

**Opening Remarks of  
Honorable Maxine Waters, D-35<sup>th</sup> CA**

**Committee on Financial Services**

**Hearing “Federal Housing Response to Hurricane  
Katrina”**

**Room 2128, Rayburn House Office Building**

**February 6, 2007**

**10:00 AM**

Good Morning Mr. Chairman and ladies and gentlemen. I would like to thank Chairman Frank for holding today’s hearing on the “Federal Housing Response to Hurricane Katrina.” This hearing is long overdue, because the victims of Katrina are facing an affordable

housing crisis and immeasurable human tragedy in the Gulf Region, particularly in the City of New Orleans.

People are suffering because many individuals and families want to return to the Gulf Region. However, there is very little if any affordable housing to which to return. The public housing stock was decimated by the storms, and its condition in many cases worsened by malignant neglect. The infrastructure is inadequate to support housing. Homeowners who want to rebuild are being asked to do the impossible. Many homeowners who have lost everything, and have yet to receive a dime from State authorities in Louisiana and Mississippi for damaged or loss homes, although the funds for their homes is funded through federal Community Development Block Grant program funds that the Congress appropriated last year -- \$16.7

billion in CDCG funds with \$10.4 billion to Louisiana and \$5.5 billion to Mississippi since of January 2006. I want the record to show that these are funds that Members of Congress, including myself, wanted to go directly to the people of the Gulf Region.

Unfortunately, the response of the federal government to the housing needs in the Gulf Region can be best described as “temporary.” Interestingly, on September 1, 2005, HUD posted its response on its Website indicating that a housing subsidy of \$10,000 per displaced household would be made available, regardless of income, to supplement temporary housing costs for one year. That same day the proposal was removed from the HUD website, never to be seen again. This was the prelude to the one of the nation’s worst responses to a disaster in our

history. To make matters worse, FEMA rather than HUD attempted to manage the housing needs in the devastated areas. FEMA received the major portion of funds contained in two appropriation bills for the initial emergency response and repair, \$62.3 billion. On June 15, 2006 Congress gave FEMA an additional \$6 billion. We now realize that FEMA was not equipped then, nor is it today to address housing issues related to disasters. The House passed legislation last year which would have removed responsibility for housing from FEMA and transferred it to HUD.

As you know, FEMA was providing rental assistance to 700,000 households. Currently, 33,000 households are receiving rental assistance. So, does HUD have the infrastructure to better serve the housing needs of these 33,000 households? FEMA just recently extended housing

assistance to households displaced by Katrina through February 2008.

Part of the housing crisis in the Gulf Region is linked to the state of public housing. One of the hardest hit areas in the Region is the City of New Orleans, where more than 14,000 public housing units were damaged or destroyed by the hurricanes. While many public housing units were scheduled for demolition years ago, HUD and HANO have slated 5000+ units for demolition to make way for substantial redevelopment. However, there are many, including myself, who do not want to see the wholesale dismantling of public housing in New Orleans. I believe that a phased development approach in New Orleans will allow those tenants who want to return to New Orleans the opportunity to return, while enabling the City to undertake

development efforts that will be in the best interest of the community, particularly those who lost housing and want to return. We must not lose sight of the fact that development for development sake will not work in New Orleans, because most if not all of the social infrastructure in many communities in the Gulf Region has been destroyed -- hospitals, schools, churches, businesses as well as security.

One of the major efforts in the Gulf Region, include making homeowners whole again. In Louisiana, the State established the “ROADHOME” program, with the promise to pay up to \$150,000 per household to rebuild in the State of Louisiana, although at last count fewer than 400 of the more than 100,000 homeowners who have applied had collected a single dime under program. What really

concerns me is that the funding for the ROADHOME program are federal CDBG funds that we in Congress appropriated for the sole purpose of rebuilding in Louisiana -- \$10.4 billion. Rebuilding can not take place when the requirements being imposed on homeowners, some of whom are elderly or who have lost everything, are being screened for fraud and the like. Indeed, under the ROADHOME program there is no way to pay \$150,000 to the 100,000 who have applied. I do not believe that the State of Louisiana has any intention to use all of the CDBG funds for its ROADHOME program.

Mr. Chairman. I have many questions for today's witnesses. I hope that the testimony today will answer many of those questions because the victims deserve answers. Thank you.