

**Testimony of Laura Tuggle  
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On Behalf Of  
The National Low Income Housing Coalition  
Presented To Joint Hearing Of  
Committee on Financial Services Subcommittee on Housing and Community  
Opportunity  
And  
Committee on Homeland Security Subcommittee on Emergency  
Communications, Preparedness, and Response  
United States House of Representatives**

**JUNE 4, 2008**

**INTRODUCTION**

Good Morning. Chairwoman Waters, Chairman Cuellar, Chairman Thompson, Chairman Frank, and members of both Subcommittees, thank you for the opportunity to testify today about the ongoing affordable housing needs due to the immense damage caused by Hurricanes Katrina and Rita. I also want to take this chance to personally thank each member of the committee for their past and ongoing support for the people of the Gulf Coast and their affordable housing needs. I especially want to thank Chairwoman Waters and Congressman Frank for their leadership and vigilance in continuing to shine a light on the needs of our state even though it has almost been 3 years since the storms of 2005. Knowing there is still interest and concern about the overwhelming needs of Katrina and Rita victims helps keep those of us in the trenches positively focused on our long-term recovery prospects even when in the short term, prospects for affordable housing often seem bleak.

My name is Laura Tuggle, and I have worked for about the past 15 years as an attorney with New Orleans Legal Assistance which is an office of Southeast Louisiana Legal Services. We provide free legal assistance in civil cases to low income families on a variety of legal issues including housing. I had only worked in the Housing Law Unit as a staff attorney until 2005. After Katrina hit, I got a "field promotion" to managing attorney since I was the only housing lawyer left. After Katrina, I was displaced from New Orleans for about 6 months but was able to work on behalf of my clients and Katrina victims out of our sister office in Shreveport, Louisiana within 3 working days of Katrina's impact. Even now at least 75% of the work I do is still disaster related. I expect that to continue for at least another 5-10 years. We now have 5 full time housing attorneys doing housing policy work and individual client representation on FEMA cases, DHAP, landlord-tenant disputes, subsidized housing issues, evictions, Road Home issues, tax sales, blighted property issues, foreclosures, fair housing, and various other housing cases. I am honored to be here with you today to share my concerns about continuing housing needs in the Gulf.

I know that many Americans have begun to lose interest in the plight still facing my community. One can't help but notice when reading news articles about Katrina and its victims and the blogs below them, that lots of people can't understand why New Orleans is not further along in its recovery. Why can't those Katrina people pay their own rent? Why can't they get it together? I'm tired of hearing about this! Believe me, my folks are just as tired of living it every day as some people are of hearing about them live it every day. Unless you understand the lingering impact of Katrina and know about the deep poverty and lack of affordable housing existing in our area long before the Hurricane, it is hard to get your mind around it. To that end, my testimony today provides a brief review of affordable housing needs predisaster, a review of where we are now, and some of the challenges facing our affordable housing recovery.

## **SNAPSHOT OF PREKATRINA AFFORDABLE HOUSING NEED AND STOCK**

### **I. AFFORDABLE HOUSING NEED**

Prior to the 2005 Hurricanes that damaged 82,000 units of rental stock, there was a huge gap between existing affordable housing and the need for such housing. In Orleans Parish alone, 28% of the population was living below the federal poverty line. Data from the 2000 HUD CHAS (Comprehensive Affordable Housing Strategy) pegged the need for affordable housing at 124,777 households of which 91,097 had incomes at or below 50% of area median income and 33,680 having incomes between 50 to 80% of area median income. There were 6,572 families on the waiting list for public housing units operated by the Housing Authority of New Orleans (HANO). HANO's public housing waiting list had been closed since 2002 except for special admission to elderly only units at the Guste High Rise complex. Of the 6,572 families on the public housing waiting list, almost 90% of the families (5,859) were extremely low incomes falling at or below 30% of area median income and . There was an greater demand for vouchers as shown by the huge number of families seeking admission to the voucher program. HANO's voucher waiting list stood at 10,873 families of which 76% were extremely low-income families with incomes at or below 30% of area median income. That waiting list had been closed since July 7, 2001 and had shrunk from a high of almost 20,000 families on the waiting list when it originally opened for a 2-week period. Because of the thousands of families already on waiting lists, it had been impossible for several years prior to the 2005 Hurricanes, for a needy family to even apply for any type of subsidized housing through HANO. Except for limited openings at some elderly complexes in the HUD assisted housing stock, most waiting lists were closed in the HUD Multifamily inventory pre-Katrina as well. The homeless population for the greater New Orleans area was estimated at approximately 6,000 persons by Unity for the Homeless.

### **II. AFFORDABLE HOUSING STOCK**

#### **Public Housing**

HANO had about 7,200 units of public housing in 10 sites of which 5,146 were occupied at the time of Katrina. Almost 2,000 public housing units were vacant due to preKatrina of which 1,001 were slated for demolition predisaster and the rest were not available presumably because of being “offline” and unfit for occupancy. This dwindling supply of deeply affordable housing for years prior to Katrina was a result of already planned redevelopment largely under HOPE VI initiatives and demolition by neglect. This led to a tremendous gap between affordable housing supply and the demand for that stock. HANO had been under a HUD Administrative Receivership since 2002 with a 1 person HUD appointed Board. A huge reason for the placement of HANO into HUD Receivership was due to the agency’s poor performance in maintaining and administering its public housing stock. Interestingly, federal law under the HUD Receivership statute *requires* that if a public housing authority cannot be returned to local control and remains “troubled” after being under an administrative receivership for 2 years after such designation, that HUD **shall** file a petition in federal court for a judicial receivership. Such action has never been taken either preKatrina or post- Katrina by HUD even though HANO is still classified as a troubled agency more than 2 years after being placed under administrative receivership.

### **Housing Choice Voucher Programs**

HANO was authorized for about 9,400 vouchers preKatrina and had 8,981 vouchers under active leases at the time of Katrina. The Jefferson Parish Housing Voucher Program had about 2,700 vouchers in use preKatrina. The average voucher PHA subsidy cost in Orleans Parish in Fiscal Year 2005 was about \$565 while in Jefferson Parish the average voucher PHA subsidy cost was about \$416. In its voucher program, HANO was actually a high performer with a 95% utilization rate up from a low of 61% a few years before Katrina.

### **HUD Assisted Housing Stock**

Prior to the disaster, HUD had 407 properties in its Multifamily/Assisted stock had a total of 35,943 units in the Katrina impact areas. In the Rita impact area in Louisiana, HUD’s Multifamily/Assisted stock had 16 properties with 1,800 units. Within the HUD assisted stock, there were 302 properties in the Katrina impact areas with project based Section 8 contracts for a total of 19,656 deeply affordable units with Section 8 subsidy. In the Rita impact area in Louisiana, there were 11 properties with project based Section 8 subsidy and a total of 915 deeply affordable units.

### **KATRINA/RITA DAMAGE AND IMPACT ON RENTAL MARKET**

Approximately 122,000 homeowners suffered major to severe damage from Katrina/Rita of which about 38,000 were owned by low to moderate incomes homeowners. About 82,000 rental properties suffered major to severe damage of which about 52,000 were rental units affordable to low income households. 89% of the major to severe damage from the Hurricanes of 2005 occurred in the greater New Orleans metro area. The deeply affordable housing stock was particularly hard hit. HANO had only

about 500 occupied units as of December 2005 as compared to 5,146 occupied units preKatrina with only 3 of its 10 sites open. HANO had less than 500 units of voucher housing that was occupied near December of 2005 as compared to almost 9,000 preKatrina with many families unable to afford to return to units that may have been livable and a decimation of the voucher stock. The HUD Multifamily/Assisted stock likewise suffered heavy losses with 9,312 units classified as having severe damage at 74 properties from Hurricane Katrina and 1,276 having severe damage at 9 properties as a result of Hurricane Rita. Of the HUD Multifamily/Assisted stock, there were 58 properties with 5,538 units of project based Section 8 assistance having modest to severe damage from Katrina and another 11 properties with 915 units of project-based Section 8 assistance having modest to severe damage as a result of Hurricane Rita.

Rents soared after the Hurricanes of 2005 in the disaster area with undamaged units making the greater New Orleans metro area a "high rent" jurisdiction immediately after the disasters. Rents increased by as much as 45% shortly after the Hurricane and have now leveled off near a 30% increase. Significant rent decreases are not expected in the near future due to thousands of affordable housing units being in the pipeline and increases in operating costs for rental units because of higher insurance, utilities, taxes, and labor costs. Rents will remain out of reach for families without subsidies and for families who are on temporary disaster rental assistance program set to expire soon. Working families and elderly/disabled families on fixed incomes will be unable to bridge the affordability gap. For example, preKatrina, the HUD 2 bedroom fair market rent in the metro area was \$696. Now HUD's Fiscal Year 2008 2 bedroom Fair Market rents is \$990 for the metro area. HANO has found it necessary to set its payment standard for the voucher program at 110% of current Fair Market rents so the 2 bedroom payment standard is \$1,089. The average voucher cost for a voucher under the Disaster Voucher Program(DVP) administered by HANO is currently about \$1128 while the average voucher cost for a DVP administered by the Jefferson Parish Housing Program is currently less at about \$735. Homelessness soared from about 6,000 persons preKatrina to an estimated 12,000 now according to Unity for the Homeless.

## **CURRENT STATUS AND PLANNED AFFORDABLE HOUSING PROGRAMS**

### **Public Housing**

HANO estimated in January of 2008 that it had about 1,800 units occupied with approximately another 940 in varying stages of repair and 162 units "key ready" for occupancy. It plans to have 3,000 units ready for occupancy by December of 2008. By the end of the recovery period, HANO plans to have a total of 3,300 public housing units in New Orleans for a loss of thousands of deeply affordable units at the "Big 4" sites including St. Bernard, Lafitte, C.J. Peete, and B.W. Cooper that were previously rented primarily to families with extremely low incomes. HANO also plans to redevelop about 1,800 units of affordable rentals mostly with Gulf Opportunity Zone (GO Zone low income housing tax credits) and some project based vouchers. In a reply to a data request dated April 11, 2008 to Senator Mary Landrieu's office, HANO indicated that other than

elderly units at Guste and Fischer which are age restricted, HANO only had about 30 units in its entire inventory that were accessible to families or non elderly disabled households. A survey of public housing residents with findings released in February of 2008 show that less than 1/3 of the residents surveyed wanted to return to public housing. Yet what is most troubling is that of the 5,146 residents that were supposed to be surveyed, the research team reported that approximately 75% of the resident data files contained either incorrect contact or useless contact information. Only about 50% of residents were actually surveyed once additional data was obtained for a survey sample of only 2,553 families out of the 5,146. The relatively small number of former residents who expressed an interest in returning does not equate to not needing as many public housing units replaced as possible given the unknown wishes of about 50% of the preKatrina public housing population, having over 6,000 families on a closed public housing waiting list, and thousands of new families now in dire need of affordable housing post-Katrina.

### Voucher Programs

HUD initially introduced the Katrina Disaster Housing Program (KDHAP) on September 23, 2005 which was later replaced by the Disaster Voucher Program(DVP) to respond to the needs of formerly HUD subsidized families and predisaster homeless families displaced by Katrina or Rita. Eligible families included predisaster public housing families, predisaster voucher families, predisaster HUD multifamily/assisted stock residents, and preKatrina homeless including families in HUD homeless programs. At one time, the DVP program had about 30,000 families but it currently has 2,945 participants nationwide who are largely concentrated in Louisiana and Texas. The national average DVP subsidy cost is about \$802 per month. DVP was set to expire June 30, 2008 but was recently extended until at least September 30, 2008. HUD and PHA's are in the process of notifying families of the extension. Of the 2,945 DVP families the breakdown is as follows:

<b>PRIOR ASSISTANCE TYPE</b>	<b>ACTIVE LEASES (NATIONALLY)</b>	<b>ACTIVE LEASES (NEW ORLEANS)</b>
HOMELESS	270	196
MULTIFAMILY	1,147	472
MOD REHAB/OTHER	26	15 (est)
PUBLIC HOUSING	1,502	312
TOTAL DVP	2,945	995

HANO currently has about 6,600 vouchers under lease with about 995 being on the Disaster Voucher Program and 5,520 being Housing Choice or Tenant Protection vouchers and about 85 outgoing portability. The average Disaster Voucher Program

subsidy cost for HANO is about \$1,128 per month. Interestingly, the average DVP subsidy cost for the Jefferson Parish Housing Program is only \$735 per month in our neighboring parish. There are only about 30 families on the DVP program in Jefferson Parish while HANO still has about 995 families on DVP. Possible reasons for this disparity could be that Jefferson Parish had only about 12% of the damage to its housing stock from Katrina as opposed to New Orleans having about 69% of its housing stock damaged. Jefferson Parish has been able to “get back to business” sooner. Other reasons could also include participants paying a higher tenant share of rent, aggressive usage of rent reasonableness, a higher share of completion of tenant recertifications to compute tenant rent shares, HANO having more families with larger bedroom sizes and thus higher rents, and administrative issues including 3 moves of its voucher office since Hurricane Katrina.

### **HUD MULTIFAMILY/ASSISTED STOCK**

The current status of the HUD multifamily/assisted stock is very uncertain to put it mildly. Insufficient progress in reopening this inventory appears to have been made since HUD’s May 23, 2006 damage assessment report. Hundreds of units in the New Orleans remain shuttered with no signs of redevelopment even at complexes that have been awarded GO Zone tax credits. Many complexes cite "financing problems" as the reason there is no sign of any redevelopment activity at the complex almost 3 years after the Hurricanes. The HUD Office of Multifamily Housing advised New Orleans Legal Assistance in a letter dated July 16, 2007 that there were still 5,861 units not operational in the HUD assisted inventory at that time. This number exceeds the amount of total preKatrina amount of occupied public housing units preKatrina and outstrips by far the amount of public housing units in the area that are still not open.

Yet there has been very little attention on this desperately needed stock which could remain affordable to families with extremely low incomes. A list of “open” HUD Multifamily/Assisted stock for Louisiana obtained in May of 2008 shows there are about 30 properties still not open with a total of about 3,700 units offline. It is unclear from the list what amount of units are still not operational at some open sites just in Louisiana. The number of total offline units still seems to be in the 4,000 to 5,000 range. Project based Section 8 contracts at many of the HUD assisted sites for thousands of units remain suspended and inactive. Every week, NOLAC gets several calls from elderly and/or disabled former HUD assisted stock residents whose former complexes are still closed who have been forced out of FEMA trailers who are now homeless. We also get calls from elderly and disabled families who missed the 9-1-07 DVP lease up deadline and who are either homeless or in danger of homelessness while struggling to pay private market rents on fixed incomes post-Katrina. No housing assistance is available to these families at this time despite the fact that they were former HUD assisted tenants. Just over the past few weeks, NOLAC has been contacted by a 50 year old, blind and disabled now homeless HUD assisted tenant who had been living off and on with relatives, a 78 year old former HUD assisted tenant who had a DVP voucher but could not find a unit to lease by the deadline, and a mobility impaired resident who had been waiting for FEMA to bring him an accessible trailer that never arrived who is now homeless. None of their

former sites are currently open with uncertain redevelopment plans.

While investigating the status of a preKatrina HUD assisted property called Forest Park in June of 2007, NOLAC discovered that a HUD mortgage had been prepaid thereby triggering the right of former residents to tenant protection vouchers. After bringing the Forest Park situation to the attention of HUD's Office of Multifamily Housing, HUD did further investigation of mortgage prepayments and determined that 6 properties with about 1,000 units total triggered the approval of tenant protection vouchers for preKatrina residents of those sites. In a letter to NOLAC dated September 13, 2007, HUD advised NOLAC that tenant protection vouchers had been approved for all 6 sites and it committed to working with NOLAC, the property owners, and former residents to notify former residents of their rights to tenant protection vouchers. To date, **none of the former residents have been notified of their right to tenant protection vouchers.** In follow up meetings, HUD anticipated notifying residents about the vouchers by January of 2008. HUD was strongly urged to notify families as soon as possible since the more time that passes will only increase the difficulty in locating families who may be on temporary disaster programs that are ending soon. Some preKatrina residents are not on any housing assistance programs at the present time and it is now too late to enroll for DVP since the cutoff date for enrollment was 9-1-2007. Also any families who may want to return to the New Orleans area will very likely need financial assistance to fund a move back to the area and the FEMA Relocation assistance was originally set to end Feb. 29, 2008 but has now been extended to August 31, 2008. One of the properties called Forest Park which had been closed since October of 2005 recently reopened. PreKatrina families are in jeopardy of losing their right to return as units are rented. In a letter dated March 31, 2008, HUD advised NOLAC it now anticipated notifying families by the end of May 2008 about their right to a tenant protection voucher but to date, the notification letters have still have not been sent. Of the 17 clients that NOLAC has who formerly lived at Forest Park preKatrina, 5 were living in FEMA trailers/on FEMA rental assistance, 7 had DVP assistance, and 5 had no housing assistance at all but desperately needed it. Out of this small sample of 17 families, 12 had temporary housing assistance (70%) and 5 had no rental assistance.

This leaves us with the question of where are the preKatrina/Rita residents who used to live in the HUD Multifamily/Assisted stock? With as many as between 4,000 to 5,000 units still not open in Orleans and St. Bernard Parish, you would expect to see much higher levels of these families enrolled in DVP. Yet as of May 13, 2008, there were only 1,147 of these households on DVP. More are likely in FEMA temporary disaster rental programs. Some could have found other affordable housing opportunities. Yet what we fear and expect is that thousands have been "lost". If the statistics for HUD assisted stock are similar to our Forest Park example, then only about 70% of preKatrina HUD assisted families from closed sites may be on other rental programs. Depending upon whether there are 4,000 to 5,000 units still offline, there could be as many as 1,200 to 1,500 or 30% of preKatrina/Rita HUD assisted families without any housing assistance at all. Senate Bill no. 2975 introduced about a month ago by Sen. Landrieu, Cochran, and Wicker seeks to address many of the concerns raised in this section.

## **FEMA HOUSING ASSISTANCE TRANSITION AND DISASTER HOUSING ASSISTANCE PROGRAM (DHAP)**

Thousands of displaced Katrina/Rita victims have relied upon either rental assistance from FEMA or FEMA trailers for to help meet their housing needs since the Hurricanes of 2005. At its height, 723,786 households received disaster assistance under FEMA's 408 rental assistance program. Several lawsuits including McWaters, Ridgley, and the Brou case have been filed against FEMA alleging failures to comply with their duties to provide temporary housing assistance and accessible trailers. The McWaters lawsuit alleged that thousands of families were improperly denied continued FEMA rental assistance. When FEMA reassessed about 5,000 cases by court order, it found that 25% were erroneously denied continued rental assistance. In a recent survey of homeless persons living under the bridge in New Orleans, 30% say they had FEMA rental assistance at one time but were cutoff.<sup>23</sup> The recertification process for continued assistance was burdensome, had to redone every 3 months, there was inconsistency in reviewing requests for additional assistance, and inadequate direction provided to applicants. In fairness to FEMA, never before had there been a natural disaster as catastrophic as Katrina then followed by Rita requiring housing assistance be provided to so many families for such a long period of time. FEMA was ill equipped to deal with providing long term housing assistance. FEMA also provided direct housing assistance in the form of trailers to over 140,000 families at the program's height. As of May 31, 2008, FEMA claims to have closed all 6 of the remaining group trailer sites except for about 40 families left at Renaissance Village near Baton Rouge, La which once housed about 800 families. It is unclear as to how many preKatrina renters are still living in trailers on private sites and how many homeowners are still living in FEMA trailers or what FEMA's plans for providing continued housing assistance to those families. Given the toxic levels of formaldehyde present in FEMA trailers and the approach of Hurricane season again in the Gulf, it is imperative to determine permanent housing plans for these groups of trailer occupants.

The FEMA rental assistance program and those families leaving FEMA group trailer sites are now being transitioned to a new program administered under an Interagency agreement with FEMA and HUD called the Disaster Housing Assistance Program(DHAP). Families have been "exported" by FEMA to HUD in phases. Phase I families were sent to HUD in the fall of 2007 with the initial group containing 30,220 families. Phase I families are required to pay \$50 per month beginning March 1, 2008 towards their rent with incremental increases of an additional \$50 per month until the program ends. DHAP is currently set to end by March 1, 2009 with PHASE I families paying at least \$600 by that time. In some cases, the participant will pay more than the incremental rent increase if there is a difference between the rent for the unit leased by the family and the administering local agency's payment standard. Hardship waivers can be requested by families unable to pay the incremental rent increases. Families must agree to participate in case management to try to help them become self sufficient by the time the program ends next year. 10,626 Phase II families were exported to HUD by FEMA near March 28, 2008, and approximately 32,000 additional families under Phase III are expected to be exported to HUD by at least May 31, 2008 for a total of about



72,000 families. Inexplicably, Phase II and III families are generally not required to pay any share of rent under the program. The Harris County Housing Authority from Houston, Texas is currently administering DHAP for Orleans and St. Bernard Parish families for HANO. DHAP New Orleans received about 5,022 Phase I families, about 4,000 Phase II families, and anticipates receiving up to 4,000 new families in Phase III for a total of up to 13,022. The transition to this new program from FEMA rental assistance and trailers has not been as seamless as planned particularly in the New Orleans area with many landlords and tenants frustrated by new program rules, inspection requirements to ensure minimal housing quality standards, misplaced paperwork, and late rent payments. To be fair, transitioning over 10,000 near the same time is a huge undertaking bound to encounter significant challenges. To help deal with some of the inevitable transition issues, HUD, HANO, and Harris County have been extremely receptive to input from local housing advocates for program improvement. NOLAC is grateful for having the continued opportunity to provide free legal assistance to DHAP participants on site at the New Orleans DHAP office 4 days per week. NOLAC would like to thank Milan Ozidnec and David Vargas of HUD's Office of Public and Indian Housing, Karen Cato-Turner and Dwanye Muhammad of HANO, and Guy Rankin with the Harris County Harris Authority for allowing and seeking NOLAC's input and participation regarding DHAP and other housing issues.

What will become of DHAP participants in the New Orleans area once the program ends? The President's 2009 Budget request contained \$39 million for funding permanent housing assistance for elderly and/or disabled DHAP households. It is critical to these families who cannot begin to afford post-Katrina rents on fixed income to have ongoing rental assistance to maintain housing affordability. But what of the thousands of hard working families currently on DHAP who cannot become self-sufficient when DHAP ends due to high rents? The road to self-sufficiency is literally under construction in many GO Zone or Road Home Rental Programs that might offer a permanent affordable housing option for families. With a place in service date for GO Zone deals of December 31, 2010 there is a major disconnect with the March 1, 2009 expiration of DHAP. Additionally, many DHAP families are homeowners still waiting on their Road Home homeowner grants to even begin or complete work on their homes. Close to 50,000 families are still waiting for closings with the Road Home as of the May 29, 2008 Legislative Report. There is a huge looming homeless crisis for working families in the metro area confronting us if DHAP ends March 1, 2009 as shown below:

<b>Phase 1 DHAP Family</b>	<b>3 Bedroom Rent</b>	<b>Incremental Rent at DHAP End</b>	<b>Difference</b>	<b>30% of Income</b>	<b>Affordability in 3 Bedroom Unit</b>
(PAM B.)	\$1398	\$600	\$798	\$700	\$698

**GULF OPPORTUNITY (GO) ZONE LOW INCOME HOUSING TAX CREDITS  
AND PER CAPITA TAX CREDITS**

The 2006 through 2008 GO Zone and Per Capita low income housing tax credits hope to create about 10,645 units in the New Orleans metro area and another 1,340 units in the Lake Charles area impacted by Hurricane Rita. Out of the 17,348 units expected to be created, only 2,557 or about 15% have either been built or are undergoing construction. The difficulty in construction is largely due to the current credit crisis in the financial market and higher development costs due to insurance costs. According to LHFA's Metro Housing Needs Assessment dated February 15, 2008, 9,910 units had still not closed on their development financing. At the April 2008 Board meeting of the Louisiana Housing Finance Agency (LHFA), the Board approved a resolution that allowed GO Zone credit developers to submit a reprocessing application for an extension to close on financing by June 30, 2008 and/or to request additional resources. If approved for either an extension or additional resources, developers must close by August 30, 2008 or face recapture of GO Zone credits. If developers of GO Zone credit projects did not reply by April 30, 2008, their credits would be recaptured. With a current place in service date of December 31, 2010, it will likely be very challenging for any new projects seeking funding with recaptured GO Zone credits to comply with the 2010 place in service date. NOLAC recently requested a copy from LHFA of all developers and projects that requested an extension and/or additional resources and a list of any projects with recaptured tax credits. To date that request has not yet been complied with but we expect it to be provided shortly. Rents under the tax credit program are unfortunately not affordable to families with incomes below 50% of AMI and are totally out of reach for families with incomes at or below 30% of AMI. For example, the current 2008 tax rent in Orleans Parish for a 3 bedroom unit exclusive of any utility allowance is \$933 according to the rent and income calculator on the NOVOGRADAC website.

## **LOUISIANA ROAD HOME RENTAL PROGRAMS**

### **Piggyback Program**

The State of Louisiana through the Road Home Rental Program allocated \$667 million for the Piggyback Program to support deeper levels of affordability for income levels ranging from as low as 20% to 40% of area median income (AMI). The Piggyback Program will be paired with GO Zone low income housing tax credits. As of 2-27-2008, 5,852 units were expected to be developed with Piggyback funds but as of 12-31-2007, only 2,232 of those units had closed and secured financing with about \$420 million awarded. The remaining balance of those funds and the possibility of creating additional more deeply affordable units is in jeopardy due to the credit crisis leaving many GO Zone deals with the inability to close and higher insurance and operational costs threatening the viability of previously awarded tax credits. At a recent Louisiana Housing Finance Agency (LHFA) Board meeting, developers and advocates were advised that unallocated piggyback funds may need to be targeted to already planned but struggling GO Zone tax credit deals which could significantly reduce the capacity of the Piggyback Program to fund any new additional deeply affordable units.

### **Small Rental Repair Program**

The Road Home Rental Program allocated \$869 million hoping to develop between 12,000 to 18,000 units under the Small Rental Repair Program. As of February 1, 2008, awards under Round 1 and 2 are projected to help restore almost 11,000 units at affordability levels for families with incomes at either 50%, 65%, or 80% of area median income. Approximately \$594 million have been conditionally awarded with the balance of the funds potentially at risk of being paired with struggling GO Zone tax credit deals with financing problems. There are numerous reasons that some of the projected almost 11,000 affordable units may not receive binding commitments including inability of the owner to get financing, self-elected withdrawal from the program, and inability of the property owner to complete rehabilitation of units. To date, and to my knowledge, none or very few units have actually become available for occupancy under the Small Rental Repair Program. Typical rents under the Small Rental Repair Program will be unaffordable to thousands of families needing permanent low income housing including thousands of families currently on temporary disaster rental assistance programs set to end either on September 30, 2008 under DVP or March 1, 2009 under DHAP. For example, the rent expected to be charged under the Small Rental Repair Program for a 3 bedroom unit exclusive of utility allowances is \$1,090 at the 80% of AMI tier, \$880 at the 65% of AMI tier, and \$680 at the 50% of AMI tier.

### **Permanent Supportive Housing Initiative**

The State of Louisiana made a commitment to create 3,000 units of permanent supportive housing (PSH) for extremely low income families at or below 30% of area median income who have disabilities and are in need of supportive services to maintain their housing. The target population for PSH is both the homeless with special needs and those households at risk of institutionalization or those already improperly living in institutions. Capital financing is being provided in part by CDBG funds for Hurricane Recovery and GO Zone Low Income Housing Tax Credits with \$72.7 million being provided by the Road Home Rental Program to fund supportive services for this vulnerable population. It is technically part of the Piggyback funding. To date, only about 800 PSH units are planned with uncertain futures for some of the units due to financing problems, NIMBYism, and lack of PSH vouchers to provide deeply affordable subsidy for extremely low income families. For example, the 1 bedroom PSH rent in Orleans Parish is expected to be about \$320 exclusive of any utility allowance. But the typical benefit level for a disabled household needing PSH is only \$637 in SSI disability benefits. In order to be able to have an affordable rent based upon 30% of household income, the rent would need to be about \$191 which is 30% of \$637. There is currently \$76 million in a supplemental appropriations bill passed by the Senate last week which would provide vouchers to ensure affordability for up to 3,000 disabled families in the Gulf needing PSH. As reported by the New York Times on May 28, 2008, homelessness persists in New Orleans and temporary housing programs such as "Rapid Rehousing" are set to end by December of 2008. PSH has been proven as a cost efficient way for ensuring that the most vulnerable people receive housing and care while also relieving burdens on overtaxed police, emergency, and medical systems by providing housing stability and reduced reliance on institutions. Katrina left many of our most at risk

citizens stranded all over the New Orleans, at the Convention Center, and the Superdome. Who can forget the images of some of our most disenfranchised elderly and disabled citizens pleading for help on national television? Those families still desperately need help given the lack of deeply affordable housing and support services. The PSH initiative, including vouchers, is critically needed to help our most at risk special populations afford to live in a dignified manner in their hometown.

### **PROJECTED UNMET NEEDS AND INADEQUACY OF RESOURCES TO MEET AFFORDABLE HOUSING DEMAND**

Even with all the federal resources brought to bear for Hurricane Recovery in Louisiana, only about 23,000 of the 52,000 affordable rental units damaged by Hurricane Katrina are currently funded to be developed under the GO Zone and Road Home Rental Programs. That is only 25% of the 82,000 Hurricane damaged rental units in the state of Louisiana. Given the credit crunch and the uncertainty surrounding GO Zone tax credit deals being able to secure financing, it is doubtful that all 23,000 units will actually be built. Even if all 23,000 are built, many of those units will simply be unaffordable and out of reach for extremely (30% AMI) and very low income (50%) families as shown below:

**MADLINE S. WORKING POOR FAMILY -- Monthly Income of \$1,750 per month working at local hotel and facing a family of 5. 30% of Income is \$525. Madeline S. needs a 3 bedroom unit for her family size. She cannot afford a 3 bedroom fair market rent of \$1,271 with an affordability gap of \$746 per month. She cannot afford a 3 bedroom GO Zone tax credit rent of \$933 with an affordability gap of \$408 per month. She cannot afford a 3 bedroom rent under the Small Rental Repair Program at the lowest 50% of AMI Tier of \$680 for an affordability gap of \$155 per month. Madeline is currently on DHAP with the rent for her 3 bedroom unit being \$1700. She knows she can't afford to keep the unit once DHAP ends but also fears that she cannot afford to live in New Orleans at all once the program ends.**

**ELOISE M.- 69 YEAR OLD ELDERLY FAMILY-- Monthly Income of \$1,054 per month and is on a fixed income from Social Security and she lives alone in a 1 bedroom unit. 30% of her income is \$316 per month. She can't afford a 1 bedroom fair market rent of \$846 and would have an affordability gap of \$530 per month. She can't afford a 1 bedroom GO Zone tax credit rent of \$672 per month and would have an affordability gap of \$356 per month. She can't afford a 1 bedroom rent under the Small Rental Repair Program 50% AMI Tier of \$490 per month with an affordability gap of \$174 per month. She might be able to afford a 1 bedroom PSH unit at \$320 per month if she qualified as disabled and in need of supportive services to maintain her housing.**

**RUSSELL J.-DISABLED VETERAN- Monthly Income of \$637 per month and is on a fixed SSI income. He is currently homeless and cannot any housing. 30% of his income is \$191 per month. He can't afford a 1 bedroom fair market rent of \$846 per month and would have an affordability gap of \$655 per month. He can't afford a 1**

**bedroom GO Zone tax credit rent for a 1 bedroom of \$672 per month and would have an affordability gap of \$484 per month. He can't afford a 1 bedroom Small Rental Repair Program at the lowest 50% of AMI Tier of \$490 per month with an affordability gap of \$299 per month. He can't afford the current PSH 1 bedroom rent of \$320 per month with an affordability gap of \$129 per month.**

So how much additional rental housing is needed in the greater New Orleans metro area? LHFA's Metro Housing Need Assessment of 2-15-2008 estimates that between 29,000 to 50,000 additional units of rental housing are needed to address housing demand. Taking into account that it is estimated that about 70% of the metro area population has returned, Policy Link and NOLAC have estimated that between 10,000 to 19,000 additional units of deeply affordable stock is needed to meet the needs of extremely low income persons at or below 30% AMI and to help replace thousands of units of demolished public housing stock and HUD assisted stock that has not reopened and which may never reopen.

## **OTHER BARRIERS TO HOUSING RECOVERY**

Besides increased rents and lack of affordable housing stock, other impediments threaten affordable housing recovery for Katrina/Rita victims who want to return to New Orleans. These "right to return barriers" include the following:

1) Relocation and Moving Expense Costs- FEMA's Relocation Assistance Program has only been extended until August 31, 2008 despite the fact that almost 50,000 predisaster homeowners have still not closed on their Road Home homeowner assistance grants and that much of the affordable housing stock will not be open until near the place in service date of December 31, 2010.

2) New Admission Criteria at Redeveloped Properties Screening out Former Residents

3) Voucher Portability Problems with out of area Housing Authorities denying transfers back to New Orleans since it is a "high rent" area now

4) Increased Utility Costs and PreKatrina Unpaid Utility Balances Preventing Reoccupancy

5) Lack of Information on Status of PreKatrina Property Being Sent to Predisaster Families

6) Inability of Families Living Out of State or Out of Area to Be Released from Leases when Affordable or Public Housing units become available for occupancy in the predisaster area

7) Failure of predisaster subsidized landlords or PHA's to Maintain Updated Addresses and Contact Information for Families with Return Rights Over Lengthy Redevelopment Period

- 8) Any requirement that a family currently living out of the predisaster area physically come in person to obtain a tenant protection voucher
- 9) Lack of accessible housing and incentives to entice landlords in the private market to create accessible housing for the disabled such as funds for unit modifications
- 10) NIMBYISM and Zoning Restrictions Aimed at Preventing affordable housing development

#### **RECOMMENDATIONS: TOP 10**

- 1) CONSIDER EXTENSION OF DHAP PAST MARCH 1, 2009 FOR FAMILIES IN DISASTER AREA WITH HIGH RENT BURDENS UNTIL ADDITIONAL RENTAL RESOURCES ARE AVAILABLE AND FOR DHAP HOMEOWNERS STILL WAITING ON ROAD HOME ASSISTANCE OR WORKING ON THEIR HOMES TO AVERT WORSENING OF HOMELESS CRISIS**
- 2) REQUIRE A REPORT FROM HUD'S OFFICE OF MULTIFAMILY HOUSING REGARDING THE STATUS OF HUD ASSISTED STOCK AND HAVE AN OVERALL DISASTER RECOVERY PLAN BY OCTOBER 1, 2008. REPORT SHOULD ADVISE ON WHAT SITES ARE OPEN, EFFORTS TO TRANSFER SUSPENDED SECTION 8 CONTRACTS TO OTHER PROPERTIES NEEDING DEEPLY AFFORDABLE SUBSIDY IF SOME PROPERTIES WILL NOT REOPEN, AND A REPORT ON THE WHEREABOUTS TO THE MAXIMUM EXTENT POSSIBLE OF ALL PREKATRINA AND RITA RESIDENTS AND EFFORTS TO NOTIFY RESIDENTS OF RIGHT TO RETURN AND STATUS OF THEIR FORMER RESIDENT. APPROVING TENANT PROTECTION VOUCHERS FOR LOCATED HUD MULTIFAMILY RESIDENTS PREVIOUSLY AT SITES THAT WILL NOT REOPEN. GREATER COORDINATION WITH OFFICE OF PUBLIC HOUSING AND VOUCHER PROGRAMS ON DISASTER RECOVERY ISSUES.**
- 3) PERMANENT SUPPORTIVE HOUSING (PSH) VOUCHERS NEEDED TO PROVIDE DEEPLY AFFORDABLE HOUSING TO SPECIAL POPULATIONS**
- 4) REQUIRE LANDLORDS AND OWNERS OF PREKATRINA/RITA HUD ASSISTED STOCK TO MAINTAIN CURRENT CONTACT INFORMATION FOR PREDISASTER RESIDENTS DURING THE REDEVELOPMENT PERIOD OF THE PROPERTY SO THAT WHEN UNITS ARE READY FOR OCCUPANCY, FAMILIES CAN BE LOCATED AND ARE READY FOR REOCCUPANCY. AT LEAST QUARTERLY CONTACT IS SUGGESTED.**
- 6) EXTEND FEMA RELOCATION ASSISTANCE UNTIL DECEMBER 31, 2010 TO BE CONSISTENT WITH THE GO ZONE TAX CREDIT PLACE IN SERVICE DATE**

**7) DEVELOP POLICIES AND PROCEDURES TO ENSURE THAT PREDISASTER VOUCHERS HOLDERS AND PREKATRINA RECIPIENTS OF ANY TYPE OF HUD ASSISTANCE ARE ABLE TO RETURN TO NEW ORLEANS METRO AREA IF THEY SO DESIRE. FAMILIES THAT WANT TO COME HOME SHOULD NOT BE DENIED PORTABILITY OR BLOCKED FROM RETURNING DUE TO ADMINISTRATIVE ISSUES**

**8 )SET UP A STAFFED CLEARINGHOUSE, NOT JUST POSTING TO A WEBSITE, THAT MAINTAINS UP TO DATE INFORMATION ABOUT AFFORDABLE HOUSING AVAILABILITY UNDER GO ZONE TAX CREDITS, ROAD HOME RENTAL PROGRAMS, PUBLIC HOUSING, VOUHER PROGRAMS, HUD MULTIFAMILY/ASSISTED STOCK, AND AFFORDABLE HOMEOWNERSHIP PROGRAMS SO THAT HOUSEHOLDS CAN BE LINKED TO HOUSING OPPORTUNITIES**

**9) DEVELOP SPECIAL INITIATIVES FOR NONPROFITS TO GET FUNDING FOR BRICKS AND MORTAR TO DEVELOP LOW INCOME HOUSING SUCH AS A SPECIAL NONPROFIT POOL IN THE LHFA QUALIFIED ALLOCATION PLAN. CREDIT CRISIS HAS RESULTED IN MANY FOR PROFIT DEVELOPERS NOT WANTING TO INVEST IN NEW ORLEANS AREA WHILE MANY NONPROFITS WOULD STILL BE WILING TO COMMIT RESOURCES**

**10) NO RAIDS OF UNALLOCATED ROAD HOME RENTAL FUNDS FOR NONRENTAL PURPOSES**

Thank you for the opportunity to come before you today and for your attention and consideration of my remarks. I look forward to answering your questions.

United States House of Representatives  
Committee on Financial Services

"TRUTH IN TESTIMONY" DISCLOSURE FORM

Clause 2(g) of rule XI of the Rules of the House of Representatives and the Rules of the Committee on Financial Services require the disclosure of the following information. A copy of this form should be attached to your written testimony.

1. Name:  Laura Tuggle	2. Organization or organizations you are representing:  New Orleans Legal Assistance An Office of Southeast Louisiana Legal Services
3. Business Address and telephone number:  1010 Common Street, Suite 1400A New Orleans, LA 70112 (504) 529-1000	
4. Have you received any Federal grants or contracts (including any subgrants and subcontracts) since October 1, 2005 related to the subject on which you have been invited to testify?  <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No	5. Have any of the organizations you are representing received any Federal grants or contracts (including any subgrants and subcontracts) since October 1, 2005 related to the subject on which you have been invited to testify?  <input checked="" type="checkbox"/> Yes Qualified below <input type="checkbox"/> No
6. If you answered "yes" to either item 4 or 5, please list the source and amount of each grant or contract, and indicate whether the recipient of such grant was you or the organization(s) you are representing. You may list additional grants or contracts on additional sheets.  Southeast Louisiana Legal Services received a \$570,000 contract from the Louisiana Office of Community Development to provide legal services to Road Home Applicants who needed the title cleared to their homes in order to qualify for disaster recovery funds. The ultimate source of these funds was the U.S. Department of HUD.	
7. Signature: <i>Laura Tuggle</i> 6/2/08	

Please attach a copy of this form to your written testimony.



**Laura A. Tuggle**  
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[www.lawhelp.org/La](http://www.lawhelp.org/La) and [www.slls.org](http://www.slls.org)

### EDUCATION

Tulane University Law School, J.D., 1987  
Louisiana State University, B.S. in Political Science, 1984, Summa Cum Laude

### EXPERIENCE

Managing Attorney, New Orleans Legal Assistance, Housing Law Unit, 2006-present  
Staff Attorney, New Orleans Legal Assistance, 1994-2006  
Staff Attorney, Pro Bono Project, Homeless Advocacy, 1993-1994

### HOUSING RELATED NON-PROFIT BOARD WORK

Shared Housing, 1997- Present  
Great Expectations Board, 2007-Present  
Louisiana for Low-Income Housing Today, *President*, 1997-1998  
Fair Housing Action Center, *Advocacy Committee*, 1997-1998  
Volunteers of America, Supportive Housing Program, 1996-1998

### AWARDS AND HONORS

- Reginald Heber Smith Award, National Legal Aid and Defender Association, 2005
- Unity for the Homeless Outstanding Advocacy Award, 2004
- Career Public Interest Attorney Award, Louisiana State Bar Association, 1995

### HOUSING RELATED COALITION WORK

Permanent Supportive Housing Stateholder's Taskforce, 2007-Present  
Louisiana Housing Agency, Anti-NIMBY Committee, 2007-Present  
Louisiana Supportive Housing Coalition, 2006-present  
Louisiana Housing Alliance Member, 2006-Present  
Unity for Homeless, Affordable Housing Task Force, *Chair*, 2002-Present  
Housing Authority of New Orleans, Family Self-Sufficiency Committee, *Treasurer*, 2000-present  
Housing Justice Network, 1998-present  
Unity for the Homeless, Legal Service Committee, 1995-present  
Louisiana Legal Services Housing, *Member and past chair*, 1995-Present