

Testimony of Andreanecia M. Morris, HousingNOLA Executive Director
U.S. House of Representatives Financial Services Committee
Subcommittee on Oversight and Investigations Hearing
Ensuring Equitable Delivery of Disaster Benefits to Vulnerable Communities and Peoples:
An Examination of GAO's Findings of the CDBG Program
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Louisiana is in the path of many storms (literal and figurative), and it feels as if we are constantly recovering from a natural disaster. Yet, we never seem to reach full recovery before the next catastrophe impacts our communities. New Orleans, in particular, has long struggled with challenges to provide for its most vulnerable residents, especially when attention is turned toward the most recent catastrophe. Man-made or natural disasters hit them hardest, and the series of tragedies that have plagued New Orleans for the last 16 years is no exception. Seven years ago, New Orleans was one of the fastest-growing cities in America, and now most citizens struggle to make ends meet. The impact leaves thousands homeless or displaced, increases physical and mental issues, and exacerbates existing health problems.

Hurricane Katrina's floodwaters required billions of private and public dollars to make the city livable. Redevelopment efforts increased the amount of quality housing, but it also drove prices and dramatically increased housing insecurity. Is displacement an inevitable byproduct of this kind of investment? Did the necessary changes and improvements lead to an increase in massive instability? I do not believe that to be the case. Still, the failure to plan for these outcomes and aggressively mitigate these issues seems to be a pattern we are continuing to repeat. As we struggle to secure safe decent affordable housing for all in New Orleans, we also have to grapple with the fact that New Orleans has thousands of occupiable units that sit vacant—overpriced and out of reach for the average resident. Over 58,000 households in New Orleans are paying too much for their homes today or are “cost burdened.” This high cost for housing leaves too little left over for critical expenses like food, transportation, education, and

health care. There are more than 58,000 commuters who commute into New Orleans for a job and earn less than \$40,000 per year. While these numbers are calculated on an individual rather than a household basis due to the data source, we estimate that this includes approximately 44,000 low-to-moderate income households who may have been displaced from New Orleans by rising costs, or who might prefer to live closer to their jobs in New Orleans if they could afford to do so.

Rental properties can come to be affordable in two ways. One way is for a development to be intentionally affordable, which usually happens through the provision of subsidy funding from the government. These subsidies come with “affordability restrictions” on some or all of the homes within the development, meaning that these homes must be rented to low-income or moderate-income households. These restrictions eventually expire, and properties can then become “market-rate,” which often means that they become more expensive and harder to afford for the people living there. In New Orleans, the cost estimate examines preservation of subsidies for properties in the Small Rental Property Program, which provides subsidies to small landlords in return for their provision of affordable rental rates for residents under 80% AMI; and preservation of all Low-Income Housing Tax Credit (LIHTC) developments with affordability periods expiring before 2030.

Some other rental properties are called “naturally-occurring affordable housing” or NOAH; these homes are rented at rates that are affordable to low-income or moderate-income households without any affordability restrictions. In New Orleans, these properties tend to be older and often have some challenges with maintenance and housing quality, as well as being located in areas that are further from jobs and services. For these properties, preserving affordability often means a need to acquire and rehabilitate each property in order to bring it up

to quality standards before continuing to rent the units at rates affordable to low-to-moderate-income households. Based on past research from the Center for Community Progress, the cost estimate assumes that approximately 4% of the rental housing stock in New Orleans needs this type of intervention.

In general, preserving existing affordable housing is less expensive than constructing new affordable homes, so it's important to preserve as many affordable rental units as possible to avoid having to construct more new homes. Our cost estimates show that, on average, preservation of each affordable rental unit in New Orleans is approximately 25% less expensive than constructing a new affordable unit.

Soon after the fifteenth anniversary of Hurricane Katrina, the COVID-19 pandemic created multiple health and economic challenges in the New Orleans region and the nation and exposed the cracks in the infrastructure that holds our economy together. Our most vulnerable people turned out to be the most essential workers for maintaining and uplifting our economy. Pre-existing conditions of financial and racial inequality have been revealed in the disparate impact of COVID-19 in communities of color, as well as levels of unemployment and financial distress. While housing insecurity—the lack of stable housing or shelter due to challenges—was a severe problem before the pandemic—it is poised to devastate communities long after the COVID-19 pandemic is brought under control. The connection between housing and community were lessons I thought we had learned when we rebuilt after Hurricane Katrina, but those lessons have not been incorporated into our response to a disaster.

After a crisis, resources pour in, and communities attempt to rebuild—for Hurricanes Katrina and Rita, it was \$13 billion in CDBG-DR funding allocated to aid in Louisiana's recovery—allocated after worldwide donations of time and money hit the ground. Billions were spent to

create approximately 88,000 subsidized housing opportunities in New Orleans alone, but too many were built at a rate the average New Orleanian could not afford long term. Programs that failed to account for the needs of vulnerable populations who struggled before Hurricane Katrina combined with unrestrained market issues have led to homeowners, particularly among African Americans, being unable to build wealth and 33% are cost-burdened, and renters are struggling to remain housed within city limits (63% cost-burdened). Before Katrina, 45% of the rents in New Orleans were between \$300-499 (now only 15%), and 60% of the homes were valued at \$100,000 or less (now only 12%). Housing costs continue to rise, and wages have remained stagnant. The time is now for both public and private partners to begin making investments and developing equitable policies in order to support New Orleans' future. In 2018 the HousingNOLA Community Development Finance Plan noted, "Without a diverse pool of investment funds targeted at the appropriate level of need, the city will stagnate, and opportunities will diminish for developers, investors and more importantly, the citizens." We have seen this prediction borne out: Census estimates indicate that New Orleans' growth has plateaued and may even have begun to fall since 2018.

Like many other American cities, New Orleans has experienced deep economic struggle in the wake of multiple disasters over the past 20 years. After Hurricane Katrina, the city lost nearly 100,000 Black families and households who have not been able to return to New Orleans. Much of this population decrease can be attributed to systemic underinvestment in new affordable homes, a lack of living-wage jobs, and an ongoing series of disasters that have challenged our city's ability to recover. Simply put, folks who left cannot afford to move back, and those who have cannot afford safe, adequate rental housing – let alone purchase homes in neighborhoods they grew up in. Most recently, COVID-19 and Hurricane Ida have both tested the

resilience of our city systems and exposed ongoing challenges to our housing stock, our economy, and our infrastructure. In hindsight, it is clear that recovery efforts need to center the needs of the most vulnerable – not the squeakiest wheel.

Yet, we do not meet the real needs of our communities using clear and quantifiable metrics that assess the needs of the most vulnerable members of a community devastated by disaster. This pattern of behavior has left us with a weakened infrastructure and little capacity to actually become resilient. Instead, the people of Louisiana exist in a forced reality of living with less, simply because state and local governments refuse to center their recovery around the needs of people. Despite this pattern, the unprecedented influx of investment in our State could afford us another opportunity to make this recovery different – to provide the needed long-term improvements that will prevent the same citizens from being in the same circumstances when the storm hits.

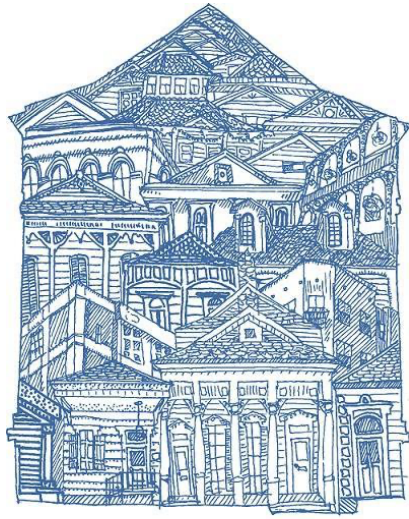
While the deployment of these disaster funds is complicated and the staff who are responsible for these programs are often living through the disaster as well, there is a real need to monitor impact in real-time and respond to an obvious and clear need. Louisiana's Office of Community Development Disaster Recovery Unit worked with community leaders and other policymakers to improve the Road Home Program after it was found to have a further disparate impact. The New Orleans City Council and the Greater New Orleans Housing Alliance (GNOHA) Unmet Needs Committee pushed for the advent of a Social Service Liaisons contract for community organizations to be better connected to Road Home data to serve the many homeowners they already had contact. Many of these same homeowners were apprehensive or avoidant of OCD-DRU efforts of addressing recapture due to concern they would be penalized with jail time or loss of their property. The GNOHA Road Home Liaison Group (RHLG) maintained

itself as a collaborative of non-profit organizations serving Road Home recipients. Team members were representatives of Lower 9th Ward Homeownership Association, Lower 9th Ward NENA, Project Homecoming, SBP, and the Road Home Action Network Team (RHANT), with GNOHA as the primary contractor to the State. This collaborative's undertaking was "to not only satisfy the compliance piece of the contract but to work towards advancing the mission-work of all of the individual organizations, which includes getting New Orleans area homeowners back into their homes."

When GNOHA started Road Home Social Services Liaison Contract, there were 32,917 Non-Compliant Homeowners across the State--in New Orleans, there were 15,259. When the contract concluded in February 2017, after two years, there were 7,459 non-Compliant homeowners, and only 3,198 were in New Orleans. With this clear demonstrated impact, the State could have continued the work internally or with other partners. Unfortunately, there wasn't enough pressure to see that they continued. Today, hundreds of homeowners who are technically non-compliant due to failures of program administration are being sued by the State of Louisiana despite the fact that they're back in their homes. All this while the state still has \$32,938,365 in funds left for the Homeowners' Assistance Program.

A disaster provides an opportunity for traditionally marginalized participants to gain access to policymakers and advocate for policy proposals. Once more in Louisiana, we have pulled together community, advocates, experts to Redefine Resiliency (attached) and ensure that the people of Louisiana no longer suffer the effects of a crisis and are then asked to rebuild without meaningful support. Housing must be addressed as a part of the immediate emergency response to the devastation caused by the next crisis. Long-term plans should ensure that housing is guaranteed for all, and a system is in place that helps residents mitigate the next

crisis—not simply survive it. Resiliency should no longer be measured by how much devastation a community can survive; it must be measured by the ability to protect and shelter the most vulnerable people from disasters. We should be able to conduct a critical impact analysis of funding provided for recovery and be able to see that the funds weren't simply spent in accordance with the Code of Federal Regulations but that a community was made better and stronger after the deployment of assistance.



PUT HOUSING FIRST

Redefining Resiliency

Aligning policy, advocacy, and investment to create a housing system that sustains the people of Louisiana

Under the #PutHousingFirst banner, Louisiana has built out its Housing Triad, a multi-pronged strategy transforming the affordable housing marketplace across the state. This alignment supports a housing-centered foundation for intersectional community-rooted initiatives designed to respond to climate change, criminal justice reform, racial equity, the COVID-19 pandemic, and the hurricanes that have devastated South Louisiana over the past year. Housing must be addressed as a part of the immediate and emergency response to the devastation caused by Hurricane Ida, but it must also be a part of strategies that will mark every part of this recovery. Long term plans should ensure that housing is guaranteed for all, and a system is in place that helps residents mitigate the next

crisis—not simply survive it. Resiliency should no longer be measured by how much devastation a community can survive; it must be measured by the ability to protect and shelter the most vulnerable people from disasters. The following housing policy interventions will ensure that our communities will achieve that level of resilience.

Secure and Rebuild – (now - 90 days)

- Secure and offer high quality transitional housing (30-90 days) using a system of hotels, short term rentals and other empty homes. The nature of COVID-19 pandemic demands that all citizens have access to safe, decent, and sustainable housing. These units must be made available for people who have been made homeless by Hurricane Ida or another climate disaster, by COVID and those who were homeless or displaced before January 2020. These units should also be offered to people who are living in substandard units and people who will be released from a state or local correctional facility.
- Establish standards to track rental properties and put slum landlords out of business by instituting a Rental Registry which will issue licenses and regulate minimum habitability standards. Phase 1 of the Rental Registry should include a vulnerable population registry to ensure that first responders can identify citizens facing high risks ahead of the next crisis.
- Deploy all U.S. Treasury funding for rental assistance and homeownership relief and secure additional funding necessary to close the estimated \$2.7 billion in missed housing payments for the state of Louisiana to address the most critical needs in rental and homeownership.
- Ensure citizens are able to access supportive services to help them remain housed and to assist those who need transitional housing. These services should include legal aid, counseling, job training, childcare and other critical supportive services including housing navigation.

Just Recovery (3 – 12 months)

Geographically, Louisiana is in the path of many storms, and we are constantly recovering from a natural disaster, yet we never seem to reach full recovery before the next disaster impacts our communities. Resources pour in but are all too often distributed to the people and businesses who need them least, by politicians beholden to political donors. This pattern of behavior has left us with a weakened infrastructure and little capacity to actually become resilient. Instead, the people of Louisiana exist in a forced reality of living with less, simply because state and local governments refuse to center its recovery around the needs of people.

Despite this pattern, the unprecedented influx of investment in our state via the American Rescue Plan and the American Jobs Plan affords us an opportunity to make this recovery different. A disaster provides an opportunity for traditionally marginalized participants to gain access to policymakers and advocate for policy proposals. We can deepen the impact of this recovery by implementing a people-centered approach that lifts up the people who have been left behind by past efforts. **By ensuring resources go to the people who need them most, we can move from a state of constant crisis to a state full of thriving communities where people are actually centered and given what they need.** We know how to help our communities, and we know what needs to change. We call on Louisiana leaders to meet the real needs of our communities in their recovery decisions by committing to meet the following metrics:

- By the 2023 Point in Time Count the number of Louisianans experiencing homelessness should decrease by 75%, meaning we have 1,950 more housed neighbors.
- An increase in the number of safer, more resilient homes, reflected by a lowering of the number of repetitive loss properties by 50% by 2030.
- Increase construction monitoring (licensing stats, out of town contractors, etc.)

Housing Guarantee (Ongoing)

Soon after the fifteenth anniversary of Hurricane Katrina in 2020, the COVID-19 pandemic not only created multiple health and economic challenges in the New Orleans region and the nation, but also exposed the cracks in the infrastructure that holds our economy together. Our most vulnerable people ended up being the most essential workers for maintaining and uplifting our economy. Pre-existing conditions of financial and racial inequality have been revealed in the disparate impact of COVID-19 in communities of color as well as levels of unemployment and financial distress. While housing insecurity—the lack of stable housing or shelter due to challenges—was a severe problem before the pandemic—it is poised to devastate communities long after the COVID-19 pandemic is brought under control. Mitigating this devastating risk requires a multi-pronged approach.

Preserve Existing Housing and Increase Overall Supply of Affordable Homes

Unfortunately, the various housing markets across Louisiana have been unable to provide a sufficient supply of quality, affordable units to its citizens who need it the most. After Hurricane Katrina, with home prices and rents going up, and wages stagnant, officials had several potential policy choices: increase income, increase housing supply, or increase subsidies for housing--now policy makers must employ all three in order to effectively counter the current housing crisis. This crisis is not simply the remnants of Hurricane Katrina, but a new storm amplified by subsequent disasters including the COVID-19 pandemic, climate change and our unaddressed racial biases. All public agencies responsible for housing in Louisiana must undergo a critical evaluation that assesses whether they deliver housing in an effective and timely manner and what must be done to guarantee that they meet their mission.

There is also a need for comprehensive reform that also ensures that entities like the Louisiana Housing Corporation, Louisiana Bond Commission and Louisiana Tax Commission can enforce outcome-based policies to help preserve and create more affordable housing. State legislators should also work with community members, advocates, policy makers and the insurance industry to

Disaster Recovery

Climate change increases the frequency and intensity of storm events, and the increasing rate of coastal land loss in Louisiana poses significant danger. In order to create more resilient communities,

sustainable infrastructure and design principles will continue to play a role in mitigating risk, decreasing environmental impact, and reducing energy costs for residents.

While Louisiana energy rates are comparatively low to the rest of the country, bills are the highest in the nation as a result of high consumption. Low-income households are more affected by unpredictable costs, and the average household in Louisiana spends 44% more of their salary on electricity than the national average. Going forward, sustainable design best practices should be implemented; sustainable design ensures that a housing unit provides a healthy living environment, efficient use of resources over time and access to benefits.

Anti-Displacement

Instead of focusing solely on the “cost-burden” factor relative to housing accessibility, the HousingNOLA 10 Year Plan also addresses displacement which has spiraled out of control as a result of the pandemic. Renters and homeowners, alike, need policy interventions that stabilizes their housing security with financial subsidies for housing costs and utilities and also protects their dwellings by displacement created by loss of employment/wages:

- Reverse the decision by the city’s assessor to offer 57% tax break to hotels (which will shift the tax burden to homeowners and small landlords)
- Fully establish ***Own the Crescent Program*** to assist property owners and landlords to lease -up underutilized properties in New Orleans
- Conduct outreach to connect overpriced vacant short- term and long-term rental units with renters who can pay fair market rent

Housing Trust Fund

Louisiana must create and capitalize a revolving loan fund for housing in Louisiana communities that have been impacted by natural and/or economic disasters. The State of Louisiana has a housing trust fund that — since Hurricane Katrina in 2005 — has never been properly capitalized. We request a secure, dedicated revenue source to create a revolving loan fund that can be used in response, immediately following a disaster. After an initial capitalization of \$20 million, the balance should be distributed across the state to create affordable housing opportunities. If all Louisianans were paying what they could afford in housing—there would be an additional \$2.5 billion available to the people of Louisiana.

Community Engagement

This effort will be grounded in combining the vision and capacity of three of the state’s leading affordable housing organizations: HousingNOLA, the Greater New Orleans Housing Alliance (GNOHA), and HousingLOUISIANA—also known as the “Housing Triad.” Together, these organizations can build and strengthen the capacity of local and statewide practitioners to champion the right of every Louisianan to have a safe, healthy, and affordable home, given additional financial and human capital. While each organization has its own discrete area of responsibility, their work intersects, the staff and leadership overlaps, and the funding is braided with and leveraged by other resources to accomplish their respective goals. The following priorities must be addressed in order to ensure that community can effectively participate in guiding the development and implementation of housing policy:

- Deploy community organizing and education strategies to combat NYMBI neighborhood leaders and expedite the backlog of subsidized affordable housing units and ensure that public funds are allocated responsibly.
- State and local policy makers must engage with community members using a racial equity lens to address their own internal bias and commit to reducing bureaucratic delays

- Establish housing navigation systems including supportive services for communities across the state

Ending housing insecurity will require an approach that is innovative, comprehensive, and sustainable. No one community can do this alone. We need to harness the efforts of the private sector, government, and philanthropy to create robust and sustainable investment and development strategies that produce significant community impact. Incubated at HousingNOLA and modeled after GNOHA – New Orleans’ comprehensive housing alliance launched in 2007, HousingLOUISIANA provides technical support to each of the member housing alliances (in # regions across the state) and helps to build their capacity by connecting them to resources and training offered by several of HousingLOUISIANA’s national partners.

This network will prioritize housing needs precipitated by both the pandemic and climate change to ensure that the 12,000 victims of Hurricanes Laura and Delta will be stabilized and benefit from a just and equitable recovery. HousingLOUISIANA will also be able to secure relief for 41,000 COVID- impacted households through its federal advocacy efforts.

Capitalize and Launch a Community Development Fund for long term development

Create a new Fund as the third element of this strategy. The Fund will blend public, private, and philanthropic dollars to:

- Expand the stock of affordable housing by providing gap financing, pre-development capital and acquisition funding;
- Combine low/no interest loans and grants funds to deliver the incentives necessary to serve the most housing insecure;
- Develop a partnership between local practitioners and national partners to maximize resources and capacity; and
- Support and expand the existing community development infrastructure already in place by reinforcing its capacity to respond effectively to the recovery needs of the New Orleans region and to address systemic inequities.

The Community Development Fund will provide access to capital for the development and/ or rehabilitation of a specific target of 7,500 units for housing insecure households. Based on funding in the first twelve months of activity and establish a scalable model to court additional investment to replicate its initial success. Those targets will be determined based on available funding levels.