Statement of Senator Jack Reed
"Two Years After the Storm: Housing Needs in the Gulf Coast"
Tuesday September 25, 2007

I want to welcome everyone to this important hearing on housing needs in the Gulf Coast, and extend my appreciation to the witnesses who have taken time out of their busy schedules to come to Washington, DC to be before us today. I want to also recognize my colleague Senator Landrieu, who is testifying this morning, and acknowledge her efforts to secure resources and assistance for her constituents and all Gulf Coast residents. Her dedication to rebuilding the areas devastated by hurricanes Katrina, Rita, and Wilma are impressive, and I know she is here fighting every day to make sure families can return to their communities.

We are here this morning because although two years have elapsed since hurricanes Katrina, Wilma, and Rita hit shore, unfortunately, there is still much to be done to rebuild devastated areas and help people return home.

The hurricanes of 2005 destroyed or significantly damaged over 305,000 homes, and caused some level of damage to tens of thousands of others. Of the homes most damaged, over a third were occupied by renters. Two-thirds of the most damaged homes were in Louisiana. After the hurricanes, over 1.3 million Americans were scattered throughout the country, relying on friends, family, and others to meet their short-term housing needs. Longer-term housing needs have been met by the federal, state, and local governments, private non-profits, public housing agencies, and private landlords and property owners.

Congress quickly responded after the storms to provide needed funds to help communities clean-up and recover, and to provide housing assistance to those displaced. However, anyone with a television can recount the horrors of watching the bungled recovery efforts in New Orleans. While those days seem long past, there are still many families who have been left stranded and unable to return to their communities. We are here today to explore how we can work together to help people return home.

While more residents return every day, and old businesses open their doors, communities are still struggling to recover. New Orleans, the hardest hit area, has climbed back to 66% of its pre-storm population. Unfortunately, as we would suspect, those with low-incomes, minorities, renters, and families with children have been the least likely to return. Many of these families have no resources to move once again, and many have no homes to return to.

With supplemental CDBG funds provided by Congress, the states affected by the storms have established grant programs to assist homeowners in rebuilding their destroyed homes, and in turn, their communities. In Louisiana, over 180,000 families have applied for funds through the State's "Road Home" program, with over 50,000 receiving grants to rebuild so far. And in Mississippi, almost 14,000 homeowners have

received rebuilding funds. These programs have helped to jump start housing development throughout the Gulf Coast.

There has been a major gap, however, in ensuring that there is adequate, affordable rental housing in the devastated areas. While GO-Zone tax credits have been allocated, and other plans are in place to rebuild some portion of the rental housing, the plans of HUD and the states leave low-income renters with significantly fewer options than before the storms. As I understand it, HUD expects to demolish much of the public housing in New Orleans and only replace about forty percent of it.

While I believe that redevelopment must move forward and must result in healthy, vibrant, mixed-income communities, I am concerned that low-income families—including many children, people with disabilities, and seniors, will have no homes to return to if affordable housing is not replaced.

In fact, affordable housing in New Orleans and throughout the Gulf has become even more elusive. Rents have increased by 40% and homelessness has doubled, despite the significant population decrease.

Chairman Dodd and Senator Landrieu have introduced a bill, the Gulf Coast Housing Recovery Act, which would help ensure that families of all income levels can return to their communities, and I applaud their efforts. Their bill seeks to ensure that affordable housing is replaced in flexible and sensible ways—with resident and community input, in mixed-income communities, and through a variety of housing options.

I know there are still serious housing problems throughout the Gulf Coast, and I look forward to hearing from our witnesses on what challenges remain and how we can work to build healthier and stronger communities in the devastated areas.