



**Testimony on  
Emergency Housing Needs in the Aftermath of Hurricane Katrina  
Before the  
House Financial Services Committee  
Subcommittee on Housing and Community Opportunity  
by the  
National Council of State Housing Agencies  
September 15, 2005**

Chairman Ney, Ranking Member Waters, and members of the Subcommittee, thank you for this opportunity to testify on behalf of the National Council of State Housing Agencies (NCSHA) on emergency housing needs in the aftermath of Hurricane Katrina. I am Barbara Thompson, NCSHA's executive director.

NCSHA represents the Housing Finance Agencies (HFAs) of the 50 states, the District of Columbia, Puerto Rico, and the U.S. Virgin Islands. Our HFA members include the Alabama Housing Finance Authority, the Florida Housing Finance Corporation, the Louisiana Housing Finance Agency, and the Mississippi Home Corporation.

State HFAs allocate the Low Income Housing Tax Credit (Housing Credit) and issue tax-exempt private activity housing bonds (Housing Bonds) to finance apartments for low-income renters and low-cost mortgages for lower-income first-time home buyers in nearly every state. They administer HOME Investment Partnerships (HOME) funding in 42 states to provide both homeownership and rental housing opportunities for low-income families. They also administer Section 8 vouchers, project-based Section 8 assistance, homeless assistance, housing counseling, and other federal housing programs in many states.

**What Has Been Done**

In my 16 years at NCSHA, I have never seen such an outpouring of concern and support as I have from the nation's HFAs in the wake of Katrina. After a disaster, HFAs in the affected states are always immediately and deeply involved in securing housing for displaced families, initially working side-by-side with FEMA and other first responders to arrange temporary shelter and later participating in the rebuilding of

housing. The same has been true with Katrina, with the Alabama, Florida, Louisiana, and Mississippi HFAs immediately mobilizing all available resources.

The difference in the case of Katrina has been the response of so many other states, when it became clear that thousands of displaced families would need to seek housing outside the hurricane-stricken states. State after state, some as far away as Maine and Utah, have offered to provide temporary and permanent housing to displaced families. Collectively, HFAs have registered and encouraged others to register thousands of housing units with FEMA. Many are already housing families.

HFA efforts have not stopped there. Many HFAs have volunteered to contribute staff, technical assistance, and other resources to the affected HFAs. Some have even offered to give up some of their own federal housing resources, which they so desperately need in their own states, to help meet the dire housing needs in Katrina-afflicted states.

We at NCSHA have tried to do our part. We immediately went to work with the HFAs to identify roadblocks in the way of their efforts. We focused first on regulatory barriers preventing the immediate housing of families in available Housing Credit, HOME, Section 8, and other federally assisted housing.

We asked the Internal Revenue Service and HUD for immediate relief from a myriad of income qualification, tenant certification, and occupancy rules. Many HFAs contributed ideas, some drawing on their own disaster recovery experience. The affected states backed our efforts with their own requests.

NCSHA did not act alone. Our housing industry partners—nonprofits, developers, builders, investors, syndicators, lenders, property managers, and others—weighed in with federal regulators, too.

The IRS responded, providing on September 9 official guidance allowing Housing Credit property owners all over the country to house families displaced by Katrina in vacant Housing Credit apartments regardless of their income and waiving non-transient use and other program rules for one year. With NCSHA's encouragement, the IRS is preparing additional relief to facilitate the development of new Housing Credit housing in the afflicted states.

HUD has taken steps, too, issuing a series of notices over the last two weeks to help get displaced families into available public and other HUD housing and relieve FHA-insured homeowners of the threat of foreclosure. Most recently, HUD has waived HOME rules to permit families easier access to HOME-assisted units.

NCSHA has also gone to Congress to secure program relief federal regulators do not have the authority to provide. We have asked this Subcommittee, for example, to allow displaced families to use emergency Section 8 vouchers without requiring the housing to be inspected before they move in or displaced families to live in it for at least a year. We have asked for similar relief under the HOME tenant-based assistance program, so it can respond quickly to the housing needs of displaced families. We have provided the Subcommittee staff our detailed proposals and appreciate their work with us.

### **What Still Needs to Be Done**

Tearing down barriers to the use of existing housing resources is not enough. Available resources were woefully insufficient to meet the nation's affordable housing need before Katrina devastated the Gulf Coast. The Katrina recovery will tax them to the breaking point, and needy families all over the country will suffer.

States are not turning over housing to Katrina-displaced families because they have no need for it themselves. They are doing it because the needs of families left with nothing seem more urgent than the urgent needs of other families still waiting for housing. Many of the Housing Credit apartments states are making available, for example, were empty because they were just completed and about to house area low-income families. These are choices states should not have to make.

We urge Congress to provide more housing resources, not only to the afflicted states that need it most, but also to those that have sacrificed their own sorely needed resources to help them. We ask you to work with appropriators to provide immediate emergency voucher and HOME funding. In addition, we ask you to reexamine with appropriators your FY 2006 HUD funding recommendations, to take account of the long-term pressure the Katrina recovery and rebuilding effort will place on so many states.

We also ask that you do everything possible to get the FY 2006 HUD funding bill enacted and the HUD money it contains put to work on housing need as soon as possible. We cannot afford to wait the customary six or more months to get HOME and other program funding from HUD.

This is also the time to expedite enactment of pending legislation that would make new housing resources available. We especially urge you to work for House passage and final enactment of the GSE regulatory reform bill, which would establish a new affordable housing grant fund that would help meet short- and long-term affordable housing need nationwide.

NCSHA also asks Subcommittee members to communicate to your Ways and Means Committee colleagues the importance of additional Housing Bond and Housing Credit resources and program relief in the aftermath of Katrina. The Ways and Means Committee is preparing emergency tax legislation now and it is critical that it include housing resources.

We have asked Ways and Means members to provide increased Housing Bond and Credit authority and relief from the Alternative Minimum Tax; relaxation of Mortgage Revenue Bond (MRB) first-time homebuyer, purchase price, and income limits; and changes to Credit rules to facilitate development in very low-income and difficult-to-develop areas. Please let them know you support this relief.

In all of this, it is so important to recognize that rebuilding the housing infrastructure of the hurricane-stricken states will take years. A one-time emergency housing appropriation will not do the job. Years of additional money will be needed.

It is also important to understand that so many of those who lost their homes are the very poor, who we cannot reach with many of the housing resources available to us. Housing Credit apartments, for example, often will not be affordable to them without vouchers. Homeownership is simply out of reach. It is critical, therefore, that we have as many flexible tools at our disposal as possible, because it is only through combining tools like Housing Credits, HOME grants, and Section 8 assistance that we can reach them.

And, finally, though we hope never to face a natural disaster of the magnitude of Katrina again, we know future natural disasters are inevitable. We need to prepare for them now. We need to get permanent disaster regulatory and statutory relief on the books, so we lose no time in responding to the urgent housing and other human needs they so often leave behind.

Thank you for this opportunity to testify. NCSHA stands ready to assist you in any way we can.