

HOUSE SUBCOMMITTEE ON HOUSING & COMMUNITY OPPORTUNITY

TESTIMONY SUBMITTED BY:
DERRICK JOHNSON, STATE PRESIDENT
MISSISSIPPI STATE CONFERENCE NAACP

MAY 8, 2008

To Chairwoman Maxine Waters, Ranking Member Capito and members of the committee, good morning and thank you for the opportunity for us to participate in today's hearing. My name is Derrick Johnson and I am the State President of Mississippi NAACP.

Founded in 1909, the National Association for the Advancement of Colored People (NAACP) is the nation's oldest and largest civil rights organization. The Mississippi State Conference of the NAACP has been active in providing civil rights advocacy for over 63 years with a mission to ensure the political, educational, social, and economic equality of rights of all persons and to eliminate racial hatred and discrimination.

After surveying the Mississippi Gulf Coast and rural communities affected by Hurricane Katrina immediately after the storm, we identified a pattern where African-American and low-income communities were not receiving aid from FEMA, the American Red Cross, and other relief agencies. As a result, Mississippi NAACP began actively monitoring State and Federal recovery programs and advocating to ensure that the recovery process is equal for all communities affected by the Hurricane. All communities affected by the storm have a right to a full recovery. But in reality, discriminatory and inequitable governmental policies are impeding full recovery for many Katrina survivors.

Mississippi has received \$5.481 billion in Federal CDBG funds for disaster recovery. Congress required Mississippi to spend at least 50% of the CDBG funds

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received on persons of low and moderate income. However, Mississippi requested \$4 billion in waivers from this requirement. We are the only state in the country to have requested and received such extraordinary waivers. It is beyond outrageous that the federal government allowed the poorest state in the country to abdicate its responsibility to assist the citizens most affected by Hurricane Katrina.

These waivers have had a very real impact on Mississippi's poor communities. For example, to date, the Governor's office has not implemented a single plan to assist home renters. Today, almost 10,000 families representing 27,000 Mississippians are still living in FEMA housing of which 56% of them were renters before the storm. Unfortunately, for many of these families, there are no affordable rental units currently available.

Two and a half years after the storm, affordable rental units that were damaged or destroyed have not been rebuilt and the rent cost for rental units that were not damaged have double or tripled, putting them out of reach for the poorest households. For example, the fair market value of rent increased for an apartment on the Mississippi Gulf Coast from \$592 before Hurricane Katrina to \$811 after the storm. In comparison, Mississippi has paid out over \$1.2 billion to homeowners, but has not opened a single CDBG-financed rental unit.

Several factors contributed to Mississippi's failure to address affordable housing needs. First, the amount of CDBG funds provided was greater than Mississippi's total state budget. These funds are completely administered by the executive branch with no provision under state or federal law for state legislative input or oversight. Without

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meaningful checks and balances, contracts were awarded to private companies to administer CDBG funds including questions about lucrative contracts awarded to sitting state legislatures¹.

Accountability includes assuring that decisions are made fairly about who receives CDBG funds on a level playing field. Many of the waivers requested and received were for private industries or economic development. For example, Mississippi Development Authority (MDA) who is charged with the responsibility of overseeing CDBG funds requested and received a waiver to transfer \$600 million to the State Port of Gulfport. This waiver is highly questionable—particularly because MDA itself has an ownership and operational role with the State Port at Gulfport. MDA also requested and received a waiver to award a private south Mississippi utility company in the amount \$300 million.

What is most troubling about MDA's decisions to request waivers for the Port of Gulfport and the Power Company is the fact that all three entities (MDA, State Port of Gulfport, and the Power Company) are all represented by the same law firm. Even if the members of that firm act in full compliance with legal ethical standards, without any legislative oversight, input or the necessary checks and balance in place the needs of low and moderate families was never fully considered

¹ The Mississippi Press "Ethics complaint filed against lawmakers" Thursday, October 05, 2006
By NATALIE CHANDLER
<http://www.gulflive.com/news/mississippipress/index.ssf?/base/news/1160043321204390.xml>

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Second, the general public is left in the dark regarding the state's recovery process. In the first legislative session following the landfall of Hurricane Katrina, the legislature passed a bill to require the public reporting of key information regarding the implementation the CDBG funds received. In response, the Governor vetoed the bill stating that "MDA will exceed [the] level of disclosure by publishing on the internet the average grant award by income range and geographic area". However, the Governor has failed to release any significant disclosures regarding how funds are spent. As a result, the public has been denied access to accurate and timely information on how the federal funds are being spent to benefit low- and moderate-income families.

In closing, in response to the questioned raised in the invitation for this hearing, the State's affordable housing need have not been a priority as evidenced by the fact the there have not been any funds available to assist renters or to repair and rebuilt rental units to pre-Katrina levels. Mississippi is at a greater disadvantage than many other state because we have not enacted a State Fair Housing Act. This reality makes it difficult to comprehensively evaluate the needs of low- and moderate-income communities of color, the barriers to housing and how to overcome them. One of the first steps should be updating the jurisdiction's Analysis of Impediments to Fair Housing Choice. Mississippi updated its AI last year, but HUD has rejected it and its current status is unclear.

Recommendations:

1. Federal CDBG allocations should require (state??) legislative input and oversight to ensure proper checks and balance. All State should be required to track

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expenditures of CDBG by zip code and data collected should be made public so
the success of CDBG funding can be measured in timely manner.