

HURRICANE RECOVERY

Administration Acts on FEMA Trailer Deadline for Hurricanes Katrina and Rita Victims

With another deadline threatening to displace families still living in FEMA temporary housing units (travel trailers and manufactured homes) after losing their homes to hurricanes Katrina and Rita in 2005, the Obama Administration announced this week a change in policy that is intended to help some 3,500 families finally attain permanent homes. The people still in these units that are sited on their own land include people who cannot rebuild their homes or who have not completed rebuilding because they have do not have the necessary funds. Some are still awaiting rebuilding funds and some did not receive any rebuilding funds at all. Many are seniors or people with disabilities.

The central feature of the change is the decision to sell the units that are manufactured housing (about 1,800) to the residents for a nominal amount (\$1-\$5 depending on size). FEMA will donate several hundred more units of manufacturing housing for some of the families in the travel trailers, which are not intended for permanent year-round use and have been found to have unhealthy levels of formaldehyde. The Administration also will reimburse people who have already purchased mobile homes from FEMA at higher prices.

Two potential barriers to the successful transfer of ownership of the mobile homes to the residents are the need to insure them and local zoning laws that do not allow the permanent siting of mobile homes. The cost of homeowner insurance has become prohibitively expensive in the Gulf Coast since the 2005 hurricanes.

Another feature of the plan announced this week is the use of the \$50 million for project-based vouchers for the Katrina and Rita affected areas, which was in the September 30, 2008 appropriations bill (see Memo, 9/26/08). HUD will prioritize use of these vouchers for “low income Gulf Region families displaced by Katrina and Rita, including those without viable alternatives to their FEMA temporary unit.”

However, HUD is proposing to use these vouchers as tenant or project-based, which must be approved by Congress. A provision to do so is in the Afghanistan war supplemental appropriations bill that is currently in conference, but temporarily stalled due to disagreements over more funding for the International Monetary Fund (IMF) (see Memo, 5/22). The bill also includes an additional \$30 million for vouchers for “individuals and families, especially the elderly and disabled, who have lost their FEMA and other temporary housing assistance and are unable to afford safe, permanent housing.” The bill waives the cap on

the percentage of these vouchers that can be project-based. The additional \$30 million for vouchers appears to have been added at the request of Mississippi Governor Haley Barbour (R), who testified recently that the state needed 5,000 vouchers to house families still displaced in the Gulf Coast (see Memo, 5/22).

The Administration’s plan also calls for use of the Homelessness Prevention and Rapid Rehousing (HPRR) funds provided in the American Recovery and Reinvestment Act of 2009 (ARRA) to help transition people from FEMA assistance to permanent housing. The allocations for HPRR are \$26.1 million for Louisiana and \$14.3 million for Mississippi. Finally, the Administration intends to seek Congressional approval to allow greater flexibility in CDBG and other disaster recovery funds previously allocated to the states, but still unexpended, to better address remaining housing recovery needs. Potentially several hundred million dollars could be freed up to assist low income people who continue to be displaced from their homes and communities.

In a press release applauding the announcement, NLIHC President Sheila Crowley said, “Lack of affordable housing remains one of the most serious impediments to the full recovery of the Gulf Coast. The Obama Administration has taken an important step on one aspect of this extremely complex crisis. The National Low Income Housing Coalition looks forward to continuing to work together with our partners in the Gulf Coast and the new Administration towards full recovery for all people of the Gulf Coast regardless of their financial means.”

To read the Administration’s announcement, go to http://www.fema.gov/media/fact_sheets/longterm_housing_hurr.shtm

To read NLIHC’s press release, go to http://www.nlihc.org/detail/article.cfm?article_id=6172&id=48

FROM THE FIELD

DE Advocates Announce Good Neighborhood Project

The Delaware Housing Coalition (DHC), an NLIHC state partner, announced the Good Neighborhood Project during its annual Day for Housing event, on May 5. The project promotes affordable, accessible, and inclusive communities by strengthening inclusionary programs and encouraging access to employment, quality education, transportation and other opportunities.

Initiated by DHC in 2008, the Good Neighborhood Project addresses the need for affordable housing opportunities for very low income households in the state. Currently, 22,541 low

income households in Delaware are severely cost-burdened, paying more than 50% of their incomes for housing, and 15,540 of these households are extremely low income, with incomes less than 30% of area median income (AMI). While the state has a sufficient supply of housing units affordable to those households at or below 50% of AMI, these units are often occupied by households with larger incomes.

DHC believes that this affordable housing need cannot be addressed by solely focusing on the gap between incomes and housing costs; rather, a holistic approach must be incorporated to address social and regulatory barriers to fair distribution of affordable housing. DHC hopes the Good Neighborhood Project will help to end geographic segregation, social isolation, and economic exclusion of those with very low incomes, people of color, and people with disabilities.

In conjunction with the University of Delaware, DHC has developed the first phase of its Fair Share Measure, which will illustrate how to equitably distribute affordable housing need and housing stock. The measure is concerned with households at or below 50% of AMI, and uses 2000 Census data to calculate the amount of affordable housing each Census tract should provide based on its share of the state's total housing stock. Although only the first phase of the measure is complete, DHC has used it to demonstrate that an absolute surplus of 31,312 units affordable to households at or below 50% of AMI is often occupied by households of greater AMI, thus presenting an actual deficit of 21,470 affordable housing units.

A nine-member advisory committee consisting of the faith, financial, government, and nonprofit communities, five of which will be representative of the very low income community, will be convened to organize, guide, advance, and improve the project, using the Fair Share Measure as its foundation. Further, DHC will build a network of allies from various arenas that are dedicated to creating a public awareness and action campaign.

“Real estate and housing professionals speak about the critical importance of ‘location, location, location!’ We think this is a factor that helps to put the affordability gaps into context. The households that are most cost burdened and most poorly housed want to bridge this gap. They also want to have the choice of living in communities of lower poverty, greater opportunity, better quality schools, easier commuting, and access to jobs. That is why the motto of the Good Neighborhood Project is ‘Why not in my back yard?’” said DHC Executive Director Ken Smith.

DHC expects the Good Neighborhood Project to add a new and needed dimension to the planning and provision of affordable housing, making the equitable placement of affordable units a priority at the state and local levels.

For more information: Ken Smith, Executive Director, Delaware Housing Coalition, dhc@housingforall.com; or Gina Miserendino, Grass Roots Policy Specialist, DHC, grassroots@housingforall.com

RESOURCES

HUD Market Survey Summarizes Market Decline and New LIHTC Data

The first quarter of 2009 showed a continuation of dismal housing market conditions, according to the latest quarterly review of housing markets released by HUD. According to the May 2009 U.S. Housing Market Conditions report, declining trends were evident within all areas of the industry—from production and marketing to inventory and investment. This report provides an easy reference for those looking for a recent selection of housing statistics.

As has been widely reported, new home sales and their median prices showed a reduction in numbers during the first quarter of 2009. In fact, new home sales have been on the decline for the past 14 quarters. Sales of new single-family homes went down 38% between the first quarter of 2008 and the first quarter of 2009. The median price of these new homes was \$205,600—12% lower than the median price at this time last year.

Affordability—defined as the ratio of median family income to the income needed to purchase the median priced home—is mentioned as one of the indicators that may be seen to be improving. However, this perceived improvement was due to a 6% decrease in the median price (\$168,933) of existing single-family homes sold and an 87-basis-point decrease in mortgage insurance rates. (A basis point is one hundredth of a percentage point, or 0.01%.) These decreases are offset by the 2.3% decline in family income since the first quarter of 2008.

The decline in multifamily housing (in buildings with five or more units) indicates that the downturn is market-wide. Building permits issued to build multifamily units were down 20% from the fourth quarter of 2008 and down 49% from the first quarter of 2008. Building starts and completions showed similar declines. The rental vacancy rate has remained steady, however, at 10.1% for both the fourth quarter of 2008 and the first quarter of 2009, while asking rents continued to inch up.

Along with providing a statistical summary of U.S. housing conditions, each U.S. Housing Market Conditions report also contains a more in-depth article analyzing or describing recent data or developments. This article gives readers an overview of the newly released data on Low Income Housing Tax Credit (LIHTC) projects placed in service through 2006.