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Emergency CDBG Funds in the Gulf Coast: Uses, Misuses and Lessons for the Future
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Introduction

Honorable Chairwoman Waters, Ranking member Capito, and members of the Housing Subcommittee, thank you for the opportunity to speak before you today regarding CDBG funding, affordable housing and fair housing in Florida and the Gulf Coast. My name is Leslie Powell, a Senior Attorney with Legal Services of North Florida. I practice in our Pensacola office, which, as you may know, received a direct hit in both 2004 and 2005 from Hurricanes Ivan and Dennis respectively. I previously practiced with Legal Services of Greater Miami in both Miami and Key West. I received by BA in Political Science from North Carolina State University and my Juris Doctor in 1995 from the University of North Carolina – Chapel Hill.

Florida's Use of Emergency CDBG Funds

Having seen the effect of hurricanes in both 2004 and 2005, I am in a unique position to assess the effectiveness of the provision and use of emergency CDBG funds. In short answer to the questions posed to me, the hurricanes stymied the growth of affordable housing in Florida. The emergency CDBG funds have been essential to statewide efforts toward promoting affordable housing back to the level prior to 2004. In coming years,

dedicating funding to strengthen existing housing stock would proactively limit future damage and the high costs that follow a hurricane.

Florida lost an enormous amount of affordable housing stock as a result of the 2004 storms. Not only was rental housing available only at a premium, but the loss of single-family homes served as a contributing factor to the increase in housing prices. Coupled with rising insurance rates and property taxes, homeownership is both hard to hold on to and more difficult to attain. As a result of the lack of rental housing, low income families could not find adequate housing and were forced to live in substandard conditions for extended periods of time. ¹

Following the 2004 hurricanes, the Governor convened a Hurricane Housing Work Group to develop a housing response to devastation. What was unique about this workgroup is it was extremely broad-based including not only legislators, business and government representatives, but also community advocates, legal services advocates and housing specialists. This group evaluated where housing had been lost, the types of families who were most affected and the full range of housing solutions that were available. There was a commitment to combine the federal funds with State housing funds in a comprehensive and focused approach to the housing loss.

The information they gathered demonstrated the size of the loss. More than 700,000 homes were damaged in 2004 in Florida because of the hurricanes. But more importantly

it demonstrated who was most affected by that loss. Based on FEMA statistics, about 400,000 of those affected earned annual incomes of less than \$30,000. Of those deemed by FEMA to have inadequate insurance – thus making them eligible for FEMA structural assistance – 53 percent had annual incomes of \$20,000 or less, and 74 percent had incomes of no more than \$30,000.

The poverty of those who lost their homes had a real impact on the Working Group. The members understood that the state housing response would have to have a major focus in assisting the poorest and most vulnerable. The impact of this real data, filtered through a statewide lens, was a solid list of well-founded recommendations. These recommendations prioritized the need to address affordable housing head on, using funds from all the various sources including the emergency CDBG funds. Recommendations focused on help for the extremely low income, lost rental housing, farmworker housing, and housing for elders, homeless and persons with disabilities. Accordingly, implementing agencies like the Department of Community Affairs have been able to fashion their programs to direct that the emergency CDBG funds, more likely than not, went toward affordable housing. Indeed, the housing program changes that resulted from that data have influenced state housing programs to this day.

Lessons Learned

Providing for flexibility in the uses of the CDBG funds benefited everyone, including the low income community. In 2004 Florida requested and received a waiver to allow fifty

¹ As a result, Escambia County, in particular, lost a significant amount of necessary Section 8 voucher funding. Continued funding has been based on the number of vouchers used in 2004, 2005, 2006, when the

percent of the CDBG funds to be used for infrastructure. While allowing a larger percentage of the CDBG funds to be used toward infrastructure may seem counterintuitive to the goal of affordable housing, it is difficult to restore a vital housing market without the necessary infrastructure. However, Florida did not need to request a waiver in future years and even in 2004 reducing the amount of CDBG funds available for housing to lower than 50 percent would have been harmful to the objectives of the CDBG.

This group also recommended that efforts be made to support local planning and development offices in order to speed recovery efforts. Low staff in permitting and inspection functions slowed recovery efforts as did lack of sufficient contractors. This was particularly true after the 2005 storms hit in the more westerly Gulf Coast states.

One recurring theme in the recommendations was the need to prepare for future disasters, included training government workers on both the state and local level to improve the ability to assess these needs more quickly; training non-profit, volunteer and faith-based organizations to improve the community response; and creating a clearinghouse of information for consumers on financial assistance, financial literacy and other public and community supports.

In 2005, the state knew what information it needed for a complete needs assessment. The DCA applied this data to the workgroup's recommendations from earlier in the year, again using a combination of CDBG funds and other sources to address the loss of

rental stock was particularly limited and, therefore, unavailable to low income families.

affordable housing directly. Rather than requesting a waiver, the state enforced the requirement that 70 percent of the CDBG be allocated to the restoration of affordable housing. In fact, the DCA allowed its action plan to be fluid, amending it in 2006 to include a focus on maintaining Florida's existing housing stock. Mitigation funds have been aimed at PHAs to help prevent the extreme loss of affordable housing stock we've seen in the past few years.

While efforts should be made to speed up the recovery process, those efforts will combat market forces. It is important that funders take a long term view in assessing recovery particularly with respect to housing. In speaking with government entities since the storms, they often received no bids in response for proposals, or limited bids at higher cost. Today, the market seems to have corrected for this, however, in the months following a storm, the law of supply and demand seems to minimize the ability to utilize funds for needed housing recovery.

As to fair housing issues, proposals addressing how to use these funds to affirmative further fair housing objectives seem absent in these recommendations. While the state comprehensive plan includes a very detailed set of recommendations to further fair housing goals, the simple need to restore and repair housing seems to have overshadowed the discussion of fair housing principles. That is not to say that it was ignored, but this opportunity to raise fair housing ideals may have been missed.

As a recipient of funding under HUD’s Fair Housing Initiatives Program beginning in 2006, we observed that those forced into substandard housing tended to be persons with disabilities, families with children, persons of color, and individuals and families of “minority” ethnic backgrounds.

As a result of the collaborative efforts of the workgroup and the wisdom of the state to implement its recommendations, Florida was better prepared for the 2005 hurricane season and continues to work toward preparedness for future storms. The state has implemented a mitigation program to use public funds to reinforce structures. Locally, we have collaborated with community development entities to assist low-income households with title clearing issues.² Local entities formed to focus on disaster-preparedness and education efforts operate year long. Continued disaster related CDBG funds could be used to support these efforts.

Ultimately, however, more funds are needed, both in the wake of a disaster and ongoing, to develop more affordable housing, to maintain and strengthen that housing, and to maintain and strengthen the infrastructure of the communities that rely on that housing. We will not be able to stop another hurricane, but we can take affirmative steps to avoid the extensive damage to affordable housing suffered in 2004 and 2005. We can’t afford to allow the storms to set back affordable housing initiatives again.

² Lack of clear title made some “homeowners” ineligible for FEMA assistance, and also prevents them from accessing rehabilitation funds or insuring their own properties. Reliance on government assistance could be reduced if private insurance were obtainable for these families. Homes could be made stronger if they were able to access the mitigation assistance.