

October 13, 2005

CHANGES NEEDED IN KATRINA TRANSITIONAL HOUSING PLAN TO MEET FAMILIES' NEEDS

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Executive Summary

Hurricane Katrina displaced unprecedented numbers of people and caused physical and economic devastation of such a magnitude that it will be many months before the region can be rebuilt and many of the people who have been displaced can return home. In the hardest-hit areas of southern Louisiana and Mississippi alone, hundreds of thousands of homes were damaged or destroyed, and up to 600,000 families will need transitional housing, according to FEMA estimates.¹ As of October 6, about 60,000 people still were living in mass shelters, while about 435,000 people remained in hotels or motels.² These figures do not include tens of thousands of families that are living doubled up with friends or relatives or in other accommodations that will not be adequate for the longer term.

A large percentage of Katrina evacuees have little or no income and few assets on which they can rely to pay for housing over the coming months. Nearly one in five families fleeing the hurricane was already poor, and up to 400,000 residents have lost jobs as a direct result of the storm, according to an estimate by the Congressional Budget Office (CBO).³ While some who have lost jobs are covered by unemployment insurance, the benefit levels in the three states hit hardest by the hurricane are the lowest in the nation; the average unemployment benefit in Louisiana, Mississippi, and Alabama equals only about half of the income needed to raise

KEY FINDINGS

- The amount of rental assistance provided to evacuees is insufficient for some families to secure housing.
- For many families receiving rental assistance under FEMA's Individuals and Households Program, housing will remain unstable because the duration of assistance is uncertain.
- Some families will need relocation and housing search assistance, as well as direct payments to owners through rental vouchers, to secure stable housing.

¹ Testimony of Robert David Paulison, Acting Director, FEMA, before the Senate Committee on Homeland Security and Governmental Affairs, October 6, 2005.

² *Id.*

³ A CBPP analysis of data from the 2000 Census shows that nearly 19 percent of households in the hardest-hit areas had incomes below the poverty line. See Arloc Sherman and Isaac Shapiro, "Essential Facts about the Victims of Hurricane Katrina," September 19, 2005, available at <http://www.cbpp.org/9-19-05pov.htm>. The Congressional Budget Office (CBO) estimates that between 280,000 and 400,000 workers have lost jobs as a direct result of hurricanes Katrina and Rita. See Letter from CBO Director Douglas Holtz-Eakin to Congressman Jim Nussle, September 29, 2005, available at <http://www.cbo.gov>.

a family of four to the poverty line.⁴ Due to the extent of poverty and job losses among families displaced by Katrina, many will be able to secure stable housing only with government assistance.

The nation consequently faces a transitional housing challenge that far exceeds anything it has confronted in the past. In the weeks immediately following the storm, FEMA's housing plan focused primarily on the installation of temporary mobile homes, a strategy it had used in previous disasters. However, after repeated criticism that this plan could not be implemented quickly enough on the scale that was needed — and that the creation of massive “trailer cities” would be “extraordinarily bad policy,” in Newt Gingrich's words⁵ — FEMA revamped its transitional housing strategy.

In accordance with the recommendations of housing policy experts from across the political spectrum, the Administration's new strategy employs rental housing assistance as the primary means of helping displaced families to secure transitional housing. Contrary to these recommendations, however, the Administration has declined to use the existing Section 8 housing voucher program to deliver this assistance, despite the program's proven success and the fact that program rules could readily be streamlined to enable families to relocate quickly. On September 14, the Senate approved an appropriation of \$3.5 billion for 350,000 emergency Section 8 vouchers for 12 months for families that lost their homes due to Katrina, along with authorization for the HUD Secretary to waive some of the statutory provisions that could delay use of these vouchers. The House of Representatives last week approved a similar set of waivers for displaced families that have existing Section 8 vouchers, endorsing the important role that housing vouchers can play “to get people into more permanent living arrangements.”⁶ The House bill does not include funding for additional Section 8 vouchers.

The Administration's new plan has two parts. First, displaced homeowners and renters are eligible to receive rental housing assistance through FEMA's Individuals and Households Program (IHP) once FEMA has verified that their original dwelling is uninhabitable and other eligibility criteria have been met. Families displaced from the eight coastal counties that were most severely damaged can receive an immediate cash payment of \$2,358 to cover three months' rent. Two weeks after announcing the new plan, FEMA has approved expedited cash payments for more than 400,000 families.⁷

The second part of the plan addresses the housing needs of the relatively few households (about 50,000) that were living in HUD-subsidized housing or were homeless *prior* to the disaster. These families are being offered rental housing vouchers under a temporary HUD program, the Katrina Disaster Housing Assistance Program (KDHAP). The KDHAP component of the plan uses the

⁴ Isaac Shapiro, “Benefit Levels for Unemployed Hurricane Victims Are Too Low,” Center on Budget and Policy Priorities, September 27, 2005, available at <http://www.cbpp.org/9-27-05ui.htm>.

⁵ Quoted in Peter G. Gosselin and Ricardo Alonso-Zaldivar, “Limiting Government's Role: Bush favors one-time fixes over boosting existing programs to help Katrina victims,” *Los Angeles Times*, September 23, 2005.

⁶ Remarks of Rep. Rodney Alexander (R-LA), *Congressional Record*, p. H8666, October 6, 2005. The House bill is H.R. 3894. The Senate action added an amendment proposed by Sen. Paul Sarbanes (D-MD) to the Commerce, State, Justice appropriations bill, H.R. 2862, which the Senate passed the next day.

⁷ FEMA, “Governmental Gulf Coast Response to Hurricanes Katrina and Rita,” October 11, 2005, available at <http://www.fema.gov/news/newsrelease.fema?id=19580>.

same administrative structure and many of the same rules as the Section 8 voucher program but will provide lower monthly benefits for the lowest-income families than the benefits they would receive with Section 8 vouchers. (A summary of the main features of these two programs is included in the Appendix.)

The Administration's new transitional housing plan constitutes a welcome shift in strategy. Both parts of the plan make use of the plentiful stock of existing private market rental housing, which will allow many families displaced by Katrina to secure housing more quickly and at a relatively low cost to the federal government. Families also will be able to choose where they want to live, enabling them to move to towns and neighborhoods that are close to friends and family, job opportunities, and decent schools for their children. In addition, KDHAP will be administered through the network of local public housing agencies that currently administer the Section 8 voucher program. These agencies have a good understanding of local housing markets and can provide displaced families with relocation and housing search assistance, without which some families will have difficulty locating housing suitable for their needs.

The Administration's plan is likely to be sufficient to tide many families over until they are able to return to their homes or earn sufficient incomes to afford new housing. But in spite of its positive features, the plan is unlikely to succeed in helping a substantial number of displaced families (especially those with low incomes and few assets) to secure transitional housing unless the plan is modified.

- **The amount of assistance is insufficient for some families to secure housing.** Neither IHP nor KDHAP assistance will cover the costs of utilities, although families with the lowest incomes will be unable to afford these costs on their own, especially in light of the spike in home energy prices. Nor is there flexibility under these programs to adjust the amount of assistance for people with disabilities who need rental housing that has special accommodations. In addition, the benefit levels provided do not reflect the steep increases in rental rates that have occurred since the hurricane in many of the areas in which substantial numbers of evacuees are now located.
- **For many families receiving IHP rental assistance, housing will remain unstable because the duration of assistance is uncertain.** Because of the extent of pre-hurricane poverty among families displaced by Katrina, the wholesale loss of jobs, and the depth of emotional trauma suffered by evacuees, many families displaced by Katrina are likely to need housing assistance beyond the few months covered by the initial cash payment. While FEMA regulations indicate that families may be eligible for housing assistance for up to 18 months, the FEMA rules also appear to presume that families will use their initial rental assistance to secure permanent housing. FEMA has not yet clarified the criteria it will use to approve extensions of housing assistance. Until such guidelines clearly affirm that assistance will continue for the full 18 months where needed to make replacement housing affordable, low-income families will not feel secure in their housing, and some landlords may be reluctant to rent to them.
- **Some families will need more than cash assistance to secure stable housing.** Displaced families have been dispersed across the country, many to places unfamiliar to them. In some cities that have accepted large numbers of evacuees, such as Baton Rouge and Houston, the rental housing market has tightened substantially in recent weeks. Even where an adequate number of rental units are vacant, some landlords may be reluctant to rent to displaced families

with little or no steady income. Under these conditions, relocation and housing search assistance — as well as direct payments to owners through rental vouchers — can play an important role in helping families identify and secure housing that meets their needs, such as housing located in areas where there are job opportunities and good schools for their children. To their credit, FEMA and HUD have acknowledged the importance of housing counseling services for families that will be assisted under KDHAP, and FEMA is providing the funds necessary to ensure that these families receive such services. But these services are *not* readily available to families receiving IHP rental assistance.

The Administration should modify its transitional housing plan to address these shortcomings. It can do so without action by Congress. The Stafford Act authorizes FEMA to provide IHP rental assistance to disaster victims for up to 18 months. FEMA should issue guidelines making clear that families that cannot afford transitional housing on their own will receive timely, ongoing rental assistance for up to 18 months. Similarly, the FEMA and HUD policies against covering utility costs are not required by the Stafford Act. Without increasing the maximum benefits under the Act, these policies can be modified to allow families to use the assistance to pay utility bills.

Still, even if these important improvements to IHP and KDHAP are implemented, legitimate questions will remain about whether FEMA has the capacity and expertise to deliver the high volume of housing assistance that will be needed over the next year and a half. In testimony before Congress, Acting Director David Paulison noted that FEMA has never housed more than 20,000 families after a disaster, which is only a small fraction of the hundreds of thousands of families that will need transitional housing assistance as a result of the hurricanes. In contrast with prior disasters, moreover, FEMA will have to rely primarily on rental assistance to help families displaced by Katrina and to provide this assistance for longer periods of time. It remains to be seen whether FEMA can create *de novo* an administrative structure that will deliver this assistance efficiently and reliably – or whether it even ought to do so, in light of the short-term focus of FEMA’s primary mission.

Accordingly, the Administration and Congress should consider another option for extending assistance to Katrina evacuees who are eligible for IHP rental assistance – rental housing vouchers. Specifically, once FEMA has determined that a family is likely to need transitional housing assistance for more than a few months, it could transfer responsibility for providing that assistance to HUD, which could provide displaced families with KDHAP housing vouchers good for the balance of the 18 months for which they are eligible for assistance. (Families that wish to remain under the FEMA cash payment system could be permitted to do so.) Similarly, families that are unable to obtain housing within several weeks of receiving their initial IHP rental assistance from FEMA should be given the option of receiving relocation and housing voucher assistance through the KDHAP program, which as noted, is being administered by HUD and local public housing agencies. FEMA and HUD could agree to make these changes without Congressional action.

Issuing KDHAP housing vouchers to displaced families would provide them with the housing stability they need to pursue job opportunities and to maintain regular school attendance for their children. In addition, for families that had not yet obtained stable housing, a KDHAP voucher would connect them with a network of experienced local public housing agencies that could provide them with relocation and housing search assistance, as well as secure leasing arrangements with local landlords.

Hundreds of Thousands of Families Likely to Need Government Assistance for Temporary Housing for More than Three Months

The need for transitional housing assistance in response to Hurricanes Katrina and Rita is unprecedented in scope and severity. Large numbers of people were displaced by the hurricanes, and the displaced families have been dispersed widely throughout the region and country. Over 2 million families lived in counties that were declared by FEMA to be eligible for assistance under the Individuals and Households Assistance Program (IHP), and over 550,000 families lived in the eight counties where damage to housing was most severe. (See Table 1.) FEMA initially estimated that 300,000 families were displaced by Katrina and subsequent flooding, and that 200,000 of these households would need assistance to obtain temporary housing.⁸ These estimates have proven to be conservative. The American Red Cross estimates that as many as 275,000 homes were destroyed and an additional 200,000 were damaged.⁹ An additional 64,000 families from New Orleans and surrounding parishes are not able to return to their homes due to environmental and other hazards and the lack of basic public facilities.¹⁰ More recently, FEMA has estimated that up to 600,000 families will need transitional housing.¹¹ FEMA has already approved 415,000 households for expedited rent checks.¹²

As of October 6, more than five weeks after Hurricane Katrina hit the Gulf coast, about 60,000 people are still living in mass shelters, while an additional 435,000 are staying in temporary hotel accommodations.¹³ As Louisiana Governor Kathleen Blanco has stated, “Shelter life is not a quality life. The president and I both agree that people in shelters need more stable, private housing.”¹⁴ While hotel accommodations offer families more privacy, they are expensive — costing an average of \$59 per household and \$8.3 million overall per day — and there is no guarantee the government

⁸ See Spencer S. Hsu and Ceci Connolly, “Housing the Displaced Is Full of Obstacles,” *Washington Post*, September 23, 2005. Some families are able to rely on income, savings or insurance payments to pay for temporary housing, and some may have adequate free accommodations, but there is no way to verify whether FEMA’s estimate that 100,000 families can meet their own temporary housing needs is correct.

⁹ The Red Cross estimates have been published in a number of industry sources. See, for example, Kathy Finn, “Homebuilders association sizes up job ahead,” *The Biz Network*; available at: <http://bizneworleans.com/109+M5284db39d81.html>. An independent analysis of data by the National Low-Income Housing Coalition concluded that some 287,000 homes were totally destroyed or severely damaged. See National Low Income Housing Coalition, “Hurricane Katrina’s Impact on Low Income Housing Units,” NLIHC Research Note #05-02, September 20, 2005, available on the internet at <http://www.nlihc.org/research/05-02.pdf>.

¹⁰ CBPP comparison of Census data on total number of households residing in Orleans, St. Bernard and Plaquemines parishes and NLIHC data noted above on number of damaged housing units.

¹¹ Acting FEMA Director Paulison stated in his testimony on October 6 (see note 1) that FEMA now anticipated having to house 400,000 – 600,000 households. The previous day, Mark Misczack, FEMA Lead Individual Assistance Officer, speaking on The Diane Rehm Show on WAMU radio in Washington, said “Based on what we’re seeing, particularly in the hardest impacted areas, half a million is probably a pretty good estimate of homes or households that are going to require some type of longer term housing assistance.”

¹² FEMA, “Governmental Gulf Coast Response to Hurricanes Katrina and Rita,” October 11, 2005, available at <http://www.fema.gov/news/newsrelease.fema?id=19580>.

¹³ See note 1.

¹⁴ Doug Simpson, “La. Governor asks FEMA for hotel rooms,” Associated Press, September 20, 2005.

will continue to pay for hotels. The Red Cross initially agreed to cover hotel stays only through October 15, although this deadline has now been extended indefinitely. As the Administration strives to meet President Bush's goal to empty the shelters by October 15, an increasing number of families are being shifted to hotels.¹⁵

Other families are living in overcrowded conditions with relatives or friends. Such arrangements can be difficult for both host and guest families. For some host families who are renters themselves, taking on long-term guests may violate the terms of their rental agreements. In addition, for families with school-age children, it is important to move to stable housing as soon as possible in order to avoid further disruption of children's education.

Many of the displaced families have little income and few assets on which they can rely to secure housing on their own. More than one quarter of the people living in New Orleans already had incomes below the poverty line before the storm, a poverty rate more than twice the average rate nationwide.¹⁶ Very high rates of poverty also existed in the disaster regions of Mississippi and Alabama. Katrina-related job losses have further reduced the resources available to many families. According to the Congressional Budget Office, between 280,000 and 400,000 people have lost jobs as a direct result of Katrina.¹⁷ It is likely to be many months or even years before the economy of the disaster region can recover fully.

Many of these families have lost most of their belongings, as well as their homes, and they will face a host of expenses over the next year. Families will have to purchase clothing to supplement what they may have obtained from local charities and will need money for transportation as they search for new housing, jobs, and child care arrangements. In order to settle into a new apartment, they will need funds to hook up utilities and to buy bedding and cleaning supplies. The rent for housing is only one of many expenses that families must bear while they struggle to recover from the disaster.

Some who have lost jobs will be covered by unemployment insurance, yet the benefit levels in Louisiana, Mississippi, and Alabama are the lowest in the nation, about 30 percent below the national average. In Louisiana, for example, the average unemployment benefit is only \$194 per week, while the average benefits in Mississippi and Alabama are even lower. At these levels, unemployment benefits equal only about half of the federal poverty level for a family of four, and they fall far short of being enough to pay for the basic needs of displaced families.¹⁸ Disaster

¹⁵ Elizabeth Williamson and Jacqueline L. Salmon, "Evacuee Program Extended," *Washington Post*, October 5, 2005; Spencer S. Hsu and Elizabeth Williamson, "Housing Promises Made to Evacuees Have Fallen Short," *Washington Post*, October 2, 2005; Arnesa A. Howell, "Hotel Housing Program Covers Katrina Evacuees," September 16, 2005, available at www.redcross.org.

¹⁶ Based on CBPP analysis of data from the 2000 Census.

¹⁷ CBO, "Letter to Congressman Jim Nussle," September 29, 2005.

¹⁸ See note 4 above.

TABLE 1			
A HIGH PERCENTAGE OF FAMILIES AFFECTED BY KATRINA HAVE INCOMES BELOW THE FEDERAL POVERTY LINE			
	Number of families (households)	Number of families with incomes below federal poverty line**	Percentage of families with incomes below federal poverty line
U.S. national average	105,539,122	12,404,237	11.8%
Alabama*	304,078	54,102	17.8%
Louisiana*	1,150,992	206,445	17.9%
Mississippi*	701,957	132,861	18.9%
Total in counties eligible for IHP assistance	2,157,027	393,408	18.2%
Total in eight hardest-hit counties eligible for expedited IHP rental assistance	551,511	96,021	17.4%
Orleans Parish	188,365	48,130	25.6%
<p>* Figures include only counties declared by FEMA to be eligible for IHP assistance. ** Federal poverty line is \$16,090 for a family of three in 2005. Note that figures above are based on the federal poverty guidelines used in the 2000 census.</p> <p>Source: 2000 Census.</p>			

Unemployment Assistance (DUA) is available to some unemployed workers who do not qualify for regular unemployment benefits (including the self-employed and those who have not worked long enough to qualify for standard unemployment benefits). Yet, because DUA benefit levels are tied to regular unemployment benefits, they are also very low for people displaced from the three states most affected by the hurricane.¹⁹ Neither regular unemployment benefits nor DUA benefits are available for more than 26 weeks.

Families with children may qualify for assistance from the Temporary Assistance for Needy Families (TANF) program administered by the states to which they have fled. In some states, displaced families have routinely been provided with ongoing monthly benefits through TANF; other states are not providing ongoing aid unless families indicate that they intend to establish residency in that state. States such as Tennessee have opted to provide short-term, non-recurrent lump sum assistance payments. These payments typically are equivalent to a few months of TANF benefits and legislation passed in September provides additional federal funding for states providing this type of assistance. Texas and Florida are reportedly planning to offer displaced families short-term, non-recurring cash aid. Texas is planning to provide families a \$1,000 one-time benefit. Families accepting this benefit, however, will be ineligible for ongoing TANF benefits for *one year*. (This is similar to an existing Texas program for its residents in which families can receive a one-time payment but then are ineligible for ongoing TANF for a year.) Like unemployment assistance, one-time TANF benefits will not allow families to meet housing costs for more than a very limited time.

¹⁹ National Employment Law Project, "Disaster Unemployment Assistance: How Families Can Access the Program After Hurricanes Katrina & Rita," September 28, 2005, available at <http://www.nelp.org/ui/federal/initiatives/duakatrina.cfm>.

The Administration's Transitional Housing Plans Are Unlikely to Work for A Significant Number of Families With Low Incomes and Few Assets

It has been reported that within days of Katrina's hitting the Gulf coast, HUD had developed a plan to issue emergency housing vouchers to low-income families that had lost their homes.²⁰ (In the last major disaster in which tens of thousands of families needed temporary housing, the Northridge earthquake in California in 1994, HUD responded promptly and issued emergency Section 8 vouchers to approximately 20,000 families.²¹) For reasons that remain unclear, this plan was quickly shelved, however, to be replaced by a series of slow-developing FEMA initiatives to assist families with obtaining transitional housing.

Once families were evacuated from the disaster area and sheltered in emergency facilities and hotels, FEMA focused on two primary strategies to provide temporary housing to the hundreds of thousands of families that could not return to their homes. FEMA purchased or leased mobile homes and cruise ships for use in areas where the housing stock had been most severely damaged. It also urged local governments in areas where evacuees were concentrated to rent apartments for them.²²

As the Administration's strategy faced mounting criticism from across the ideological spectrum that these efforts were too slow to produce results on the scale needed, were overly costly in comparison to housing vouchers, and in the case of "trailer cities," were likely to have counter-productive results, the Senate on September 14 approved an amendment sponsored by Sen. Sarbanes (D-MD) to the Commerce, State, Justice appropriation bill (HR 2862) to allocate \$3.5 billion for about 350,000 emergency housing vouchers. Finally, on September 23 the Administration announced a new Transitional Housing Assistance Program to provide rental assistance quickly to hundreds of thousands of families. The head of the FEMA branch responsible for temporary housing assistance said recently that FEMA now plans that about 85 percent of the need for temporary housing will be met by rental assistance rather than direct provision of temporary living quarters.²³

²⁰ Peter G. Gosselin and Ricardo Alonso-Zaldivar, "Limiting Government's Role: Bush favors one-time fixes over boosting existing programs to help Katrina victims," *Los Angeles Times*, September 23, 2005.

²¹ Bruce Katz and Mark Muro, "To Shelter Katrina's Victims, Learn from the Northridge Quake Zone," The Brookings Institution, September 12, 2005, available at <http://www.brookings.edu/views/op-ed/katz/20050918.htm>.

²² For some evacuees – particularly those transported by FEMA to states outside of the disaster areas and placed in mass public shelters – FEMA has arranged with state and local governments to provide initial housing assistance. These state and local efforts operate differently from either the IHP or KDHAP programs. Typically, the responsible level of government selects and leases a number of rental units and pays the full cost of rent and utilities for a period of time, ranging from one month to no more than 12 months, and then bills FEMA for reimbursement under FEMA's Public Assistance program. To receive assistance, families must move into one of the units rented under the program. The reluctance of some cities and states to advance funds for more than a limited period of time may have been part of the impetus for the Administration's new housing initiative. Emily Ramshaw, "Dallas accused of blocking evacuee aid; City cites cash-flow problem in refusing to sign any more leases," *The Dallas Morning News*, September 19, 2005; Allen Pusey, "FEMA to expedite rent subsidies," *The Dallas Morning News*, September 24, 2005. At the expiration of the state or local government's contracts with landlords, families may qualify for continuing housing assistance under the IHP program, according to FEMA officials.

²³ Mark Mischack, Lead Individual Assistance Officer, FEMA, speaking on The Diane Rehm Show, WAMU, October 5, 2005.

The Administration's new plan for providing transitional housing assistance for displaced victims of Katrina has two related parts. First, displaced homeowners and renters will receive housing assistance through FEMA's Individuals and Households Assistance Program (IHP). Families from the most heavily damaged areas can receive an expedited initial payment of \$2,358 to cover three months' rent.²⁴ Most displaced families will receive rental assistance through this program.

Second, those who were receiving HUD housing assistance or were homeless prior to the disaster will be eligible for housing voucher assistance under a new program funded by FEMA and administered by HUD, the Katrina Disaster Housing Assistance Program (KDHAP). HUD estimates that KDHAP will assist about 50,000 families. Both of these types of rental assistance have significant disadvantages compared to voucher assistance under the Section 8 program, as explained below. (See the Appendix for a summary of the IHP and KDHAP programs for Katrina evacuees.)

This Administration initiative is a welcome step. For many families, it will provide sufficient help for them to get on with their lives. However, without modifications — and effective implementation — the Administration's plan is likely to fall short for many displaced families, especially those with little or no income and assets. There are three principal reasons that the new FEMA and HUD rental assistance programs is not likely to work well for some families.²⁵

- The amount of assistance provided is not sufficient for the lowest income families to obtain housing they can afford.

²⁴ To be eligible for this expedited payment for rent, households must be displaced from the Jefferson, Orleans, Plaquemines, St. Bernard or St. Charles Parish in Louisiana or Hancock, Harrison or Jackson County in Mississippi. FEMA, "Transitional Housing Assistance Helps People Move Forward," *Disaster News*, October 5, 2005.

²⁵ In addition to the three major problems discussed in this analysis, there is another problem concerning three groups of displaced households that may not qualify for aid under either program. Two of these groups include some households without a member who is a U.S. citizen and individuals who were homeless prior to the disaster. FEMA rules require that at least one member of a household be a U.S. citizen or "qualified alien" — with a social security number — to receive assistance under the IHP program. It is not clear whether households that do not meet this citizenship standard will be able to receive temporary assistance under the KDHAP program that HUD is administering. HUD considers some types of housing assistance for up to two years to be emergency assistance to which citizenship requirements do not apply. It is not clear whether HUD considers the KDHAP program to fall into this category. Secondly, FEMA deems people who were homeless at the time that a disaster strikes to be ineligible for IHP benefits. FEMA and HUD have agreed that the HUD component of the program (i.e., KDHAP) will serve people who were homeless prior to August 29. But the interim policies that HUD has adopted to verify homelessness may leave half or more of the estimated pre-disaster homeless population without temporary rental assistance, according to an analysis by the National Alliance to End Homelessness. "HUD Program May Strand Many Previously Homeless Katrina Victims," October 5, 2005, available at <http://www.endhomelessness.org/do/UncoveredHomelessKDHAP.pdf>.

There is a third group at great risk of being denied IHP benefits: individuals or families who shared housing with others in the disaster area and are now seeking benefits separately (usually because they evacuated to different locations). During an audioconference on FEMA benefits hosted by the Enterprise Foundation, the National Low Income Housing Coalition and others on October 7, Jack Schuback, a FEMA Individual Assistance Specialist, stated that FEMA was waiving its usual rule denying separate housing benefits to individuals or households that lived at a single address before a disaster. This is an important policy change that could avoid homelessness for tens of thousands of families, but there remain serious concerns about its implementation. See Bob Sullivan, "FEMA grants leave some behind: Many hurricane victims say they were unfairly denied emergency aid," October 22, 2005, available at <http://msnbc.msn.com/id/9655113/>.

- Continued receipt of housing assistance under the FEMA program for the full 18 months is not assured to people in need.
- Provision of cash alone is unlikely to work for some families, who will need the assured rent payment provided by a voucher and the relocation counseling and housing search assistance promised by HUD's KDHAP program to succeed in finding stable housing.

1. The Amount of Rental Assistance May Not Be Sufficient for the Lowest Income Families

The maximum monthly subsidy under both the FEMA and HUD-administered programs (i.e., under both IHP and KDHAP) is the HUD-set "Fair Market Rent" (FMR) for the area in which a family obtains housing. In most areas of the country, FMRs are set at the level estimated to cover the cost of rent *and utilities* for 40 percent of recently available non-luxury rental housing. In both IHD and KDHAP, however, the actual subsidy provided will be the lower of the actual rent for the unit selected by the family or the FMR, adjusted for family size, and benefits *will not be available to cover monthly utility costs unless they are included in the rental charge*.²⁶ The benefit amount is not affected by a family's income or assets.

These rules mean that a family able to rent an apartment with all utility costs included at a cost that does not exceed the local FMR will have no out-of-pocket housing costs. Rentals that include all utility costs, however, are fairly rare.²⁷

In addition, many of the areas in which large numbers of evacuees are now concentrated have experienced significant increases in rental costs in recent weeks, reducing the chances for displaced families to find an apartment at or below the FMR in these communities.²⁸ The FMRs that took

²⁶ See FEMA, *Applicant's Guide to the Individuals and Households Program*, page 6 ("money from this program may not be used to pay utilities."). A recently-posted Q&A on FEMA's website (at http://www.fema.gov/rrr/dafaq.shtm#ttm_2) reiterates this policy:

Will FEMA help me pay my utility bills?

No, FEMA cannot pay utility bills. However, local charitable organizations may be able to help for a short period. We suggest you contact the Red Cross or your local United Way office for a referral to a local agency that may be able to help.

This policy does not appear to be required by FEMA regulations, which state only that "utility costs ... are the responsibility of the occupant..." 44 C.F.R. § 206.117(b)(1)(C). The governing law, the Stafford Act, leaves it to the President to decide the appropriate housing assistance to provide "based on" the fair market rent. See section 5174(c)(1)(A), 42 U.S.C. 5174. As discussed in the text, HUD's FMRs include the estimated cost of tenant-paid utilities. Under KDHAP, up to \$325 may be paid by the local housing agency for utilities, including deposits. At current – and rising – rates for electricity and gas, this sum will not last long.

²⁷ American Housing Survey data indicate that in 2003, some 83 percent of renter households paid for electricity separately from rent (88 percent in the South), and 64 percent paid separately for natural gas (69 percent in the South). In addition, 37 percent of renters in the South paid water bills on top of rent, compared with 24 percent of renters nationally.

²⁸ See, e.g., Tim Jones, "Real estate agents foresee 'enormous housing boom' in New Orleans," *Chicago Tribune*, October 4, 2005; and Jeffrey McMurray, "Georgia Asks Feds To Pay Hurricane Relocation Costs," *Associated Press*, September 22, 2005. To guarantee an adequate supply of lodging in such places as Atlanta, where housing costs are high, the state of Georgia has asked FEMA to approve rent payments up to 150 percent of FMR. In addition, HUD's Assistant Secretary for Community Planning and Development, Pamela Patenaude, has noted that "In many housing markets [where displaced

effect October 1, 2005 reflect rental costs in these areas during the summer of 2005 or earlier (depending on the source of data HUD relied on) — in other words, *before* rental costs rose as a result of the increase in demand created by an influx of evacuees.

Families that can find housing only with separately-billed utility costs at or a rental cost above the FMR could have to pay \$100 or more each month for housing.²⁹ Some families will not have the money to make these payments. For others, rent and utility costs will consume significantly more than 30 percent of the disaster unemployment assistance or welfare benefits for which they may qualify if they are not able to find employment, potentially leaving them with insufficient resources to meet other basic needs. (The usual federal standard deems housing unaffordable if it costs more than 30 percent of family income.)

Under the Section 8 voucher program, in contrast, reasonable utility costs are covered (as long as they can be accommodated within the maximum rental subsidy level), and the maximum rental subsidy in areas where most Katrina evacuees are located can be raised to 120 percent of the FMR. In a notice published October 3, 2005, HUD allowed agencies in the disaster areas to provide a voucher subsidy up to 120 percent of FMR “in order to expand the housing available to families displaced by Hurricane Katrina.”³⁰ In other markets where rents have risen as a result of the large increase in demand for rental housing created by an influx of displaced families, local housing agencies may request HUD approval for voucher subsidy levels above 110 percent of FMR — the usual maximum — through a new expedited waiver process. Agencies also may provide higher subsidy payments when such payments are needed by people with disabilities to obtain housing that meets their needs (e.g., in a building with elevators or near medical providers).

Some families – particularly those with higher incomes – will be financially better off under the FEMA and HUD disaster rental assistance programs than under the Section 8 policy that requires families to contribute 30 percent of their income toward rent and utility costs. For families with little or no income, however, the section 8 voucher policy would work more effectively; it would reduce the risk of having to pay housing costs that are unaffordable. Furthermore, rent and utility costs that do not exceed the maximum subsidy level are fully subsidized for families with Section 8

families are located] there is a limited stock of vacant units that charge rents within the rent standards...” HUD, “Guidance on Use of HOME Funds and Waiver of HOME Requirements to Facilitate Assistance to Persons Displaced by Hurricane Katrina,” September 9, 2005.

²⁹ In 2003, the median cost for tenant-paid electricity and gas was \$87 per month (\$100 in the South), without counting the costs for fuel oil, water, sewer and trash service paid by some households, which could add significantly to utility costs. American Housing Survey 2003. It should be noted that median figures mask a great deal of variation in utility costs that reflects differences in unit types (for example, from apartments in high-rise buildings to single-family homes) and sizes, as well as local utility rates. A quick survey of current utility allowances used by public housing agencies in the Section 8 voucher program reveals that utility costs in New Orleans and elsewhere can exceed \$150 per month for a two-bedroom unit.

³⁰ HUD, “Regulatory and Administrative Waivers Granted for Public and Indian Housing Programs to Assist with Recovery and Relief in Hurricane Katrina Disaster Areas,” 70 Fed. Reg. 57716, 57719, October 3, 2005. The notice of waivers also is available on HUD’s website at <http://www.hud.gov/offices/pih/publications/katrinapihadminwaiv.pdf>. Usually, state and local housing agencies have the flexibility to set the maximum subsidy 10 percent above the FMR if they determine that such higher payments are needed in their areas to make a sufficient number of rental units available and affordable.

vouchers who have lost their jobs or are otherwise without income in the aftermath of the hurricanes.

2. The Duration of FEMA Rental Assistance is Uncertain

The Administration has not made clear what criteria it will use to decide whether families may continue to receive FEMA rental assistance after the initial check for \$2,358 runs out. Whether families that cannot yet afford to pay for housing without assistance can continue to receive aid is of great concern. Given the extent of pre-hurricane poverty and the wholesale loss of jobs, a significant portion of displaced families are likely to need help paying rent for substantially longer than three months.

At the press briefing on September 23, Homeland Security Secretary Michael Chertoff stated, “While the initial payment is for three months, *if* participants remain eligible, assistance will be available for up to 18 months *depending on the circumstances*.” (Emphasis added.) FEMA regulations do not illuminate this statement. Indeed, the regulations underscore the uncertainty of what happens after the first three months: “FEMA generally expects that pre-disaster renters will use their initial rental assistance to obtain permanent housing.”³¹ The only criteria provided for approving exceptions to this presumption are vague: “FEMA may provide continued housing assistance . . . based on need, and generally only when adequate, alternative housing is not available or when the permanent housing plan has not been fulfilled through no fault of the applicant.”³²

The possibility that the Administration may not have set aside a sufficient portion of already-appropriated funds to finance the continued level of assistance that will be needed deepens the uncertainty created by these vague standards. Six months or a year from now, Congress may be less sympathetic to the plight of Katrina victims and may decline to appropriate additional funds to provide temporary housing assistance for the full 18 months authorized.³³

There also are many questions and concerns about the process that FEMA will use to determine eligibility for continued assistance.

- Many evacuees do not live near a FEMA assistance center. If FEMA does not contract with local agencies to conduct the required eligibility review, these families will have to try to negotiate the process through the mail. It is likely that some families — particularly those with limited English literacy — will not be able to surmount the barriers such procedures create.
- For families to receive a check for the fourth month in time to pay rent due at the beginning of the month, FEMA will have to decide eligibility for continued assistance within a few-week period

³¹ 44 CFR § 206.114(b)(3).

³² 44 CFR § 206.114(a). Families also have to provide unspecified documentation of continuing need, and submit rent receipts showing that they have exhausted FEMA funds provided previously. 44 CFR § 206.114(b)(2).

³³ FEMA regulations limit assistance to 18 months from the date of declaration of the disaster, unless the “Associate Director” extends the assistance period based on a determination that “due to extraordinary circumstances an extension would be in the public interest.” 44 CFR 206.110(e). If the Administration applies the usual time limit without extension, no family would receive a full 18 months of assistance in light of the time that will have passed between the disaster – August 29, 2005 – and when a family is first able to obtain housing with the new benefits.

after families have paid the third month of rent. (To receive additional assistance, families must show they have used all the funds previously provided to them for rent.) Hundreds of thousands of families may make such requests. It is unclear whether FEMA will have the capacity to make timely decisions for the unprecedented number of families facing long-term displacement.

- It also is unclear at what intervals families may have to repeat this process to determine ongoing eligibility for continuing rental assistance. In the past, FEMA has provided checks for rental assistance two months at a time. The more times that families have to reapply, the greater the number of families that likely will fail to navigate the steps required and be at risk of losing their housing if they cannot pay the rent.

Without assurance that rental payments will be forthcoming or timely in future months, landlords may consider it financially risky to rent to evacuees who are dependent on FEMA benefits. Even if families are able to find a willing landlord using the initial FEMA payment, the FEMA process leaves families that have already suffered major disruptions and losses uncertain about the stability of their new housing. If benefits end too early and families lose their housing as a result, family members will again suffer dislocation and risk homelessness. Moreover, communities around the country that have welcomed evacuees will face additional demands on their social and emergency service systems at a time when federal help may no longer be available.

In contrast, with a Section 8 voucher, the federal government commits a year of funding in advance, and payments are generally assured for the duration of the contract between the housing agency and a landlord. (Typically, these contracts are for one year, subject to extensions.) In addition, payment through a voucher avoids the risk that a destitute family will divert cash payments intended for rent to meet other urgent needs. (HUD's KDHAP program provides similar security to landlords and families, up to the 18-month limit on assistance.)

3. Some Families Will Need More than Financial Assistance for Rental Costs In Order to Obtain Stable Housing

For some families, provision of the initial FEMA payment of \$2,358 will be all the help they need to obtain housing. For others, this payment alone will not be enough. Few, if any, rental units remain available near the disaster areas or in some of the areas to which large numbers of evacuees have fled, and by now, the price of remaining vacant units may have climbed out of reach. If families are willing to relocate outside of their home states rather than stay in a shelter, hotel or other temporary accommodation until they receive a FEMA trailer³⁴ or return to their own home, they may need advice about places where housing and jobs are available and assistance to get there. Once in a strange place, they will benefit from assistance in expediting the process of becoming familiar with a new community and searching for housing. And as noted above, owners may not be willing to take a risk on renting to some families without security that the rent will be paid beyond an initial three months.

³⁴ Some Louisiana communities are looking for ways to expand the housing supply to meet evacuees' needs through strategies other than trailer villages, such as by rehabilitating existing housing stock. If the work could be completed in the intermediate term – possibly six months – at a reasonable cost, such investments would be a better use of federal funds than purchase and installation of mobile homes and RVs, as they would add to a community's permanent housing stock. FEMA staff have been respectful of families' right to decide whether they are willing to relocate from their home states and have properly refused to terminate hotel assistance despite pressure from groups representing the apartment industry.

In contrast to FEMA's IHP program, HUD has designed the KDHAP program to provide these kinds of intensive front-end services. Seven Referral Call Centers in areas with the largest concentrations of evacuees will permit many families to get in-person advice.³⁵ Other displaced families may access the centers toll-free by telephone. Staff at the centers will match families with local housing agencies in areas with available rentals. These agencies are required to provide services ranging from picking up families at the airport to coordinating temporary lodging and driving evacuees to see possible homes. Local housing agencies have the community ties necessary to connect families with sources for donated furniture and with other services they may need. (Local housing agencies will receive a fee of \$1,000 for each family that leases a unit in their area under the program, plus at least 10 percent of the monthly subsidy each month.)

In addition to providing the relocation assistance that some families and individuals will need, the HUD program assures families and owners of continuing rent payments for the term of a lease up to one year (with possible extension for an additional six months), in contrast to the uncertainty inherent in FEMA's standardless program. Owners will have the security a voucher program provides that the rent will be paid.

Recommendations for Modifications in the Administration's Transitional Housing Plan

The FEMA temporary rental assistance program is likely to work effectively for many families. Those able to find new jobs quickly that provide sufficient income to afford housing in new areas, and homeowners able to return home in several months, likely will not need more assistance than the initial FEMA payment provides. Other families, however, will need assistance for a period longer than three months. In addition, those with little or no income may need higher benefit levels than are provided by either the IHP or KDHAP programs. Some families will need comprehensive relocation assistance and payment to a landlord in the form of a voucher to relocate successfully.

In announcing the Administration's new program on September 23, Homeland Security Secretary Michael Chertoff stated, "But the bottom line is, we're going to make sure that victims of this disaster, whatever their economic circumstances, get the necessary financial assistance to ensure that they can obtain a temporary residence for the time being."³⁶ To achieve this commendable goal, some modifications of the Administration's plan are needed.

Providing a Sufficient Level of Assistance

To provide a sufficient level of benefits to enable families with little or no income to obtain housing and to avert unaffordable cost burdens, FEMA and HUD should make two modest policy changes.

³⁵ The centers are in Gulfport MS, Baton Rouge and Shreveport LA, Little Rock AR, and San Antonio, Houston and Fort Worth TX.

³⁶ Transcript of September 23 DHS-HUD press briefing, available at http://www.dhs.gov/dhspublic/interapp/press_release/press_release_0769.xml

- First, both agencies should *allow benefits to be used to meet utility costs*, up to the maximum monthly benefit of the applicable Fair Market Rent. In the IHP program, this would mean permitting families to use a portion of the initial \$2,358 payment to meet utility costs that are not included in the rent, and providing subsequent benefits at the applicable FMR if needed for rent and utility costs. In the KDHAP program, if the monthly rent is less than the applicable FMR, housing agencies should use remaining funds to make utility payments. *This recommendation does not increase the maximum level of assistance.*
- Second, both agencies should *allow increases in the maximum monthly subsidy if needed as a reasonable accommodation to people with disabilities* (for example, to allow a mobility-impaired individual to rent an apartment in a building with an elevator). Such flexibility may be required by civil rights laws, as HUD has found to be the case in the Section 8 voucher program.

In addition, *HUD should promptly use its discretion to increase FMRs to reflect post-disaster increases in rental costs* in areas where much of the housing stock has been destroyed or damaged or where housing markets have been impacted significantly by an increased demand from evacuees. HUD has already recognized the need for such disaster-related exception FMRs in the housing voucher program.³⁷ HUD should make needed revisions promptly and publish the revised FMRs so they apply to the FEMA and KDHAP benefit levels.

Assuring Continuity of Rental Assistance

The lack of clear criteria and the cumbersome process for receiving FEMA rental assistance benefits after the initial \$2,358 payment runs out could undercut the effectiveness of the program for a large segment of displaced families. *The most feasible solution to this problem would be to shift subsequent administration of rental assistance to HUD*, which has the expertise and the network of state and local partners to administer a rental assistance program efficiently. Such a transfer, which could be accomplished by an expanded inter-agency agreement (called a Mission Assignment under the Stafford Act), would allow FEMA staff to focus on their core function of providing emergency help in upcoming disasters.

Alternatively, FEMA could issue clear eligibility standards for receipt of rental assistance after the initial payment, and develop procedures that ensure that payments are made available to displaced families when such payments are needed to meet families' rent obligations.

To avoid premature termination of needed rental assistance, HUD should modify the KDHAP policy that prohibits families from moving outside the jurisdiction of the administering agency without losing the right to rental assistance. Families that have gone through the trauma of the hurricane and evacuation – often to a place chosen by FEMA without consulting the family — may need the flexibility to move as they adjust to their losses and chart their futures. After regaining stability in the community to which

³⁷ In the notice issuing the final FMRs for fiscal year 2006, HUD stated, “The Secretary of HUD has authority to modify FMRs to meet changes in rents resulting from declared Federal disasters.” HUD has indicated that it will be issuing a notice within the next few weeks that addresses how agencies can get approval to increase the FMR to meet local needs. 70 Federal Register 57654, 57658 (October 3, 2005). It is unclear, however, whether PHAs may request to have such increases apply to the KDHAP program in addition to the regular housing voucher program. And unless HUD publishes modified FMRs for these areas, there is no evident way that FEMA would know about the modified FMRs in order to apply them to its benefit levels.

they were relocated, a family may decide it would have more opportunity — or more family support — in another location. There is no apparent justification for HUD’s restrictive policy, other than bureaucratic convenience. In announcing the new Transitional Housing plan, Secretary Chertoff emphasized the basic principle of “freedom for people to take control of their lives,” and HUD Secretary Jackson has spoken of giving evacuees “the choice and the portability of being able to live where they please.”³⁸ HUD’s policy is inconsistent with these principles and should be changed.

Finally, policy changes will not assure the availability of rental assistance for the authorized 18-month period unless the funds are available. Of the approximately \$60 billion appropriated to date for FEMA disaster relief to respond to Hurricane Katrina, the Administration informed Congress it planned to spend \$23 billion on the Individuals and Households Program (IHP), which includes temporary housing assistance.³⁹ As of October 6, only \$17 billion of this \$60 billion had been allocated for Katrina-related expenses, of which about \$7.3 billion had been allocated for housing assistance and other components of the IHP program. (Most of this \$7.3 billion now has been obligated.)⁴⁰ *The Administration should set aside the funds reasonably estimated to be needed for continuing rental assistance in order to avoid the risk of running out of these funds in 2006.*

Enabling All Displaced Families to Obtain Temporary Housing

As discussed above, some families and individuals — including many people with disabilities — probably will not succeed in obtaining regular housing with just cash assistance. Families that have not been able to use the initial FEMA rental assistance payment to obtain regular housing within a few weeks of receipt should be offered the type of relocation services that HUD is providing to families and individual eligible for KDHAP, which currently is limited to families and individuals who already had HUD assistance, or already were homeless, at the time of the hurricane.

FEMA could contract for such relocation services. Alternatively, the Referral Call Centers established by HUD for KDHAP-eligible households could take over this responsibility. The burdens of providing counseling and referral services to the approximately 50,000 KDHAP-eligible households are likely to diminish after the initial few weeks, leaving trained staff with the capacity to take on this additional work for other displaced households. If the HUD network of Referral Call Centers is tapped to provide relocation counseling, families could be given the option of returning the \$2,358 payment they received from FEMA and receiving assistance instead through HUD’s KDHAP voucher program.⁴¹ Vouchers are likely to be more effective at assuring housing stability for the most vulnerable families. In addition, through KDHAP, families would receive intensive housing search assistance from the public housing agency in the community in which they have chosen to live.

³⁸ Transcript, note 36.

³⁹ U.S. House of Representatives, Committee on Appropriations, Chairman Lewis Introduces Second Katrina Relief Package,” September 8, 2005, available at http://appropriations.house.gov/index.cfm?FuseAction=PressReleases.Detail&PressRelease_id=513&Month=9&Year=2005.

⁴⁰ FEMA Status Report, October 6, 2005. FEMA is permitted to use monies in the Disaster Relief Fund for other disasters, such as Hurricane Rita, as well as for Katrina recovery.

⁴¹ Some families that have not found apartments to rent may have used a portion of these funds for hotels or other permissible temporary housing expenditures.

Conclusion

Families that have fled Katrina face great challenges. Hundreds of thousands have lost their homes, and many families escaped the storm with little more than the clothes they were wearing. Because of the physical and economic damage caused by the storm, it will be many months, or even years, before many families will be able to return to their homes and neighborhoods. Some will not want to return, preferring to avoid the risk of another disaster or to take advantage of opportunities in new locations. In the meantime, many have lost jobs, and large numbers were already poor before the storm. To begin rebuilding their lives, these families need stable housing they can call “home.”

Katrina thus has created an immense transitional housing challenge. Immediately following the storm, policy experts from across the ideological spectrum called on the Administration to meet this challenge by deploying its most effective affordable housing tool — rental housing assistance in the form of Section 8 vouchers. Following weeks of criticism of its original plan to build “trailer cities,” the Administration revamped its transitional housing strategy to rely primarily on rental housing assistance, although it intends to deliver the great majority of this assistance through FEMA’s Individuals and Households Assistance Program rather than by using emergency Section 8 vouchers.

The Administration’s transitional housing plan offers a major step forward in helping the hundreds of thousands of families displaced by Katrina. If it is to be effective, however, it needs to be modified to address more adequately the needs of many families, especially those with little income and few assets. Families are unlikely to secure stable housing if they are unable to pay utility costs or if — because they have been displaced to an unfamiliar town or an area where virtually all rental units are already taken — they do not know where to turn to secure suitable housing. Moreover, for families to begin rebuilding their lives successfully — to enroll their children in schools and secure new jobs — they will need housing that is adequate and secure. For many of these families, housing security will depend on receiving assistance *beyond* the next few months.

The Administration should enhance IHP and KDHAP housing assistance to address these needs. In addition, if the Administration or Congress concludes that FEMA is not well-equipped to provide rental assistance for periods of more than a few months, it should choose to follow the advice of policy experts from across the political spectrum and authorize HUD to step in to provide housing voucher assistance to displaced families.

APPENDIX

Components of Administration's Transitional Housing Assistance Program for Katrina Evacuees*

FEMA Transitional Housing Assistance (Individuals and Households Program or IHP)

Eligibility — To receive an expedited initial payment, households must have been displaced from residences in the five parishes near New Orleans or the three coastal counties in Mississippi that suffered the most damage from Hurricane Katrina. For other displaced households, FEMA must inspect their pre-disaster dwelling and certify that return is not currently possible before a family can be found eligible for temporary rental assistance.

Benefits — Initial payment is \$2,358 (\$786 per month) based on the average Fair Market Rent (FMR) nationally for a two-bedroom rental unit. FEMA decided to distribute the same amount initially to all qualifying households in order to avoid additional delay. Families that require higher monthly benefits because (1) the number of household members qualifies them for more than two bedrooms, or (2) their new unit is located in an area that costs more than the average can request an adjustment from FEMA based on the applicable FMR, which serves as the monthly maximum benefit. Funds may be used only for rent costs and not for tenant-paid utilities. No funds are provided for security deposits. Payment is by check or electronic funds transfer to a family. No household contribution is required. Families are responsible for all deposits, for utility costs not included in the rent, and for rental charges above the applicable Fair Market Rent.

Duration — There is a maximum duration of 18 months (possibly counted from August 29, 2005) and an overall limit of \$26,200 in assistance per family under the Individuals and Households Program. Families requesting “continuing assistance” after the initial payment must periodically demonstrate continued need and must show they have used the funds they have already received for permissible expenditures. The criteria to be applied to renters to determine “need” for continuing assistance, other than the lack of availability of their pre-disaster housing, are unclear. The lease term is up to the household and the landlord.

Choice — Families may select housing anywhere in the country and may move during the assistance period. No housing quality standards apply.

Other assistance — None directly connected to the program. FEMA has contracted for counseling assistance in some areas. FEMA will provide funds to Louisiana, Mississippi and Alabama to pay for a family to return to its home state.

HUD Katrina Disaster Housing Assistance Program (KDHAP)

Eligibility — Households must have been displaced from HUD-assisted housing in an area declared to be a major disaster as a result of Hurricane Katrina or have been homeless in such areas. Families that had tenant-based section 8 voucher assistance have the option of whether to lease new housing under the terms of the voucher program or to transfer (temporarily) to the KDHAP program.

Benefits — The maximum monthly benefit is the applicable Fair Market Rent or the unit rent, whichever is lower. The rent must be “reasonable.” This is a voucher program, not a cash

assistance program. The local or state public housing agency (PHA) pays the subsidy directly to the landlord on behalf of a family, based on a contract between the agency and the landlord. The agency also will pay a security deposit and up to \$325 for utility deposits. No household contribution is required, but families are responsible for utility costs that are not included in the rent and for rental charges above the applicable FMR.

Duration — Maximum of 18 months. It appears that if a family's former home is repaired or replaced in less than 18 months, KDHAP assistance will end. The initial lease term is 6 – 12 months, with extensions permitted.

Choice — Families may move to any location in which there is a state or local public housing agency that currently administers a section 8 voucher program and is willing to participate in the KDHAP program. Subsequent moves are permitted only within the jurisdiction of the initial administering agency. Housing units must meet federal Housing Quality Standards, but inspection may be performed up to 60 days after the lease is effective.

Other assistance — Counselors at KDHAP Referral Call Centers will help families select areas in which housing units are likely to be available and will assist families in obtaining FEMA-paid transportation if required. The PHAs are supposed to provide intensive housing search assistance, including locating one or more vacant units and providing needed transportation to look at units. The PHA will meet with the family quarterly in person or by telephone to verify that the family still needs KDHAP assistance (it is unclear precisely what this means) and to discuss the family's future plans. The same assistance to enable displaced families to return to their home state will be provided as under the FEMA program.

* This summary, as well as the analysis in the paper, are based on the following sources: FEMA's published regulations and guidebook on the Individuals and Households Program, which predated Katrina; a White Paper that Administration officials have circulated to Congressional staff; materials released related to the press briefing on September 23; answers to questions posted at <http://www.fema.gov/press/2005/katrinatranshousing.shtm> (September 28, 2005); and HUD's detailed KDHAP "Interim Operating Requirements" and form contracts on its website at <http://www.hud.gov/offices/pih>. We also have reviewed testimony from the Administration and interviews with FEMA staff.