

**Written Testimony of
United States Senator Mary L. Landrieu**

**Before the
Committee on Banking, Housing, and Urban Affairs
United States Senate
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Chairman Reed, Ranking Member Shelby and Members of the Committee,

Mr. Chairman, we can easily lose sight of the nature of this tragedy in statistics, when we are really talking about people, and homes, and neighborhoods. To begin, I would like to tell the story of two such people from my state.

Gloria Williams and her twin sister Bobbie Jennings are 60 years old. They both lived in public housing in New Orleans before the hurricane struck. Gloria and Bobbie started working early in life. They picked cotton, strawberries, and snap peas in rural Louisiana. "We were raised to work," they have said. They moved to New Orleans when their father drowned, their mother was later killed. They eventually both had careers as Certified Nursing Assistants, working in nursing homes for many years. They fed people, cleaned people, bathed people and cared for people. They raised families and had grandchildren. And like 25 percent of households in New Orleans, neither owned a car. But their years of hard, physical work took their toll, and now at 60 they both have serious physical ailments. Ms. Jennings had back surgery and suffers from high blood pressure. Ms. Williams has heart and lung problems, high blood pressure and blood clots that keep her from standing for very long. Their only source of income is their \$600 a month disability check. Neither one has any pension. They tried to relocate to California, but the 3,000-mile distance from their family was too great. They've moved into a relative's damaged home in Slidell. The only thing they want out of this life is a little dignity and recognition for having toiled all their lives, as good citizens and good neighbors. For them, that recognition would be to allow them to return home to New Orleans. Mr. Chairman, these are the kind of people that God put us on earth to help. As the Bible reminds us "Whatever you did for the least of My brothers and sisters, you did for Me."

Mr. Chairman, I am pleased to be here today to discuss housing needs in the Gulf Coast, and in particular, S. 1668, the “Gulf Coast Housing Recovery Act” introduced by Chairman Dodd and myself. Let me take this opportunity to again thank Chairman Dodd for generous advice and guidance in crafting this legislation and to Ranking Member Shelby for his work alongside the Louisiana Congressional delegation on the numerous Gulf Coast recovery-related issues. I would also like to thank Congresswoman Maxine Waters and House Banking Chairman Barney Frank for showing such initiative on this vital subject for the Gulf Coast. Their early leadership on this subject speaks volumes about their compassion for the suffering of the people of the Gulf Coast. We will not forget their efforts.

Our ability to rebuild homes and communities will determine the success of overall long-term recovery efforts in the region. To illustrate the interconnectedness of our problems consider this, in Louisiana alone we had over 18,000 businesses destroyed. Yet time and time again, I am told that the biggest hurdle to business growth in New Orleans is the absence of affordable housing. Louisiana also had 875 schools destroyed. Again, teachers cannot come back to school and teach our children if they do not have a roof over their heads. Housing is where recovery must start!

The official title for this hearing “Two Years After the Storm: Housing Needs in the Gulf Coast” suggests that there was only one storm that hit the Gulf Coast in 2005. In fact, the Gulf Coast was hit by three storms in 2005: Katrina, Rita and Wilma. Katrina struck the Gulf Coast on August 29, 2005, which was damaging enough to my state. If that was enough though, in New Orleans there were also 28 separate Federal levee failures which flooded 12,000 acres - or 80 percent of the city - following Katrina. Then one month later, Hurricane Rita made landfall in southwestern Louisiana and southeast Texas with winds in excess of 115 mph and a significant storm surge. In terms of the impact of Hurricanes Katrina and Rita, and the failure of the Federal levees on housing in my state, we had more than 200,000 homes damaged or destroyed. These properties run the gamut from single-family homes to multi-family homes to rental units. However, owner-occupied and rental housing were not the only types of housing damaged by the storms.

There were over 7,000 public housing units damaged in the New Orleans area alone with more than 5,000 public housing residents displaced.

Furthermore, according to a January 2005 study by UNITY of Greater New Orleans, a collaborative of 70 nonprofit and government agencies in Orleans and Jefferson Parishes, there were 6,300 homeless in the New Orleans area. As a result of Hurricane Katrina and the levee breaks, in January 2007, the homeless population had almost doubled to an estimated 12,000 homeless, though only 60 percent of the city's general population had returned. These homeless residents are living in abandoned housing, on the streets, in cars or in housing designated for the homeless. The number is steadily increasing because the extraordinarily high cost of development has added to the challenges of rebuilding affordable rental housing along the Gulf Coast which has significantly reduced the number of deeply affordable rental units. For example, according to a June 2007 report by PolicyLink, a national research institute, rents have increased in the area by as much as 40 to 200 percent since the storms, leaving few apartments affordable to families making less than the area median income. All of these factors are creating an affordable housing crisis in the area but especially in New Orleans. As I mentioned above, this crisis threatens our recovery as, before the storm these residents of affordable housing were essential to our workforces in the tourism, hospitality, and service sectors which, as you know, are the lifeblood of the New Orleans economy. In fact, New Orleans employers are seeking to fill 15,000 hospitality industry jobs, 10,000 public health/hospital industry jobs, and almost 10,000 construction jobs. We cannot fill these jobs without affordable housing for these vital workers.

Given the ongoing housing needs in the southern part of my state, as well as all across the Gulf Coast, I was pleased that H.R. 1227, the "Gulf Coast Hurricane Housing Recovery Act" passed the House of Representatives on March 21, 2007. This legislation, introduced by Representative Waters and Representative Frank, addresses many of the major housing-related problems in my state, especially as they relate to public housing, rental housing, and those who were made homeless by the storms. When this legislation was received in the Senate, I begin working closely with Chairman Dodd to review H.R. 1227 for ways to strengthen this important legislation. To further this goal, we consulted

with all relevant stakeholders, including public housing residents, community leaders, nonprofits, developers, and Federal/State/local officials on areas where the House-passed legislation might require adjustments or improvements.

The legislation we are discussing today, S. 1668, the “Gulf Coast Housing Recovery Act” is the product of these months of intensive consultations. As a testament to the comprehensive, yet balanced approach in this bill, I note that S. 1668 is supported by at least 43 national organizations, 34 Gulf Coast organizations, in addition to the State of Louisiana and the City of New Orleans. This legislation, the Senate companion to H.R. 1227, is similar to the House-passed bill in some places; in others it really improves upon what was included in the House bill. For example, there were an estimated 18,000 distressed properties in New Orleans before the storm, but as a result of Katrina and the subsequent levee breaks, there are now at least 32,000 such properties. Distressed properties like this need a clear title and to be brought up to code, then they can be returned to the housing market rather than sitting idle or blighted. The New Orleans Redevelopment Authority (NORA) has the power to address this particular issue but lacks sufficient funding. To these ends, H.R. 1227 included \$15 million for NORA to carry out a pilot program to purchase and bundle properties, then sell them for redevelopment. After talking to Representative Richard Baker, who championed this provision on the House side, we were able to include \$25 million for NORA in S. 1668 so they can “hit the ground running” with this program. In addition to this funding, we also added an additional \$25 million in the Senate bill for other redevelopment authorities in Katrina/Rita declared areas in Louisiana to carry out similar programs.

Another important provision that we retained in S. 1668 from the House-passed legislation was an authorization of funding for 4,500 units of supportive housing for the elderly, the disabled, and the homeless - the most fragile of our population. 3,000 of these vouchers would be reserved for Louisiana, with the rest going to other impacted Gulf Coast states. I note that the Senate has already passed this particular proposal. It was included as a floor amendment that I offered as part of H.R. 4939, the Emergency Supplemental which was enacted last summer. However, much to my chagrin, and to those working on this issue in my State, this important provision was taken out by the House of Representatives in final negotiations on the Supplemental. As a member of the

Senate Appropriations Committee, I plan to work closely with this Committee and my colleague Senator Patty Murray, Chairman of the Transportation, HUD Appropriations Subcommittee to secure this funding in the next Emergency Supplemental. Chairman Murray recently committed to me on the Senate floor to work to include this particular funding in the Supplemental. The authorization in this bill has been essential to push this issue forward and garner additional Senate/House support for these efforts.

Furthermore, before Hurricane Katrina, at approximately 40 percent, New Orleans had one of the lowest homeownership levels of any metropolitan area in the country. As we rebuild this vibrant city, in my opinion, increasing homeownership should be one of the tenets of the redevelopment process. It is essential to return residents to public housing, rental units, and other affordable housing but in order to truly spur long-term recovery and economic development; we should also create homeownership opportunities for these families. With this in mind, S. 1668 includes an additional \$5 million for NORA to provide soft-second mortgages and directs the Federal Housing Administration to convey foreclosed/distressed properties to NORA for affordable resale to these low-to-moderate income residents. These provisions are important steps towards not just returning displaced residents home but giving them the chance to own that home.

Following Katrina and Rita, there has been a great deal of emphasis placed on rebuilding Gulf Coast owner-occupied and rental housing, as there should be. The recovery of public housing, however, is one area that has not received much national press even though public housing residents have the same right to return home and rebuild as homeowners or renters. Prior to Katrina, the Housing Authority of New Orleans (HANO) operated 7,379 public housing units, 5,146 of which were occupied. As you may know, HANO has long been a troubled agency and has been plagued by mismanagement. This in part, has contributed to the poor condition of some public housing in New Orleans and the negative stereotype that many in the area have of public housing. It should be noted however that despite that negative perception, before Katrina almost 85 percent of these public housing residents were employed and many of them are now employed in other cities, with children in school there. Some former public housing residents are settled in these other cities and do not want to return to New Orleans. That

is their choice, however, many other residents do want to come home and participate in the recovery of their communities.

H.R. 1227 provides the process and means for returning these New Orleans public housing residents home. The House-passed bill includes a resident study to find out which residents want to stay where they are, which residents want to come back to public housing in New Orleans, and which residents would like to return to New Orleans with rental or Section 8 assistance. This study would guide redevelopment plans of public housing in New Orleans and the Department of Housing & Urban Development supports this provision. In fact, I understand that after both H.R. 1227 and S. 1668 were introduced, HANO started conducting a study modeled on the provision in the legislation. H.R. 1227 also specifies that HANO shall not demolish the 7,379 public housing units unless there is a plan in place to provide for one-for-one replacement of the disposed units. This particular provision ensures that all public housing residents who want to return can do so – to either public housing or other affordable units.

S. 1668 retains these provisions but strengthens them in a few important ways. For example, just as in H.R. 1227, our bill sets out that all 5,146 pre-Katrina occupied units shall be replaced with hard units – which can be public housing, affordable housing, or vouchers tied to affordable units. However, unlike the House bill, for the remaining units, the Senate bill allows HANO to replace these units with hard units or with project-based vouchers tied to units in low-income neighborhoods/areas undergoing revitalization. This is because some residents want to return to public housing, but there are others who would like to transition to other types of units. Our bill would set out this ‘menu of options’ for both residents and developers alike, allowing them to work hand-in-hand to rebuild public housing. And we worked closely with developers in the area who have already committed to responsible replacement of public housing, such as Providence Community Housing who is testifying today, to ensure that our bill will move development forward, while still providing sufficient guarantees for resident participation/input. Just as important, however, is that S. 1668 ensures that affordable housing will not be lost at a time when it is most needed.

In closing, let me reiterate that this bill addresses one of the most fundamental needs following a disaster: the need to return home. Whether residents live in million dollar mansions, rental housing, or public housing they all share the same desire to return to their communities, and in particular, their own homes. The House of Representatives has done its part to help these public housing residents, renters and homeless individuals so now it is up to the Senate, and this Committee, to act upon this legislation. I look forward to working closely with Chairman Dodd, Ranking Member Shelby, and the other members of the committee to hopefully reach an agreement on moving S. 1668 forward to the full Senate for consideration.

Mr. Chairman, this concludes my prepared statement. I ask unanimous consent to include a list of organizations supporting S. 1668 in the Record, along letters of support from both the State of Louisiana and the City of New Orleans. At this time, I would be pleased to respond to any questions that you or other members of the Committee may have on this issue.