

# Hurricane Katrina



## Has Mississippi Fallen Further Behind?

Trends and Challenges in  
Mississippi's Disaster Recovery

**The Steps Coalition**

August 29, 2009



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# I. INTRODUCTION

## Has Mississippi Fallen Further Behind?

At the fourth anniversary of Hurricane Katrina, the harmful consequences of Mississippi's misplaced priorities have become clear, and perhaps irreversible. The State has reduced its allocation for housing programs, lowered its forecasts for key affordable housing programs and abandoned plans for a full housing recovery. Between 2006 and 2008, the State reallocated almost \$800 million away from housing towards other purposes. Governor Barbour claimed the diversion was justified because existing programs would fully address the housing crisis caused by Katrina.

In January, 2009, however, the State received a report that anticipates over 15,000 fewer housing units from three key affordable housing programs than forecast by the State in May 2008. The report excuses this shortage on the assumption that fewer people will return to the Gulf Coast. This diverts attention from uncounted and still-unserved people residing on the Coast today and diminishes the Coast's ability to welcome future residents. If we don't build enough permanent housing now, all of our people will not remain, whether it is working families, retirees, or any other residents. Neither the State's recent pursuit of 5,000 housing vouchers nor its program to permanently place cottages will bridge the gap. Unless Mississippi changes direction, it will have lost a unique opportunity to both recover from our state's greatest housing disaster and close disparities in housing conditions in the poorest state in the nation. This report traces the problems to their source and offers recommendations to restore affordable housing to its proper place as the state's first priority in disaster recovery.

Among other things, Mississippi

- lags Louisiana in its overall support for housing and rate of spending of disaster funds;
- started later and spent down less funds more slowly on affordable housing programs than for wealthier residents; and
- falls sharply below its own projections for production of affordable subsidized housing in small rental, long term workforce housing, tax-credit financed rentals and public housing.

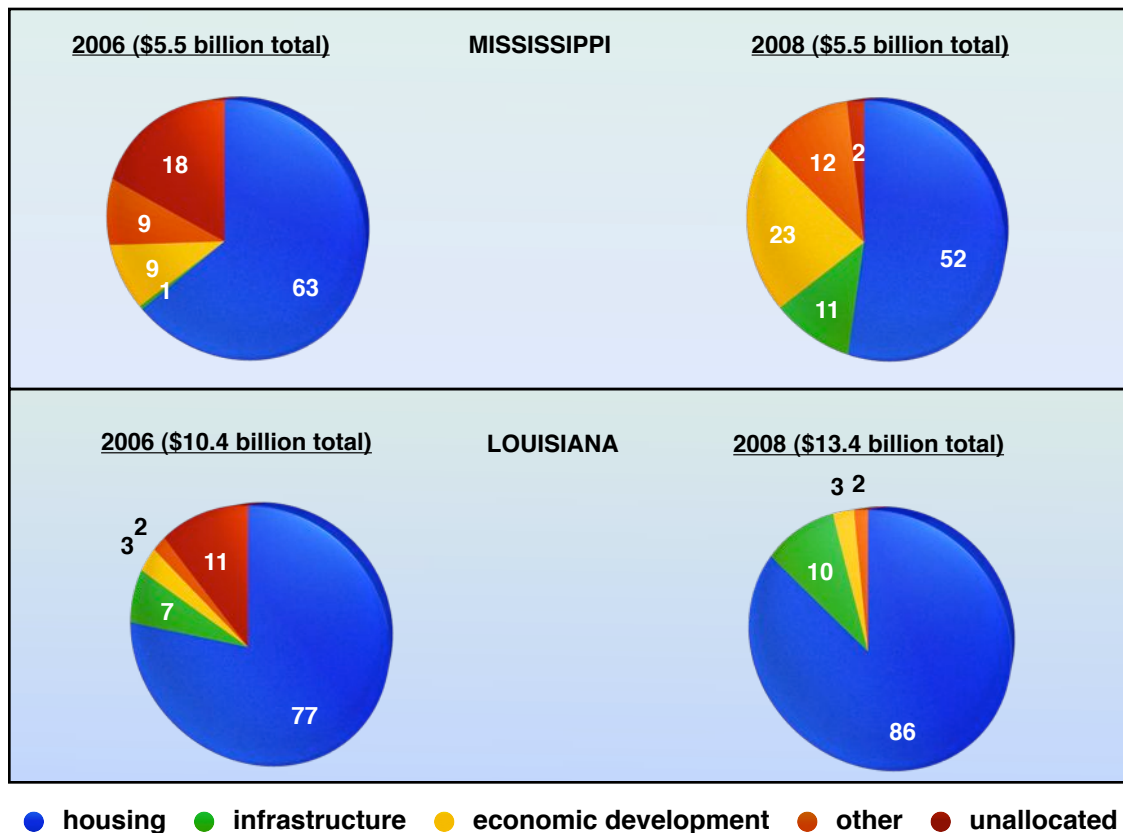
Failing to provide permanent, safe and affordable housing has profound human consequences. It means the absence of a fundamental human right that our nation expects other nations to observe with its internally displaced people. It means a deep uncertainty and insecurity in the most basic aspect of one's daily life. Three stories of the human toll appear at the end of this report, just before the recommendations for future action.

## II. OVERVIEW OF FUNDING AND PROGRAMS

### A. Mississippi's Housing Allocation Decreased But Louisiana's Increased.

According to the GAO, between 2006 and 2008, Mississippi reallocated almost \$800 million of its disaster Community Development Block Grant (CDBG) housing funds toward economic development, while Louisiana sought and received increased housing funding. Mississippi reduced its housing allocation from 65 to 52 percent, while Louisiana increased its housing allocation from 77 to 86 percent. The GAO rejected Mississippi's attempt to pad its housing allocation with utility and insurance subsidy programs. Mississippi diverted \$600 million in unused housing funds to a port expansion.<sup>1</sup> Louisiana expects to offer \$600 million in unused Road Home funds to low-income homeowners, because "It's the right thing to do."<sup>2</sup>

Figure 1: Allocations of CDBG Disaster Funds in 2006 and 2008 (percent)



Source: GAO-09-541 Gulf Coast CDBG Disaster Assistance, pp. 9-10.

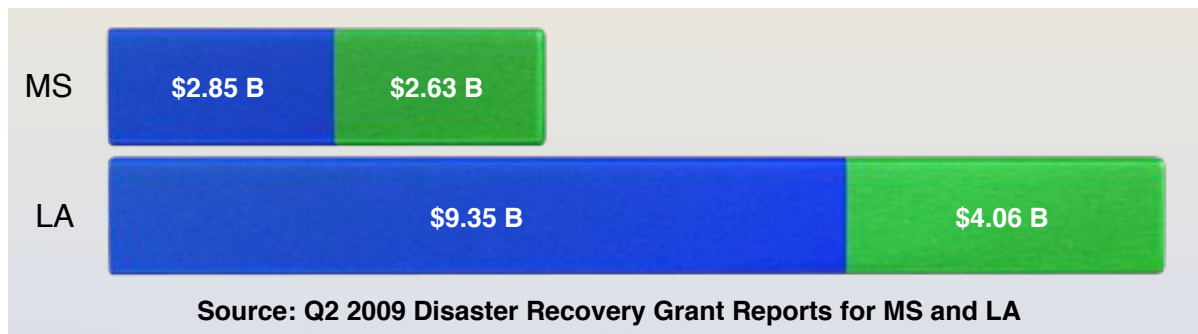
<sup>1</sup> Mike Stuckey, "Feds OK Mississippi's Katrina Grant Diversion," MSNBC January 25, 2008, <http://today.msnbc.msn.com/id/22805282/>

<sup>2</sup> Becky Bohrer, "State of Louisiana To Propose Help for Homeowners," The Advocate, August 20, 2009, <http://www.theadvocate.com/news/53853607.html>

**B. Mississippi Lags in Spending Disaster Relief.**

Mississippi spent 52 percent of its funds as of June 2009, compared to 33 percent at the end of 2007. Louisiana widened its lead over Mississippi by spending 70 percent of its funds as of June 2009, compared to 45 percent as of 2007.<sup>3</sup> Louisiana’s lead is notable because it started later and was forced to seek three supplemental appropriations.

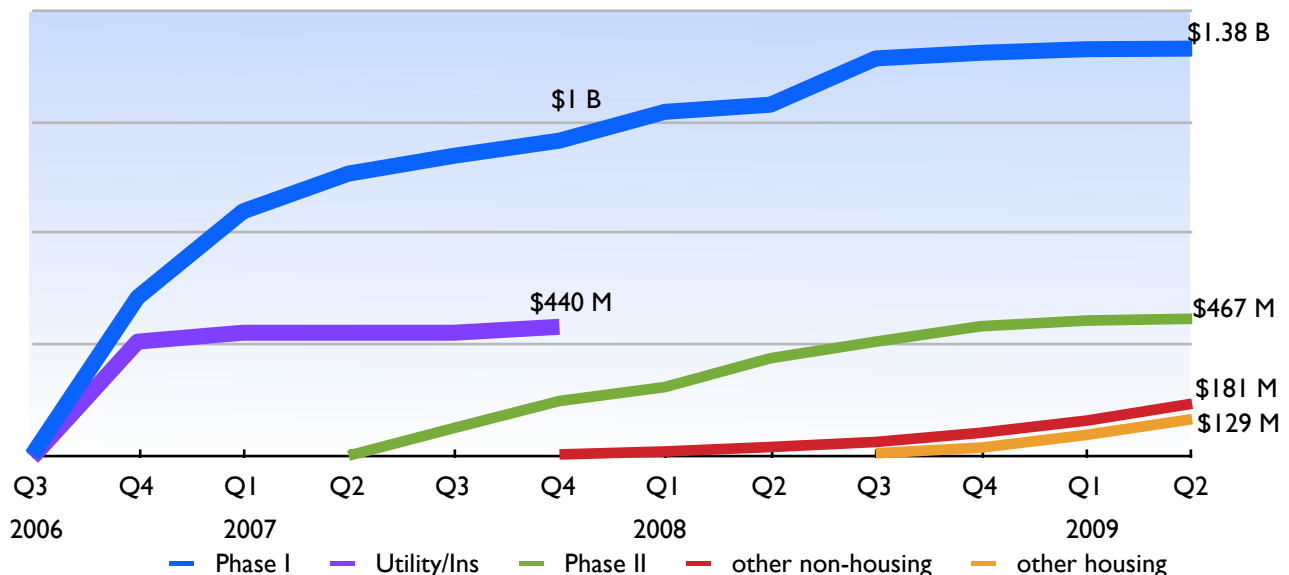
**Figure 2: Spent versus Unspent Funds (billions)**



**C. State Took Longer to Spend Less, Later for Income-Targeted Programs.**

Mississippi started in 2006 and accelerated swiftly with larger spending on income-exempt programs (Phase I and Utility/Insurance), reaching over \$1.4 billion within 15 months. The State started in 2007 and spent less money more slowly on income-limited housing programs, reaching only \$596 million in 24 months. See Figures 3 and 4 for details.

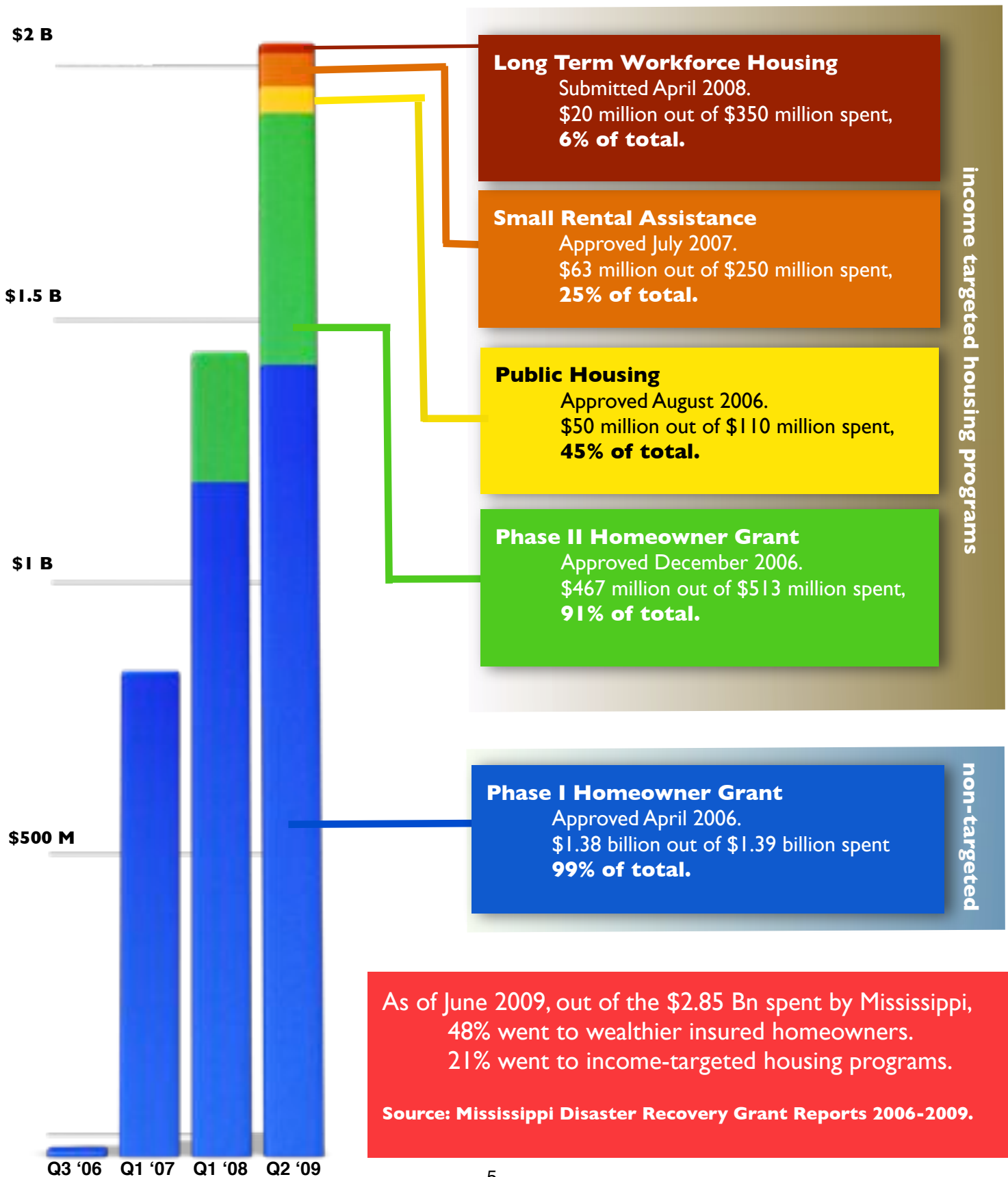
**Figure 3: Lower Income Mississippians Last In Line for Less Relief**



**Source: Mississippi Disaster Recovery Grant Reports**

<sup>3</sup> 2007 figures appear in Steps Coalition, [“Is Mississippi Building Back Better Than Before?”](#) August 2008, p. 4.

Figure 4: Spending for Lower Income Housing Lags Behind



#### D. Lowered Expectations: State Reduces Program Forecasts by 15,000 units

In May, 2008, Mississippi's Office of Recovery and Renewal testified in a Congressional oversight hearing that its housing programs would restore or exceed the 52,512 housing units with major and severe hurricane damage.<sup>4</sup> Three programs were the key to the state's assurance: long term workforce housing, small rental, and low income housing tax credit properties.

These three programs actually will fall over 15,000 units short of prior forecasts, according to figures in the Mississippi Housing Data Project, a report commissioned by Governor Barbour. A comparison of the data is set forth in Table 1. The Steps Coalition anticipates that the shortage will widen when an updated report is released, based on field reports.

**Table 1: Comparison of Mississippi Housing Program Projections**

	<b>2008 projection</b>	<b>2009 projection</b>	<b>shortage</b>
<b>long term workforce housing</b>	12,850	4,831	-8,019
<b>small rental assistance</b>	7,500	1,952	-5,548
<b>low income housing tax credit</b>	5,823	3,788	-2,035
<b>total</b>	26,173	10,571	<b>-15,602</b>

Sources: Testimony of Jack Norris, MS Office of Recovery, May 9, 2008, p. 3 (initial projection); Mississippi Housing Data Project, January 2009, p. 61 (current projection).

The Steps Coalition is troubled by news reports that Mississippi intends to use lower population recovery forecasts to justify a slower and incomplete housing recovery. Planning based on a smaller population is a self-fulfilling prophecy: today and in the future, all residents cannot return to the Gulf Coast area unless adequate housing is restored. Delaying a complete housing recovery will delay a population recovery, and the result will be the denial of a fundamental human right of internally displaced persons: the right to return.

Mississippi officials still forecast a full recovery of housing by 2011, but acknowledge it will not be a universal recovery. The Gulf region continues to face shortages in the category of deepest need of affordability, according to state officials.<sup>5</sup> In Part III, the causes and solutions of this shortfall will be discussed.

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<sup>4</sup> Testimony of Jack Norris, House Financial Services Subcommittee Hearing, "Emergency CDBG Funds in the Gulf Coast: Uses Challenges, and Lessons for the Future," May 8, 2008, pp. 3-4.

<sup>5</sup> Becky Gillette, "Housing Surge," Mississippi Business Journal, August 24-30, 2009, p. 16.

**E. Lowering the Bar: HUD allows Mississippi to target only one-third of its primary appropriation to assist lower-income residents.**

Over the past four years, the Steps Coalition has urged the U. S. Department of Housing and Urban Development (HUD) to hold Mississippi to the requirement that the Disaster CDBG funds be spent in ways that benefit persons of low and moderate income.<sup>6</sup> In Congressional oversight hearings, advocates urged HUD and Congress to re-examine over \$4 billion worth of program waivers previously granted to Mississippi’s disaster CDBG programs.<sup>7</sup>

In December, 2008 the outgoing HUD administration used some Enron-style accounting to conclude that Mississippi could meet the Congressional goal without waivers of the low-income benefit requirement for three non-housing programs.<sup>8</sup> In effect, HUD took off the books over \$1.8 Billion in programs that did not benefit lower income persons. The Steps Coalition asserts that the only way to accurately assess overall benefit is to count all of the money, including the \$1.8 billion HUD excluded from the equation. In the table below, the Steps Coalition demonstrates that an accurate overall calculation shows Mississippi achieved only a 34 percent benefit, substantially short of the 50 percent Congressional goal.

**Table 3: Overall Benefit Calculation of Programs Funded by P.L. 109-148 (millions)**

<b>program</b>	<b>total</b>	<b>imputed LMI Benefit</b>
<b>Homeowner Grants Phase I</b>	\$1394	\$0
<b>Homeowner Grants Phase II</b>	\$565	\$396
<b>Public Housing</b>	\$100	\$100
<b>Utility &amp; Windpool</b>	\$440	\$0
<b>Economic Development</b>	\$291	\$146
<b>Community Revitalization</b>	\$472	\$236
<b>Infrastructure (S&amp;W)</b>	\$606	\$303
<b>Small Rental Assistance*</b>	\$4	\$2

<sup>6</sup> See Steps Coalition, “Mississippi CDBG Recovery Fund Report Card,” January 2008.

<sup>7</sup> See Testimony of Derrick Johnson, MS NAACP and Reilly Morse MS Center for Justice, “Emergency CDBG Funds in the Gulf Coast: Uses Challenges, and Lessons for the Future,” House Financial Services Subcommittee on Housing and Community Opportunity, May 8, 2008, pp. 2-3, 17.

<sup>8</sup> 73 Federal Register 75733, December 12, 2008.

<b>program</b>	<b>total</b>	<b>imputed LMI Benefit</b>
<b>Workforce Housing*</b>	\$241	\$121
<b>Port Expansion</b>	\$570	\$285
<b>Total (Including Phase I Grants, Utility &amp; Windpool Subsidies)</b>	\$4,683	\$1,588
<b>percent</b>		<b>34%</b>

Source: Program Totals from Mississippi Disaster Recovery Grant Report Summary, March 2009; calculations by author.

\* Small Rental Assistance and Workforce Housing programs were paid in part with funds from Public Laws 109-148 and 109-234. Only the portion funded by 109-148 is included.<sup>9</sup>

Moreover, all income-targeted programs are spending less later and more slowly than the income-exempt programs, as shown in Figure 3. In human terms, this nearly four year delay is for all intents and purposes a non-recovery for those least able to stretch their personal and temporary resources until relief arrives. The Steps Coalition urges the incoming administration to re-evaluate and reconsider the action of the prior administration on this vital policy decision.

### **III. CURRENT CHALLENGES**

#### **A. Rescuing Households “Outside of the System”**

In August, 2008, the Steps Coalition warned that Mississippi’s disaster housing recovery programs would not generate a sufficient supply of affordable housing to absorb the more than 4,000 households then in the FEMA temporary housing programs.<sup>10</sup> One year later, this prediction tragically has come true, and there remain thousands of residents in this region who have unwillingly traded cramped FEMA trailers or hotel rooms for equally unacceptable housing “outside of the system,” such as unrepaired or overcrowded dwellings shared with others. This unfortunate population joins thousands

<sup>9</sup> Public Law 109-234 funded \$258.5 million of the Small Rental Assistance Program, \$55 million of the Gulf Coast Infrastructure Program, and \$109 million of the Long Term Workforce Housing Program.

<sup>10</sup> Steps Coalition “Is Mississippi Building Back Better Than Before?” August 29, 2008, p. 11

more wrongly denied or improperly removed from FEMA's temporary housing programs.<sup>11</sup>

In the Spring of 2009, Mississippi officials publicly acknowledged the need of the residents still outside the system and requested Congress to award 5,000 Section 8 housing vouchers.<sup>12</sup> In support of this request, the State cited unmet needs for 2,000 pre-Katrina lower-income homeowners who are post-Katrina renters, 2,322 households who cannot afford rent due to the post-Katrina spike in rental rates, and 1,750 who await the completion of public housing.<sup>13</sup> The Steps Coalition welcomes Mississippi's acknowledgement of unmet housing need. But it was no invisible hand that pushed these households out of FEMA's temporary housing programs into an abyss. Mississippi officials excluded thousands of wind-damaged homeowners and delayed programs to restore affordable and public housing.

HUD and Mississippi share responsibility for flaws that have left thousands of households still without permanent housing four years after Katrina. With HUD's approval, Mississippi has denied compensation to thousands of lower-income wind-damaged homeowners, who now live in unrepaired housing or have been forced to become renters. Four years after Katrina, HUD and Mississippi have failed to deliver a large enough supply of affordable housing under the state's dramatically-underperforming small rental and long term workforce housing programs. Participants describe to the Steps Coalition deep frustration with complex, shifting, and excessively risk-averse requirements imposed by federal and state officials, their lawyers and accountants. Also, HUD has failed to heed Mississippi's appeal to apply common sense instead of bureaucratic rigidity to the important issue of duplication of benefits, which limits the ability of ordinary citizens to use the full spectrum of resources to achieve permanent housing.

HUD and Mississippi share responsibility to change current policies if the voucher program is to even partially fix self-created gaps in the housing recovery system. First, HUD awarded a grossly inadequate supply of vouchers to Gulf Coast housing authorities, less than 800 vouchers in response to a request for 5,000. Instead, HUD directed up to 2,500 to other housing authorities away from coastal Mississippi, which will worsen the lagging efforts to restore the population to pre-Katrina levels.

Second, a housing voucher without a rental unit is a ticket without a train. Mississippi asserted that there existed a nearly 25 percent vacancy rate and over 2,000 units of market-rate rentals whose landlords would accept Section 8 vouchers, a claim that was

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<sup>11</sup> "Far From Home: Deficiencies in Federal Disaster Housing Assistance After Hurricanes Katrina and Rita and REcommendations for Improvement," Special Report of Senate Homeland Security Ad Hoc Subcommittee on Disaster Recovery," February, 2009, pp. 123-127.

<sup>12</sup> Richard Fausset, "Post Katrina trailer residents fearful as eviction day looms," Los Angeles Times, May 6, 2009.

<sup>13</sup> Mississippi Housing Data Project, Estimate of Voucher Need.

ridiculed when repeated by a HUD official in a Congressional oversight hearing.<sup>14</sup> Newly-released data show a 12 percent vacancy rate in market-rent apartments.<sup>15</sup> Raising further doubt on supply, Steps Coalition allies, Mississippi Center for Justice and Lawyers' Committee for Civil Rights Under Law, performed a field check of landlords accepting Section VIII vouchers and found fewer than 800 actual vacancies.<sup>16</sup>

HUD and Mississippi must redouble their efforts to find innovative solutions to restore affordable housing. Extending compensation to households still struggling to repair their homes is a basic requirement. Mississippi added \$10 million for housing resource centers to split among thousands of households that still face major gaps to recovery after exhausting all other resources. A substantially larger commitment is required.

HUD and Mississippi also must add to their commitments to income-targeted housing programs and, just as importantly, must simplify and accelerate the approval and implementation process.

As two Congressional housing leaders reminded Governor Barbour, vouchers are “only one part of the housing equation; hard affordable housing units are also needed.”<sup>17</sup> Moreover, vouchers matched with market rate rentals cannot take the place of long-term affordable housing units and do not represent a sustainable solution. Some housing advocates have called for the conversion of market rate rentals to long-term subsidized rentals. The evidence of an overbuild is shown by the higher-than-normal market-rate vacancy rates and the first, modest softening in rental rates since Katrina. Mississippi could step in at this point to assist public housing authorities and other investors in subsidized housing in rebalancing and extending the affordability horizon of the area's rental market.<sup>18</sup> To do so will require the State to return funds that were diverted away from housing to provide grants or loans to qualified buyers.

The Steps Coalition fully supports the call by Congressman Frank and Congresswoman Waters for Governor Barbour to “match your commitment to vouchers with a commensurate commitment to the use of your existing CDBG funds for the redevelopment and expansion of hard units of affordable housing in Mississippi.”

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<sup>14</sup> Fred Tombar, “Still Post Katrina: How FEMA decides when housing responsibility ends,” May 22, 2009. <http://transportation.house.gov/hearings/hearingDetail.aspx?NewsID=913>

<sup>15</sup> W. S. Loper, Mississippi Gulf Coast Apartment Survey, May 2009, p. 3.

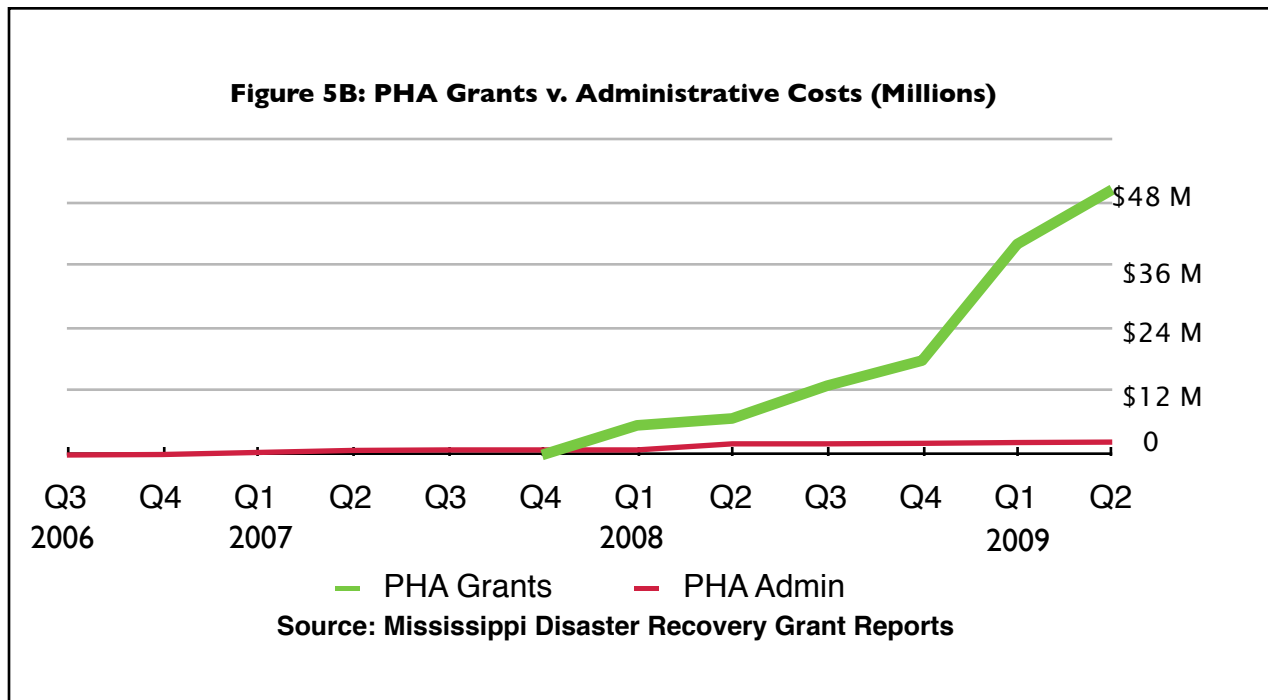
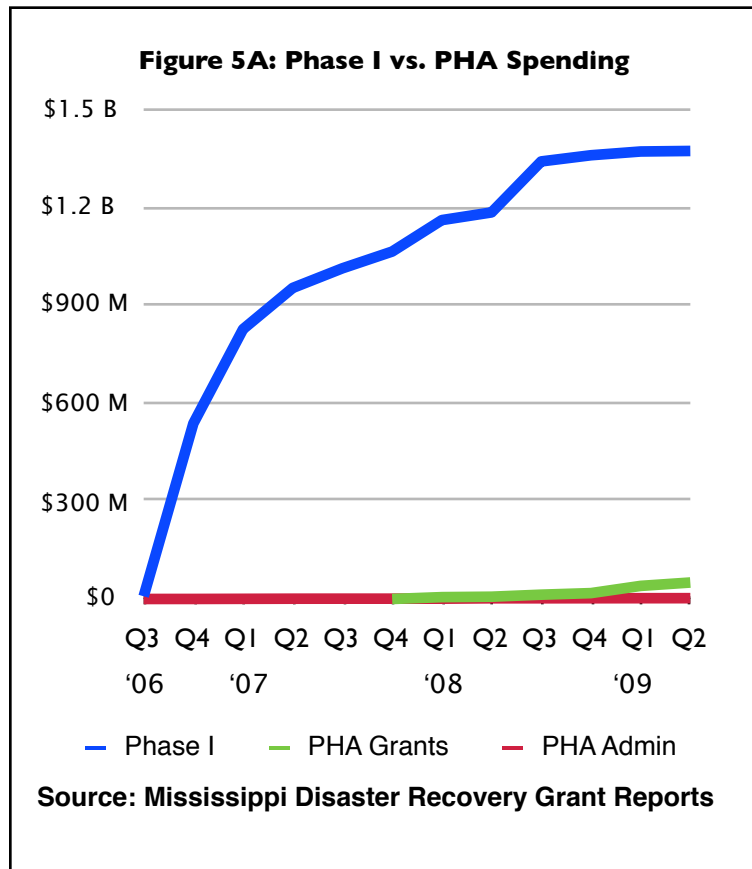
<sup>16</sup> See Testimony of Reilly Morse, “FEMA Housing: An Examination of Current Problems and Innovative Solutions,” House Homeland Security Committee Hearing, July 8, 2009, p. 6; Exhibit B.

<sup>17</sup> Letter from Maxine Waters and Barney Frank to Governor Barbour, June 18, 2009.

<sup>18</sup> W. S. Loper, Mississippi Gulf Coast Apartment Survey, April 2008.

## B. Public Housing: Too Little Too Late

The rate, speed and size of CDBG spending for the Gulf Coast's wealthiest homeowners dwarfs spending for its poorest public housing residents. Until early 2008, public housing spending was so close to zero that it was nearly invisible (Figure 5A). Mississippi took 18 months to spend more on public housing grants than it did on administration. (Figure 5B). The delay cannot be justified merely on differences in the size, grant amount, or complexity of the programs. Mississippi officials, and ultimately HUD itself, simply placed a lower priority on the state's most vulnerable residents than its wealthier residents.



State officials have routinely obscured the public housing picture by combining true public housing units with other forms of deep subsidy housing to artificially inflate the progress on traditional public housing.<sup>19</sup> It is important to track conventional public housing separately because this category has the longest duration of affordability. The Gulf Coast area remains over 1,000 traditional public housing units below pre-Katrina levels, according to an independent rental market analysis. Only one unit out of 1,171 public housing apartments was vacant as of May, 2009, a 0.1 percent vacancy rate.<sup>20</sup>

**Table 4: Public Housing Units on Gulf Coast**

public housing	2004	2009	loss
<b>Hancock</b>	176	0	176
<b>Harrison</b>	1,300	769	531
<b>Jackson</b>	722	402	320
<b>Total</b>	2,198	1,171	<b>1,027</b>

Source: 2004 Loper Survey, pp. 15-17; 2009 Loper Survey, pp. 14-16.

Demand for Section 8 vouchers through Public Housing Authorities continues to outstrip supply, as demonstrated by the Coastal Housing Lease Up Report, set forth in Table 5. Unforgivably, HUD has allocated coastal Mississippi housing authorities less than 800 vouchers of the 3,000 provided to the state.<sup>21</sup> The Steps Coalition urges HUD to redirect all vouchers allocated to Mississippi into the Gulf Coast area for use by displaced residents.

**Table 5: Public Housing Lease Up Data**

Housing Authority	Vouchers Allocated	Vouchers Available	Waiting List
<b>Region VIII</b>	5,730	0	5,000
<b>Biloxi</b>	333	0	293
<b>Bay Waveland</b>	175	0	150
<b>Long Beach</b>	25	0	95
<b>Total</b>	6,263	0	<b>5,538</b>

Source: Mississippi Housing Data Project Estimate of Voucher Need, p. 8

<sup>19</sup> For example, the Mississippi Housing Data Report lumps together public housing and other forms of deep subsidy housing into a single category, but does not separately account for conventional public housing.

<sup>20</sup> Loper Survey 2009, p. 17.

<sup>21</sup> Personal communication between author and Public Housing Authority directors.

Mississippi still has a significant task ahead of itself in restoring traditional public housing capacity and meeting post-Katrina needs of this area’s residents who earn at or below 30 percent of area median income. The obvious and basic immediate job ought to be to build at least 1,000 traditional public housing units affordable to the Coast’s most needy residents. The State’s actual use of \$105 million was not to restore public housing structures that have the longest affordability commitment, but to treat the fund as a bank to subsidize construction of shorter-horizon tax-credit properties. As tenants earning 30 percent of area median income are blended into properties with higher income eligibility requirements, the ability is lost to assure a one-for-one replacement of units permanently affordable to these tenants.

**C. LIHTC progress not enough to overcome losses elsewhere.**

Mississippi has insisted from the outset that a surplus in apartment complexes financed by low income housing tax credits (LIHTC) will expand public housing supply and offset shortfalls in its other affordable housing programs, such as the Small Rental Assistance Program and Long Term Workforce Housing. Unfortunately this prediction also has failed to come true. According to one independent source, the Gulf Coast has produced 2,142 more LIHTC rental units than it had before Katrina, and expects another 1,242. But, the total from these programs would be only about 12,500 units, over 11,000 fewer than the State originally predicted.

**Table 6: LIHTC units compared to other housing forecasts**

	2004	2009	difference
<b>LIHTC</b>	1,230	3,372	2,142
<b>Public Housing</b>	2,198	1,171	-1,027
<b>Estimates</b>	<b>2008</b>	<b>2009</b>	
<b>Small Rental</b>	7,500	1,952	-5,548
<b>Workforce Housing</b>	12,850	4,831	-8,019
<b>Additional LIHTC under construction</b>		1,242	1,242
<b>Total</b>	25,786	12,568	<b>-11,210</b>

**Sources: Loper Surveys 2004 (p.18), 2009 (p.17); Norris Testimony, p. 3; Mississippi Housing Data Project, p. 61.**

There remains strong demand for the subsidized rental housing available at LIHTC-financed apartments. In 2008, an independent rental market analyst pointed out that the unusually high occupancy rates and rapid lease-up rates at LIHTC-financed properties were indications of deep demand for affordable rental housing on the Mississippi Gulf

Coast.<sup>22</sup> Over the next year, the Coast saw 1,450 LIHTC units added to the supply, and produced a temporarily inflated 11 percent vacancy rate while these units were being absorbed by the market.<sup>23</sup> As occurred last year, this additional supply will be absorbed without exhausting remaining demand.

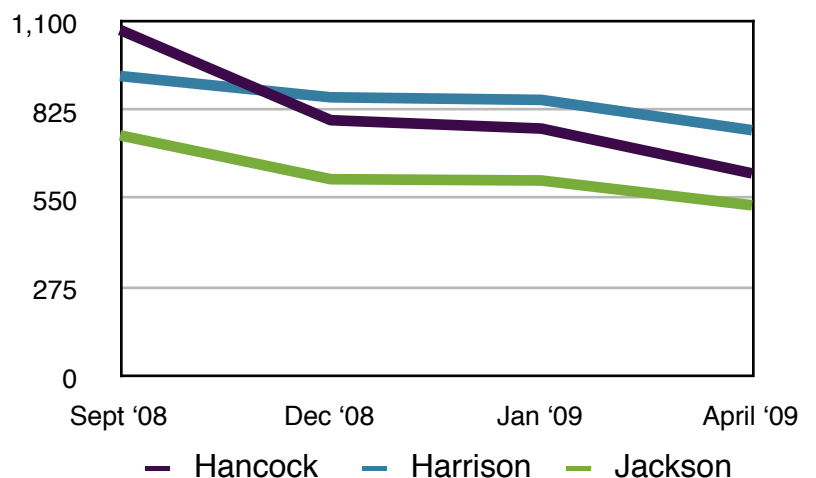
More aggressive enforcement of the federal Fair Housing Act would have accelerated the recovery of this important segment of the rental market. Through the Warm Welcome Gulf Coast<sup>24</sup> campaign, a key Steps Coalition ally, Back Bay Mission undertook important educational work to dispel prejudice and educate the public about affordable housing. But education alone will not move some stubborn local governments. Federal and state officials have been all too timid in deferring to local moratoria against multifamily rental projects, or tax-credit finance projects. As a result, a permanent recovery has been delayed or denied to thousands of lower-income members of protected classes, including racial minorities, persons with disabilities, and families with children. As this report is released, at least two municipalities in hardest-hit Hancock County, have moratoria against construction of multifamily rental complexes, despite a clearly inadequate rate of housing recovery overall.

#### D. Cottages - Permanent Placement is Elusive

In Mississippi, nearly 2,800 cottages were constructed and deployed under Mississippi’s share of a \$400 million Alternative Housing Pilot Program pilot program funded by the Federal Emergency Management Agency (“FEMA”) and administered by the Mississippi Emergency Management Agency (“MEMA”). The cottages are larger, stronger, and more livable than the FEMA trailers they replaced. While a few hundred cottages in extremely low-lying flood zones were surge-damaged by Hurricane Gustav, the majority of cottages weathered the winds well. Significantly, the cottages were designed to be converted to permanent use.

Despite the MEMA Cottage’s superior modular construction, vernacular architecture, and higher quality, many municipalities have banned

**Figure 6: Occupied Cottages by County**



<sup>22</sup> Loper Survey, 2008, p. 14.

<sup>23</sup> Loper Survey, 2009, p. 17.

<sup>24</sup> <http://www.warmwelcomegulfcoast.org/>

or severely restricted the permanent placement of the MEMA cottage on the mistaken assumption that it is indistinguishable from a mobile home.<sup>25</sup> Steps Coalition members currently pursue advocacy and litigation against local municipalities to ensure that the MEMA cottages are treated the same as any other modular unit, and to remove other restrictions.<sup>26</sup> Despite these efforts, the conversion of individual cottages to permanent use remains stymied by case management complications, a disunified resource pool for elevation and foundation costs, and local government opposition. As a result there is a troublingly low 42 percent conversion rate to permanency, and an even worse 31 percent rate in Hancock County, which faces the greatest challenge to recovery.

**Table 7: Mississippi Cottage Conversion Rate**

	<b>Occupied September 2008</b>	<b>Approved to Buy</b>	<b>Percent Retained</b>
<b>Hancock</b>	1,077	330	31%
<b>Harrison</b>	934	438	47%
<b>Jackson</b>	750	368	49%
<b>Other</b>	42	31	74%
<b>Coastwide</b>	2,803	1,167	<b>42%</b>

**Source: MEMA Cottage Retention Data**

The Steps Coalition supports MEMA’s effort to convert the Mississippi cottages to permanent use, and supports Mississippi Development Authority’s intention to provide elevation grants above the arbitrary benchmark established by FEMA. Several Steps Coalition allies have been promised allocations of cottages for owner-occupied and rental uses, including Enterprise Corporation of the Delta, Mercy Housing and Human Development, Habitat for Humanity, and the North Gulfport Community Land Trust. Some of these projects are going forward, but others face continued challenges from the tangled approval and compliance process imposed by federal and state officials.

The Steps Coalition opposes redistribution of cottages to other state agencies or a statewide public auction. Instead, MEMA should insure that each and every Mississippi cottage is placed on the Mississippi Coast to restore housing opportunity.

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<sup>25</sup> Examples of excessive restrictions include veto power of any resident within 160 feet of a proposed cottage site, requirements of pre-Katrina title and homestead exemption, and prohibitions against conversion to rental use.

<sup>26</sup> **Gambrell et al v. City of Waveland** 2301-09-0045(1) (Hancock County Chancery Court) [http://mscenterforjustice.org/press-article.php?article\\_id=107](http://mscenterforjustice.org/press-article.php?article_id=107) Also, Mississippi Center for Justice and Gulf Coast Fair Housing Center have urged HUD’s Fair Housing section to review local zoning restrictions on various types of housing.

## E. Wind-Damaged Homeowners Get Zero CDBG Assistance

The Steps Coalition looks forward to the release of the next phase of the Mississippi Housing Data Project's report on unrepaired damage. We anticipate confirmation that thousands of households still have unrepaired dwellings, both from storm surge and from hurricane wind damage. For a sizable percentage of wind-damaged homeowners who have not repaired their dwellings, the Steps Coalition anticipates the explanation will be inability to pay either due to inadequate insurance payment or absence of a federal grant program covering wind-damage. A table of owner-occupied residences with major to severe wind damage for South Mississippi counties is set forth below.

**Table 8: Households with Major to Severe Wind Damage Excluded from Relief**

	major	severe	total
<b>Hancock</b>	746	460	1206
<b>Harrison</b>	3,804	621	4425
<b>Jackson</b>	1,497	174	1671
<b>3 Coast</b>	6,047	1,255	7,302
<b>Lower 10 counties</b>	11,321	2,120	<b>15,561</b>

**Source: FEMA February 2006, Housing Damage Estimates**

Rural households above the three coastal counties continue to deteriorate in obscurity because the State has defined out of existence this entire category of disaster victims. The Steps Coalition renews its call for Governor Barbour to put forward some grant or compensation program to help this class of Katrina-damaged citizens complete their recovery. From the standpoint of basic fairness it only makes sense for the State to extend similar concern to these citizens as it did to the utility companies whose repairs to wind damage to transmission and distribution lines in these same counties were promptly funded by hundreds of millions of dollars in federal CDBG assistance, without disdainful lectures about personal responsibility to insure one's assets against disaster.

# Left in Distress- Three Stories

Federal and state housing recovery gaps have a human toll.



James Johnson sleeps on a bench cushion in a FEMA trailer that he moved onto his land after a tornado spawned by Hurricane Katrina destroyed the house he built from scrap lumber brought from the sawmill where he worked for 47 years.

Mr. Johnson, who quit elementary school to help his family earn the money to buy the land he now occupies, was excluded by Mississippi's Homeowner Assistance program because his hurricane damage was not caused by storm surge. His family provides some assistance to him and he receives a small social security check. He is crippled by gout.

His trailer sits less than a five-minute ride from hundreds of unoccupied MEMA cottages stored on open land. He owns his own property, it has no zoning barriers, and it is above the flood plain. He is "exactly the type of individual" MEMA wants to sell a cottage to, according to the Director of MEMA. But no one can connect the dots for Mr. Johnson, despite unrelenting efforts by his daughter Cynthia Moore, case managers, or even Congressional Staff. He woke up on the Fourth Anniversary of Katrina on the same bench cushion.



Robert Guercio's home in Waveland was completely destroyed by Hurricane Katrina. MEMA installed a cottage on his vacant lot in October of 2007. Now MEMA wants it back. Guercio and dozens of other cottage recipients received eviction notices from MEMA earlier this spring. But Guercio, who is retired and living on a fixed income, has no place to go. The contractor he hired to rebuild his home absconded with the money Guercio advanced and left the house uncompleted.

MEMA served Guercio with a summons to court in June and obtained an order of eviction. The Mississippi Center for Justice filed an appeal on his behalf and the Circuit Court on Aug. 21, 2009 found that the eviction did not conform to statutory requirements. Another victory for a Katrina survivor battling the unfeeling bureaucracy in charge of Mississippi's recovery?

Not exactly. Last week MEMA served Guercio with another eviction notice. It states that he must be out of his cottage by Aug. 27 or face court proceedings to force his removal from the cottage.



Martha Snelling's home and rental units in Gulfport were damaged by Hurricane Katrina. Martha pursued and received small rental and historic preservation grants because both were needed to restore the structures to habitability. Standing alone, the Small Rental Assistance Program was not enough to enable her to complete the work.

While Martha appreciates the support that lets her do her part to restore housing in two historic African American communities, Soria City and Turkey Creek, she has experienced profound distress trying to get the state programs to work together. The stress from continuously changing rules, duplication of benefits, and competing demands drove her to the brink of abandoning the effort. Unfortunately the challenges Martha has met have deterred too many other small landlords from restoring damaged rentals in communities across the coast.

## **Recommendations:**

HUD should require Mississippi to restore disaster CDBG funds back to housing programs that were diverted for other purposes until a complete housing recovery is achieved.

HUD should reevaluate Mississippi's performance on the overall benefit percentage requirement and refuse to exempt over 36 percent of the funds from an overall benefit analysis.

HUD should require Mississippi to spend existing disaster funds more quickly, but particularly those for affordable housing programs. HUD, in cooperation with other federal agencies, should streamline the approval, implementation and regulatory compliance process to accelerate this effort.

HUD should reallocate all Mississippi's housing vouchers in the 2009 appropriation to serve the unmet needs in coastal Mississippi, as originally intended, instead of forcing eligible residents to travel hours from the coast to central and north Mississippi to apply for aid. Also, HUD should condition the reallocation upon Mississippi's taking affirmative steps to finance the purchase of market rate rental units and convert them into hard, long-term affordable rental units.

Mississippi should accelerate the expenditure of funds in affordable housing programs, including the Small Rental Assistance Program, the Long Term Workforce Housing Program, and the Cottage Permanency Program, and streamline or eliminate the state compliance requirements imposed by its lawyers and accountants.

Mississippi should fund an income-targeted program to compensate or repair the thousands of still-unrepaired dwellings in the region, including those with severe wind damage, whether on or above the three coastal counties.

Mississippi should ensure that all Mississippi Cottages are permanently placed for storm-damaged residents with priority to areas in greatest distress.

Together, HUD and Mississippi should more forcefully enforce the federal Fair Housing Act's non-discrimination requirements against local jurisdictions that enact regulations whose effect is to exclude lower income members of racial minorities, persons with disabilities, and other protected classes.

**For more information, visit the Steps Coalition at [www.stepscoalition.org](http://www.stepscoalition.org)**

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