared disaster areas and relieve (PHAs) affected by the hurricane or assisting in hurricane relief of numerous administrative requirements. In all, 23 items can be suspended or requested for expedited waiver. Waivers include such items as: the granting of time extensions for submitting verification information, the use of previous year Public Housing Assessment System scores for certain PHAs, the deferral of Section Eight Management Assessment Program requirements for one year and the lifting of cost limitations for public housing until new total development costs are published. An expedited electronic submission system has been set up to receive notifications and requests.

Center for Faith-based and Community Initiatives

The Center for Faith-based and Community Initiatives has been an active participant with the rest of the Department in responding to the hurricanes. The Center participated in the Department's post-Katrina Hurricane Meetings and continues its contribution as a member of the HART team, noted above. It published on the web and in hardcopy the Disaster Recovery Toolkit, mentioned previously. It has expanded its affordable housing pilot project to include Houston and Tampa. The Center holds weekly teleconference calls with HUD's ten regional faith-based and community liaisons, to better coordinate the Center's national resources and disseminate relevant information from the daily HART calls. The calls serve as a forum in which to exchange information about successful local public-private partnerships to assist evacuees, and to help the liaisons prepare their local faith-based and community organizations for assisting those evacuees who will have to leave their current locations for more permanent housing once FEMA subsidization of hotel lodging comes to an end.

The Center has also contacted nearly 20,000 faith-based and community organizations to recruit their engagement in the Department's KDHAP enrollment efforts. The Center's Region IV Regional Faith-based and Community Liaison has been detailed to the Joint Housing Solution Center in Baton Rouge, in order to engage faith-based and community organizations in constructing or rehabilitating 60,000 units of housing. That regional liaison also spearheaded an innovative, comprehensive approach to securing housing, furnishing, employment and transportation for evacuees establishing new domiciles, in conjunction with the National Association of Real Estate Brokers, its Women's Council, and other faith-based and community organizations. The Center is studying ways of replicating this model wherever groups of temporarily housed evacuees may relocate.

Conclusion:

These are among HUD's initial responses to the housing needs created by the hurricanes. In the Administration's supplemental funding request additional funds would be provided for longer-term housing needs and community reconstruction. These include \$1.5 billion for CDBG, \$200 million for the Homestead Initiative, \$70 million for the HOME

account, and \$50 million for SHOP. The Administration's request includes funding for the KDHAP program to continue that transitional housing support through May of next year.

Finally, I want to say a word about the 85 HUD employees previously located in our New Orleans Field Office. I am both relieved and pleased to say that we have been in close contact with all of them over these last three months. I am proud to report that by the end of January, at least 34 New Orleans Field Office staff will have returned to work in the New Orleans office. Their courage and tenacity are inspirational. But I have to say that the dedication and commitment of the entire HUD family to assist those in need has been equally inspirational.

We are prepared to respond to your questions.