

**Field Hearing on
Housing Options in the Aftermath of Hurricanes Katrina and Rita**

**Gulfport, Mississippi
Saturday, January 14, 2006**

Statement of Nick Walters, Mississippi State Director of USDA Rural Development, submitted to the Financial Services Subcommittee Housing and Community Opportunity

From the time of my appointment as State Director of USDA Rural Development in March of 2001 until the evening of Sunday, August 28, 2005, I would have guessed that the biggest challenge I would face in my tenure as state director would be something that would arise out of the usual business of USDA Rural Development.

USDA Rural Development is a catalyst in the economic and community development of rural Mississippi, known by those we serve as an engine for the growth of rural counties and communities and a resource for the betterment of rural life. We distribute over \$200 million in federal dollars in rural Mississippi communities each fiscal year.

Prior to August 29, 2005, I thought that the biggest challenge might come from USDA Rural Development's highly effective single-family home finance program which has enabled thousands of rural Mississippi families to achieve home ownership; or from USDA Rural Development's vast multi-family housing program which finances and monitors apartment-style housing for low-income families and the elderly all over the state; or from USDA Rural Development's water and sewer programs, which have financed essential water and waste systems in hundreds of rural Mississippi communities; or from USDA Rural Development's programs to finance essential community facilities,

such as hospitals, schools, fire stations, city halls, and senior citizens centers, in Mississippi's rural cities and counties; or from USDA Rural Development's rural business programs, which bring jobs to rural Mississippi communities; or perhaps from some of the many other areas in which we work, such as the establishment of distance learning or broadband systems in rural areas, the support of our state's rural electric system, or the encouragement of the development of value-added agricultural products in Mississippi.

However, on Monday, August 29, 2005, Mississippi, along with Louisiana and Alabama, was struck with the worst and most destructive natural disaster ever to hit this nation: Hurricane Katrina. As the world now knows, the southern-most parts of these states, including my hometown of Wiggins in nearby Stone County, received severe and catastrophic damage from the hurricane. Less severe but equally significant damage was felt by communities and counties hundreds of miles north of the Gulf Coast.

Being from the area affected, it did not take me long to realize that the biggest challenge I would face as state director might well be just beginning.

USDA Rural Development is not traditionally the place that folks think of when a disaster strikes. Other federal or state government agencies, esteemed private charities such as the Red Cross and Salvation Army, and local churches and faith-based institutions, are what first come to mind when a disaster strikes.

Certainly we have experienced hurricanes in the past, and certainly many down here have vivid memories of Hurricane Camille and others since then. However, few were prepared for an event with the size and ferocity of Hurricane Katrina. Few dared to anticipate such a happening and the many trails of damage that it carved into not only Mississippi, but Alabama and Louisiana.

Because of this, it was clear that one agency, one charity, or even one layer of government, would not be able to handle this task by itself. It was clear a team effort was

needed, and when this team effort started, all hands should be on deck.

With this in mind, on the morning of Tuesday, August 30, 2005 at around 9:00 a.m., I made contact with my Director of Administrative Programs. After briefly assessing the immediate situation, I directed her to quickly conduct a tally of the whereabouts and safety of our state's USDA Rural Development employees. If we were going to take an active role in the Katrina relief effort, it was of supreme importance to me to account for the safety of our people and their families first.

Next, I contacted my Public Information Coordinator, and dispatched him to the Jackson headquarters of the Federal Emergency Management Agency (FEMA)/Mississippi Emergency Management Agency (MEMA) to make initial contact with FEMA/MEMA principals and to enlighten them on the potential role USDA Rural Development in Mississippi could play in helping in the response to the hurricane. Possibilities discussed that day included helping with public information work, helping FEMA/MEMA teams navigate by car around rural Mississippi, lending personnel support for headquarters work, helping to set up and manage FEMA Disaster Recovery Centers, and informing FEMA/MEMA of the possibility of multi-family housing vacancies. We were well-received by FEMA/MEMA in the midst of a very chaotic time for all involved.

I then began initiating telephone contact with the USDA Rural Development national office and with my fellow state directors in states that had been in a disaster-recovery mode in the past. I was especially uplifted by the response from Under Secretary Thomas Dorr and by the office of Secretary Mike Johanns. Under Secretary Dorr felt emphatically that the full resources of USDA Rural Development should go toward the immediate and long-term effort to pull the state out of the wreckage of Katrina, and gave me the green light to take what action we could take under our legal bounds.

On Wednesday, August 31, 2005 , I and other USDA Rural Development officials met with representatives of FEMA/MEMA at their headquarters and detailed the

resources USDA Rural Development had to offer. We immediately assigned a USDA Rural Development employee, to work at FEMA/MEMA headquarters to help with their need for logistical support.

I then contacted our Multi-Family Housing program director, and requested a full tally of all available vacancies in USDA Rural Development's Mississippi multi-family housing properties. We began to think that these vacancies might provide the necessary housing for Katrina evacuees.

On Thursday, Friday and Saturday, beginning at 5:30 a.m. each morning, USDA Rural Development sent twelve USDA Rural Development staff members, who knew the rural areas of Mississippi, to drive FEMA's damage assessment teams to affected counties all over the state to assess the damage, which is a pre-requisite for FEMA aid being released to these counties. USDA Rural Development also supplied twelve vehicles and fuel for the vehicles.

During this time, we began working with the national office to give forbearance on debt payments to all of our hurricane-affected borrowers. Such relief was needed by our borrowers, as many of them struggled to repair or salvage not only their property but their lives. On September 8, 2005, we were able to announce this additional time, which was originally for 90 days and was later extended to 180 days.

This of course gave immediate relief to the thousands of Katrina-affected homeowners who had utilized USDA Rural Development's popular home loan programs. However, the waivers also gave relief to scores of cities, counties and businesses that had loans for water and sewer systems, community facilities, or business starts or expansions. USDA Rural Development's Community Programs Director Bettye Oliver had begun to assess the damage to our state's water and waste systems and to open lines of communication with local government entities as to what damage they had experienced.

On the same day, we announced a number of initiatives from Secretary Johanns

and the USDA national office, including: the earmarking of \$50 million dollars to provide emergency food assistance to Hurricane Katrina survivors; the deployment of 2,760 Forest Service employees trained in rescue and response to assist the Federal Emergency Management Agency; and the delivery of more than 300 trucks containing over 12 million pounds of food (canned vegetables, fruits, cheese and meats) and baby food and formula products.

We also worked with FEMA to identify places to locate Disaster Recovery Centers (DRC) in the affected counties and cities. USDA Rural Development coordinated efforts to locate places for DRCs and to assign USDA Rural Development employees to Disaster Recovery Centers. USDA MS Rural Development personnel were assigned to open, operate and even manage some recovery centers.

Until recently, we had a full-time presence in each of the state's 35 Disaster Recovery Centers. More than 120 of our employees from across the state volunteered to go and work at a DRC for an extended length of time. Most worked twelve hour days on a regular basis while at the DRCs. In addition, thirty-four USDA Rural Development employees from states other than Mississippi came to Mississippi for three weeks to help staff Disaster Recover Centers. We were at DRCs as early as September 6, 2005, and the last USDA Rural Development employees left DRCs on December 16, 2005.

This would be as good a time as any to point out the hard work and selflessness of our approximately 230 USDA Rural Development employees in Mississippi. During the stressful months following Hurricane Katrina, no USDA MS Rural Development employee passed up an opportunity to pitch in. No one complained of the extra work. Each of our employees embraced the mission and worked in earnest to help our fellow Mississippians. They deserve congratulations.

On September 12th, USDA Rural Development began placing hundreds of evacuee families in vacant units at our multi-family apartment complexes, as well as at those in other states. We started this by allowing affected parties to apply for placement at the locations of our area and county offices (and later at the 35 DRCs across the state),

as well as by setting up a mobile unit at the Mississippi Coliseum and Trade Mart buildings in Jackson, which had become the main shelters for Katrina evacuees from three states.

On very short notice, our staff not only conducted and maintained an up-to-date listing of all vacancies nationwide in USDA Rural Development's multi-family apartment complexes, but supervised and operated a statewide program to reserve these units for evacuee families. As a result, almost 800 families were housed in USDA Rural Development multi-family unit vacancies across Mississippi.

Each family was also given Rental Assistance for six months, which made their stay at the unit a rent-free one. Security deposits were waived and utility deposits were paid by the apartment complex's management.

One person who also deserves special thanks is Associate Administrator for Rural Housing Jack Gleason. Jack came to Mississippi, with prior multi-family housing experience, shortly after the hurricane to explore possible inter-agency cooperation avenues regarding housing for Katrina victims. A former state director of USDA Rural Development in the state of Washington, Jack stayed and helped with many of our ventures during the months he was here.

On September 8th and 14th, USDA Rural Development was given sets of population waivers, so hurricane-affected persons and families in other areas of Mississippi would have access to the same home loan programs that are serving Mississippi's rural borrowers so effectively. On September 15th, we did a press tour on this and made sure that all of the major radio stations, television stations, and newspapers in the affected areas received word of this event.

The home loan waivers have been well received. USDA Rural Development's direct and guaranteed home loan programs require no down payments. The interest rates and terms are competitive. For someone facing the daunting task of rebuilding from scratch, these loans could be just what they need to get started.

A recent tally showed that we have had almost 6,000 prequalified applicants for home loans from Katrina-affected areas in Mississippi. About one-third of these prequalifications are in the areas with populations under 20,000. However, about two-thirds are in areas with populations above 20,000, which are the more urban areas where we can now operate under the waivers. Of these, about 500 have made actual home loan applications and have been approved for funding. We continue to process applications to provide housing

Of course, we are limited as to the number of home loan applications that we can fund. We've spent almost \$3 million in home direct loans, over \$3 million in guaranteed home loans. Additionally, the hurricane relief bill passed by Congress last year includes \$175.5 million for USDA Rural Development's direct home loan program and \$1.3 billion for USDA Rural Development's guaranteed home loan program. In that same legislation, Congress also funded USDA Rural Development's home repair loan fund at \$34.2 million and the grant fund at \$20 million. I am here today to tell you that we in Mississippi will fund as many home loan or repair applications as there is money to fund.

In closing, let me note that in times like these, sometimes points of light break through the clouds of darkness. An example is our state's congressional delegation. It was good for Mississippi to have these members in their positions during this tough time.

I believe we in Mississippi were also very fortunate to have in place visionaries like U.S. Secretary of Agriculture Mike Johanns and Under Secretary for Rural Development Thomas Dorr, who saw in our time of crisis the value of "thinking outside of the box," while keeping within our legal parameters. Their openness to ideas allowed us to pursue various means of providing relief, such as waiving loan payments and filling multi-family housing unit vacancies with evacuees. In addition, Secretary Johanns and Under Secretary Dorr each separately toured the Katrina-affected area of Mississippi, with Secretary Johanns visiting a Disaster Recovery Center in Waveland and Under Secretary Dorr spending a solid day surveying the damage, meeting with local elected officials, and comforting those coping with losses due to Katrina.

Because of this, I can go to sleep in my hometown of Wiggins knowing that we at USDA Rural Development did our very best for Wiggins, the Mississippi Gulf Coast, and for the other areas hit by this hurricane. We know these people; they are our friends, and they deserve nothing less.

Thank you for the opportunity to present this information and for your support of USDA Rural Development programs. I look forward to working with you and welcome your guidance and assistance as we continue our work together.