



## **Written Testimony of American Association of Homes and Services for the Aging (AAHSA)**

### **House Financial Services Committee "Emergency Housing Needs in the Aftermath of Hurricane Katrina" September 15, 2005**

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#### **Introduction**

My name is Michelle Norris, and I am here on behalf of the members of the American Association of Homes and Services for the Aging (AAHSA). AAHSA serves two million people every day, in 5,600 facilities across the country, through mission-driven, not-for-profit organizations dedicated to providing the services people need, when they need them, in the place they call home. AAHSA members offer the continuum of aging services: assisted living residences, continuing care retirement communities, nursing homes, home and community-based service programs, and senior housing. AAHSA's commitment is to create the future of aging services through quality that people can trust. Our member facilities along the continuum have been impacted by hurricane Katrina and the severe flooding.

I am the Senior Vice President of Development for National Church Residences (NCR), one of the nation's largest nonprofit sponsors and managers of affordable housing for seniors, including more than 14,000 federally assisted housing units, at more than 225 communities, throughout 25 states. In addition to building affordable housing throughout the United States, NCR has a nationally recognized social services program and serves a mission of supportive housing, promoting the dignity of seniors as they age. We have service coordinators in almost all of our facilities funded by federal and private grants.

#### **Summary of Damage and Scope of Recovery**

I would like to start by saying that NCR feels very blessed that our facilities in the affected area are still standing and most of our residents are still able to live in their apartments. However, our largest facility in Louisiana is located less than 1 mile from the New Orleans airport in



Kenner, Louisiana. We now have 280 residents scattered all over the country and several staff that are still missing. All that being said, NCR feels very lucky that our building is still standing and flooding did not occur in this region. We expect that we will be able to move our residents back to the building within 30-90 days. We know others are not so lucky and that this is not true for so many seniors in the affected area. HUD estimates that there are about 15,500 housing units for seniors in the Gulf region.

AAHSA and NCR launched a Senior Housing Hotline, (800) 401-3340, to help displaced seniors find housing and we have been flooded with calls. Low-income seniors and family members can call around the clock to be connected to housing resource professionals trained to evaluate and locate available affordable senior housing communities nationwide. Through the hotline we have helped 15 families so far find temporary and permanent housing. Our first call was from a shelter housing 1,400 people in Houma, La. The shelter is entirely staffed by volunteers and needed help relocating these evacuees. Dan Fagan and Matt Fullen from NCR went immediately to Louisiana and found 100 seniors hopeful that they can return to their homes. Our challenge now is to help them assess the likelihood they can return home and to help with temporary or permanent placement as appropriate.

It is clear is that there must be better coordination among providers, FEMA, HUD and state and local agencies at disaster sites. Through our NCR family and a number of AAHSA affiliates and members, we are in a position to address the relocation of seniors and frail elderly to placements with the skill and ability to handle their needs. The hotline and an inventory of units that are available is only a drop in the bucket.

For others to be able to provide assistance to the displaced seniors of the Gulf region there are short-term, intermediate and long-term requirements that needs to be met. Some are administrative and simple to implement. Others are more complicated and will require significant infusions of federal dollars. We have outlined the short-term and long-term needs of those working in the senior housing field. Short-term needs are immediate and should be executed



within the next three months. Long term needs are essential to full recovery and should be once immediate needs are undertaken.

### **Short-term Needs**

There are several immediate short-term, housing related needs that seniors have including the following:

#### **1. Better Federal Coordination of Housing Relief**

AAHSA recommends that a point person with staff be assigned the task of coordinating the federal relief efforts related to housing. As AAHSA members watch the post-hurricane efforts unfold, several providers sent staff to the disaster areas and evacuation sites, in an attempt to locate residents and relocate to our other sites, or those of other AAHSA member facilities. The scale of the disaster, confusion and lack of coordinated efforts left providers trying to get the staff from federal agencies to assist them in finding residents. With lists of missing residents, providers were left to wander evacuation sites without help from FEMA, HUD or the Red Cross. A federal coordinator would be able to facilitate a procedure between FEMA and HUD or RHS, by which evacuees and providers could work to identify residents and re-house seniors from damaged facilities to other sites. Perhaps the Joint Center in Baton Rouge will do that, but there is scarce evidence that is working yet.

However, let me also take the opportunity to thank HUD for the guidance they have provided thus far. Their clarification of Notice 04-22 is critical to permitting Section 202 providers to accept evacuees. We also appreciate the waiver of the public services cap of 15% in the CDBG program. It will make providing services too Katrina victims much easier.

#### **2. Fund and Release Emergency Repair Grants**

Congress has authorized HUD to use a portion of its funds under the Section 202 Supportive Housing for the Elderly's Assisted Living Conversion Program for Emergency Repair Grants. A special allocation of emergency capital repair funds should be made available for the properties in disaster regions on an expedited time table. They must be made available to housing providers as soon as possible. There are properties that could be restored and made available for residents to return to home in a shorter time frame. Furthermore, Emergency Repair Grants must be made available to reimburse providers for deductibles, regardless of when the deductibles were paid. Last year when HUD released the grants for providers in Florida after the hurricanes struck, the grants were not available to reimburse the property for deductibles paid. This left properties with limited reserves and hampered ongoing capital work needed and programming for residents. There is a chance to provide funds quickly without providers tapping reserves and making repairs for which they will not be reimbursed.

### **3. Additional Guidance for Relocating Project Based Section 8 Contracts**

Under HUD Notice 04-22, "Disaster Recovery Guidance by Multifamily Housing After a Presidentially-Declared Disaster", owners with Project Based Section 8 contracts whose properties are rendered uninhabitable are permitted to lease units elsewhere on behalf of displaced residents and receive payment under the Section 8 contract. This is an important provision for those seniors traumatized by relocation. The ability to place them in stable housing until they can return to their homes will limit the psychological effects of being evacuated and give them a location at which to receive the supportive services they need. HUD has released no further guidance on how providers should go about exercising this option. For example, it is not clear how owners should go about vouchering for multiple units which are likely to be spread among various buildings and leases. It is unlikely that whole contracts will be transferred. Rather, providers will be able to lease five units here, 10 units there, and so on. HUD must provide guidance in short order to get residents placed as soon as possible.



#### **4. Hold Project Based Section 8 Contracts in Abeyance**

As I mentioned in the previous recommendation, damaged properties are, in theory, permitted to transfer Project Based Section 8 contracts in whole, or in part, to other units. HUD must also hold those contracts that are not being fully utilized for displaced persons in abeyance until the properties are repaired, residents return and the full contract is needed to operate the facility. We are concerned that in the too frequent trend to rescind HUD funds, funds that are needed and/or obligated to a particular contract will be “swept” because the balance suggests that the money is “unused” and “unneeded”. This internal communication glitch already results in countless hours of work with providers and HUD staff to identify the missing funds and the get money returned to the contract to maintain operation of the facility. Often this takes months and many providers are unable to meet their operations costs until the problem is resolved. We urge HUD to identify the affected properties with Project Based Section 8 contracts, hold them in abeyance and protect funds until the properties are restored and operational needs are met. Where properties cannot be rebuilt, HUD should allow these contracts to be reassigned to other buildings.

#### **5. Emergency Housing Vouchers Need to be Issued**

Approximately 50,000 emergency vouchers are needed to provide temporary housing for evacuees or \$3.5 billion in emergency vouchers. The Housing Authority of New Orleans (HANO) alone has 8,700 of Section 8 vouchers in use. They are easily transferred to other locations. Families and seniors in owner occupied housing and other locations, like tax credit multifamily properties, will now need housing vouchers until they can return home. Emergency vouchers should be in the locations where they have moved. A portion of these vouchers should be allocated as project based vouchers to unsubsidized sites or REO or HUD held properties that are accepting or have accepted evacuees. In addition, we recommend that these vouchers be distributed by a mobile unit to reach special needs populations, including the elderly and disabled.

For the new vouchers we recommend that the following requirements of the voucher program be suspended:

- Income/employment verification. HUD and PHAs can easily verify the status of current subsidy recipients through their PIC or TRACs system.
- Tenant rent contributions (including the minimum rent contribution). Many families will not be receiving any income for some time. Congress should waive the tenant rent contribution for three months or until the families or elderly receive their social security, welfare payments, or employment checks.
- Waiting list rules: Obviously any federally declared disaster victims should be placed at the head of any waiting lists without violating any rules.
- Voucher payment standard ceiling. PHAs should have the ability to raise their payment standards to up to 140 percent of FMR for victims of Hurricane Katrina without HUD permission.
- Initial inspection criteria. PHAs or HUD can inspect the units after move-in.
- Section 8 model lease requirements for project-based Section 8. The need to waive the income, employment, etc. will necessitate a special lease addendum to protect owners and HUD from fraudulent or ineligible applicants discovered subsequent to lease-up.
- One year lease requirements. Owners should be able to lease units on a month by month basis to enable residents to return to their original homes when applicable or move to other permanent housing.
- Translation (Limited English Proficiency-LEP requirements). Suspend any requirements to translate leases and other documents to avoid delays. Providers can work with volunteers to ensure that verbal translation occurs where necessary.

## **6. Waiver Requirements for Transfer of REO Property**

At this time HUD owns multi-family properties or holds the mortgages of properties of every stripe throughout the country – their REO and HUD held properties. The process

for buying or transferring these properties is complicated and time consuming. And often the properties or the mortgages are sold in bulk to large investors rather than to individual providers. These properties could and should be a resource for housing for families and seniors displaced by Hurricane Katrina. HUD should immediately take steps to get these properties into the hands of new owners, preferably non-profits, who will provide housing to displaced residents. If provisions of the Multifamily Housing Property Disposition Act of 1994 legislation which establishes policies and procedures for REO and foreclosed properties have to be suspended in order to quickly place properties in the hands of those willing and able to provide housing for evacuees, then Congress should suspend the Act. As well, a portion of the new voucher assistance should be available as project based assistance in order to preserve affordable housing if the evacuees return home. If nothing else this crisis has dramatically demonstrated the shortage of affordable housing. Transferring REO or HUD held properties through streamlined and expedited transfers can be both a short-term and long term solution to the natural disaster victims and to the Nation's affordable housing crisis.

## **7. Maintain Service Coordination Funding and Expand Work Field**

Those from destroyed facilities need to maintain grants and authorization to serve seniors where they've been moved. The HUD Service Coordinator provides staff to assist seniors and the disabled in housing sites. The primary function of a service coordinator is to work with local service delivery systems, identify and provide resource information, build relationships with programs and assist seniors through the labyrinth of regulations attributable to a multitude of government agencies. Seniors typically do not know who supplies which services or how to go about applying for them. We urge Congress to allocate emergency funding to provide temporary, emergency, one-year service coordination grants, in addition to the existing grant programs, to help displaced seniors and other special needs populations navigate the various programs and assistance available to them. Furthermore HUD must maintain funding for those service coordinators working





in facilities affected by the disaster and waive certain restrictions, allowing them to work outside of the facility to help relocated residents or other victims in their area.

## **8. Distribute FEMA Housing Vouchers Certificates**

Seniors, families and those providers working in the affected areas are unable to find out where and when these vouchers will be made available. We urge you to publicize and distribute to those in need immediately. The agency distributing certificates or vouchers should consider mobile distribution plans to reach seniors and the disabled who may not be able to come to distribution sites or wait in long lines.

HUD field offices are instructing providers with vacant subsidized Section 8 units that evacuees must have FEMA certificates or vouchers as the subsidy, not Section 8. We can only assume that HUD does not want to pay out Section 8 dollars to temporary residents; so it is even more critical that FEMA housing assistance be more widely available.

## **Long Term Needs**

### **1. HOME and CDBG**

As you know, HOME and CDBG funds have long been a source of funding for home repairs, especially for seniors with little disposable income, and modernization of multifamily housing. AAHSA members have often secured funding from HOME and CDBG grantees for accessibility improvements, for upgrading bathrooms and kitchens, and for improving walkways and sidewalks in older Section 202 communities. And HOME and CDBG funds have frequently been used for gap financing for new Section 202 developments. However, both HOME and CDBG require that funds be spent only after public hearings and submissions of action plans specifying the projects that will be undertaken with a specific year's funding. We would recommend that the requirement for public hearings and action plans be suspended in communities impacted by the disaster. We also would recommend that, in the short term, income limits be lifted, although





priority should be given to those families and seniors who are very low and low income. HOME and CDBG funds will be invaluable to those communities that were not as severely impacted as New Orleans, Gulfport, and Biloxi.

In the longer term, we recommend that new HOME and CDBG funds be appropriated to the communities and the states that are directly impacted by the Hurricane and to those communities and states impacted by evacuees whether or not they have been declared as emergency disaster areas. The communities that have been so generous in their assistance to those displaced should not be penalized by their decisions to accept the victims of Hurricane Katrina. Funds that receiving communities are spending now should be replenished.

In general, Congress should grant HUD and RHS the authority to waive any statutory requirements that may impede providing assistance to Katrina victims, assuming such waivers do not violate fair housing laws.

## **2. Fund Additional Affordable Housing**

The nation's ongoing affordable housing crisis will be exacerbated as a result of the disaster. Seniors on fixed incomes, low-income workers, underinsured and uninsured homeowners and the newly unemployed will continue to flow into communities throughout the country. Most of these communities are already struggling to meet the affordable housing needs of existing populations. From teachers to nursing assistants the housing "boom" has led to an escalation of housing costs that has left many behind. We must address the national affordable housing crisis now with a comprehensive national plan. Integral in any attempt to assure people are living in safe, decent housing is the development of additional affordable housing units. Congress has an opportunity as you consider the GSE reform legislation to create a new affordable housing program. This Affordable Housing Fund could be instrumental in building new housing for home ownership, multifamily rental and home modification for low to moderate income households.



### **3. Plan for Increased Subsidy Due to Increased Energy Costs**

I can tell you that rising energy costs are a constant concern in affordable housing. We all experienced the short term effects of increased energy costs following the disaster and are already getting warning that winter utility costs will be significantly higher. The effects of hurricane Katrina will extend to providers, not only in the disaster areas, but throughout the country. This will require providers to request higher rent subsidy increases through HUD, and for those residents that pay their own utilities, state and local energy assistance programs will have to pay a higher assistance amount. Congress and HUD must prepare for this increase to affect the provider operation costs throughout the U.S. Everything from resident transportation vehicles to increased costs for master metered facilities and utility allowances will require budget increases to operate and maintain facilities and equipment across the country.

### **Conclusion**

Thank you for holding this hearing. It demonstrates your commitment to serving those victims devastated by the hurricane and those of us in the non-profit and faith-based community that have built our mission around serving them. Please remember that the challenges faced by NCR and other AAHSA members are being felt by so many other owners and residents. Providers with facilities funded under other HUD programs and Low-Income Housing Tax Credit program are also struggling with the concerns and problems that we have outlined here. Among hurricane Katrina's victims are tens of thousands of low and moderate income families, including the working poor, who may not have benefited from federal housing programs before but will now need assistance to find safe, decent, stable housing for both the short and long term.

In conclusion, you asked me to address whether providers will be impacted by construction costs. With regard to construction, NCR has already been alerted by a number of general contractors that they are having problems maintaining their prices due to an already strained, anxious market. In the disaster areas this will impact everything from major rebuilding



projects to new construction to finding HVAC service. Materials and labor will be in high demand and construction companies will reflect that in their costs.

Again, thank you and I urge you to implement AAHSA's recommendations and those of others that will help return a sense of normalcy to those who have suffered so much in the last three weeks. Congress must work with providers, their staffs, residents and local authorities to meet the immediate priority of housing victims and the extended goal of bringing them home.

