

Opening Statement of the
Honorable Maxine Waters, D-35th CA
Chairwoman, Subcommittee on Housing and Community
Opportunity

*Hearing on “Emergency CDBG Funds in the Gulf Coast: Uses,
Challenges, and Lessons for the Future”*

Thursday, May 8, 2008

2128 Rayburn House Office Building

10 a.m.

Good morning ladies and gentlemen. As a national advocate for the Gulf Coast, I was quick to push for emergency appropriations to help the states affected by Hurricanes Katrina, Rita, and Wilma recover from the devastation caused by those storms.

The 2005 hurricanes were the deadliest and most expensive storms on record. Over 1 million housing units were damaged along the Gulf Coast as a result of the hurricanes in 2005, with half of the damaged units located in Louisiana, which bore the brunt of

Hurricane Katrina. Total catastrophic losses from Hurricane Katrina are estimated at \$40.6 billion, with uninsured losses much higher.

Altogether, the Federal government has provided \$123 billion for hurricane relief. However, \$19.7 billion of this amount was provided through the Community Development Block Grant (CDBG) program.

Congress has historically appropriated supplemental CDBG funds to respond to natural disasters such as hurricanes, earthquakes, and tornadoes. In addition, CDBG funds supported recovery efforts in New York City following the terrorist attacks of September 11, 2001; in Oklahoma City following the bombing of the Alfred Murrah Building in 1995; and in the city and county of Los Angeles following the riots of 1992.

However, the severity of the damage inflicted by the 2005 hurricanes and the slow responses of some of the states to get these

funds out of the door has put the program into question. I have several concerns about how these CDBG programs have been administered and implemented.

First, I am concerned about how states in the Gulf Coast have used CDBG funds to replace or repair damaged rental housing. Many of the programs implemented to date heavily focus on assistance to homeowners. While I agree that homeowners who have felt the impact of these storms should receive compensation, I do not agree that these funds should be used to help homeowners at the expense of renters. Furthermore, in areas where states have tried to rebuild rental housing, I am alarmed by the reaction of some communities to having this much needed housing resource in their communities. I am eager to hear from our witnesses about the extent to which the “Not-in-My-Backyard” effect is hampering their ability to provide affordable rental housing with CDBG funds.

Second, adherence to fair housing laws and the requirement that states affirmatively further fair housing is of vital importance. We will hear a lot about CDBG waivers today and there may be some discussion about what Congress' intent was in allowing HUD to grant waivers of some CDBG program requirements. However, there can be no doubt that Congress never intended for HUD to waive fair housing laws. Although no state has requested such a waiver and HUD is prohibited from issuing such a waiver, I remain concerned about how some of the programs being implemented are affirmatively furthering fair housing. Given the focus of these programs on owner-occupied housing and the fact that most rental housing is occupied by people of color, I have questions about whether or not these programs do enough to affirmatively further fair housing.

Third, I am concerned about complaints that states have been slow in getting the money out and in constructing or repairing housing. I am interested to know what is causing these delays—

such as the environmental review process or NIMBYism—and what we can do to make sure that almost 3 years after Katrina we giving the states the tools they need to make sure that they are getting funds out the door quickly and efficiently.

Fourth, as I mentioned earlier, I am concerned about HUD's process for providing waivers, including waivers of the requirement that at least 50 percent of grant funds benefit low- and moderate-income households. So far HUD has granted 4 such waivers. Although, I must commend the Department for repeatedly denying Mississippi's request to receive a "blanket" waiver of the "low-mod" requirement in its entirety, I am concerned that as a result of these waivers that some of the state CDBG programs are not as targeted to low-income families as they should be. After all, the CDBG program, is at its root, a program designed to help alleviate poverty.

Finally, I am concerned about the diversion of CDBG housing funds for other purposes. The state of Mississippi has made headlines for its plans to divert \$600 million from its Phase I homeowner Grant Assistance program to the restoration and expansion of the Port of Gulfport. Frankly, I am not convinced that the state has met all of its unmet housing needs. I am very interested in hearing from our witnesses from Mississippi on this issue. On another note, I am also interested in hearing the views of these witnesses on the difficulty Mississippi homeowners who received Phase I assistance are encountering in obtaining flood insurance.

I'm looking forward to hearing from our two panels of witnesses on the uses and challenges of CDBG funds in the Gulf Coast. I would now like to recognize our Subcommittee's Ranking Member to make an opening statement.