



National Association of Housing and Redevelopment Officials

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Testimony of

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on behalf of

**The National Association of Housing and
Redevelopment Officials**

**Before the
Housing and Community Opportunity Subcommittee
of the
House Committee on Financial Services**

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Good morning, Mr. Chairman. My name is Henry Alvarez and I am the President and CEO of the San Antonio Housing Authority (SAHA). I bring you greetings from the great State of Texas and the City of San Antonio. As a native of the City of New Orleans and a product of its public housing, it is my privilege to appear before you today representing the National Association of Housing and Redevelopment Officials (NAHRO). NAHRO's membership includes over 18,000 housing and community development professionals and nearly 3,300 agency members, comprising housing authorities, community development departments, and redevelopment agencies. NAHRO's members administer HUD programs such as Public Housing, Section 8, Community Development Block Grants (CDBG), and the HOME Program. For over 70 years, NAHRO has been the leading housing and community development advocate for the provision of adequate and affordable housing and strong, viable communities for all Americans—particularly those with low- and moderate-incomes.

Thank you for inviting NAHRO to testify on the issue of emergency housing needs in the aftermath of Hurricane Katrina. On behalf of NAHRO's members, let me first thank you, Mr. Chairman, as well as Ranking Member Waters and the other members of this subcommittee for the leadership role the subcommittee has taken during these challenging times. I know I speak for others in saying that we appreciate your commitment to gathering input from national organizations and interest groups in the housing industry. NAHRO shares your belief that the federal response to Hurricane Katrina must include a strong commitment to working with state and local officials to make safe and sanitary housing available as soon as possible to those displaced by the storm..

Our nation's housing authorities and community development departments and agencies are well positioned to play an important role in the recovery effort, given adequate resources to do so. Public housing authorities (PHAs) in affected areas have or will soon establish administrative continuity that will allow them to respond to critical housing needs. Meanwhile, PHAs in areas to which victims have migrated are working to connect displaced individuals and families with housing and other assistance. In affected areas across the country, PHAs are serving as the first point of contact for displaced families and individuals, most particularly the elderly, the disabled

and working families who have new challenges to overcome as a result of the hurricane. Indeed, PHAs are uniquely positioned and qualified to respond to the needs of Katrina's victims.

In San Antonio, over 13,000 evacuees have passed through one of the four major shelters established in the city. Many more have found shelter in churches, homes and other locations. At present, the number remaining in shelters is approximately 4,000, as many have found transitional housing and others have traveled to other cities and towns to re-unite with family and friends. Agencies, officials, businesses and individuals from all sectors of the San Antonio community have joined together in an unprecedented, cooperative and collaborative effort to meet the needs of the evacuees. The Mayor of San Antonio, Phil Hardberger, established a San Antonio Hurricane Relief Fund to direct the contributions resulting from the overwhelming generosity of those within the community. Housing providers from throughout the city and state have come together to address the transitional housing needs of the San Antonio area evacuees.

SAHA has been actively involved in the response effort. Let me share just some of the actions we've taken:

- SAHA activated an Emergency Response Hotline to collect information from displaced families in need of housing.
- SAHA coordinated the efforts of volunteers willing to help displaced families look for housing.
- SAHA established four satellite operations within each shelter to process families currently housed at each temporary shelter.
- SAHA expedited make-ready operations on all available public housing units.
- SAHA provided transportation to HUD-approved public housing families to visit available public housing units.

To date, SAHA has collected information from 1,149 families who have self-identified as having been on housing assistance at the time of the hurricane. Of those, 618 are pending verification through the HUD/REAC approval process, 327 have been approved, and 204 have been issued housing assistance. Additionally, SAHA has compiled information from another 2,025 families who had not been on any form of housing assistance at the time of the hurricane.

The severity of this crisis makes it imperative that HUD, public housing authorities (PHAs), community development (CD) agencies, and industry organizations work together to remove any and all roadblocks to effective and timely action. As we work to expedite our immediate response to emergency and short-term needs, we must also begin to formulate a responsible and comprehensive long-term plan for rebuilding infrastructure and restoring permanent housing units. I have given you some information about what we have done at the local level in my own community. Let me share some of NAHRO's thoughts on what an appropriate federal response should look like.

Two weeks ago, in letters to President Bush and Secretary Jackson, NAHRO President Jim Inglis, Executive Director of the Livonia (MI) Housing Commission, communicated NAHRO's recommendation that Congress authorize and immediately make resources available to fund a minimum of 50,000 emergency tenant assistance vouchers to be directed to hurricane victims who are not currently receiving Section 8 assistance. This request was repeated in a September 2 letter to Chairman Oxley. The issuance of these emergency vouchers, which should feature a full two-year term and portability, must proceed under streamlined procedures with a minimum of red tape.

Members of NAHRO's staff informed me of a Tuesday conference call with housing professionals from the Gulf Coast, including representatives from NAHRO's Southeast and Southwest Regional Councils, as well as leadership from NAHRO's Alabama and Mississippi chapters and the Louisiana Housing Council. During this call, a number of critical concerns were raised. First and most importantly, our NAHRO members indicated that funding for emergency vouchers has been identified as the most urgent priority. Mr. Chairman, we need action on this issue, and we need it as soon as humanly possible. We recognize that fulfilling our recommendation to authorize and fund 50,000 vouchers goes beyond the mere allocation of resources and that in allocating vouchers for these purposes, we will need to examine possible statutory and regulatory changes that would be necessary to effectuate the use of tenant based assistance to meet the needs of families impacted by the hurricane. Mr. Chairman, with your approval, I would like to submit for the record some suggestions that NAHRO has developed for

your review concerning programmatic modifications that would be necessary in order to facilitate the effective use of the voucher program for these purposes. We would be happy to work with staff on these items and would also be happy to recommend further changes in statutory language that may be necessary to implement these recommendations following this hearing.

We were also informed that children dislocated by the hurricane are now being enrolled in new schools in areas to which they have migrated. This is placing a heavy burden on the receiving schools who are doing their best to meet this important need. These school systems need immediate help. Perhaps, this help could be provided initially by FEMA.

Our colleagues on the Gulf Coast also stated that there is a need for greater organization and coordination in the impacted areas. The local housing agencies in impacted areas need effective communication with FEMA so they can either act on their own as centers to provide housing and other assistance to victims or participate at other centers operated by FEMA where victims are being assisted.

NAHRO also recommends that Congress authorize the HUD Secretary to waive both statutory and regulatory provisions for the purpose of applying federal resources in the most flexible, efficient and effective manner to aid local governments as they work to serve the victims of Hurricane Katrina. We suggest that these waivers have a maximum term of five years and be effective upon execution by the Secretary, with subsequent notification to the Congressional committees of jurisdiction. This waiver authority would permit the Department to accommodate a wide range of suggestions made during last week's informal roundtable discussion. I know that NAHRO is not alone in its efforts to gather and provide you with policy recommendations that make sense, and are practical and cost-effective.

The two recommendations I've mentioned – emergency vouchers and waiver authority – must take priority, but there are a number of other actions HUD and Congress should consider once these initial steps have been taken. After waiver authority has been put in place, an additional package of regulatory adjustments by HUD will be needed to facilitate the delivery of housing

assistance. For example, we ask Congress to authorize HUD to supersede the 20% limitation on the use of tenant-based vouchers for project-based assistance and to urge the Department to issue its long-awaited interim rule on this program.

In addition to Section 8 vouchers, local jurisdictions should be encouraged to consider using the Tenant-based Rental Assistance (TBRA) feature of the HOME Program – in combination with some regulatory relief from the Department – to assist victims in meeting housing needs. It should be noted that HUD's Assistant Secretary for Community Planning and Development (CPD), Pamela Patenaude, has already demonstrated her commitment to providing regulatory relief so that CPD programs can be put to the best possible use in relief and recovery efforts. This is a positive development.

NAHRO is concerned that HUD and PHA information systems and personnel resources may come under strain as we work with the Department to coordinate the delivery of aid to victims. In addition to supplying information about vacant public housing units and available vouchers, PHAs can and should work with HUD to supply information concerning available housing stock for which vouchers can be used. In this regard, some consideration should be given to special funding for the addition of qualified staff at HUD and the PHAs who will play a special role in locating housing opportunities for victims, connecting them with assistance, and performing other administrative functions that may require additional staff.

Mr. Chairman, in so many ways, this relief and recovery effort goes beyond simply identifying and providing available units to displaced families. NAHRO has learned from its members that there is a special need for additional resources for transportation of victims to new areas of residence, for temporary housing in those areas, and for housing search assistance to enable the use of vouchers. Lease deposit assistance may also be needed for private sector placements. PHAs providing voucher assistance in areas where families have relocated will need to perform additional housing search functions to aid victims, who will likely be wholly unfamiliar with their new environs. Any aid package should provide resources for these purposes directly to the PHAs that are already performing the housing functions, so victims can obtain what they need to find alternative housing in one place. We believe that local housing agencies in impacted areas

and in areas now receiving hurricane victims can serve as recovery centers to assist hurricane victims and they should be so designated. In this regard we would add that if Congress did not intend for a set-aside of emergency FEMA funds to be budgeted for the purposes noted above, then this need should be addressed in further emergency appropriations.

The disruption of services brought about by Hurricane Katrina may mean that many agencies will be unable to expend currently available funds for their original purposes and according to existing expenditure timelines. Rather than allowing these funds to be lost or rescinded, Congress should ensure that these funds are applied for the benefit of previously assisted victims, particularly by agencies now serving displaced families.

At the same time, none of the actions taken in response to this crisis should result in a net loss of affordable housing and community development resources across the country. Many housing agencies have already stretched thin their budgets in order to offer immediate assistance to devastated and displaced families and individuals. However, these agencies must balance these critical short-term needs with preexisting local affordable housing needs. These first-responder communities want to be able to reassure eligible, locally-based families and individuals that they will not lose out on the opportunity to access housing assistance. As it works to address this crisis, we hope the Congress will move to reimburse local agencies for their initial, unbudgeted outlays.

In addition to the more specific programmatic recommendations that I've mentioned, we believe that HUD should make clear whom they wish to designate as the primary point of contact for the Department with respect to hurricane recovery initiatives. We believe that the Department should designate a senior official who will have plenary administrative authority concerning the Department's efforts to respond to Katrina and we welcome the opportunity to work with that person. Thereafter, we would request that planning meetings be initiated with the Department to ensure a coordinated and streamlined response to meeting housing and other related needs in impacted areas. The planning process we refer to here would include coordination with PHAs and redevelopment departments and agencies, as well as with other agencies of the federal government.

In your letter of invitation, you properly asked for comment on longer-term housing concerns. In considering your charge, we realized that the agencies represented by NAHRO are only part of the picture when we consider the overall need to restore the infrastructures of impacted areas. In particular, we must focus first on restoring the housing units that have been damaged or lost. At this time we do not know the full extent of the need with any certainty, but our preliminary research indicates that there are about 15,600 public housing units and 18,200 tenant-based voucher-assisted units in the areas hit with hurricane force winds. Some will need repair or moderate restoration. Many are surely lost. NAHRO has been assured by our members in the affected area that the existing capital fund for public housing is inadequate for addressing the restoration or replacement of units that have been destroyed or so damaged that repair is not feasible. We recommend the following:

- An assessment should immediately be made to determine the cost of Katrina-related repairs to units that are salvageable. Designated appropriations, separate from the public housing Capital Fund, should be made for distribution to the affected PHAs in order to cover the cost of these repairs.
- A special program should be authorized to permit flexible, streamlined action (including acquisitions of existing properties where advantageous) to replace the public housing units lost. Attention must be paid to ensuring that the restoration of these units proceeds without delay. This program should be funded based on an assumed permitted overall cost per unit and units should be restored to the jurisdictions that have lost them if adequate need can be demonstrated.
- To supplement these new and flexible resources, adequate funding for Community Development Block Grants will be essential for enabling infrastructure recovery at the local level. Flexible CDBG dollars, in combination with statutory and regulatory flexibility from the Department, will also allow communities hosting Katrina evacuees to provide essential services. As I previously noted, the Department has already issued waivers related to the public comment period of the Consolidated Planning process and

the CDBG public services cap. It is our hope the Department will further expedite recovery efforts in affected areas by suspending restrictions on the repair or reconstruction of buildings used for the general conduct of government as well as by removing prohibitions on new housing construction.

- NAHRO believes that special emergency CDBG funding is needed, and needed soon. At the same time, however, the HOME Program could have a part to play in recovery efforts, since HOME is a key source of funds for construction, rehabilitation, and, in some cases, rental assistance. Adequate funding for both programs is essential.
- NAHRO recommends that Congress enact a “Restoration Zone” program, similar to the Empowerment Zone, Enterprise Community, and Renewal Community programs. Implementing a package of federal tax incentives to stimulate the redevelopment of infrastructure and rejuvenate local economies will help to secure a financial future for displaced residents returning to the Gulf Coast.
- At all stages of the federal response, the needs of our most vulnerable populations, including elderly and the disabled, must be given the highest consideration.

Mr. Chairman, with respect to our ability to meet both the short-term needs of families impacted by the hurricane as well as the longer-term needs of families for whom decent affordable housing remains out of reach, NAHRO believes that now is the time to get serious about the production of new units of affordable housing. Mr. Chairman, NAHRO thanks you, Congressman Frank, and other members of this committee for your leadership regarding H.R. 1461, the Federal Housing Finance Reform Act of 2005. By establishing affordable housing funds at Fannie Mae and Freddie Mac, that legislation would create a new, significant source of funding for the production, preservation, and rehabilitation of affordable rental housing. Now more than ever, these new funds would be a welcome resource. These new dollars would be put to good use, both in the areas affected by Hurricane Katrina and throughout the nation. I urge you to do what you can to ensure this bill reaches the House floor for a vote.

Thank you for the opportunity to testify before you today. NAHRO and its members, including the San Antonio Housing Authority, stand ready to advise and assist you as you work to address the housing needs exposed in the aftermath of this terrible tragedy.