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## FEMA ACTION RAISES MORE DOUBTS ABOUT FEDERAL COMMITMENT TO AID KATRINA VICTIMS

### New Policy Puts Vulnerable Families at Risk

By Douglas Rice and Barbara Sard

On November 14, David Garrett, the Acting Director of Recovery at FEMA, issued a memorandum to FEMA staff announcing changes in FEMA's transitional housing strategy for assisting victims of Katrina and Rita. According to the memorandum, FEMA intends to:

- Terminate FEMA payments for temporary hotel or motel stays for hurricane victims as of December 1, 2005. Over 50,000 evacuee families remain in hotel and motel rooms. Acknowledging that available permanent housing is scarce in Louisiana and Mississippi, local FEMA officials in these states may approve short-term extensions of hotel/motel assistance of up to 14 days each. No extensions will be allowed beyond January 7, 2006. States and localities that pay for hotel rooms beyond these dates will not be reimbursed.
- Deny reimbursements to state and local governments for new or extended apartment leases signed after November 30, 2005 on behalf of Katrina evacuees. In addition, leases signed by state and local governments before December 1 on behalf of evacuees generally cannot be for longer than three months, although longer terms may be approved on a case-by-case basis if it is determined that 3-month leases are unavailable.
- End all reimbursements to state and local governments for rental assistance for Katrina victims as of March 1, 2006, even if governments are obligated to make payments under leases for a longer period.

#### KEY FINDINGS

- FEMA's plan to terminate reimbursements for hotel or motel stays on December 1 is likely to leave many Katrina evacuees without adequate temporary housing.
- FEMA's plan could place substantial burdens on state and local governments that have assisted Katrina evacuees and undermine the effectiveness of local government efforts to relocate families into stable housing.
- FEMA should fix the shortcomings of its cash rental assistance program that are likely to make it ineffective for many low-income families.

- Contact families still in hotels or motels through phone calls, flyers, or direct contact to inform them that FEMA will no longer pay for hotel and motel stays and to outline their options for transitioning to more permanent housing, with FEMA assistance if they are eligible for it.

While FEMA and other agencies ought to be doing everything in their power to help families to transition out of hotels and motels into more stable and permanent housing, these steps are likely to generate further instability for Katrina evacuees as well as new burdens for state and local governments that have been assisting evacuees. While most families now living in temporary hotel/motel accommodations or in apartments subsidized by state or local governments are eligible for rental assistance under FEMA's Individuals and Households Program (IHP), IHP rental assistance has deficiencies that are likely to make it ineffective for many families that are seeking stable transitional housing. Because FEMA has failed to address the shortcomings of IHP rental assistance, FEMA's latest actions are likely to compound the problems confronted by many families that have lost their homes due to Katrina.

### **FEMA Action Will Generate Further Instability and Stress among Katrina Families**

While it makes sense to move Katrina families out of hotels and motels and into more permanent housing as quickly as possible, this should not be accomplished in a way that places indigent families at risk. There are likely to be good reasons why some families have not yet made the move.

- For families staying in hotels or motels in Louisiana and Mississippi, moving into permanent housing may require them to move further away from home, because so few units are available near the disaster area.
- In cities such as Baton Rouge and Houston, the local rental markets have tightened markedly in recent months, and FEMA rental assistance (which is capped based on rental costs *prior* to the hurricane) may be insufficient to secure available apartments.
- In addition, there are reports from some cities that landlords are refusing to sign 3-month leases. This places families in a difficult position, since FEMA has provided no clear guidelines concerning extensions of rental assistance beyond the initial 3-month payment (see below).
- FEMA rental assistance will not cover security deposits or utilities, expenses that low-income families now living in hotels and motels may not be able to afford on their own.
- Finally, many families may simply need more time to make appropriate decisions about how and where to move. Under the circumstances, where families have been uprooted from their communities, separated from family and friends, lost their jobs, and been displaced to new towns, people may need more time to determine their options and make plans. Under the best of circumstances, it can take some months to find a permanent job. It is unreasonable to require families to make long-term housing decisions while questions remain about where they are most likely to find employment.

For these reasons, forcing evacuees to move out of hotels and motels may leave them without stable housing or delay their progress toward self-sufficiency.

## **State and Local Governments Could be Left Holding the Bag**

In the weeks following Hurricane Katrina, while FEMA was still developing and implementing a transitional housing plan, many state and local governments stepped up to help evacuees find rental housing in their communities. With tens of thousands of families living in mass shelters, FEMA strongly encouraged local officials to help as much as they could, promising to reimburse state and local governments for the costs of locating and renting housing for evacuees. As a result, cities and states entered into rental agreements with local property owners, often signing lease agreements of 6-12 months in order to secure stable housing for Katrina evacuees. The City of Houston alone received approximately 150,000 evacuees, helping the great majority of them to settle into apartments by signing rental agreements with local landlords.

FEMA's announced policy changes could place substantial burdens on state and local governments that have assisted evacuees. It appears, for instance, that state and local governments will have to absorb the costs of any rental agreements they have signed that extend beyond March 1, 2006, unless owners agree to transfer responsibility for making rent payments to the tenants. Cities housing evacuees in hotels or motels also may be harmed. It is unlikely that all, or even the majority, of the 50,000 families still living in hotels or motels can be moved into permanent housing by December 1. If families are compelled to leave hotels/motels before they have secured permanent housing, some will have no choice but to rely on locally-funded resources, such as homeless shelters. According to reports by the Associated Press on November 17, the Governor of Mississippi and the Mayor of Houston have stated that they do not think it is possible to move families into apartments or other temporary housing within FEMA's new time frames.

## **FEMA Policy Changes Will Augment the Existing Shortcomings of Its Transitional Housing Plan**

As outlined in an analysis we issued on October 13,<sup>1</sup> the Bush Administration's transitional housing plan is unlikely to meet the needs of many Katrina victims, especially those with little income and few assets:

- For families receiving rental assistance through FEMA's Individuals and Households Assistance Program (IHP), there is a great deal of uncertainty about whether, and under what conditions, FEMA will extend assistance beyond the first few months. Because of poverty, job losses, and the personal disruptions caused by the evacuation, many families are likely to need housing assistance beyond a few months to help them get back on their feet. Under federal law, families that have lost their homes due to a disaster are eligible for up to 18 months of rental assistance from FEMA, but FEMA has substantial discretion over whether to provide housing assistance for more than just the first few months. Thus far, FEMA has provided no clear guidance regarding the extension of assistance, leaving many poor hurricane-victim families to worry about whether they will be able to pay the rent in coming months. FEMA's November 14 memorandum raises new concerns about the agency's commitment to providing ongoing rental assistance for these families.

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<sup>1</sup> Barbara Sard and Douglas Rice, "Changes Needed in Katrina Transitional Housing Plan"; available at: <http://www.cbpp.org/10-13-05hous.htm>.

- The amount of FEMA rental assistance is inadequate for many families because this assistance fails to cover utility costs, security deposits or the higher rents needed for apartments with accommodations for people with disabilities.
- Some families will need substantial relocation and housing search assistance, as well as direct payments to owners through rental vouchers, to secure stable housing. Several weeks ago, FEMA announced a \$66 million grant to a consortium of service providers to provide case management services for Katrina victims. The final grant awards, however, will not be announced until December 9, and it may be weeks after that before the case management services are in operation. While the case management grants are a positive step, they will be *too late* to help families in hotels or motels who will be scrambling to meet the December 1 deadline to move.

The new policy announcement by FEMA fails to address the shortcomings of the current plan and raises new doubts about FEMA's commitment to provide ongoing housing assistance for the hundreds of thousands of displaced people who may need it. Indeed, while FEMA's November 14 memorandum will generate new difficulties for many impoverished families victimized by the hurricanes, and for state and local governments struggling to manage in the aftermath of the hurricanes, these difficulties may be only the tip of the iceberg. Hundreds of thousands of other families are now relying on rental assistance from FEMA, with no assurance that this assistance will be extended after December — and that they will not be placed at risk of homelessness at that time.