

Board of Directors

NEWS RELEASE

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REBUILDING AID FOR NEEDIEST KATRINA VICTIMS SHOULD BE RETAINED IN FINAL SUPPLEMENTAL FUNDING BILL New Rental Assistance is Unrelated to Earmarks or Increases in the Bill's Cost

The first federal housing assistance aimed specifically at poor households harmed by last year's hurricanes could fall victim to House-Senate differences over emergency supplemental funding legislation, even though this funding is *unrelated* to "earmarks" that House leaders have vowed to eliminate from the Senate-passed bill.

The Senate bill includes \$202 million in funding for hurricane-related rental assistance, the same amount requested by the Administration. The Senate bill sets aside \$100 million of this amount for special housing vouchers known as "project-based" vouchers (described below), which would make a modest percentage of the housing that is being rebuilt in the Gulf Coast affordable to working-poor families, seniors, people with disabilities, and other vulnerable residents who have so far been left out of federal hurricane rebuilding aid.

However, the Senate bill also contains various earmarks and other special-interest items that have contributed to pushing its cost \$14 billion above the President's requested level. As House-Senate negotiators seek to reduce the cost of the final bill, the hurricane-related housing assistance — which is *not* in the House version of the bill — could be kept out of the final bill even as a number of earmarks or other special-interest items are retained.

"In general, the backers of the earmarks in the Senate bill have more political clout than the impoverished hurricane victims who would benefit from the housing assistance the Administration and the Senate have requested," noted Robert Greenstein, executive director of the Center on Budget and Policy Priorities. "The fear is that Congress could kill the modest low-income housing assistance to make room for more of the special-interest items."

Hurricanes' Neediest Victims Ignored by Rebuilding Assistance to Date

"Lower-income Gulf Coast residents are at risk of being left out of the rebuilding efforts," said Bart Harvey, Chairman, President and CEO of Enterprise Community Partners, which is providing development capital and expertise to the rebuilding of Gulf Coast communities. "This housing aid will help ensure there are stable, safe, sustainable homes for the working poor — as well as supportive housing for people with special needs — who might otherwise have to remain in inadequate temporary housing arrangements or be unable to return to the Gulf Coast."

The Senate's \$100 million in project-based voucher funding would address a major need that federal hurricane recovery assistance has so far ignored. Rents in the hurricane-affected area have risen sharply — 25 percent or more in the hardest-hit areas — because units not damaged or destroyed by the hurricanes are now in short supply.

The lack of affordable housing is impeding the Gulf Coast's economic recovery. Many businesses are reluctant or unable to reopen until more of their workers and customers return, and many modest-income families are unable to return because they cannot find affordable housing. While Congress has provided substantial funding for housing reconstruction in the Gulf Coast through Low-Income Housing Tax Credits and Community Development Block Grant funds, none of those funds have been targeted on poor households, who are the least likely to be able to cope with the recent sharp rent increases.

The Senate bill would help address this problem by providing \$100 million in "project-based" voucher funding for the Gulf Coast region, enough to provide rental subsidies for about 13,500 apartments. The funding would be used both to reduce the rents in newly constructed apartments and to repair certain apartments that were subsidized by HUD before the hurricanes struck.

Unlike traditional housing vouchers, which low-income families use to rent a modest apartment of their choice in the private market, project-based vouchers support the construction or rehabilitation of housing for low-income families by giving developers a guaranteed stream of rental revenue that can help repay debts incurred during construction. Project-based vouchers also make new or rehabilitated units more affordable for working-poor families by helping to defray a portion of the rental costs.

Of the 13,500 affordable apartments that could be funded with the \$100 million in funding under the Senate bill, 4,500 would be set aside for supportive housing with services for low-income people who are elderly, have disabilities, or were previously homeless. The rest of the 13,500 units would be available more broadly to low-income working families and other needy people, with households that were receiving housing assistance when the hurricanes struck being given priority.

"These rental subsidies would provide a key resource to support Louisiana's 'Road Home' housing plan, allowing the state to help a large number of our most vulnerable citizens to access safe housing and live with dignity," said Valerie Keller, member of the Louisiana Recovery Authority's housing task force and CEO of the Outreach Center, a faith-based organization in south-central Louisiana that has hired evacuees to help hundreds of other displaced families rebuild their lives.

The rental subsidies also would advance Mississippi's recovery. "The Senate's plan would help Mississippi's Gulf Coast working families participate in rebuilding the local economy," observed Ed Sivak, Director of Policy and Evaluation at the Enterprise Corporation of the Delta/Hope Community Credit Union, a regional community development financial institution that has been active in assisting families affected by the hurricane.

New Information on Housing Needs Led Senate to Set Aside Funds for Project-Based Vouchers

The Senate Appropriations Committee set aside \$100 million for project-based vouchers out of the \$202 million in funding for temporary "disaster housing vouchers" that the Administration requested. Because fewer families than expected have qualified for the special temporary "disaster vouchers" from HUD (which Congress has limited to a narrow group of individuals), the Senate Committee concluded that both the number of needed disaster vouchers *and* the project-based vouchers could be accommodated within the Administration's \$202 million proposed voucher funding level.

"It is vital that the funding for project-based rental subsidies be retained in the final bill. This assistance will provide a critical tool to Gulf Coast communities to rebuild rental housing in the most effective way, by creating housing opportunities for the most vulnerable citizens in mixed-income developments, with services available for people who need them," said Barbara Sard, the Center's director of housing policy.

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