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GAO

Report to Congressional Requesters

January 2010

DISASTER ASSISTANCE

Federal Assistance for Permanent Housing Primarily Benefited Homeowners; Opportunities Exist to Better Target Rental Housing Needs

GAO

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GAO-10-17

January 2010

Highlights

Highlights of GAO-10-17, a report to congressional requesters

DISASTER ASSISTANCE

Federal Assistance for Permanent Housing Primarily Benefited Homeowners; Opportunities Exist to Better Target Rental Housing Needs

Why GAO Did This Study

In response to the 2005 Gulf Coast hurricanes, Congress provided about $130 billion in disaster recovery assistance, including assistance for permanent housing. Congress has expressed an interest in how this assistance has been allocated to homeowners and rental property owners, particularly for state-administered programs.

GAO's objectives were to review (1) how federal disaster-related assistance for permanent housing has been provided to homeowners and rental property owners, (2) the extent to which federally funded programs have responded to the needs of homeowners and rental property owners, and (3) the challenges that homeowners and rental property owners have faced in applying for and using federal assistance, and potential options for addressing these challenges. To address these objectives, GAO analyzed documentation for key programs and program data, and interviewed federal, state, and local officials regarding the challenges associated with these programs.

What GAO Recommends

In planning for recoveries from future disasters, Congress should consider the merits of providing more specific direction to states regarding the allocation of disaster-related CDBG assistance for homeowners and rental property owners. We received technical comments from federal and state agencies, which we incorporated as appropriate.

View GAO-10-17 or key components.
For more information, contact Mathew J. Scirè at (202) 512-8678 or sciremj@gao.gov.

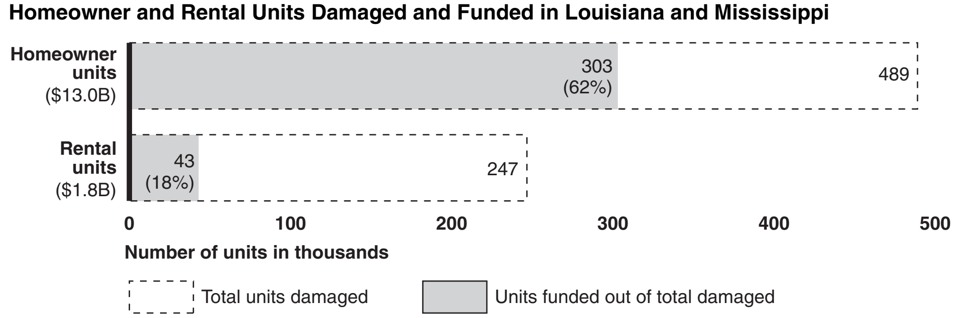
What GAO Found

Federal post-disaster assistance for permanent housing was made available to homeowners and rental property owners following the 2005 Gulf Coast hurricanes through grants, loans, and tax incentives. State agencies were largely responsible for administering the programs that delivered most of the assistance, including the Community Development Block Grant (CDBG) program, the most widely used source of federal funds. Congress provided states with broad flexibility in their use of CDBG funds.

Federal programs GAO reviewed addressed the repair and replacement needs of more homeowner units than rental units. In both Louisiana and Mississippi, more homeowner units were damaged than rental units, but the proportional damage to the rental stock was generally greater. Programs GAO reviewed provided about $13 billion in assistance for the repair and replacement of about 303,000 homeowner units, and about $1.8 billion for over 43,000 rental units. When the estimated number of assisted units is compared to the estimated number of damaged units, 62 percent of damaged homeowner units and 18 percent of damaged rental units were assisted, as shown below. The difference in the level of assistance for homeowner and rental units was largely due to states' decisions to award the majority of their CDBG funds to programs for homeowners.

When attempting to use the programs GAO reviewed, both homeowners and rental property owners encountered delays in funding availability and other challenges, which have likely contributed to the slow pace of recovery in some areas and fewer affordable units for renters. GAO and others have previously recommended options to minimize these challenges. However, without specific direction on how to better target disaster-related CDBG funds for the redevelopment of homeowner and rental units after future disasters, states' allocation of assistance to homeowners and rental property owners may again result in significant differences in the level of assistance provided.

Homeowner and Rental Units Damaged and Funded in Louisiana and Mississippi



Sources: GAO analysis; DHS Office of the Federal Coordinator for Gulf Coast Rebuilding (damage data).

Notes: Data are from Department of Homeland Security, Office of the Federal Coordinator for Gulf Coast Rebuilding, "Current Housing Unit Damage Estimates, Hurricanes Katrina, Rita and Wilma" (Feb. 12, 2006). Unit counts refer to units that were occupied at the time of the storm.

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Abbreviations

CDBG	Community Development Block Grant
DHS	Department of Homeland Security
FEMA	Federal Emergency Management Agency
GO Zone	Gulf Opportunity Zone
HMGP	Hazard Mitigation Grant Program
HUD	Department of Housing and Urban Development
IHP	Individuals and Households Program
LIHTC	Low-Income Housing Tax Credit
MDA	Mississippi Development Authority
MSA	metropolitan statistical area
OCD	Louisiana Office of Community Development
PHA	public housing agency
SBA	Small Business Administration
Stafford Act	Robert T. Stafford Disaster Relief and Emergency Assistance Act
Treasury	Department of the Treasury

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United States Government Accountability Office
Washington, DC 20548

January 14, 2010

The Honorable Joseph I. Lieberman
Chairman
Committee on Homeland Security
and Governmental Affairs
United States Senate

The Honorable Mary L. Landrieu
Chairman
Subcommittee on Disaster Recovery
Committee on Homeland Security
and Governmental Affairs
United States Senate

Hurricane Katrina made landfall on the Gulf Coast on August 29, 2005, and was the worst natural disaster in our nation's history in terms of geographic scope, the severity of its destruction, and the number of persons displaced from their homes. The storm caused damage in Alabama, Florida, Louisiana, and Mississippi. It devastated far more residential property than any other recent hurricane, destroying or making uninhabitable an estimated 300,000 homes. It displaced thousands of homeowners and renters and created a need for an unprecedented level of recovery assistance. Then, just 1 month later on September 24, 2005, Hurricane Rita struck, severely damaging or destroying more than 23,600 housing units in southwest Louisiana and southeast Texas.

In response to the damage caused by these hurricanes, the government provided significant funding for the recovery of the region, including funds for rebuilding housing. Congress provided about $130 billion in disaster recovery assistance, including about $19.7 billion in Community Development Block Grant (CDBG) funds. The Department of Housing and Urban Development (HUD) provided Louisiana and Mississippi—the two states most affected—with the majority of these supplemental CDBG funds, which were to be used in part for housing recovery. The Federal Emergency Management Agency (FEMA) within the Department of Homeland Security (DHS), the Small Business Administration (SBA), and the Department of the Treasury (Treasury) also provided various resources—grants, loans, and tax incentives—for the recovery of permanent housing. However, while Congress has provided funding for the recovery of housing in the affected areas, some displaced residents are still unable to return to their homes, in part because of the slow pace of the repair and replacement of permanent housing and the lack of affordable housing.

Congress has raised questions about how federal funds for housing recovery have been allocated for the repair of homeowner and rental housing units, particularly under programs for which states have discretion regarding the amount and types of assistance available to homeowners and rental property owners. In light of these questions, this report examines the federal assistance provided to homeowners and rental property owners after the 2005 Gulf Coast hurricanes. Our work focused on Louisiana and Mississippi, the states most affected by Hurricanes Katrina and Rita. Specifically, we reviewed (1) how federal disaster-related assistance for permanent housing has been provided to homeowners and rental property owners affected by the 2005 Gulf Coast hurricanes; (2) the extent to which federally funded programs responded to the needs of homeowners compared to rental property owners in repairing or replacing units damaged by these hurricanes; and (3) the challenges that homeowners and rental property owners have faced in applying for and using federal assistance, and potential options for addressing these challenges.

To describe how federal disaster-related assistance for permanent housing was provided to homeowners and rental property owners, we identified federal programs that made assistance available for the repair and replacement of housing after the disasters, reviewed eligibility criteria and award processes, and determined when funds became available. We included programs that federal agencies, subject matter experts, and studies and reports identified as being key to the repair and replacement of permanent housing for homeowners and renters. As a result, we did not include every program that provides post-disaster housing assistance. To determine the extent to which these programs responded to the needs of homeowners and rental property owners in repairing or replacing units, we compared data on the number of homeowner and rental units damaged to the number that were assisted through various programs, compared the amounts of assistance awarded to homeowners and rental property owners, and determined the extent to which repairs have been completed. We assessed the reliability of these data and determined that they are sufficiently reliable for the purpose of our report. To identify challenges to homeowners and rental property owners, we reviewed studies and reports, interviewed program administrators, and analyzed the timeliness of funding availability and application processing. To identify potential options for addressing these challenges, we reviewed recommendations in studies and reports, suggestions from program administrators and organizations that worked with disaster victims, and information on the congressional intent of post-disaster housing assistance. For more information on our scope and methodology see appendix I.

We conducted our work from October 2008 through January 2010 in accordance with generally accepted government auditing standards. Those standards require that we plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions based on our audit objectives. We believe that the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objectives.

Background

After major disasters, various federal agencies provide a range of assistance to individual victims; state, territorial, and local governments; and nongovernmental entities. This assistance is administered through various federal programs, and is generally made available after the President issues a disaster declaration under the authority of the Robert T. Stafford Disaster Relief and Emergency Assistance Act (the Stafford Act).[1] While the federal government provides significant financial assistance after major disasters, the federal role is primarily to assist state and local governments, which have the central role in recovery efforts. State and local governments have the main responsibility of applying for, receiving, and implementing federal assistance. Further, they make decisions about what priorities and projects the community will undertake for recovery.

The Stafford Act also specifies that federal agencies providing financial assistance after a major disaster cannot provide assistance to an individual for the same loss for which another federal program or private insurance company has provided compensation.[2] Therefore, homeowners that sustained damages from the 2005 Gulf Coast hurricanes must first seek assistance from their homeowner insurance or National Flood Insurance Program policies. Homeowners in the Gulf Coast area had varying levels of hazard and flood insurance coverage. Of the 331,070 homeowner units that sustained minor, major, or severe damage in Louisiana, 126,007 (38 percent) had hazard insurance only, and 118,928 (36 percent) had both

[1]The Stafford Act is codified as amended at 42 U.S.C. § 5121 et seq.

[2]42 U.S.C. § 5155.

hazard and flood insurance.[3] Of the 157,914 homeowner units that sustained damage in Mississippi, 94,792 (60 percent) had hazard insurance only, and 11,481 (7 percent) had hazard and flood insurance. Insurance industry estimates indicate that homeowners in Louisiana and Mississippi received average payments of nearly $16,000 in each state for personal property claims related to Hurricane Katrina and average payments of $13,000 and $3,500, respectively, for personal property claims related to Hurricane Rita. For both Hurricanes Katrina and Rita, our analysis shows that $9.7 billion was paid out through the National Flood Insurance Program to homeowners in Louisiana and Mississippi, with a median claim payment of $74,000.[4] Less is known about the extent to which rental property owners had hazard and flood insurance coverage and the amounts paid out in claims after the 2005 hurricanes because data are not readily available. In addition, data are not available to determine the extent to which insurance settlements made to both homeowners and rental property owners addressed their damages.

Through executive orders, the authority to provide disaster relief assistance has been delegated to FEMA. FEMA provides various forms of temporary housing assistance, such as direct financial assistance or a temporary housing unit after a disaster, typically for a period no longer than 18 months, as directed by the Stafford Act. HUD is the recognized federal authority for housing assistance (including permanent housing) and has provided assistance such as rental housing vouchers and grants for federally declared major disasters in the past and prior to FEMA's creation in 1979. Over the years, Congress has provided several mechanisms for disaster assistance, including HUD's CDBG program funds for recovery. After the 2005 hurricanes, HUD was responsible for providing assistance to clients that it had already been assisting and for providing CDBG funds. Through the Small Business Act as amended, SBA has the authority to provide home and business loans to repair or replace damaged or destroyed real estate not fully covered by insurance.

[3] According to DHS, minor damage is defined as damage that is less than $5,200; major damage is defined as damage that is greater than or equal to $5,200 and less than $30,000; and severe damage is that which is greater than or equal to $30,000. Hazard insurance generally provides coverage for property damage caused by fire, wind, storms, and other similar risks.

[4] This figure represents payments to homeowners with building coverage for their primary residence. The total was for 117,643 claims.

According to FEMA's National Disaster Housing Strategy, which was issued in January 2009, throughout the Hurricane Katrina response, responsibilities and roles that had seemed clear in previous events became less clear as FEMA and other federal departments and agencies provided increasing levels of support to state and local officials. For example, FEMA typically does not provide housing assistance for more than 18 months, and generally does not lead efforts to coordinate and deliver permanent housing assistance. However, in response to the 2005 Gulf Coast hurricanes, FEMA led the coordination with states and local communities and implemented many of the housing options, including permanent housing. According to a congressional study on deficiencies in post-disaster housing assistance, there was a lack of clarity in the long-term post-disaster housing-related responsibilities of HUD and FEMA, and concerns have been raised regarding HUD's limited housing role after Hurricane Katrina and its role in future disasters.[5] The National Disaster Housing Strategy states that HUD is uniquely positioned to assist those affected by a disaster and will be given lead responsibility for permanent housing when such assistance is needed in the future.[6]

After the 2005 Gulf Coast hurricanes, a variety of federal programs was made available to homeowners and rental property owners for the repair or replacement of permanent housing (see table 1). Four federal agencies have responsibility for these programs: DHS, HUD, SBA, and Treasury. DHS administers three different grant programs that can be used to repair or replace disaster-damaged housing and mitigate damages after disasters. HUD provides funding for two grant programs, including the CDBG program, through which states can develop post-disaster programs that benefit both homeowners and renters. The CDBG program has often been relied upon as a convenient source of flexible funding that can be applied to disaster situations to help states rebuild their communities. The SBA provides two different types of loans for homeowners and owners of residential rental properties. Both loan products can fund the repair or replacement of disaster-damaged properties. Finally, Treasury has responsibility for three programs that provide additional tax incentives to the states affected by Hurricanes Katrina and Rita to encourage both

[5]Ad Hoc Subcommittee on Disaster Recovery of the Committee on Homeland Security and Governmental Affairs United States Senate, *Far From Home: Deficiencies in Federal Disaster Housing Assistance After Hurricanes Katrina and Rita and Recommendations for Improvement* (Washington, D.C., February 2009).

[6]FEMA, *National Disaster Housing Strategy* (Washington, D.C., Jan.16, 2009).

housing and economic development. Congress established the Gulf Opportunity Zone Act of 2005 to provide tax incentives to individuals and businesses in certain presidentially declared disaster areas. In contrast with grant programs, where funds come directly from the government, GO Zone incentives provide investors with relief from certain tax liabilities.[7]

Table 1: Federal Programs Available for the Repair or Replacement of Permanent Housing after the 2005 Gulf Coast Hurricanes

Federal Agency	Program	Description
Department of Homeland Security, Federal Emergency Management Agency	Hazard Mitigation Grant Program	Provides grants for projects that mitigate damages after disasters.
	Individual and Households Program: Repair or Replacement Assistance	Provides grants for the repair or replacement of disaster-damaged homes.
	Public Assistance for Permanent Work[a]	Provides grants to states, communities, and certain nonprofits, including public housing agencies (PHA).
Department of Housing and Urban Development	Capital Fund Emergency/Natural Disaster Funding	Provides grants to PHAs for the repair or replacement of public housing.
	Community Development Block Grant Program	Provides funds for the repair or replacement of housing, as well as other activities.
Small Business Administration	Physical Disaster Business Loan	Provides loans for the repair or replacement of businesses, including loans to owners of residential rental properties.
	Home Disaster Loan	Provides loans for the repair or replacement of homes.
Department of the Treasury	GO Zone Low-Income Housing Tax Credits	Provides tax credits for the development of rental housing in the GO Zone.
	GO Zone Tax-Exempt Private Activity Bonds	Provides bond authority to encourage development in certain GO Zone areas.
	New Markets Tax Credits (GO Zone)	Provides tax credits to encourage investment in low-income areas of the GO Zone.

Source: GAO.

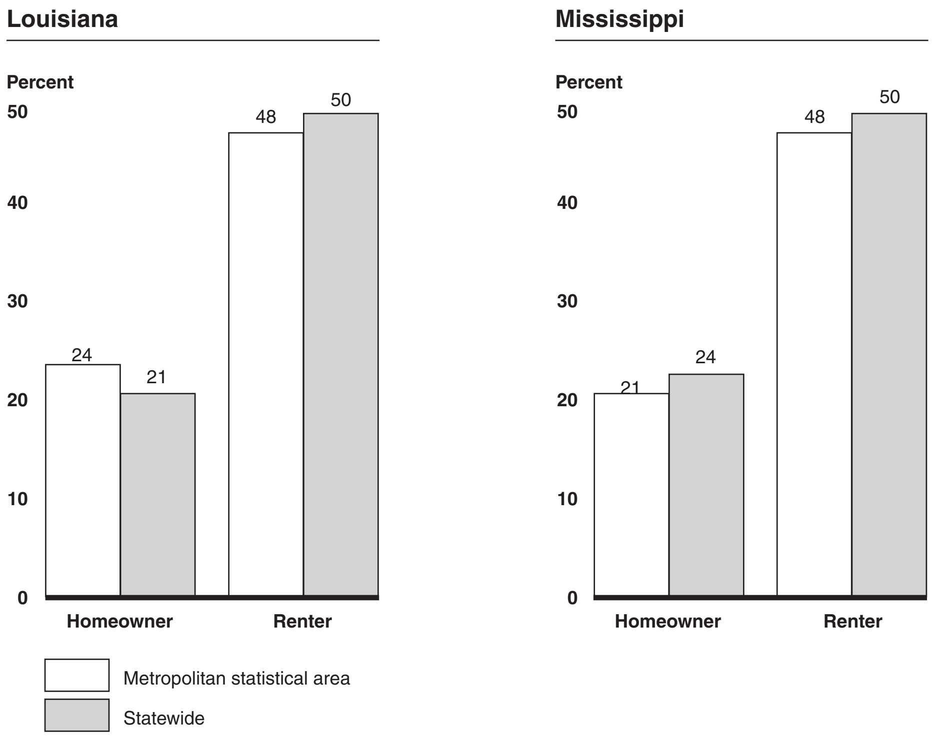
Note: See apps. II through VI for summaries of each program.

[a]This program is officially known as the Public Assistance Grant Program. For the purposes of this review, we focused on the aspect of this program that funds permanent work and refer to it as the Public Assistance for Permanent Work Program.

[7]The GO Zone is the geographic area established in the Act for which additional tax incentives were made available to designated areas following Hurricanes Katrina and Rita, including Louisiana and Mississippi.

Affordable housing challenges existed for both homeowners and renters in Louisiana and renters in Mississippi before the 2005 Gulf Coast hurricanes, particularly in the areas most damaged by these storms. According to HUD, the generally accepted definition of “affordable” is for a household to pay no more than 30 percent of its income on housing. Families who pay more than 30 percent of their annual income for housing are considered cost burdened. Like renters nationwide, renters in Louisiana and Mississippi were generally more cost burdened prior to Hurricanes Katrina and Rita than homeowners. For example, according to the 2004 American Community Survey, for the areas most damaged by the hurricanes, in the New Orleans metropolitan area (St. Charles, Orleans, St. Tammany, St. Bernard, and Plaquemines parishes) 48 percent of renters and 24 percent of homeowners spent 30 percent or more of their income on housing costs, compared with 50 percent of renters and 21 percent of homeowners statewide. In the Gulfport-Biloxi-Pascagoula metropolitan area in Mississippi—which includes Hancock, Harrison, and Jackson counties—48 percent of renters and 21 percent of homeowners spent 30 percent or more of their income on housing costs compared to 50 percent of the renters and 24 percent of homeowners statewide (see fig. 1).

Figure 1: Percentage of Homeowners and Renters That Paid More than 30 Percent of Their Annual Income on Housing in 2004



Source: GAO analysis of Census Bureau data.

Note: The metropolitan statistical areas (MSA) reported in this figure are the New Orleans MSA in Louisiana and the Gulfport-Biloxi-Pascagoula MSA in Mississippi. These MSAs contain the areas most damaged by Hurricanes Katrina and Rita.

Hurricanes Katrina and Rita increased the need for affordable housing in both Louisiana and Mississippi. For example, of the 82,000 rental units that were damaged or destroyed in Louisiana, about 54,000 were affordable to individuals earning less than 80 percent of the area median income, according to state officials. Similarly, in Mississippi nearly one-fourth of the 25,000 affordable rental units in three Mississippi coastal counties were damaged, with Hancock and Harrison counties sustaining the most damage to their affordable rental housing stock.[8]

[8]RAND Gulf States Policy Institute, *Assessing Progress in Rebuilding the Housing Market in Mississippi in the Wake of Hurricane Katrina*, RAND Corporation (Santa Monica, Calif., 2007).

Federal Assistance for Permanent Housing after the 2005 Storms Included Grants, Loans, and Tax Incentives, and States Designed Programs to Award the Majority of This Assistance

After Hurricanes Katrina and Rita, federal assistance for the repair or replacement of permanent housing was made available to homeowners and rental property owners in three forms: grants, loans, and tax incentives. The largest source of assistance was the CDBG program. The majority of federal assistance was administered by the states, which designed the programs and used their discretion to prioritize beneficiaries. These programs made assistance available to applicants at different times, depending on the structure and requirements of each program.

Grants, Loans, and Tax Incentives for the Repair or Replacement of Permanent Housing Were Available to Homeowners and Rental Property Owners

Ten federal programs that we reviewed provided grants, loans, and tax incentives after the 2005 Gulf Coast hurricanes for the repair or replacement of housing. Grants were made available through five different programs to assist with the repair of disaster-damaged housing; to fund hazard mitigation projects, such as the elevation of housing; and to repair or replace public housing or other housing owned by a public housing agency (PHA). Loans were made available through three programs (including one program that also provides grants) for the repair of disaster-damaged housing for homeowners and renters. Finally, three different tax incentive programs were made available to encourage the redevelopment of housing in the GO Zone for both homeowners and renters. While all of these programs could potentially be used to repair, replace, or develop housing structures, some could also be used for other activities, such as economic development.

Of the programs we reviewed, two were available to homeowners only—the Individual and Households Program (IHP): Repair or Replacement Assistance and the Home Disaster Loan Program (see table 2).[9] Several programs could have potentially served either homeowners or renters, including the CDBG program, the Hazard Mitigation Grant Program (HMGP), and some tax incentives. Finally, four of the programs we reviewed could have assisted renters by funding or providing incentives for the repair or replacement of rental housing.

[9]For this review, we focused on programs that provided assistance with structures only, not personal property. While some components of the IHP program assist with the replacement of personal property, the IHP Repair or Replacement grant programs do not. See app. I for more information about our scope and methodology.

Table 2: Federal Programs That Were Available to Benefit Homeowners and Renters through the Repair or Replacement of Damaged Housing, by Potential Household Type Served

Program	Assistance type	Type of activities	Purpose
Homeowners[a]			
Home Disaster Loan[b]	Loan	Housing	To provide loans for the repair or replacement of homes damaged by a presidentially declared or Small Business Administration-declared disaster.
Individuals and Households Program: Repair or Replacement Assistance	Grant	Housing	To assist with the repair or replacement of disaster-damaged homes.
Homeowners and renters[a]			
Community Development Block Grant Program[c]	Grants, forgivable loans	Housing and economic development	To provide funds for the repair or replacement of housing, as well as other activities.
GO Zone Tax-Exempt Private Activity Bonds	Tax incentive	Housing and economic development	To help finance the development of private facilities and activities, including housing, in areas affected by the Gulf Coast hurricanes.
Hazard Mitigation Grant Program	Grant	Housing and other activities	To fund hazard mitigation projects after presidentially declared disasters.
New Markets Tax Credits (GO Zone)	Tax incentive	Housing and economic development	To encourage investment in low-income areas affected by the Gulf Coast hurricanes.
Renters[a]			
Capital Fund Emergency/Natural Disaster Funding	Grant	Housing	To provide funds for the repair or replacement of public housing that was damaged or destroyed by emergencies or natural phenomena.
GO Zone Low-Income Housing Tax Credits	Tax incentive	Housing	To encourage the development of rental housing in areas affected by the Gulf Coast hurricanes.
Physical Disaster Business Loan[b]	Loan	Housing and other activities	To provide loans for the repair or replacement of businesses damaged by a presidentially declared or SBA-declared disaster.
Public Assistance for Permanent Work[d]	Grant	Housing and other activities	To provide assistance to states, local governments, and public housing authorities to restore a facility, through repair or restoration, to its pre-disaster design, function, and capacity.

Source: GAO.

Note: See apps. II through VI for summaries of each program.

[a]Potential households served.

[b]Funds were also available for personal property losses, but such losses are outside of the scope of this work.

[c]Programs funded with supplemental Community Development Block Grant funds.

[d]Public Assistance for Permanent Work can be used to restore critical services, such as those that provide power, communications, education, and emergency services. This program is included because at the time of the 2005 hurricanes, it could have been used to repair rental housing that was owned by a public housing agency only if the public housing agency was not eligible to receive repair assistance under HUD's programs and authorities.

Some programs made assistance available for housing-related activities only. For example, Home Disaster Loans, IHP Repair or Replacement Assistance, and GO Zone Low-Income Housing Tax Credits (LIHTC) could only be used for housing-related activities. However, most of the programs we reviewed could be used for other activities as well. For example, CDBG funds could be used flexibly by states and were made available for economic development, infrastructure, historic preservation, and demolition. Similarly, GO Zone Private Activity Bonds could be used for the development of private facilities, such as hotels and retail facilities.

Until recently, vouchers were made available to disaster victims to subsidize rents in existing housing as a temporary source of housing assistance.[10] According to some housing experts, vouchers, specifically Housing Choice Vouchers, which are permanent, should have been provided to disaster victims, especially low-income renters, more quickly after the Gulf Coast hurricanes. Congress first made Housing Choice Vouchers available for families affected by the hurricanes in September 2008.[11]

[10]HUD provided temporary vouchers to households that were receiving some form of housing assistance prior to the hurricanes through the Disaster Voucher Program. According to HUD, this program will end on September 30, 2010. Some recipients of these vouchers have transitioned to HUD's regular Housing Choice Voucher program. FEMA and HUD, through an Interagency Agreement, provided temporary vouchers to households that were not receiving housing assistance prior to the hurricanes through the Disaster Housing Assistance Program. This program ended on October 31, 2009.

[11]Pub. L. 110-329. In September 2008 Congress appropriated $85 million for Housing Choice Vouchers for families assisted under the Disaster Housing Assistance Program whose assistance would otherwise end on March 1, 2009. According to HUD, as a result of this appropriation, HUD converted over 11,000 families to the Housing Choice Voucher Program.

State Agencies Administered the Majority of Available Funds

State agencies administered the majority of federal assistance available for the repair or replacement of permanent housing, including nearly $19 billion in CDBG disaster relief recovery funds, over $13 billion in tax incentives, and nearly $2 billion in HMGP funds (see fig. 2). Louisiana and Mississippi created new state offices to design and administer the programs funded with the supplemental CDBG funds, including housing programs. In Louisiana, the Louisiana Recovery Authority was created and charged with establishing spending priorities and policies related to the state's use of the supplemental CDBG funds. In addition, a Disaster Recovery Unit was created within the state's Office of Community Development, which has managed the state's CDBG program over the past two decades, to administer the funds.[12] In Mississippi, the Governor's Office of Recovery and Renewal was established and given primary responsibility for designing housing recovery programs funded with supplemental CDBG funds. The Mississippi Development Authority's Disaster Recovery Division was responsible for managing Mississippi's share of CDBG disaster relief funds.

[12]In 2008, the Office of Community Development merged with the Louisiana Recovery Authority to create a more centralized structure for authority and oversight of the state's recovery activities.

Figure 2: Post-Disaster Housing Assistance Program Administrators and Available Funding, by Funding Allocated or Available

	Program			Administrator: State	Administrator: Federal	Description of funds available	
Homeowners[a]	**Home Disaster Loan**[b]				Small Business Administration	$4.0 billion	
	Individuals and Households Program: Repair or Replacement Assistance[b]				Department of Homeland Security, Federal Emergency Management Agency	$684 million	
Homeowners and renters[a]	**Community Development Block Grants (CDBG)**[c]	Louisiana CDBG Program	Road Home Homeowner Program	Louisiana Recovery Authority, Office of Community Development		$13.4 billion[d]	$18.9B allocated
			Road Home Small Rental Property Program				
		Mississippi CDBG Program	Homeowner Assistance Program	Mississippi Development Authority		$5.5 billion[e]	
			Small Rental Assistance Program				
			Public Housing Program				
			Long Term Workforce Housing Program				
	GO Zone Tax-Exempt Private Activity Bonds[f]	GO Zone Tax-Exempt Private Activity Bond (Louisiana)		Louisiana State Bond Commission		$7.84 billion in allocation authority	$12.8B allocated
		GO Zone Tax-Exempt Private Activity Bond (Mississippi)		Mississippi Development Authority		$4.92 billion in allocation authority	
	Hazard Mitigation Grant Program	Hazard Mitigation Grant Program (Louisiana)		Louisiana Governor's Office for Homeland Security and Emergency Preparedness		$1.47 billion	$1.9B allocated
		Hazard Mitigation Grant Program (Mississippi)		Mississippi Emergency Management Agency		$393 million	
	New Markets Tax Credits (GO Zone)[g]				Department of the Treasury	$1 billion in allocation authority	
Renters[a]	**Capital Fund Emergency/Natural Disaster Funding**				Department of Housing and Urban Development	$29.8 million	
	GO Zone Low-Income Housing Tax Credits (LIHTCs)[h]	GO Zone Low-Income Housing Tax Credits (Louisiana)		Louisiana Housing Finance Agency		$170 million in allocation authority	$0.3B allocated
		GO Zone Low-Income Housing Tax Credits (Mississippi)		Mississippi HOME Corporation		$106 million in allocation authority	
	Physical Disaster Business Loan[b]				Small Business Administration	$270 million	
	Public Assistance for Permanent Work[b]				Department of Homeland Security, Federal Emergency Management Agency	$33 million	

Source: GAO.

Notes: For the description of funds available, figures refer to the total amounts appropriated or provided in allocation authority after the 2005 Gulf Coast hurricanes. Allocation authority refers to the maximum amount that can be awarded.

[a]Potential households served.

[b]IHP Repair or Replacement Assistance and Public Assistance for Permanent Work are funded through the Disaster Relief Fund. Home Disaster Loans and Physical Disaster Business Loans are funded through regular appropriations, and received $1.3 billion in additional appropriations after Hurricanes Katrina, Rita, and Wilma. For these four programs, we used the amount awarded in Louisiana and Mississippi. For the Public Assistance for Permanent Work Program, we used the amounts awarded to public housing agencies.

[c]CDBG funds were also available to Alabama, Florida, and Texas.

[d]Of these funds, the state of Louisiana made nearly $9 billion available for the Road Home Homeowner Program and $751 million for the Road Home Small Rental Assistance Program, as of January 2009.

[e]Of these funds, the state of Mississippi made $1.96 billion available for the Homeowner Assistance Program, $262.5 million available for the Small Rental Assistance Program, $350 million available for the Long Term Workforce Housing Program, and $105 million available for a Public Housing Program.

[f]GO Zone Tax-Exempt Private Activity Bond authority was also available to Alabama.

[g]Within the Department of the Treasury, the Community Development Financial Institutions Fund administers the New Market Tax Credit Program (GO Zone). These credits were available for redevelopment work in Alabama.

[h]GO Zone Low-Income Housing Tax Credits were also available in Alabama, Florida, and Texas.

State agencies were responsible for administering two of the three tax incentive programs that we reviewed. For the GO Zone Private Activity Bond and LIHTC Programs, states were authorized to allocate additional tax-exempt bond financing and low-income housing tax credits.[13] Each eligible state was responsible for setting up an application process and selecting qualified projects to receive allocations up to each state's allocation authority under the GO Zone Act. As we previously reported, Louisiana and Mississippi generally allocated the GO Zone bond provisions on a first-come, first-served basis, and did not consistently target the allocations to assist recovery in the most damaged areas, although Louisiana did set aside some of its allocation authority for the most damaged parishes.[14] In contrast, in allocating funds for the GO Zone LIHTC program, the state housing finance agencies in Louisiana and Mississippi gave priority to the GO Zone counties with the most hurricane-related damage.

State agencies also administered FEMA's HMGP. According to FEMA officials, state agencies in Louisiana and Mississippi accepted applications

[13]For each of these two provisions, existing tax incentives were extended, granting additional authority to GO Zone areas in addition to regular, annual allocations available to the affected states.

[14]GAO, *Gulf Opportunity Zone: States Are Allocating Federal Tax Incentives to Finance Low-Income Housing and a Wide Range of Private Facilities*, GAO-08-913 (Washington, D.C.: July 16, 2008).

from local jurisdictions for the funds, and forwarded applications to FEMA for review and funding. State mitigation plans document the state's priorities for the use of HMGP funds, and states are required to update an administrative plan for implementing HMGP funds after every disaster. Plans for the use of HMGP funds should include mitigation activities that are cost effective, environmentally sound, and either statewide or property specific.

Federal agencies directly administered six of the sources of post-disaster housing assistance we reviewed, which accounted for approximately $5 billion in available funds and $1 billion in available tax incentives (see fig. 2). For example, the Community Development Financial Institutions Fund within Treasury administers the New Markets Tax Credit program, which competitively allocated tax credit authority—the amount of investment for which investors can claim a 39 percent tax credit over 7 years—to Community Development Entities. FEMA administers both the IHP Repair or Replacement Assistance and the Public Assistance for Permanent Work programs. For the IHP Repair or Replacement Assistance Program, FEMA reviewed applications and awarded funds to homeowners for losses that were not covered by insurance. Through the Public Assistance for Permanent Work Program, FEMA reviewed applications for assistance from PHAs and could award assistance to PHAs for damages to PHA-owned rental housing that was not funded with HUD funds (i.e., public housing could not be funded). HUD was responsible for awarding Capital Fund/Emergency Natural Disaster funds to PHAs on a first-come, first-served basis for the repair or replacement of a public housing development damaged as a result of a natural disaster. PHAs that experienced an emergency situation or a natural disaster were eligible to apply for and receive funds from the reserve provided that they complied with certain requirements. For example, according to HUD's Grant Handbook, funds provided because of a disaster were only available to the extent that needed repairs were in excess of payments from insurance claims and other federal sources, such as FEMA funds for disaster-related emergency work (but not permanent work).[15] SBA was responsible for administering the Home Disaster and Physical Disaster Business Loan Programs. SBA reviewed applications for assistance and provided loans to

[15]FEMA could award funds to PHAs for emergency work, such as debris removal, demolition of unsafe structures, or any actions necessary to reduce an immediate threat to life, property, and public health and safety.

eligible applicants. (See app. V for additional information about these programs.)

States Created New Programs to Deliver CDBG Funds to Homeowners and Rental Property Owners and Used Their Discretion in Prioritizing Beneficiaries and Designing Programs

Congress provided states broad discretion and flexibility in deciding how to allocate CDBG funds and for what purposes. The CDBG program is the federal government's most widely available source of financial assistance to support state- and local government-directed neighborhood revitalization, housing rehabilitation, and economic development activities. Congress provided states with supplemental CDBG funding to help them recover from the Gulf Coast hurricanes, beginning in December 2005. To provide the states additional flexibility in delivering disaster relief, many of the statutory and regulatory provisions governing the use of the funds were waived or modified. HUD issued guidance in February 2006 stating that the funds should be used toward unmet housing needs in areas of concentrated distress. In addition, in June 2006 Congress required states to use at least $1 billion for the repair, rehabilitation, and reconstruction of affordable rental housing, including public and other HUD-assisted housing.[16] This requirement was intended to ensure that states were not only investing in homeownership but also in the housing needs of all affected residents.

To make CDBG funds available for the repair or replacement of permanent housing, both Louisiana and Mississippi created new programs for homeowners and small rental property owners (owners of rental properties with up to four units).[17] As we recently reported, Louisiana created the Road Home Homeowner Program, through which funds were made available to homeowners to rebuild homes on their own property, sell their properties and relocate within the state, or sell their homes and relocate outside the state. Mississippi created the Homeowner Assistance Program for homeowners that sustained flood damage. The first round of funding was limited to homeowners that did not have flood insurance because they were located outside of a federally designated flood zone. (See app. II for additional information about these programs.)

[16]Pub. L. 109-234.

[17]The state administrators of supplemental CDBG funds in Louisiana and Mississippi also used the funds to finance smaller housing-related programs, such as the CDBG Piggy-Back Program in Louisiana.

Louisiana also created the Road Home Small Rental Property Program for owners of small rental properties in the most damaged parishes and made forgivable loans available in two funding rounds.[18] Property owners had to independently finance needed repairs and rent out their units to income-eligible tenants. Once the units were ready for occupancy, the state would conduct inspections and authorize the disbursement of the loan. In December 2008 the state announced an additional option for program participants, designed to provide up-front financing. According to program administrators, this option was created to increase the production of rental housing with CDBG funds and to accelerate the distribution of funds to small rental property owners. According to program administrators, as of November 2009, 1,024 property owners had agreed to participate in this option.

Mississippi created the Small Rental Assistance Program for owners of small rental properties in four counties (Hancock, Harrison, Jackson, and Pearl River) and made forgivable loans available in two funding rounds. The program was designed to offer four types of assistance: (1) rental income subsidy, (2) repair or reconstruction of a Katrina-damaged property, (3) reconstruction or conversion reimbursement of a non-Katrina-damaged property, or (4) new construction reimbursement.[19] The state of Mississippi generally disbursed loans in two installments, half when the property owner provided a building permit and the remainder when the property owner provided a certificate of occupancy.

In addition, Mississippi used CDBG funds to address the need for workforce housing and public housing. Mississippi created a Long Term Workforce Housing Program to provide grants and loans to local units of government, nonprofits, and for-profit organizations to provide long-term affordable housing in Hancock, Harrison, Jackson, and Pearl River counties. This program was designed to benefit households that earned 120 percent of area median income or less. The program could be used to develop or repair housing for homeowners or renters. The state also designated CDBG funds for the repair or replacement of public housing units that were damaged by Hurricane Katrina. Using these funds, the state

[18]Funding was available to the following parishes: Acadia, Calcasieu, Cameron, Iberia, Jefferson, Orleans, Plaquemines, St. Bernard, St. Tammany, Tangipahoa, Terrebonne, Vermilion, and Washington.

[19]In the second round, the third option was changed to the rehabilitation or conversion of an existing property to a rental property.

created a Public Housing Program to make grants available to five PHAs that sustained damage.

Other Assistance Was Made Available through Existing Programs and Processes

Generally, the federal and state administrators of programs other than CDBG that we reviewed used existing processes to make post-disaster housing assistance available to homeowners and renters. For example, FEMA used its existing, but streamlined, processes to make IHP Repair or Replacement Assistance and Public Assistance for Permanent Work available to eligible homeowners and PHAs, respectively. FEMA accepted applications for IHP Repair or Replacement Assistance via phone and the Internet. Applicants who were awarded housing assistance, but who had remaining unmet housing needs because damages exceeded the maximum award, were referred to SBA for a disaster home loan application.[20] Similarly, SBA used its existing processes to make Home Disaster and Physical Disaster Business Loans available to eligible homeowners. Consistent with its existing processes, SBA made loan applications available to applicants after they registered with FEMA and used its existing loan underwriting criteria to evaluate loan applications. The administrators of these programs did not create new programs to make post-disaster housing assistance available. As we have previously reported, SBA encountered challenges processing the large volume of applications after Hurricanes Katrina and Rita but has since taken steps to more effectively process large increases in application volume.[21]

Similarly, state agencies generally used existing procedures to award GO Zone LIHTCs and HMGP funds. Specifically, in both Louisiana and Mississippi, the state housing finance agencies announced the availability of the additional credits through qualified allocation plans, reviewed and scored the applications received, and awarded the credits to the highest scoring applicants. Likewise, the state administrators of HMGP funds in Louisiana stated they did not make changes to their normal application processes after Hurricanes Katrina and Rita. In contrast, Mississippi changed its HMGP application process by developing a Web-based system to accept applications. This system allowed applicants to submit a pre-application for HMGP funds online.

[20]If an applicant's income exceeds certain thresholds, FEMA automatically refers him or her to the SBA.

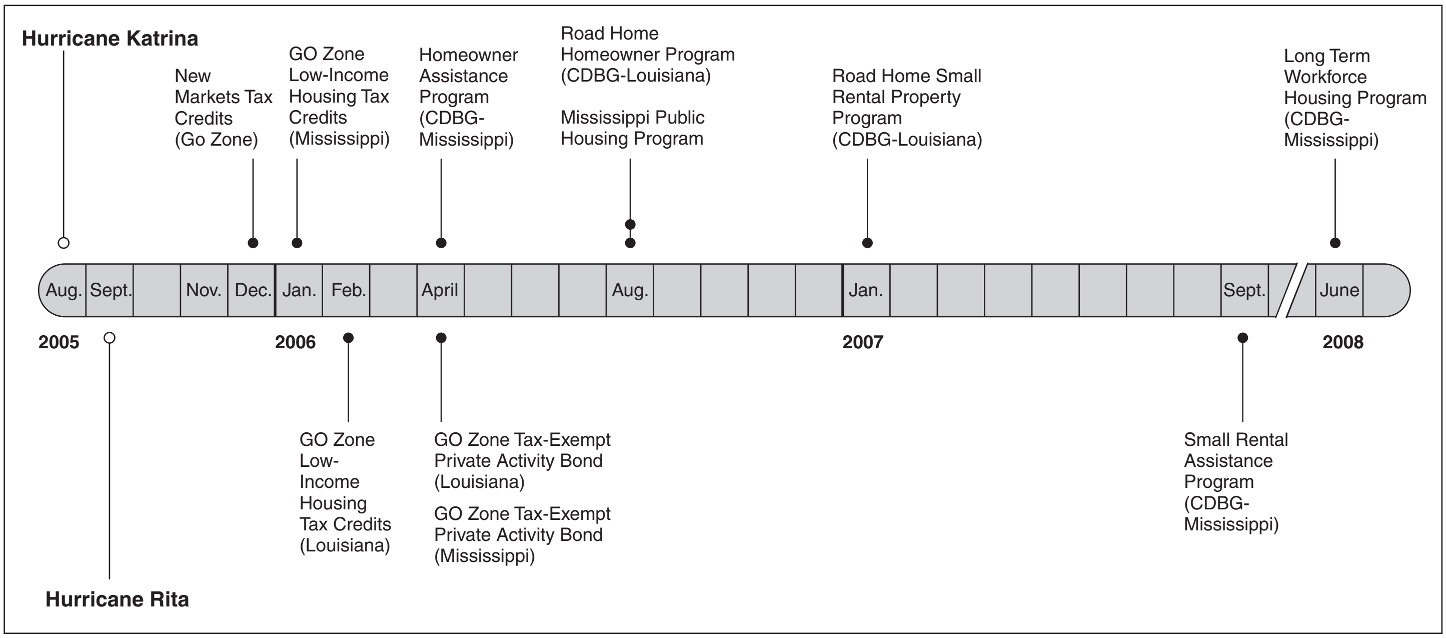
[21]GAO, *Small Business Administration: Actions Needed to Provide More Timely Disaster Assistance*, GAO-06-860 (Washington, D.C.: July 28, 2006).

Programs Made Federal Funds and Tax Incentives Available at Different Times after the Storms

Federal disaster assistance is generally authorized after a disaster declaration. Thus after Hurricanes Katrina and Rita were declared as disasters, HMGP funds, IHP Repair or Replacement Assistance, and Public Assistance for Permanent Work were made available from FEMA and Home Disaster Loans and Physical Disaster Business Loans were made available from SBA. HUD's Capital Fund Emergency/Natural Disaster Funding does not require a presidential disaster declaration to become available; this program was available to PHAs that were affected by the hurricanes.

CDBG-funded assistance for homeowners and small rental property owners did not become available until HUD accepted the program designs. Each state had to submit an Action Plan to HUD detailing the plans for the uses of its supplemental CDBG funds, and each had to submit amendments to these plans for substantial changes. HUD accepted Louisiana's Action Plan for the Road Home Homeowner and Small Rental Assistance Programs in May 2006, and the state began accepting applications for the homeowner program in August 2006 and the small rental program in January 2007 (see fig. 3). According to an administrator of Louisiana's CDBG-funded programs, the homeowner program was initiated first because homeowners lost real property, homeowners are less transient than renters, and the state perceived rental property owners as having other federal resources for recovery, such as tax credits and SBA loans. HUD accepted Mississippi's Action Plan for the Homeowner Assistance Program in April 2006 and the Small Rental Assistance Program in July 2007. The state began accepting applications for the homeowner and small rental programs in April 2006 and September 2007, respectively. According to officials from the Mississippi Governor's office, one of the reasons that the homeowner program was implemented first was because there were more homeowners than renters in the coastal counties. In addition, according to state officials, it was possible for the state to implement a compensation program for homeowners more quickly, because funds could be provided directly to homeowners without the requirement for environmental review assessments. In contrast, the officials stated that programs that are established as construction programs, like their Small Rental Assistance Program, trigger environmental review assessments, which take time to address. Delays in the availability of CDBG funding for homeowners and renters will be discussed later in this report.

Figure 3: Dates When Post-Disaster Funds for Permanent Housing Became Available



Source: GAO.

Notes:

This figure does not include programs that were available immediately after Hurricanes Katrina and Rita: Capital Fund Emergency/Natural Disaster Funding, HMGP funds, IHP Repair or Replacement Assistance, Home Disaster Loans, Physical Disaster Business Loans, and Public Assistance for Permanent Work.

We defined the date when funds became available as the date when the administering agency announced or began accepting applications. For the GO Zone Tax-Exempt Private Activity Bond Program, we reported the dates that states either made the first final approval or allocation.

Federal Disaster Housing Assistance Addressed the Repair and Replacement Needs of More Homeowner Units than Rental Units, and Progress in Completing Rental Units Has Been Limited

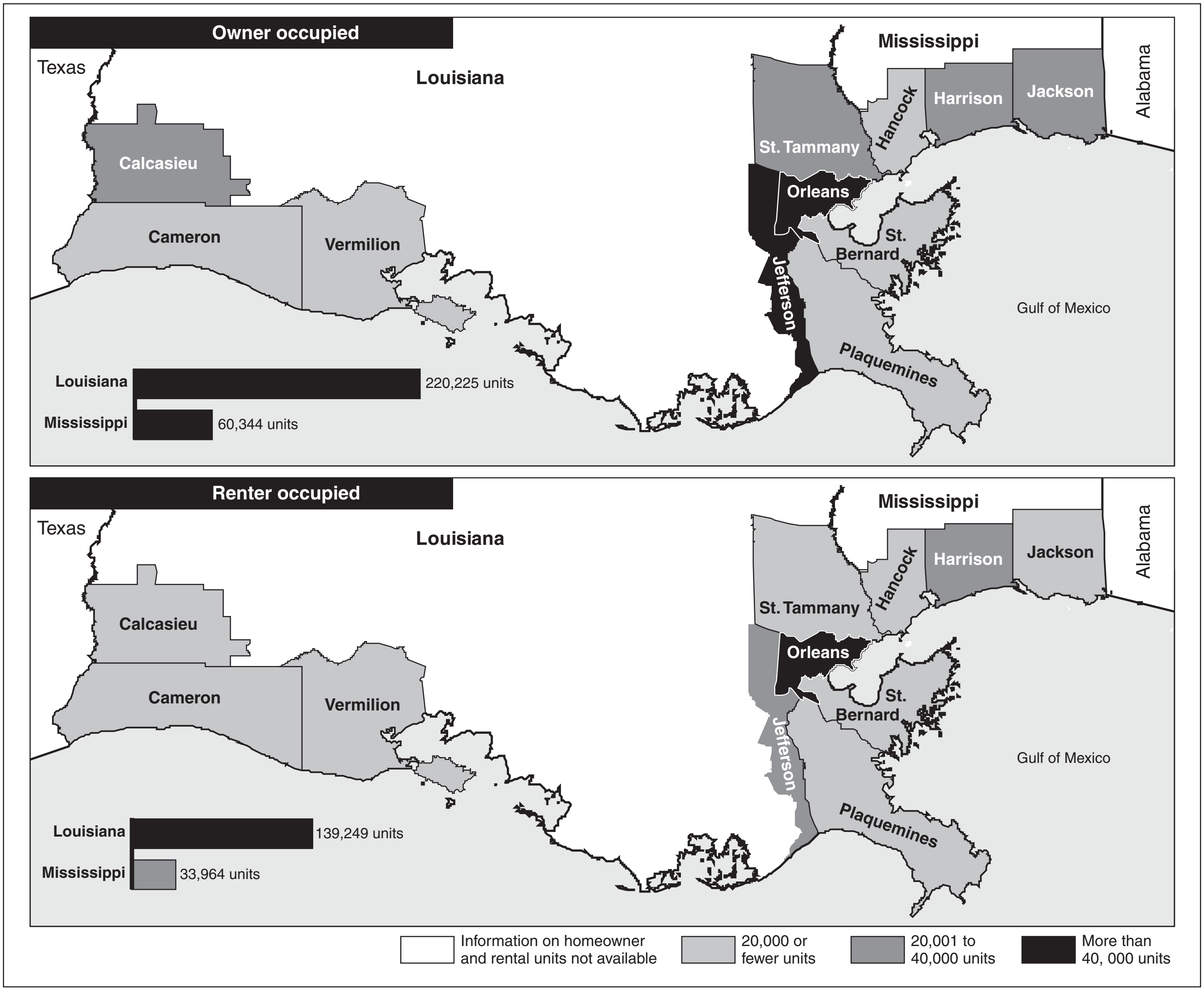
Federal programs we reviewed addressed the repair and replacement needs of more homeowner units than rental units. In both states, more homeowner units were damaged than rental units, but the proportional damage to the rental stock was generally greater. A comparison of the number of units damaged to the number of units funded shows that federal assistance addressed the repair and replacement needs of about 62 percent of damaged homeowner units and about 18 percent of damaged rental units. The difference in the level of assistance for homeowner and rental units was largely due to states' decisions to allocate most of their CDBG funds to programs for homeowners. States used their broad discretion under CDBG to decide what proportion of the funds went to homeowners and rental property owners. Of the rental units that have received funding, a limited number have been completed, and data are generally not available for the completion status of homeowner units.

More Homeowner Units Were Damaged than Rental Units, but a Greater Proportion of the Rental Housing Stock Sustained Damage

As a result of Hurricanes Katrina and Rita, an estimated 489,000 homeowner and 247,000 rental units sustained minor, major, or severe damage in Louisiana and Mississippi. Specifically, in Louisiana an estimated 331,070 homeowner units and 184,179 rental units sustained damage, and in Mississippi 157,914 homeowner units and 62,470 rental units sustained damage. Most of the damage was concentrated in specific areas in Louisiana and Mississippi. In eight parishes in Louisiana (Calcasieu, Cameron, Jefferson, Orleans, Plaquemines, St. Bernard, St. Tammany, and Vermillion), an estimated 220,225 homeowner units and 139,249 rental units sustained damage. In Mississippi, an estimated 60,344 homeowner units and 33,964 rental units were damaged in three counties (Hancock, Harrison, and Jackson) (see fig. 4).[22]

[22]The eight parishes in Louisiana represent 70 percent of the total homeowner and rental units damaged statewide, and the three counties in Mississippi represent 43 percent of the total homeowner and rental units damaged statewide. Homeowner and rental unit damage data were not available for other parishes and counties in Louisiana and Mississippi.

Figure 4: Homeowner and Rental Units That Sustained Damage for Selected Parishes and Counties in Louisiana and Mississippi



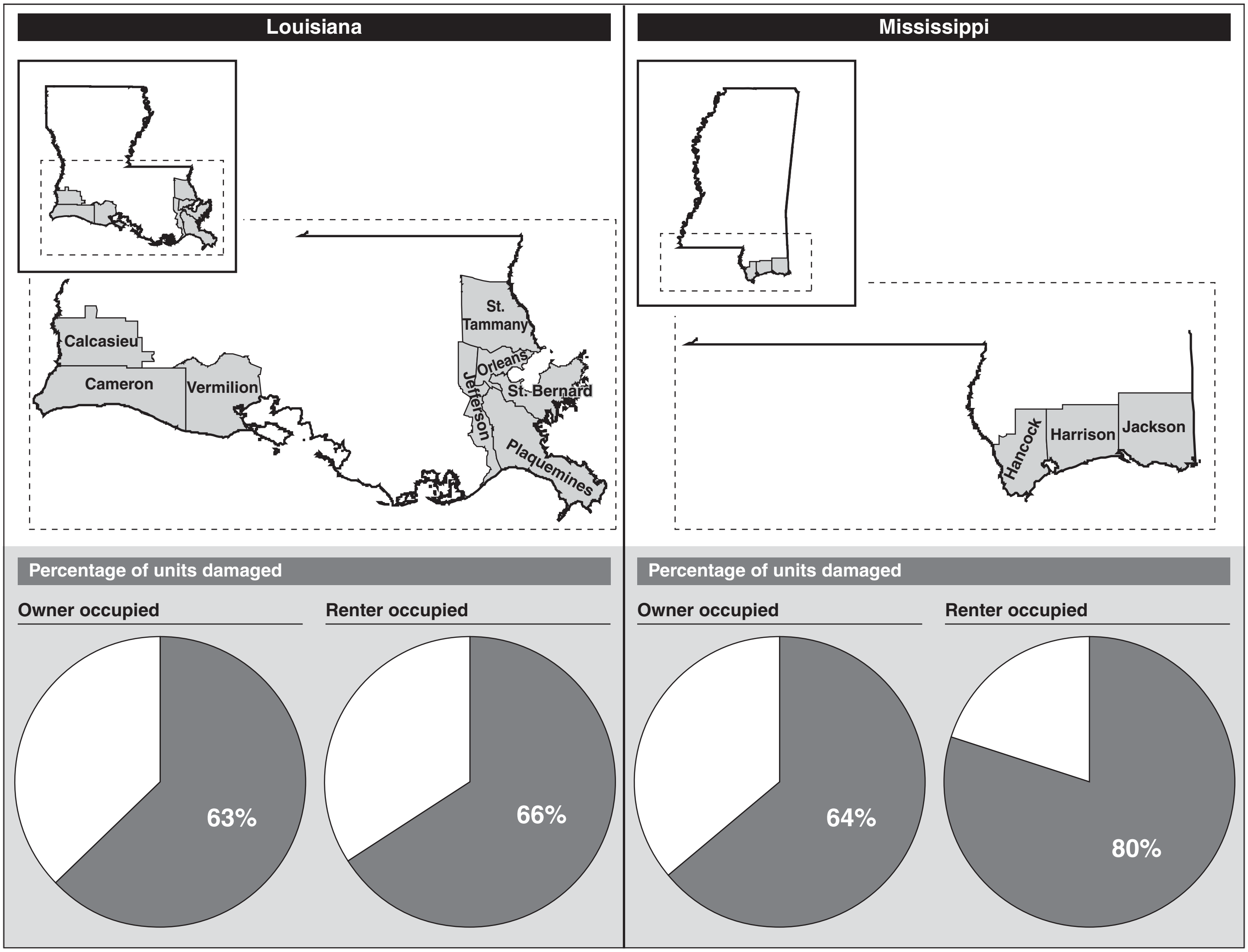
Sources: GAO analysis; DHS, Office of the Federal Coordinator for Gulf Coast Rebuilding (damage data); MapInfo (map).

Notes: Data are from Department of Homeland Security, Office of the Federal Coordinator for Gulf Coast Rebuilding, "Current Housing Unit Damage Estimates, Hurricanes Katrina, Rita and Wilma" (Feb. 12, 2006). Unit counts refer to units that were occupied at the time of the storm.

A greater number of homeowner units were damaged compared to rental units in both Louisiana and Mississippi. However, in Louisiana a greater proportion of rental units were damaged. For example, in Louisiana, 35 percent of the rental housing stock sustained damage, compared with 29 percent of the homeowner stock.[23] In Mississippi, the proportions of damaged homeowner and rental units were more similar: 22 percent of the rental housing stock damaged, compared to 21 percent of the homeowner stock. In the three counties in Mississippi that sustained the most damage, 80 percent of the rental stock and 64 percent of the homeowner stock sustained damage. In the eight Louisiana parishes with the most damage, 66 percent of the rental stock and 63 percent of the homeowner stock was damaged (see fig. 5).

[23]References to damage in this report refer to the total number of units that sustained minor, major, and severe damage.

Figure 5: Proportion of Homeowner and Rental Units That Sustained Damage in Selected Parishes and Counties



Sources: GAO analysis of Census Bureau data; DHS, Office of the Federal Coordinator for Gulf Coast Rebuilding (damage data); MapInfo (map).

Notes: Data are from Department of Homeland Security, Office of the Federal Coordinator for Gulf Coast Rebuilding, "Current Housing Unit Damage Estimates, Hurricanes Katrina, Rita and Wilma" (Feb. 12, 2006). Unit counts refer to units that were occupied at the time of the storm.

While available damage estimates indicate the need for housing in Louisiana and Mississippi in the immediate period after Hurricanes Katrina and Rita, the housing markets in these states have changed over the past several years as a result of displacement and other demographic changes.

For example, a recent study noted that while the New Orleans metropolitan area is home to a population that is equal to about 90 percent of the pre-Katrina households receiving mail, school enrollment across the metropolitan area has slowed, suggesting that the population that has returned is different than the pre-storm population.[24] A November 2008 HUD report states that while the demand for affordable rental units is less than before Katrina, it is difficult to assess how much this population will grow—and therefore difficult to determine the demand for affordable rental housing.[25]

Federal Assistance Addressed the Repair and Replacement Needs of More Homeowners than Rental Property Owners

For the programs we reviewed for which data were available, federal assistance was provided to repair or replace more homeowner units than rental units in Louisiana and Mississippi (see table 3). Specifically, federal programs provided assistance to about 303,000 homeowner units compared to over 43,000 rental units. CDBG, IHP Repair or Replacement Assistance, and the Home Disaster Loan Program were the key federal sources of assistance for homeowners. Homeowners can be eligible to receive assistance from multiple federal programs, and we identified about 115,000 units that received funding from two or more programs we reviewed. Of the programs that provided assistance to rental property owners, GO Zone LIHTC funded the largest number of rental units (about 23,000).

Table 3: Homeowner and Rental Property Units Funded by Federal Post-Disaster Programs in Louisiana and Mississippi

Program	Homeowner units funded	Rental units funded
Homeowners[a]		
Home Disaster Loan[b]	76,296	Data not applicable
Individual and Households Program: Repair or Replacement Assistance	33,004	Data not applicable
Multiple Programs[c]	114,511	Data not applicable
Homeowners and renters[a]		
Community Development Block Grant (CDBG) Program[d]	74,591	16,857

[24]Metropolitan Policy Program at Brookings and the Greater New Orleans Community Data Center, *The New Orleans Index: Tracking the Recovery of New Orleans and the Metro Area* (August 2009).

[25]U.S. Department of Housing and Urban Development, *Post Katrina New Orleans: The State of Affordable Rental Housing, Impact 200 Key Initiative 8.2* (Washington, D.C., November 2008).

Program	Homeowner units funded	Rental units funded
GO Zone Tax-Exempt Private Activity Bonds	Data not available	216
Hazard Mitigation Grant Program	4,167	0[e]
New Markets Tax Credits (GO Zone)[f]	217	493
Renters[a]		
Capital Fund Emergency/Natural Disaster Funding[g]	Data not applicable	2,069
GO Zone Low-Income Housing Tax Credit	Data not applicable	23,140[h]
Physical Disaster Business Loan	Data not applicable	Data not available
Public Assistance for Permanent Work	Data not applicable	24
Other[i]	Data not applicable	631
Total	**302,786**	**43,430**

Source: GAO analysis of program data from program administrators.

Note: Data are as of December 2008 unless otherwise noted.

[a]Potential households served.

[b]Data are as of July 2009.

[c]Homeowner units were funded by two or more of the programs we reviewed.

[d]Unit counts for both homeowner and rental units include data for the CDBG-funded homeowner programs, small rental programs, and the Public Housing (CDBG-Mississippi) and Long Term Workforce Housing Program (CDBG-Mississippi). Due to limitations in the availability of addresses for units funded by the Long Term Workforce Housing Program, we could not determine whether any of these units were also funded by the other programs we reviewed. Unit counts for all CDBG-funded programs in Mississippi are as of December 2008, except for the Small Rental Assistance and Long Term Workforce Housing Programs, which are as of April 2009.

[e]According to state administrators of HMGP funds, HMGP was not used to fund the repair or replacement of rental units in Louisiana or Mississippi.

[f]Data reflect activities undertaken through December 2008.

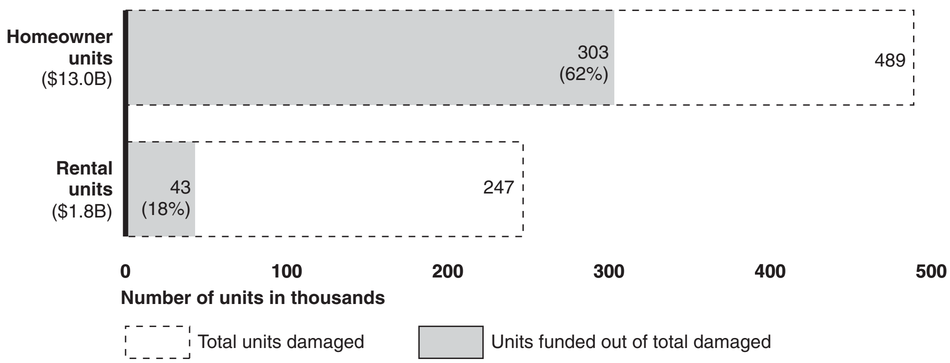
[g]Data for Mississippi are as of August 2009.

[h]We excluded units for which the status of financing was open as of June 2009.

[i]Rental units funded by a $15 million dollar appropriation to HUD for the redevelopment of public housing damaged by Hurricane Katrina (HUD awarded these funds to the Housing Authority of New Orleans).

When the estimated number of funded units is compared to the estimated number of damaged units in Louisiana and Mississippi, we found that federal programs funded about 62 percent of the estimated number of the damaged homeowner units and about 18 percent of the estimated number of damaged rental units in both states combined (see fig. 6). In Louisiana, federal assistance from the programs we reviewed funded about 65 percent of the damaged homeowner units and 15 percent of the damaged rental units, while in Mississippi federal assistance funded about 56 percent and 26 percent of homeowner and rental units, respectively.

Figure 6: Homeowner and Rental Units Damaged and Funded in Louisiana and Mississippi



Sources: GAO analysis; DHS Office of the Federal Coordinator for Gulf Coast Rebuilding (damage data).

Notes: Data are from Department of Homeland Security, Office of the Federal Coordinator for Gulf Coast Rebuilding, "Current Housing Unit Damage Estimates, Hurricanes Katrina, Rita and Wilma" (Feb. 12, 2006). Unit counts refer to units that were occupied at the time of the storm.

While the Housing Choice Voucher Program was not in our scope, this program is the federal government's major program for assisting very low-income families, the elderly, and the disabled to afford decent, safe, and sanitary housing in the private market.[26] For fiscal years 2008 through 2009 Congress appropriated $185 million to fund various types of vouchers for areas impacted by Hurricanes Katrina and Rita and for families that were assisted under the Disaster Housing Assistance Program.[27] These funds would support over 20,000 vouchers.

The difference in the levels of assistance to homeowner and rental units is reflected in the amounts of funding awarded. Although the proportional damage to rental units was greater, more federal dollars were awarded for homeowner units through the programs we reviewed. Specifically, federal and state agencies awarded around $13 billion for homeowner units and around $1.8 billion for rental units, with the majority of funding awarded through the CDBG program (see table 4). Of the CDBG funds that Louisiana and Mississippi awarded for housing-related activities, the

[26]Through the Housing Choice Voucher program, a housing subsidy is paid to the landlord directly by the PHA on behalf of the participating family. The family then pays the difference between the actual rent charged by the landlord and the amount subsidized by the program.

[27]Congress appropriated funding for these vouchers in Pub. L. 110-252, Pub. L. 110-329, Pub. L. 111-32.

majority was awarded through homeowner programs. According to state officials, both states created homeowner programs first because more homeowner units were damaged than rental units. In addition, Louisiana officials stated that CDBG funds were not intended to assist rental property owners with their business investments, and the state did not want to duplicate FEMA's efforts in assisting displaced renters. Mississippi officials stated that many homeowners that sustained flood damage were not located in a flood zone because the federal government did not accurately identify flood zones, and as a result, these homeowners did not have flood insurance through the National Flood Insurance Program. Mississippi officials further stated that by providing CDBG funds to these homeowners (excluding those sustaining wind damage), the state helped the homeowners with the greatest need.

Table 4: Federal Assistance Awarded for Permanent Housing in Louisiana and Mississippi (dollars in millions)

Program	Estimated assistance awarded for homeowners[a]	Estimated assistance awarded for renters[a]
Homeowners[b]		
Home Disaster Loan[c]	4,023	Data not applicable
Individual and Households Program: Repair or Replacement Assistance	684	Data not applicable
Homeowners and renters[b]		
Community Development Block Grant Program[d]	7,333	1,185
GO Zone Tax-Exempt Private Activity Bonds	708	16
Hazard Mitigation Grant Program	219	0[e]
New Markets Tax Credit (GO Zone)[f]	28	Data not available
Renters[b]		
Capital Fund Emergency/Natural Disaster Funding[g]	Data not applicable	30
GO Zone Low-Income Housing Tax Credits	Data not applicable	277
Physical Disaster Business Loan[h]	Data not applicable	270
Public Assistance for Permanent Work	Data not applicable	33
Other[i]	Data not applicable	15
Total	**$12,995**	**$1,826**

Source: GAO analysis of program data from program administrators.

Note: Data are as of December 2008 unless otherwise noted.

[a]Assistance awarded refers to the amount of funds, loans, or tax incentives provided to finance permanent housing for homeowner and rental housing units.

[b]Potential households served.

[c]Data are as of July 2009.

[d]Amount awarded includes data for the CDBG-funded homeowner programs, small rental programs, and the Public Housing (CDBG-Mississippi) and Long Term Workforce Housing Program (CDBG-Mississippi). Amounts awarded through all CDBG-funded programs in Mississippi are as of December 2008, except for the Small Rental and Long Term Workforce Housing Programs, which are as of April 2009.

[e]According to state administrators of HMGP funds, HMGP was not used to fund the repair or replacement of rental units in Louisiana or Mississippi.

[f]Data reflect activities undertaken through December 2008. Data on allocations for rental units were not readily available for the New Markets Tax Credits (GO Zone) program because rental units were funded as a part of mixed-use projects, which include both commercial and residential activities.

[g]Data for Mississippi are as of August 2009.

[h]Data are as of August 2009.

[i]Congress provided a $15 million dollar appropriation for Public Housing (which HUD awarded to the Housing Authority of New Orleans) for the redevelopment of permanent housing damaged by Hurricane Katrina.

A Limited Number of Rental Units Are Complete, and the Completion Status of Homeowner Units Is Generally Not Tracked

A limited number of rental units have been completed through programs we reviewed that provided assistance for the repair or replacement of rental housing. Progress in the completion of CDBG-funded rental units has been limited. For example, through the CDBG-funded small rental housing programs, 14 percent of the 10,115 rental units funded in Louisiana and 25 percent of the 4,242 rental units funded in Mississippi were completed as of July and August 2009, respectively. Progress in the completion of rental units funded with GO Zone LIHTCs has also been limited. For example, approximately 36 percent of the 13,888 rental units funded in Louisiana and 51 percent of the 9,252 units funded in Mississippi were complete as of June 2009. Units funded with GO Zone LIHTCs are required to be placed in service by January 2011; otherwise the credits cannot be used. Information on the extent to which rental units were funded and completed through the other programs we reviewed can be found in appendix VII.[28]

The construction status of individual homeowner units was generally not readily available for the programs we reviewed.[29] For example, according

[28]For each program we reviewed, data are collected and maintained by individual program administrators or their contractors. For some of the programs we reviewed, program administrators stated that their information systems did not have “archive features,” meaning they could not provide data for previous dates but could provide only current data. As a result, for some programs, such as Mississippi’s Small Rental Assistance Program, program administrators could not provide information as of the dates we requested, but as of the date they ran the data request. See app. VII.

[29]Information on the status of homeowner units was available for Mississippi’s CDBG-funded Long Term Workforce Housing Program. As of August 2009, 15 homeowner units were complete.

to administrators of the CDBG-funded homeowner programs in Louisiana and Mississippi, the states are not required to track the completion status of units funded because the programs provide compensation grants. Similarly, administrators of the Home Disaster Loan, IHP Repair or Replacement Assistance, and GO Zone Tax-Exempt Private Activity Bond programs do not track the completion status of homeowner units.

Homeowners and Rental Property Owners Faced Challenges in Applying for and Using Federal Assistance, but Options Exist for Reducing These Challenges after Future Disasters

Both homeowners and rental property owners have faced challenges in applying for and using federal assistance. These challenges include gaps in financing needed to complete repairs and delays in the availability of funds. Homeowners and rental property owners have also faced adverse economic conditions, including high insurance premiums and construction costs and tightening credit markets. These challenges have contributed to the slow pace of recovery in the Gulf Coast region. Options for addressing these challenges include changing the allocation of assistance between homeowners and rental property owners, improving guidance intended to help states in designing programs, and reconsidering which programs are used to deliver permanent-housing assistance after a disaster.

Homeowners and Small Rental Property Owners Faced Gaps in Financing Repairs

Some homeowners in Louisiana and Mississippi did not receive enough funding from insurance and federal assistance to complete repairs to their homes after the 2005 Gulf Coast hurricanes, and some were ineligible for key sources of federal assistance.[30] A review of Louisiana's Road Home Homeowner Program found that some homeowners received insufficient grant amounts to repair the damage caused by Hurricanes Katrina and Rita, and were challenged from resulting funding gaps.[31] These gaps in funding may have resulted from Louisiana's decision to use pre-storm

[30]Homeowner's insurance, flood insurance, and wind insurance can be used to repair real property. Flood insurance includes privately funded insurance and flood insurance funded by the National Flood Insurance Program.

[31]Kalima Rose, Annie Clark, and Dominique Duval-Diop, *Filling the Gaps in Recovery: New Orleans Non-Profits Address Voids Left by Housing Recovery Programs* (New Orleans, La., PolicyLink, 2008).

home values to determine grant amounts (as opposed to using the cost of repairs), incorrect grant calculations, and increasing construction and insurance costs, according to various researchers. In Mississippi, the state reduced the amount available under its homeowner program when it decided to dedicate $600 million from this program to a Port Restoration Program. While this change appears to reduce the amount of CDBG funds available for homeowners, according to state officials, all eligible applications for the homeowner program were funded. Program administrators in Louisiana stated that their CDBG-funded homeowner program was not intended to make homeowners "whole."

Other program requirements likely resulted in challenges to homeowners in obtaining program funds. For example, in Mississippi, homeowners with wind-only damage were ineligible for the first phase of the Homeowner Assistance Program. In addition, for the first funding round, only homeowners that sustained flood damage (in selected counties) were eligible for Mississippi's Homeowner Assistance Program. According to state officials, this program was intended to assist homeowners that lacked flood insurance because they were not in a federally designated flood zone. State officials stated they targeted homeowners that were outside of a flood zone due to concerns about the reliability of FEMA's flood zone designations. In addition, both states required homeowners to prove they had clear property titles. According to state officials, researchers, and organizations that worked with disaster victims, many Louisiana and Mississippi homeowners with damaged properties faced considerable difficulty in establishing clear title because their properties had been informally passed down through generations.

Owners of rental properties also faced challenges in obtaining program financing due in part to decisions by the states of Louisiana and Mississippi to set aside a small portion of their supplemental CDBG funds for the repair of rental housing. While Louisiana and Mississippi allocated nearly $11 billion of their CDBG funds to homeowner programs, they targeted fewer funds (approximately $1 billion) to the owners of small rental properties. In Louisiana, demand for the Road Home Small Rental Property Program was seven or eight times what the funding would support, according to state officials. Mississippi officials said they initially had twice the demand for their small rental program than expected, representing 10,000 rental housing units.

Availability of financing has also been a challenge for developers of larger rental housing developments, including recipients of GO Zone LIHTCs. Some recipients of GO Zone LIHTCs have encountered financing gaps due to the declining value of the credits. More specifically, some developers were receiving less equity from investors in exchange for the tax credits awarded, which has resulted in large financing gaps and made some planned developments not feasible. In some cases, state housing finance agencies pulled GO Zone LIHTCs back from projects that could not secure additional funds to finance the project, or accepted the credits back from developers, and awarded the credits to other projects.

PHAs have also faced limited available funding to make repairs to public housing that was damaged by Hurricanes Katrina and Rita. Public housing agencies have faced considerable challenges in obtaining funding for the recovery of public housing units. Public housing is an important source of affordable housing for low-income households in the Gulf Coast region. The Gulf Coast states experienced a decline in the number of available units as a result of the storms, especially in the New Orleans area. For example, prior to Hurricane Katrina, the Housing Authority of New Orleans managed over 7,000 units of public housing in 10 different developments. Hurricane Katrina damaged about 80 percent of these units (approximately 5,600 units). Less than $30 million was available in 2005 for damage to all PHAs nationwide through HUD's Capital Fund Emergency/Natural Disaster Funding Program. HUD acknowledged that these funds were not sufficient to repair the public housing that was damaged by the 2005 Gulf Coast hurricanes.

Homeowners and Small Rental Property Owners Faced Delays in Availability of Key Recovery Funds

In the wake of the 2005 storms, both homeowners and owners of rental properties faced significant challenges in receiving assistance from key federal programs as quickly as possible. For instance, homeowners in Louisiana waited a year for the Road Home Homeowner program, the state's CDBG-funded homeowner program, to begin accepting applications, and then encountered application processing times that were a median of 245 days. Although there were no specific time requirements for how quickly CDBG-funded programs should be implemented, federal disaster policy, as described in the Stafford Act, states that disaster funds and special measures must help to expedite the reconstruction and rehabilitation of devastated areas.[32] In January 2009, FEMA issued a National Disaster Housing Strategy that included six goals related to post-

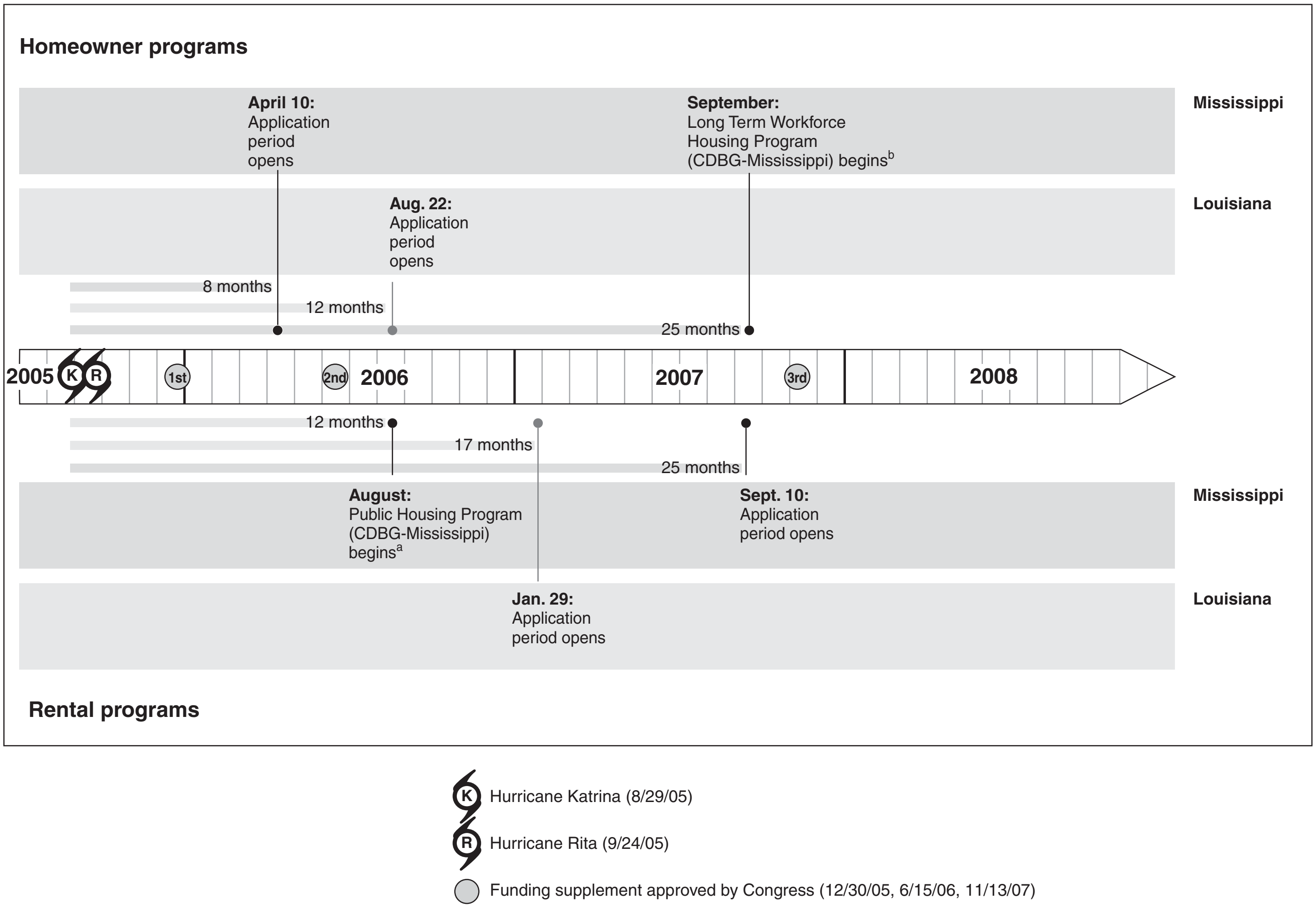
[32]The Robert T. Stafford Disaster Relief and Emergency Assistance Act (Pub. L. 93-288, as amended) §101.

disaster housing.[33] One of the goals states that housing assistance should help individuals and households in returning to self-sufficiency as quickly as possible, including obtaining permanent housing. As required by the supplemental appropriations acts, states submitted plans to HUD detailing their proposed use of CDBG funds and the design of their programs. After acceptance of the plans, each state issued descriptions of their programs, including eligibility requirements and application deadlines.[34] As shown in figure 7, Mississippi opened its homeowner program to applicants 8 months after Hurricane Katrina, and Louisiana opened its program 1 year after the storm.

[33]FEMA, *National Disaster Housing Strategy* (Washington, D.C., Jan. 16, 2009).

[34]HUD expresses its "acceptance" of grantee action plans rather than its "approval." According to HUD officials, this distinction is important as it underscores the grantee's legal responsibility to carry out CDBG activities in accordance with program requirements.

Figure 7: Timeline for the CDBG-Funded Homeowner and Rental Programs in Louisiana and Mississippi



Source: GAO.

Note: The figure refers to the number of months after Hurricane Katrina.

[a]For the CDBG-funded Public Housing Program in Mississippi, there was not an official date on which the state began accepting applications. We reported the date that HUD accepted the Action Plan for this program.

[b]For the Long Term Workforce Housing Program, we reported the date that the state issued a Request for Proposals for this program. HUD accepted the Action Plan for this program in June 2008, thus no funds could be awarded prior to this date.

Owners of small rental properties in Louisiana and Mississippi faced longer delays than homeowners in the availability of CDBG funds to repair or replace properties. Louisiana began accepting applications for its Road Home Small Rental Property Program 17 months after Hurricane Katrina and Mississippi began accepting applications for its Small Rental Assistance Program about 2 years after the storm.

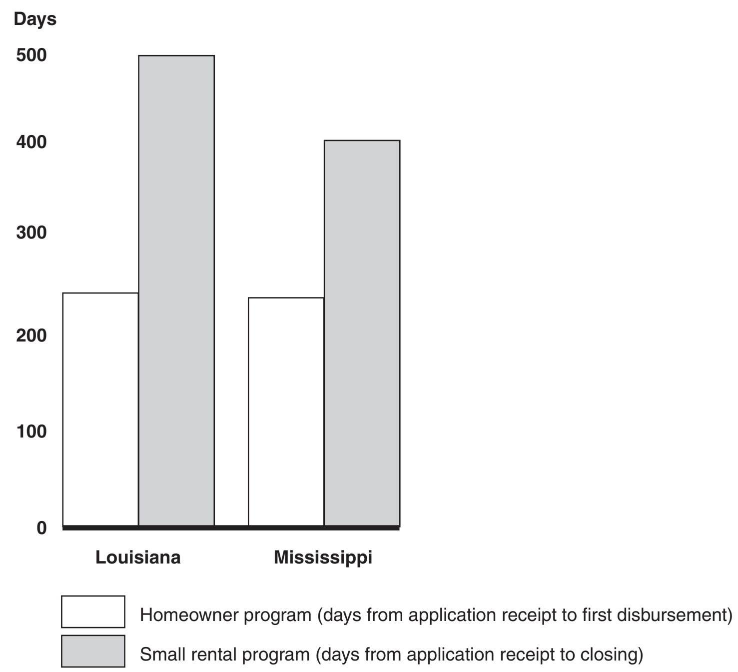
As indicated in our prior work, delays in the initial dates that states began accepting applications for their CDBG-funded homeowner and small rental housing programs may be due in part to the states' lack of staffing capacity to suddenly manage CDBG programs of such unprecedented size.[35] In addition, as previously noted, both states decided to implement programs for homeowners first, which delayed the initial dates states began accepting applications for the small rental housing programs. Furthermore, according to Mississippi officials, it took time to obtain HUD's acceptance of plans for its Small Rental Assistance Program, in part because the state had to reach agreement with other entities, including state historic preservation offices, regarding the potential impacts of this program on the environment and other concerns.

Application Processing Times for CDBG Funds Further Delayed Assistance

After submitting their applications for CDBG funds, some homeowners and small rental property owners faced significant delays in the processing of their applications, with rental property owners typically facing longer delays than homeowners. For example, homeowners in Louisiana and Mississippi waited a median of 245 and 240 days, respectively, from the date their application was received by the state until the date that they received grant funds. These processing times ranged from 32 to 948 days in Louisiana and from to 70 to 945 days in Mississippi (see fig. 8). For the small rental housing programs, successful applicants had a closing, at which point the terms by which forgivable loans would be disbursed to the owners were agreed upon. Small rental property owners in Louisiana and Mississippi waited a median of 494 and 405 days, respectively, from the date that their application was received by the state until the date of closing. This processing time ranged from 280 to 686 days in Louisiana and from to 75 to 799 days in Mississippi.

[35]GAO, *Gulf Coast Disaster Recovery: Community Development Block Grant Program Guidance to States Needs to Be Improved*, GAO-09-541 (Washington, D.C.: June 19, 2009).

Figure 8: Median Number of Days for Applications to Be Processed



Source: GAO analysis.

Several factors may have contributed to delays in the processing of applications for each state's homeowner and small rental housing programs, including program design changes, a lack of specific performance goals, and complex application processes.

- *Program design changes*. Louisiana's homeowner and small rental programs may have experienced delays in processing applications because of changes to the programs' design after they were first established. For example, HUD ordered the state to cease operations for the homeowner program in March 2007. According to an e-mail from the HUD Assistant Secretary to key HUD staff involved in Gulf Coast recovery, there was an "apparent inconsistency" between Road Home Homeowner program operations and the approved action plan. While the state continued to accept and process homeowner applications after they were ordered to cease and desist the program, individual covenants had to be revised, homeowner grant awards had to be recalculated, and scheduled house closings were postponed.[36] The state redesigned the program to provide

[36]GAO-09-541.

lump-sum compensation grants, and HUD accepted the new design in May 2007. Also, in 2009 Louisiana created an additional option for property owners that had applied to the small rental property program but had not been able to secure up-front financing. Under the new option, the state will pay "advances" of funds to some rental property owners through a housing rehabilitation program.

- *Absence of performance goals*. Neither Louisiana nor Mississippi initially established specific performance goals for processing homeowner or small rental program applications. According to state officials from both states, immediately after the storms it was difficult to determine what such performance goals should be. While each state's initial plans for its homeowner programs indicated that applications should be processed in a timely manner or a manner that recognizes the urgency of the need for assistance, the plans did not quantify goals for processing complete applications.[37] In March 2007 Louisiana established performance indicators to encourage the timely processing of homeowner grants and established similar performance indicators for the small rental program in April 2008. There were no documented performance goals for processing applications for Mississippi's Homeowner Assistance or Small Rental Assistance Programs until March 2008.

- *Complexity of application process*. According to both researchers and organizations that assisted disaster victims, the application processes for the CDBG-funded homeowner and small rental programs were complex, which made it difficult for some applicants to complete applications correctly. A 2008 report on Louisiana's CDBG-funded post-disaster housing programs stated that both the homeowners and applicants for the small rental program faced rule changes, which caused confusion for applicants and likely contributed to delays.[38]

[37]According to a 2008 RAND report on Louisiana's Road Home Homeowner Program, while specific goals were not initially established for timeliness of grant processing, goals were established for the quantity of activities to be conducted in different time periods. RAND Gulf States Policy Institute, *Timely Assistance: Evaluating the Speed of Road Home Grantmaking* (Santa Monica, Calif., RAND Corporation, 2008).

[38]Kalima Rose, Annie Clark, and Dominique Duval-Diop, *A Long Way Home: The State of Housing Recovery in Louisiana* (New Orleans, La., PolicyLink, 2008). According to a Louisiana-based organization that worked with disaster victims, the list of required documents was incorrect on the state's Web site for a period of time, which created confusion for applicants and caused delays when applicants had to resubmit application paperwork.

Adverse Economic Conditions Following the Storms Hampered Rebuilding Efforts

Homeowners and small rental property owners affected by Hurricanes Katrina and Rita have also experienced challenges in their rebuilding efforts as a result of local market conditions, particularly high insurance premiums and construction costs.[39] For example, according to a report by the Louisiana Housing Finance Agency, premiums for homeowners insurance escalated to four times their pre-Katrina level for some areas of Louisiana that were severely impacted by the storm.[40] Such increases have likely made it difficult for some homeowners to rebuild. Researchers have stated that rising construction costs in both Louisiana and Mississippi pose challenges for redevelopment.

The current national economic climate has also made it more difficult for both homeowners and developers of rental housing to secure adequate financing. Due to the tightening credit markets and storm-related credit issues, many homeowners in the area affected by the 2005 storms are finding it extremely difficult to access credit to cover repair costs. According to an organization that has researched recovery efforts in New Orleans, tightened credit markets are one of the key reasons that many homeowners in New Orleans have been unable to fully recover their homes. Also, as we have previously reported, as investors' interest in tax credit projects declines, developers must seek additional funding sources to make up for the equity shortfall.[41] According to state administrators of the GO Zone LIHTC programs in Louisiana and Mississippi, given the financial crisis, it is increasingly difficult to find investors for tax credit projects, and it will be a challenge to meet the December 2010 deadline for units to be placed in service.

[39]GAO, *Disaster Housing: FEMA Needs More Detailed Guidance and Performance Measures to Help Ensure Effective Assistance After Major Disasters*, GAO-09-796 (Washington, D.C.: Aug. 28, 2009); Margery Austin Turner, Barika X. Williams, Glenn Kates, Susan J. Popkin, Carol Rabenhorst, *Affordable Rental Housing in Healthy Communities: Rebuilding After Hurricanes Katrina and Rita*, The Urban Institute (Washington, D.C., May 2007).

[40]GCR & Associates, Inc., *Louisiana and New Orleans Metro Housing Needs Assessment—Louisiana Housing Finance Agency* (New Orleans, La., Feb. 15, 2008).

[41]GAO-08-913.

Challenges Have Contributed to Several Negative Effects, Including Slowed Recovery of Housing

Both homeowners and renters have been negatively affected by financing gaps, delays in the availability of federal resources, and adverse economic conditions. Cumulatively, these and other issues have contributed to slow progress in repairing and replacing housing in the Gulf Coast. This slow progress is putting additional pressure on the already strained housing market.[42] Slow redevelopment also contributes to neighborhood blight. According to a recent Brookings report, New Orleans had 65,888 vacant or blighted residential addresses as of March 2009, and nearly 59,000 of these addresses were blighted or empty lots.[43] This was a slight decrease from 69,727 as of September 2008.

Another negative impact of these challenges is a lack of affordable housing, especially for rental households. HUD's fair market rent for a two-bedroom unit in the New Orleans-Metairie-Kenner metropolitan area increased from $676 to $1,030 or about 52 percent, between fiscal years 2005 and 2009.[44] As a result of such rent increases, low- and moderate-income renters who could afford housing in New Orleans before the storm may no longer be able to find affordable housing. In Mississippi's coastal counties, both for-sale and rental housing are estimated to be less affordable than before Hurricane Katrina, according to a 2009 study.[45] HUD's fair market rent for a two-bedroom unit in the Gulfport-Biloxi metropolitan area increased from $592 to $844, or about 43 percent, while the general price level for rent nationwide increased about 15 percent over the same time period. While it is projected that there will be more than a full recovery of subsidized rental housing units in Mississippi's coastal counties, it is also estimated that there will be an increased need for additional rental assistance in these counties, such as housing choice vouchers, to make available units more affordable.[46]

[42]DHS, Office of the Federal Coordinator, *Gulf Coast Affordable Rental Housing Roundtable* (Washington, D.C., Jan. 15, 2009).

[43]A residential address could represent either homeowner or rental units.

[44]HUD annually estimates the fair market rent for all metropolitan and nonmetropolitan areas nationwide for the Housing Choice Voucher program. Fair market rents represent the cost of modest housing (equal to the 40th percentile in the distribution of rents) in specific markets.

[45]The Compass Group LLC and the Southern Mississippi Planning and Development District, *Mississippi Housing Data Project; Executive Summary Mississippi Gulf Coast* (January 2009).

[46]Ibid. According to this report, by 2011 there is projected to be a less-than-full recovery of small rental and market rate rental units.

Finally, some of the residents who were displaced from their communities have not returned, especially lower-income renters. As previously noted, while the New Orleans metropolitan area is home to a population that is equal to about 90 percent of the pre-Katrina population, school enrollment across the metropolitan area has slowed, suggesting that the characteristics of the population that has returned are different than those of the pre-storm population.[47] According to the Urban Institute, the slow recovery of housing—especially moderately priced rental housing—in the greater New Orleans region prevents many families from returning.

Options for Addressing Challenges Include Better Allocating Assistance for Homeowners and Renters

We reviewed prior GAO work and reports by agencies and research groups and identified four sets of options that may help address the challenges faced by homeowners and rental property owners in using program funds. First, to address the challenges related to the gaps in funding available to repair and replace damaged housing—specifically rental housing—federal funds for permanent post-disaster housing could be allocated between homeowners and rental property owners based on need, and take into account all of the programs and resources that are available. For example, Congress could provide more direction to states on how to allocate appropriations for the CDBG program. Directing how grantees allocate CDBG funds would entail trade-offs. For example, states may have less discretion in designing post-disaster housing programs and deciding how much funding is to be made available for rebuilding units occupied by homeowners and renters and for economic development activities. While such trade-offs exist, Congress has previously provided specific direction to recipients of CDBG funds. For example, Congress provided direction to recipients of funds under the Neighborhood Stabilization Program, which is based on the CDBG program and focuses on redevelopment of abandoned and foreclosed homes. Congress directed recipients of these funds to focus on areas of greatest need, including areas with high concentrations of foreclosed homes. Without specific direction on how to better target disaster-related CDBG funds for the redevelopment of homeowner and rental units after future disasters, states' allocation of assistance to homeowners and rental property owners may again result in significant differences in the level of assistance provided.

[47] Metropolitan Policy Program at Brookings and the Greater New Orleans Community Data Center, *The New Orleans Index: Tracking the Recovery of New Orleans and the Metro Area* (August 2009).

To address the financing gaps faced by homeowners, larger amounts of assistance could be made available to households. Several of the reports we reviewed indicated that additional funds should be provided to homeowners that did not receive sufficient CDBG funds to recover from the storms. For example, one private research organization recommends that the federal government allocate funds to close the gaps created by the formula for the Road Home Homeowner Program, the CDBG-funded homeowner program in Louisiana.[48] In addition, this organization has stated that grants should have been calculated based upon either the higher of the assessed value or the damage estimate repair costs rather than the pre-storm estimated value of homes. For future disasters, basing grant amounts on repair costs rather than property values may be helpful to households in closing financing gaps—especially those households that live in distressed or less desirable communities where property values are less than the cost of repairs and replacement. However, in providing larger amounts of assistance to individual households, fewer households may be served with the same amount of overall program funding.

To help reduce delays in delivering funds for the recovery of housing, guidance could be developed, eligible uses of funds could be clarified, states could design programs to provide funds up front, and application processes could be simplified. We previously recommended that HUD issue guidance for CDBG disaster-assistance programs that provides information on acceptable program designs and discusses program elements that trigger federal environmental reviews.[49] We also recommended that HUD coordinate with FEMA to clarify options and limits of using CDBG funds with other disaster-related federal funds.[50] Such guidance could help states in the future by clearly articulating applicable legal and financial requirements, as well as the types of activities that may trigger federal environmental review requirements. State officials in Louisiana have acknowledged that delays in making CDBG funds available to small rental property owners could have been minimized by designing a program that provided funds up front, rather than after property owners independently financed repairs. Such program designs for the use of CDBG funds after future disasters could potentially

[48]Kalima Rose, Annie Clark, and Dominique Duval-Diop, *A Long Way Home: The State of Housing Recovery in Louisiana* (New Orleans, La., PolicyLink, 2008).

[49]GAO-09-541.

[50]GAO-09-541.

reduce delays. Furthermore, organizations that represented disaster victims have stated that complex application processes contributed to delays in Louisiana, suggesting that for future disasters, delays could be minimized if application processes are clear and transparent.

Decision makers could also reconsider what federal programs should deliver assistance for permanent housing. A report by the Office of the Federal Coordinator indicated that the CDBG program should be re-evaluated to determine whether it should be the primary funding vehicle for replacing housing stock following a disaster.[51] The Office of the Federal Coordinator also indicated that experts should convene to discuss how challenges associated with the current federal funding vehicles for post-disaster recovery and rebuilding—such as CDBG, Public Assistance, Individual Assistance, and HMGP—could be addressed and to explore ideas for potential new vehicles and/or frameworks. According to HUD officials, the CDBG program is not one of the federal government's official disaster recovery programs. However, to date the supplemental CDBG funds that have gone to the Gulf Coast have been the largest amount of CDBG disaster relief provided to one area in the history of the program. A previous GAO report stated that HUD should continue to work with the administration to determine what role the CDBG program should have in disaster recovery.[52] HUD officials have also stated that a permanently authorized disaster CDBG program may be more effective in delivering post-disaster housing assistance. HUD officials have stated that if a disaster-specific CDBG program is given a permanent role, they would issue permanent regulations and program guidance. In addition, there would be less need after each disaster for HUD to consider the use of waivers and write federal notices to guide the use of CDBG funds.

Conclusions

The response to Hurricanes Katrina and Rita highlights the need to re-evaluate how housing assistance for homeowners and rental property owners is delivered after a disaster. If the federal government adopts a similar approach in the future, it will likely encounter many of the same challenges, including gaps in available financing for permanent housing and delays in the availability of program funds to victims. The state programs, funded under the CDBG program, the largest single source of

[51]DHS, Office of the Federal Coordinator, *Gulf Coast Affordable Rental Housing Roundtable* (Washington, D.C., Jan. 15, 2009).

[52]GAO-09-541.

federal assistance for permanent housing after the 2005 Gulf Coast hurricanes, focused much of their resources on addressing the needs of homeowners. Our analysis shows that recovery funds addressed a substantially larger percentage of the rebuilding needs of homeowners compared to rental property owners and that state-designed programs have not fully accounted for the needs of renters in their decisions regarding how to allocate funds. As a result, there continues to be an acute need for affordable rental housing in the Gulf Coast area, and many displaced residents may not be able to return to their communities. States, which had broad flexibility in their use of CDBG funds, did not prioritize the repair or replacement of rental housing for several reasons, including their decisions to rely on other sources of federal funding for rental housing, such as SBA loans and GO Zone LIHTCs. However, the GO Zone LIHTC program addressed only a small part of the repair and replacement needs of rental properties and furthermore, according to program administrators, investors' demand for tax credits in the current economy has been weak. In the event of a future disaster, the lack of specific direction to states on how to target disaster-related CDBG funds may again result in a significant difference in the amounts of assistance for the redevelopment of homeowner and rental property units. Within the programs, administrative improvements could be made. In fact, we have previously recommended that HUD issue guidance for CDBG disaster assistance that provides information on acceptable program designs and that HUD coordinate with FEMA to clarify options and limits of using CDBG funds with other disaster-related federal funds. We believe that implementing these recommendations would help minimize delays in making CDBG funds available for homeowners and rental property owners after future disasters. Furthermore, we continue to believe that HUD should work with the administration to determine what role the CDBG program should have in disaster recovery.

Matters for Congressional Consideration

To the extent that the CDBG program continues to be the primary vehicle used to provide post-disaster assistance for permanent housing, Congress may wish to consider providing more specific direction regarding the distribution of disaster-related CDBG assistance that states are to provide for homeowners and renters. If Congress wishes to change the proportion of assistance directed to homeowners and rental property owners in future recovery efforts, Congress could, for example, require states to demonstrate to HUD that they are adequately addressing the needs of both homeowners and renters with their CDBG allocation and other resources as a condition for receiving funds. Alternatively, Congress could direct HUD to develop a formula that accounts for the housing needs of both homeowners and renters. Such a formula could be used by states to determine the proportions of their disaster CDBG funds that should be used for housing, specifically rental housing. Further, the formula could also reflect the anticipated production levels of other programs that provide permanent housing assistance, such as the Low-Income Housing Tax Credit program.

Agency Comments

We provided a draft of this report to the Department of Housing and Urban Development, the Department of Homeland Security, the Department of the Treasury, and the Small Business Administration. We received technical comments from all of the agencies and incorporated them as appropriate. We also provided relevant sections of this report to state officials in Louisiana and Mississippi, and incorporated their technical comments as appropriate.

As agreed with your offices, unless you publicly announce the contents of this report earlier, we plan no further distribution until 30 days from the report date. At that time, we will send copies of this report to interested congressional committees, the Secretary of the Department of Housing and Urban Development, the Secretary of the Department of Homeland Security, the Secretary of the Treasury, and the Administrator of the Small Business Administration. In addition, the report will be available at no charge on the GAO Web site at http://www.gao.gov.

If you or your staff have any questions on matters discussed in this report or would like additional information, please contact me at (202) 512-8678 or sciremj@gao.gov. Major contributors to this report are acknowledged in appendix VIII.

Mathew J. Scirè
Director, Financial Markets and Community Investment

Appendix I: Objectives, Scope, and Methodology

Our objectives were to (1) describe how federal disaster-related assistance for permanent housing has been provided to homeowners and rental property owners affected by the 2005 Gulf Coast hurricanes; (2) evaluate the extent to which federally funded programs responded to the needs of homeowners and rental property owners in repairing or replacing units damaged by these hurricanes; and (3) describe the challenges that homeowners and rental property owners have faced in applying for and using federal assistance, and potential options for addressing these challenges.

In reviewing post-disaster assistance for permanent housing provided after Hurricanes Katrina and Rita, we focused on Louisiana and Mississippi because these two states sustained the most damage of the five states affected by these hurricanes. To identify federal programs that provided this assistance, we reviewed statutes and regulations, studies and reports by government agencies and research organizations, and agency Web sites. In addition, we interviewed officials from the Department of Housing and Urban Development (HUD), Department of Homeland Security (DHS), Department of the Treasury (Treasury), and the Small Business Administration (SBA); state and local housing agencies in Baton Rouge and New Orleans, Louisiana, and Biloxi, Gulfport, and Jackson, Mississippi; and various housing groups. We selected programs that were disaster-related and provided funds or tax incentives to encourage the development of permanent housing, which included repairing or replacing housing. We defined assistance for permanent housing as assistance for housing that is intended for long-term occupancy. Given our methodology, we did not include every program that provides post-disaster housing assistance. The programs in our review include the following:[1]

- Capital Fund Emergency/Natural Disaster Funding (HUD)
- Community Development Block Grant Program (HUD)
- GO Zone Low-Income Housing Tax Credits (Treasury)
- GO Zone Tax-Exempt Private Activity Bonds (Treasury)

[1] Although we did not include the Housing Choice Voucher program in our review, we acknowledge the role of the voucher program in making rental housing affordable in the areas affected by the 2005 hurricanes and included information about the number of vouchers that were made available.

- Home Disaster Loan and Physical Disaster Business Loan (SBA)
- Individuals and Households Program: Repair or Replacement Assistance (DHS)
- GO Zone New Markets Tax Credits (Treasury)
- Public Assistance for Permanent Work (DHS)

For each of the programs identified, we determined whether homeowners, rental property owners, or both were potentially eligible to benefit from the program; whether the assistance was in the form of a grant, loan, or tax incentive; the types of activities that could be funded; and the program's purpose. We also identified whether the program was administered by a federal or state agency, the amount of funds available, and how the administering agency awarded funds. For most programs, we used the amount appropriated by Congress as the amount available. However, for programs that were funded through the Disaster Relief Fund (Individuals and Households Program: Repair or Replacement Assistance and Public Assistance for Permanent Work), we used the amounts awarded in Louisiana and Mississippi. More specifically, for the Public Assistance for Permanent Work Program, we reported the amount awarded to public housing authorities. We generally used the date that the initial application period opened, if applicable, to describe the dates that the programs we reviewed became available. For the Gulf Opportunity (GO) Zone Tax-Exempt Private Activity Bond Program, we reported the dates that states made either the first final approval or the first allocation. For Mississippi's Public Housing Program, which was funded through the Community Development Block Grant Program (CDBG), we reported the date that HUD approved the program design.

To determine the extent to which the programs we reviewed responded to the needs of homeowners and rental property owners in repairing or replacing homeowner and rental units, we compared the available data on units funded to the estimated number of units damaged for homeowner and rental units. We first obtained data on the number of homeowner and rental units with minor, major, and severe damage in Louisiana and Mississippi from the Federal Emergency Management Agency's (FEMA) published estimates.[2] We used this information as an indicator of housing need at the time of the disaster. We also used this information to highlight the Louisiana parishes and Mississippi counties that sustained the most damage. Based on available data for damaged homeowner and rental units, we determined that eight parishes accounted for 70 percent of the total homeowner and rental units damaged in Louisiana and that three counties accounted for 43 percent of the total homeowner and rental units damaged in Mississippi. To determine the proportion of homeowner and rental units that sustained damage in each state and in the most damaged areas, we compared the estimated number of homeowner and rental units damaged to the number of occupied homeowner and rental units statewide and in the most damaged areas from the 2000 Decennial Census.[3]

We obtained data from program administrators on the numbers of homeowner and/or rental housing units that were funded. For each program, we requested data on the number of units funded as of December 2008, although for some programs, program administrators could not provide data as of this date. Specifically, data for Mississippi's Small Rental Assistance and Long Term Workforce Housing Programs were available as of April 2009; data for the Home Disaster Loan Program were available as of July 2009; data for the Capital Fund Emergency/Natural Disaster Funding Program for Mississippi and the Physical Disaster Business Loan Program were available as of August 2009; and data for the New Markets Tax Credits (GO Zone) Program were available for activities that were undertaken through December 2008. We do not believe that the different dates for the count of units funded under these programs will have a material impact on the results, as month-to-month unit count changes have been small for the key programs. For Louisiana's Road Home Homeowner Program and Mississippi's Homeowner Assistance Program, we counted awards to homeowners as homeowner units funded, although homeowners are not required to use their grant funds to repair their homes. We were not able to include data on the number of rental units funded through the Physical Disaster

[2]Damage data are from DHS, Office of the Federal Coordinator for Gulf Coast Rebuilding, *Current Housing Unit Damage Estimates, Hurricanes Katrina, Rita and Wilma* (Feb. 12, 2006). Minor damage is defined as damage that is less than $5,200; major damage is defined as damage that is greater than or equal to $5,200 and less than $30,000; and severe damage is that which is greater than or equal to $30,000.

[3]Data from the Decennial Census accessed from *American Factfinder* on www.census.gov.

Business Loan Program because SBA did not have readily available information on the number of rental units funded. To determine the number and amount of Physical Disaster Business Loans for the repair of residential rental properties, we obtained data categorized by the North American Industry Classification System.[4] We included approved loans for real estate repairs only. Due to data limitations, we may not have included all physical disaster business loans that were provided for real estate repairs to residential rental properties. While we did not include a $15 million appropriation for the repair of rental housing damaged by Hurricanes Katrina and Rita as one of the programs in our review, we included these funds as well as data on the number of rental units funded with this appropriation as a part of our analysis because it is an additional source of funding for permanent rental housing. With available data, we compared the total number of homeowner units funded to the total number of homeowner units damaged in each state.

Because some funded units may have received assistance from multiple programs, we took steps to avoid double counting. We compared the addresses of homeowner units funded by Louisiana's Road Home Homeowner Assistance Program, Mississippi's Homeowner Assistance Program, Individuals and Households Program: Repair or Replacement Assistance, and the Physical Home Disaster Loan Program for both Louisiana and Mississippi. This comparison allowed us to determine whether a unit was funded by only one program or by multiple programs. In order to ensure that an address was counted only once, we converted the addresses of the homeowner units funded by each of the programs we reviewed into a consistent format and applied standardization rules (for example, "Street" was consistently changed to "St."). This allowed us to look for double counting for over 99 percent of the addresses we compared. We could not compare addresses for homeowner units funded by the HMGP, Long Term Workforce Housing Program, and New Markets Tax Credits (GO Zone) Program, because unit-level data on rental property street addresses were not readily available.

In addition, we summarized the amounts of assistance awarded (and loans approved) to homeowners and rental property owners through the programs we reviewed as of December 2008, unless program

[4] The North American Industry Classification System is the standard used by federal statistical agencies in classifying business establishments for the purpose of collecting, analyzing, and publishing statistical data related to the U.S. business economy.

administrators could not provide funding data as of this date. For example, administrators of Mississippi's Small Rental Assistance and Long Term Workforce Housing Programs did not have archival data for December 2008, and thus they provided data as of April 2009. For the New Markets Tax Credit Program (GO Zone), funding data were available for activities that were undertaken through December 2008. However, while we could determine funding amounts for homeowner units, we could not determine funding amounts for rental units for this program because rental units are funded as a part of mixed-use projects (that is, projects with both commercial and residential uses). It was not possible to determine the amounts funded only for the rental units associated with mixed-use projects.

We also obtained and analyzed data from program administrators to determine the extent to which funded homeowner and rental units were complete as of summer 2009. We were unable to determine the extent to which homeowner units were complete because either program administrators were not required to collect data or the data were not readily available. For most of the programs that funded rental units, data were available on the extent to which they were complete as of June, July, and August 2009 (see app. VII). Data on the extent to which rental units funded through the New Markets Tax Credit Program (GO Zone) were complete were not readily available.

To assess the reliability of agency data on the numbers and location of homeowner and rental units funded as well as the amount of assistance provided, we (1) performed electronic testing for obvious errors in accuracy and completeness; (2) reviewed related documentation, including audit reports on data verification for some programs we reviewed; and (3) worked with agency officials or contractors to identify any data problems. When we found discrepancies, such as unpopulated fields or data entry errors, we notified agency officials or contractors and worked with these officials to correct the discrepancies before conducting our analysis. We determined that the data were sufficiently reliable for the purposes of our report.

To identify challenges to homeowners and rental property owners, we reviewed studies and reports about housing recovery in the areas affected by the hurricanes, interviewed the administrators of the programs we reviewed, interviewed organizations that worked with disaster victims to obtain permanent housing, and analyzed data on the timeliness of funding availability and application processing. To describe the timeliness of funding availability, we interviewed program administrators, reviewed prior GAO and other reports, and obtained documentation of the dates on which HUD accepted plans for CDBG-funded programs. Also, in examining application processing times for CDBG-funded programs, we obtained data from program administrators on each loan or grant awarded. We determined the median number of days between the date the application was received by the state and the date funds were awarded (for the homeowner programs) or the closing occurred (for the small rental programs). We excluded outliers and records with missing data to determine the median number of days elapsed between these points. Further, we summarized available information from program administrators and other reports on factors that may have contributed to processing delays.

To identify potential options for mitigating the challenges we identified, we reviewed recommendations in studies and reports, suggestions from program administrators and organizations that worked with disaster victims to obtain permanent housing, and information on the congressional intent of post-disaster housing assistance, including the Stafford Act and FEMA's Disaster Housing Strategy. We discussed these options and their potential limitations.

Appendix II: Homeowner Programs Funded through the Community Development Block Grant Program

Road Home Homeowner Program (Louisiana)

The Louisiana Road Home Homeowner Program was designed to provide a one-time compensation grant payment, up to a maximum of $150,000, to eligible homeowners whose primary residence was damaged by the 2005 Gulf Coast hurricanes and who wished to (1) repair or rebuild their home, (2) purchase another home in Louisiana, or (3) sell their home and relocate outside of the state. After the 2005 Gulf Coast hurricanes, Congress made $13.4 billion available to Louisiana for disaster recovery. Louisiana allocated $11.5 billion of these funds to the Road Home Homeowner Program. To award assistance, the Office of Community Development (OCD) reviewed applications to determine and verify program eligibility. After an application was received and determined to be preliminarily eligible, the OCD conducted an on-site evaluation. After this evaluation, grant calculations were conducted based on the lesser of either the property's pre-storm value or the estimated cost of damage to the property. A final determination of eligibility was also made. Other assistance received—such as insurance proceeds or assistance from the Federal Emergency Management Agency (FEMA) or the Small Business Administration (SBA)—was deducted from the final grant amount awarded.

The OCD also offered an Additional Compensation Grant up to a maximum of $50,000 to eligible homeowners who had a household income of 80 percent of the parish median income or less. The Additional Compensation Grant was intended to assist with any gap between the estimated cost of damage and the amount(s) the homeowner received from the Road Home compensation grant and other assistance.

Homeowner Assistance Program (Mississippi)

The Mississippi Homeowner Assistance Program was designed to provide a one-time grant payment, up to a maximum of $150,000, to eligible homeowners who lived outside of the flood plain and suffered flood damage to their primary residence as a result of Hurricane Katrina. After the 2005 Gulf Coast hurricanes, Congress made $5.5 billion available to Mississippi for disaster recovery. Mississippi allocated $1.96 billion for this program. To award assistance, the Mississippi Development Authority accepted applications during its open application period to determine program eligibility. Once eligibility was established, grant calculations were conducted based on the largest of the following values: (1) the pre-Katrina insured value adjusted by an inflation factor of 35 percent; (2) the damage amount estimated by SBA, not to exceed 135 percent of the insurable value; or (3) the Mississippi Development Authority damage assessment cost to repair. Once the homeowner was determined to be eligible, funds were made available to the homeowner through a closing process using a mortgage lender or escrow or closing agent, or potentially by electronic funds transfer. In exchange for the grant payment, a qualifying homeowner had to agree to a covenant on their property that established building code, flood insurance, and elevation requirements for them or any future owner of the land.

The Mississippi Development Authority later expanded the Homeowner Assistance Program applicant pool by implementing a second phase (Phase II). Phase II offered up to a maximum of $100,000 in grant assistance to homeowners who resided inside or outside of the flood plain and who had a household income at or below 120 percent of the area median income.

Table 5: Number of Homeowner Units Funded and Total Amounts Awarded through the Road Home Homeowner Program (Louisiana) and the Homeowner Assistance Program (Mississippi), by State and Parish/County

State	Parish/County	Homeowner units funded	Amount of grant assistance awarded
Louisiana	Acadia	279	5,544,470
	Allen	487	10,075,978
	Ascension	136	3,957,068
	Assumption	200	3,486,988
	Beauregard	912	19,027,802
	Calcasieu	12,313	313,703,052
	Cameron	1,482	58,486,809
	East Baton Rouge	174	4,581,435
	East Feliciana	27	516,317
	Evangeline	51	905,100
	Iberia	977	26,138,919
	Iberville	51	1,215,867
	Jefferson	23,218	928,511,348
	Jefferson Davis	819	19,783,362
	Lafayette	107	1,917,445
	Lafourche	743	17,400,332
	Livingston	203	4,686,996
	Orleans	40,783	2,455,013,610
	Plaquemines	2,436	86,614,182
	Pointe Coupee	14	356,394
	Sabine	27	412,876

State	Parish/County	Homeowner units funded	Amount of grant assistance awarded
	St. Bernard	10,221	645,792,150
	St. Charles	914	26,488,864
	St. Helena	252	4,911,715
	St. James	355	7,874,097
	St. John the Baptist	1,168	21,771,460
	St. Landry	156	4,158,029
	St. Martin	95	1,464,994
	St. Mary	786	13,017,832
	St. Tammany	10,463	538,165,766
	Tangipahoa	1,440	33,307,532
	Terrebonne	2,350	57,426,077
	Vermilion	1,541	51,310,723
	Vernon	139	2,706,415
	Washington	1,252	23,559,492
	West Baton Rouge	13	487,795
	West Feliciana	3	115,534
	All parishes	**116,587**	**$5,394,894,825**
Mississippi	Hancock	6,278	517,112,976
	Harrison	8,364	654,079,862
	Jackson	10,113	658,319,634
	Pearl River	92	4,666,521
	All counties	**24,847**	**$1,834,178,993**
Louisiana and Mississippi	**All parishes and counties**	**141,434**	**$7,229,073,818**

Source: GAO analysis of data from the Louisiana Recovery Authority and the Mississippi Development Authority.

Notes: Mississippi's Homeowner Assistance Program was made available to residents in the state's four coastal counties (Hancock, Harrison, Jackson, and Pearl River). Data are as of December 2008 for Louisiana and Mississippi.

Table 6: Median Number of Days between Date Application Received and Date of First Disbursement for the Road Home Homeowner Program (Louisiana) and the Homeowner Assistance Program (Mississippi), by State and Parish/County

State	Parish/County	Median number of days
Louisiana	Acadia	244
	Allen	281
	Ascension	248
	Assumption	303
	Beauregard	275
	Calcasieu	236
	Cameron	340
	East Baton Rouge	244
	East Feliciana	340
	Evangeline	284
	Iberia	301
	Iberville	371
	Jefferson	202
	Jefferson Davis	283
	Lafayette	267
	Lafourche	272
	Livingston	345
	Orleans	248
	Plaquemines	377
	Pointe Coupee	350
	Sabine	338
	St. Bernard	316
	St. Charles	230
	St. Helena	330
	St. James	281
	St. John the Baptist	226
	St. Landry	279
	St. Martin	301
	St. Mary	304
	St. Tammany	216
	Tangipahoa	280
	Terrebonne	289
	Vermilion	294
	Vernon	279

State	Parish/County	Median number of days
	Washington	265
	West Baton Rouge	222
	West Feliciana	130
	State median	**245**
Mississippi	Hancock	266
	Harrison	248
	Jackson	219
	Pearl River	387
	State median	**240**

Source: GAO analysis of data from the Louisiana Recovery Authority and the Mississippi Development Authority.

Note: Data are as of December 2008 for Louisiana and Mississippi.

Appendix III: Small Rental Housing Programs Funded through the Community Development Block Grant Program

Road Home Small Rental Property Program (Louisiana)

The Louisiana Road Home Small Rental Property Program was designed to provide gap financing to small rental property owners in the form of forgivable loans for the repair of rental units.[1] The restored units must be offered at affordable rents to income eligible renters. After the 2005 Gulf Coast hurricanes, $751 million was made available through the small rental program. To award assistance, the Office of Community Development (OCD) accepted and reviewed applications during two rounds of funding. OCD verified basic eligibility information and then scored and ranked eligible applications. OCD then conditionally awarded loan assistance to applicants with the highest scores. Applicants who ranked below the cut-off point could apply for a later round of funding. After an applicant was conditionally awarded assistance, OCD completed verification of eligibility and issued a loan commitment letter to the applicant. OCD disbursed the award at closing, after the units were repaired and income eligible tenants were identified. Only owner occupants of three- and four-unit properties who received compensation for their home were required to deduct other benefits—including insurance payments, assistance from the Federal Emergency Management Agency (FEMA), assistance or funds from the Small Business Administration (SBA)—from their award.

In December 2008, OCD announced an additional option for program participants, which provided up-front financing. The option was created to increase the production of rental housing with Community Development Block Grant (CDBG) funds and to accelerate the distribution of funds to owners. In exchange for up-front financing, owners must provide affordable housing once the property is repaired. According to OCD, program participants were sent letters informing them of this option in 2009.

Small Rental Assistance Program (Mississippi)

Mississippi's Small Rental Assistance Program was designed to provide forgivable loans to small rental property owners in Hancock, Harrison, Jackson, and Pearl River Counties for the repair of rental units as an incentive to provide affordable rental housing to income-eligible renters. After the 2005 Gulf Coast hurricanes, about $263 million was made available through the small rental program. To award assistance, the Mississippi Development Authority (MDA) accepted and reviewed applications during two rounds of funding. MDA offered four types of loan

[1]Small rental properties in Louisiana and Mississippi are properties with one to four rental units.

assistance: (1) rental income subsidy assistance, (2) repair or reconstruction reimbursement for Katrina-damaged property, (3) reconstruction or conversion reimbursement for non-Katrina damaged property, and (4) new construction reimbursement. To apply for loan assistance, applicants were required to complete an application, choosing one of the four types of assistance. Once applicant eligibility was determined, MDA contacted the applicant to schedule the closing. Upon closing, applicants were given 24 months to complete all work on the structure and obtain a certificate of occupancy. The loan was awarded in two installments: half when the property owner provided a building permit, and the remainder when the owner provided a certificate of occupancy.

Table 7: Number of Rental Units Funded and Amounts of Loans Awarded through the Road Home Small Rental Property Program (Louisiana) and the Small Rental Assistance Program (Mississippi), by State and Parish/County

State	Parish/County	Units funded	Amount of loan assistance awarded
Louisiana	Acadia	4	$321,000
	Calcasieu	220	11,090,246
	Cameron	9	701,000
	Iberia	13	678,000
	Jefferson	457	38,169,659
	Orleans	4,459	371,709,913
	Plaquemines	20	1,596,200
	St. Bernard	533	42,853,623
	St. Tammany	164	10,927,515
	Tangipahoa	11	334,150
	Terrebonne	8	400,500
	Vermilion	8	275,000
	Washington	26	923,550
	Subtotal	**5,932**	**$479,980,356**
Mississippi	Hancock	226	13,804,500
	Harrison	660	37,083,735
	Jackson	323	16,022,500
	Pearl River	82	4,727,000
	Subtotal	**1,291**	**$71,637,735**
	Total	**7,223**	**$551,618,091**

Source: GAO analysis of data from the Louisiana Recovery Authority and the Mississippi Development Authority.

Note: Data are as of December 2008 for Louisiana and April 2009 for Mississippi.

Table 8: Median Number of Days between Date Application Received and Date of Closing for the Road Home Small Rental Property Program (Louisiana) and the Small Rental Assistance Program (Mississippi), by State and Parish/County

State	Parish/County	Median number of days
Louisiana	Calcasieu	510
	Jefferson	520
	Orleans	494
	St. Bernard	484
	St. Tammany	521
	Vermilion	624
	State median	**494**
Mississippi	Hancock	439
	Harrison	418
	Jackson	350
	Pearl River	383
	State median	**405**

Source: GAO analysis of data from the Louisiana Recovery Authority and the Mississippi Development Authority.

Note: We only reported data for the parishes and counties for which they were available. Data are as of December 2008 for Louisiana and April 2009 for Mississippi.

Appendix IV: Programs Funded through Tax Incentives

The Gulf Opportunity Zone (GO Zone) Act of 2005 included tax incentives to assist recovery and economic revitalization for individuals and businesses in designated areas in several states, including Louisiana and Mississippi, following Hurricanes Katrina and Rita in 2005.[1] The tax incentives included in this review are extensions of existing federal tax incentives, including low-income housing tax credits, tax-exempt private activity bonds, and new markets tax credits.

GO Zone Low-Income Housing Tax Credits

The GO Zone Low-Income Housing Tax Credit (LIHTC) program was designed to provide tax incentives to encourage the development of affordable rental housing between 2006 and 2008 in the areas affected by the 2005 Gulf Coast hurricanes. A $170 million allocation was made available to Louisiana and $106 million was made available to Mississippi to fund the development of affordable rental housing. To award the tax incentives, the state housing finance agencies in Louisiana and Mississippi used their existing procedures; they announced the availability of the credits through qualified allocation plans, processed applications, and competitively awarded credits in multiple funding rounds. During some funding rounds, each state gave priority to projects proposed in the most damaged counties.

Recipients of credits use them or sell them through an investment vehicle to investors to obtain equity for the development of rental housing. Investors receive a direct reduction in their tax liability. They can claim GO Zone LIHTCs for eligible projects each year for 10 years from the time the housing developments are placed in service. All of the GO Zone LIHTC-funded units must be in service before January 1, 2011.

[1] GO Zone Low-Income Housing Tax Credits were also available to areas affected by Hurricane Wilma.

Table 9: Gulf Opportunity Zone Low-Income Housing Tax Credit (GO Zone LIHTC) Units Funded and in Service, by State and Parish/County

		Total GO Zone LIHTC units funded	GO Zone LIHTC units in service	
		Number of units	Number of units	Percent in service
Louisiana	Acadia	199	199	100
	Calcasieu	1,458	437	30
	Cameron	30	0	0
	East Baton Rouge	566	144	25
	Iberia	174	174	100
	Jefferson	1,010	410	41
	Lafayette	79	79	100
	Lafourche	112	112	100
	Livingston	100	100	100
	Orleans	7,655	2,933	38
	St. Bernard	288	0	0
	St. James	132	32	24
	St. Tammany	890	112	13
	Tangipahoa	479	239	50
	Terrebonne	148	0	0
	Vermilion	513	62	12
	Washington	32	0	0
	West Baton Rouge	23	23	100
	Subtotal	**13,888**	**5,056**	**36**
Mississippi	Attala	120	48	40
	Bolivar	60	0	0
	Copiah	50	0	0
	Covington	80	40	50
	Forrest	366	366	100
	George	72	72	100
	Grenada	32	0	0
	Hancock	893	36	4
	Harrison	3,103	746	24
	Hinds	1,949	1,581	79
	Holmes	24	0	0
	Jackson	983	488	50
	Jones	152	152	100

	Total GO Zone LIHTC units funded	GO Zone LIHTC units in service	
	Number of units	Number of units	Percent in service
Lauderdale	130	130	100
Lowndes	129	106	82
Madison	382	382	100
Neshoba	32	32	100
Pearl River	179	136	76
Pike	108	108	100
Simpson	45	0	0
Warren	108	108	100
Wayne	60	0	0
Winston	80	80	100
Yazoo	96	96	100
Subtotal	**9,233**	**4,707**	**51**
Total	**23,140**	**9,763**	**42**

Source: Louisiana Housing Finance Agency and the Mississippi Home Corporation.

Note: Data on units funded are as of December 2008; data on units in-service are as of June 2009.

GO Zone Tax-Exempt Private Activity Bonds

GO Zone Tax-Exempt Private Activity Bonds were made available to governmental entities after the 2005 Gulf Coast hurricanes to help finance the development of private facilities and activities, including single-family and multifamily rental housing. Louisiana received $7.8 billion in GO Zone Tax-Exempt Private Activity Bond allocation authority, and Mississippi received $4.9 billion. In accordance with the GO Zone Act of 2005, in Louisiana, the bond commission had the final authority to award GO Zone bonds, and in Mississippi, which did not have a bond commission, the final authority rested with the Governor. To award allocation authority, the states of Louisiana and Mississippi accepted and reviewed applications and allocated bond authority on a first-come, first-served basis. Governmental entities issue the bonds, which are repaid by the borrowers' payments on their loans. The GO Zone bonds allowed states to exceed their annual state volume caps and could be used for a broader range of facilities than tax-exempt private activity bonds, which are subject to annual state volume caps. GO Zone Tax-Exempt Private Activity Bonds must be used between 2006 and 2010.

Data on the number of homeowner units funded through GO Zone Tax-Exempt Private Activity Bonds were not readily available from either state program administrator. In Louisiana, 216 rental units were funded as of December 2008, and GO Zone Tax-Exempt Private Activity Bonds were not used to fund rental housing in Mississippi.

Table 10: GO Zone Tax-Exempt Private Activity Bonds Issued for Homeowner and Rental Projects, by State and Amount Issued

State	Issuer	Approved project	Amount issued	Parish
Louisiana	**Projects for homeowner units**			
	Louisiana Housing Finance Agency	Single-Family Mortgage	$50,000,000	Multiple
	Louisiana Housing Finance Agency	Single-Family Mortgage	50,000,000	Multiple
	Louisiana Housing Finance Agency	Single-Family Mortgage	49,995,340	Multiple
	Jefferson Parish Finance Authority	Single-Family Mortgage	41,920,250	Jefferson
	East Baton Rouge Mortgage Finance Auth. (Mortgage Backed Sec.)	Single-Family Mortgage	40,850,968	East Baton Rouge
	Finance Authority of St. Tammany Parish	Single-Family Mortgage	39,754,080	St. Tammany
	Jefferson Parish Finance Authority	Single-Family Mortgage	31,402,598	Jefferson
	St. Bernard Parish Home Mortgage Authority	Single-Family Mortgage	29,999,719	St. Bernard
	Lafayette Public Trust Financing Authority	Single-Family Mortgage	29,999,520	Lafayette
	Jefferson Parish Finance Authority	Single-Family Mortgage	28,645,000	Jefferson
	Jefferson Parish Finance Authority	Single-Family Mortgage	20,899,968	Jefferson
	Houma-Terrebonne Public Trust Financing Authority	Single-Family Mortgage	15,726,000	Terrebonne
	Denham Springs/Livingston Housing & Mrg. Finance Authority	Single-Family Mortgage	14,998,875	Livingston
	Projects for rental units			
	Louisiana Housing Finance Agency	Canterbury House Apartments - Sherwood Project	16,000,000	East Baton Rouge
Mississippi	**Projects for homeowner units**			
	Mississippi HOME Corp.	MS Home Corp., Series 2006A-1 & 2006A-2	$59,997,500	Multiple
	Mississippi HOME Corp.	Single-Family Mortgage, Series 2006B	37,080,000	Multiple
	Mississippi HOME Corp.	Single-Family Mortgage, Series 2007A	20,623,054	Multiple
	Mississippi HOME Corp.	Single-Family Mortgage, 2006E	20,600,000	Multiple

State	Issuer	Approved project	Amount issued	Parish
	Mississippi HOME Corp.	MS Home Corp., Revenue Bonds, Series 2007C-1	20,587,600	Multiple
	Mississippi HOME Corp.	MS Home Corp., Revenue Bonds Series 2007B-1	20,579,040	Multiple
	Mississippi HOME Corp.	Single-Family Mortgage, 2006C-1 AND C-2	19,947,500	Multiple
	Mississippi HOME Corp.	MS Home Corp., Single-Family Series 2008A-1	18,000,000	Multiple
	Mississippi HOME Corp.	MS Home Corp., Revenue Bonds Series 2007D-1	15,475,713	Multiple
	Mississippi HOME Corp.	MS Home Corp., Revenue Bonds Series 2007E-1	15,463,775	Multiple
	Mississippi HOME Corp.	MS Home Corp., Single-Family Series 2008B-1	$15,000,000	Multiple

Source: GAO analysis of Louisiana State Bond Commission and Mississippi Development Authority data.

Notes: Bonds for mixed-use projects are excluded. Louisiana data are as of March 2009. Mississippi data are as of December 2008.

New Markets Tax Credits for the GO Zone

The New Markets Tax Credit program is designed to provide a tax incentive to investors (including financial institutions, individuals, and corporations) to invest in Community Development Entities, which then reinvest the funds in qualified low-income community investments.[2] Such investments include, but are not limited to, residential projects. The GO Zone Act of 2005 authorized $1 billion of special allocation authority to be used for the recovery and redevelopment of the GO Zone.[3] To award assistance, the Community Development Financial Institutions Fund in the Department of the Treasury evaluated applications for credit allocations from Community Development Entities proposing activities in the GO

[2]Community Development Entities are domestic partnerships or corporations with a primary mission of serving or providing investment capital for low-income communities or low-income purposes.

[3]Pub. L. No. 109-135 (Dec. 21, 2005).

Zone.[4] The Community Development Financial Institutions Fund also allocated tax credit authority in 2006 and 2007.

According to our analysis of Community Development Financial Institutions Fund data, 217 homeowner units and 493 rental units had been funded with GO Zone New Markets Tax Credit allocation authority through 2008.[5] While about $28 million in authority was awarded for homeowner units, it is not possible to determine the amount of authority awarded for rental units that are funded as a part of mixed-use projects.

Table 11: New Markets Tax Credit Allocations for Use in the Gulf Opportunity Zone, Largest to Smallest

Year	Applicant name	Award amount	Predominant financing activity	Market
2006	Hibernia Community Renewal Fund, LLC	$100,000,000	Business financing	LA
	National Cities Fund, LLC	75,000,000	Real estate financing: for-sale housing	LA, MS[a]
	Liberty Bank and Trust Company	60,000,000	Business financing	LA
	Urban Development Fund, LLC	60,000,000	Real estate financing: retail	LA, MS[a]
	Chase New Markets Corporation	50,000,000	Real estate financing: retail	LA, MS[a]
	Chevron NMTC Fund, LLC	50,000,000	Real estate financing and mixed-use (housing and commercial)	LA, MS[a]
	CCG Community Partners, LLC	43,000,000	Real estate financing: mixed-use (housing and commercial)	LA, MS[a]
	American Community Renewable Energy Fund, LLC	42,000,000	Business financing	LA, MS[a]
	Greystone Community Development Entity, LLC	35,000,000	Real estate financing: mixed-use (housing and commercial)	LA, MS[a]
	National Tribal Development Association	30,000,000	Business financing	LA, MS[a]
	National New Markets Fund, LLC	25,000,000	Real estate financing: mixed-use (housing and commercial)	LA, MS[a]

[4]For additional information about how the NMTC program works, see GAO, *Tax Policy: New Markets Tax Credit Appears to Increase Investment by Investors in Low-Income Communities, but Opportunities Exist to Better Monitor Compliance*, GAO-07-296 (Washington, D.C.: Jan. 31, 2007).

[5]Community Development Entities are required to report the status of their New Market Tax Credit projects to the Community Development Financial Institutions Fund once a year.

Year	Applicant name	Award amount	Predominant financing activity	Market
	Enterprise Corporation of the Delta	15,000,000	Business financing	LA
	Capital Link, Inc.	15,000,000	Real estate financing: community facilities	LA, MS[a]
2007	Capital One Community Renewal Fund, LLC	60,000,000	Real estate financing: retail	LA
	National Trust Community Investment Corporation	60,000,000	Real estate financing: community facilities	LA, MS[a]
	St. Bernard Parish Redevelopment, LLC	50,000,000	Real estate financing: mixed use (housing and commercial)	St. Bernard Parish, LA
	Whitney New Markets Fund, LLC	50,000,000	Real estate financing: for-sale housing	LA, MS[a]
	CCG Community Partners, LLC	40,000,000	Real estate financing: mixed use (housing and commercial)	LA, MS[a]
	American Community Renewable Energy Fund, LLC	30,000,000	Business financing	LA, MS[a]
	Advantage Capital Community Development Fund, LLC	28,000,000	Business financing	LA, MS[a]
	HFHI-SA NMTC I, LLC	25,000,000	Real estate financing: for-sale housing	LA, MS[a]
	Community Development Funding, LLC	20,000,000	Real estate financing: community facilities	LA, MS[a]
	MBFC Community Development Entity, Inc.	20,000,000	Business financing	MS
	The Valued Advisor Fund	17,000,000	Financing of other Community Development Entities	LA, MS[a]
Total		**$1,000,000,000**		

Source: Community Development Financial Institutions Fund.

Note: Data are for activities undertaken through December 2008.

[a]The market included Alabama.

Appendix V: Home Disaster and Physical Disaster Business Loan Programs

The Small Business Administration (SBA) provides federal long-range recovery funding after a presidentially declared or SBA-declared disaster through the Disaster Loan Program. After the 2005 hurricanes, homeowners could apply to this program for a Home Disaster Loan up to a maximum of $200,000 for real estate repairs.[1] Business owners (including rental property owners) could apply for a Physical Disaster Business Loan up to a maximum of $2 million for real estate and personal property. Homeowners and business owners could use loan funds to repair or replace damaged or destroyed real estate not covered by insurance or other assistance. Business owners could also use loan funds for inventory, supplies, machinery and equipment, and other business assets owned by the business and not covered by insurance or other assistance.[2] After the hurricanes, SBA sent a loan application package to homeowners and business owners that first registered with the Federal Emergency Management Agency (FEMA) and met initial income eligibility criteria.

To make a disaster loan, SBA reviewed the loan application package, and applicants were approved or denied based on their ability to repay the loan and other criteria, such as credit history. After the application was approved, SBA began the loan process, which included loss verification, underwriting (which includes the decision to loan funds), approval, closing for loan authorization and agreement, and initial disbursement. SBA loan applications became available after the hurricanes occurred and incremental application deadlines were determined for each state. For Louisiana and Mississippi, the application period for Hurricane Katrina was October 2005 through April 2006. For Louisiana, the application period for Hurricane Rita was November 2005 through April 2006.

[1]Homeowners and renters could also apply for a maximum of $40,000 for personal property.

[2]Amounts loaned for any purpose other than real estate repairs are not included in this appendix.

Table 12: Homeowner Units Funded and Loan Amounts Approved through the Home Disaster Loan Program, by State and Parish/ County

State	Parish/County	Homeowner units funded	Amount loaned
Louisiana	Acadia	128	$4,385,700
	Allen	67	2,453,800
	Ascension	107	2,447,600
	Assumption	42	861,800
	Avoyelles	2	15,000
	Beauregard	271	10,009,040
	Calcasieu	2,309	103,538,121
	Cameron	635	54,997,352
	East Baton Rouge	236	5,066,500
	East Feliciana	17	283,000
	Evangeline	18	387,100
	Iberia	273	11,862,700
	Iberville	24	833,800
	Jefferson	8,829	281,729,853
	Jefferson Davis	198	7,732,000
	Lafayette	79	1,964,300
	Lafourche	444	10,354,700
	Livingston	203	4,679,900
	Orleans	15,614	1,141,120,125
	Plaquemines	1,482	114,393,447
	Pointe Coupee	10	292,000
	Rapides	3	67,500
	Sabine	25	645,600
	St. Bernard	8,005	792,869,473
	St. Charles	573	12,166,884
	St. Helena	42	832,500
	St. James	79	1,921,600
	St. John the Baptist	343	6,625,800
	St. Landry	54	1,263,600
	St. Martin	38	1,042,000
	St. Mary	97	2,506,564
	St. Tammany	5,761	277,961,281
	Tangipahoa	540	13,825,000
	Terrebonne	586	19,489,074

State	Parish/County	Homeowner units funded	Amount loaned
	Vermilion	559	32,443,837
	Vernon	95	2,332,585
	Washington	558	19,477,830
	West Baton Rouge	23	823,000
	West Feliciana	1	10,000
	Winn	1	38,200
	Subtotal	**48,371**	**$2,945,750,166**
Mississippi	Adams	22	435,400
	Amite	23	459,100
	Attala	6	106,700
	Choctaw	4	220,600
	Claiborne	13	190,943
	Clarke	80	1,542,000
	Clay	1	25,000
	Copiah	58	1,501,572
	Covington	154	3,126,600
	Forrest	664	17,666,135
	Franklin	6	152,700
	George	306	7,928,500
	Greene	74	1,922,700
	Hancock	3,505	256,455,013
	Harrison	7,849	413,763,541
	Hinds	175	2,584,079
	Holmes	6	108,700
	Humphreys	2	51,000
	Jackson	5,800	271,344,095
	Jasper	119	2,004,200
	Jefferson	9	378,900
	Jefferson Davis	84	1,229,500
	Jones	492	12,652,400
	Kemper	14	213,000
	Lamar	312	8,387,300
	Lauderdale	132	2,082,500
	Lawrence	68	1,311,800
	Leake	8	257,200
	Lincoln	92	2,126,800

State	Parish/County	Homeowner units funded	Amount loaned
	Lowndes	17	413,000
	Madison	33	480,300
	Marion	195	5,385,300
	Neshoba	17	247,700
	Newton	44	950,300
	Noxubee	8	205,200
	Oktibbeha	9	231,300
	Pearl River	1,169	36,874,217
	Perry	82	1,691,400
	Pike	119	2,271,600
	Rankin	50	905,100
	Scott	23	372,000
	Simpson	59	1,067,100
	Smith	65	899,800
	Stone	381	8,754,800
	Walthall	150	3,860,900
	Warren	18	358,000
	Wayne	71	1,644,200
	Wilkinson	17	282,500
	Winston	10	187,100
	Yazoo	10	152,800
	Subtotal	**22,625**	**$1,077,462,595**
	Total	**70,996**	**$4,023,212,762**

Source: GAO analysis of SBA Home Disaster Loan data.

Notes: Data are as of July 2009. Data include amounts loaned to homeowners for real estate repairs only through the Home Disaster Loan program. Amounts loaned for other eligible uses under the Home Disaster Loan Program are not included.

Table 13: Number of Loans Approved and Amounts Loaned through the Physical Disaster Business Loan Program, by State and Parish/County

State	Parish/County	Number of loans approved	Amount loaned
Louisiana	Acadia	2	$87,000
	Allen	2	3,125
	Ascension	5	121,075
	Assumption	1	6,250
	Beauregard	3	15,958
	Calcasieu	89	5,574,946
	Cameron	8	730,225
	East Baton Rouge	10	227,117
	Iberia	5	114,825
	Jackson	1	71,700
	Jefferson	454	19,804,222
	Jefferson Davis	1	9,000
	Lafayette	3	140,158
	Lafourche	16	655,940
	Livingston	3	24,862
	Orleans	1,883	142,494,756
	Plaquemines	25	946,059
	St. Bernard	301	24,915,985
	St. Charles	13	872,327
	St. James	3	25,914
	St. John the Baptist	16	431,773
	St. Landry	2	19,000
	St. Martin	1	37,500
	St. Mary	2	94,900
	St. Tammany	158	9,192,034
	Tangipahoa	22	413,456
	Terrebonne	4	120,200
	Vermillion	4	205,300
	Vernon	4	67,422
	Washington	16	425,550
	Subtotal	**3,057**	**$207,848,578**
Mississippi	Clarke	2	5,100
	Covington	3	29,085
	Forrest	38	1,198,488

State	Parish/County	Number of loans approved	Amount loaned
	George	10	274,450
	Hancock	167	10,605,634
	Harrison	492	31,372,768
	Hinds	5	113,628
	Jackson	264	14,790,614
	Jasper	2	79,900
	Jefferson	1	11,000
	Jefferson Davis	2	19,700
	Jones	15	554,811
	Lamar	4	42,182
	Lawrence	1	31,800
	Lincoln	2	111,900
	Lowndes	3	608,225
	Madison	1	56,400
	Marion	5	128,100
	Newton	1	10,000
	Noxubee	1	10,000
	Pearl	28	1,548,274
	Pike	9	421,800
	Simpson	1	10,000
	Stone	10	164,060
	Walthall	4	98,267
	Warren	3	46,275
	Wayne	4	63,789
	Wilkinson	2	51,900
	Yazoo	3	24,600
	Subtotal	**1,083**	**$62,482,749**
	Total	**3,790**	**$270,331,328**

Source: GAO analysis of SBA Physical Disaster Business Loan data.

Notes: Data are as of August 2009. Data include amounts loaned for real estate repairs for residential rental properties only through the Physical Disaster Business Loan program. Due to data limitations, these data may not include all loans made for the repair of residential rental properties.

Unit-level data are not readily available for the Physical Disaster Business Loan Program.

Some loans included properties in multiple counties, parishes, and/or states. The total includes these loans only once, therefore county- or parish-level numbers will not add up to the totals for each state.

For loans made for properties in multiple counties, the loan amounts by county were estimated based on the number of properties in each county.

Appendix VI: Other Programs Reviewed

Capital Fund Emergency/Natural Disaster Funding

The Capital Fund Emergency/Natural Disaster Funding Program is administered by the Department of Housing and Urban Development (HUD) and is designed to provide grants to public housing authorities (PHA) for the repair or replacement of public housing that is damaged or destroyed by emergencies or natural phenomena, such as hurricanes, flooding, or earthquakes. Congress appropriates funds to this program each year. For 2005, a total of $29.7 million was appropriated for the Capital Fund reserve. To award assistance after the 2005 Gulf Coast hurricanes, HUD reviewed applications from PHAs and awarded grants on a first-come, first-served basis. Grant funds pay for a PHA's needs that are in excess of its insurance coverage or other federal assistance, such as assistance provided by the Federal Emergency Management Agency (FEMA).

Table 14: Rental Units Assisted and Amounts Awarded through the 2005 Capital Fund Emergency/ Natural Disaster Funding Program, by State

State	Housing authority	Rental units assisted	Amount awarded
Louisiana	Housing Authority of New Orleans	1,684	$21,804,000
Mississippi	Biloxi Housing Authority	385	$7,881,000

Source: The Housing Authority of New Orleans and the Biloxi Housing Authority.

Notes: Unit data are as of December 2008 for Louisiana and August 2009 for Mississippi. Parish Housing Authority of Alabama was awarded the balance of the funds available in the reserve fund for damage related to Hurricane Katrina.

Hazard Mitigation Grant Program

The Hazard Mitigation Grant Program (HMGP) is administered by FEMA. The HMGP provides grants to states, local governments, and Indian tribes for long-term hazard mitigation projects following a major disaster declaration. The program is intended to reduce the loss of life and property in future disasters by funding mitigation measures. HMGP funding is calculated based on the percentage of the funds spent on Public and Individual Assistance for each presidentially declared disaster. Generally about 12 months after a disaster, FEMA determines the amount of HMGP funds to be allocated to each affected state.

To be eligible for HMGP assistance, a project must provide a long-term solution to a specific risk, such as elevating a flood-prone property or acquiring a flood-prone property for demolition or relocation. During the recovery phase of a disaster, local jurisdictions select projects that could reduce property damage from future disasters and submit grant applications to the state, and the state submits applications to FEMA.

FEMA conducts a final eligibility review to ensure compliance with federal regulations. FEMA generally requires states to submit their project applications within 12 months of the date the disaster was declared. However, after the 2005 Gulf Coast hurricanes, FEMA provided a number of deadline extensions for Louisiana and Mississippi, with the final deadline for Mississippi set at June 30, 2009, and at October 30, 2009, for Louisiana.

Table 15: Approved Hazard Mitigation Grant Program Projects for Louisiana and Mississippi, by State

State	Number of properties approved	Amount of federal funds obligated
Louisiana	4,016	$210,098,045
Mississippi	151	9,234,429
Total	**4,167**	**$219,332,474**

Source: GAO analysis of FEMA HMGP data.

Note: Data are as of December 2008. Unit-level data were not available.

Individuals and Households Program: Repair or Replacement Assistance

The Individuals and Households Program (IHP) makes grants and direct services available to disaster victims. Several types of assistance are available through IHP, including Repair Assistance and Replacement Assistance.[1] Repair and Replacement Assistance was available for the repair of homes to safe and sanitary living conditions, and to help replace disaster-damaged homes. Following Hurricanes Katrina and Rita, the maximum allowance for repair assistance was $5,200 and the maximum allowance for replacement assistance was $10,500.

FEMA reviews applications and conducts property inspections to determine eligibility and grant amounts. Generally, FEMA accepts applications for 60 days from the disaster date, but the application period was extended to April 2006 after Hurricanes Katrina and Rita. To be eligible for assistance, the applicant must be a U.S. citizen, a non-citizen national, or a qualified alien, and must have owned a home in a presidentially declared disaster area.

[1]The IHP also provides temporary housing assistance, permanent housing construction assistance in insular areas or remote locations, and other needs assistance, which provides funds for expenses such as transportation and personal property. For this review, we focused on programs that provided assistance with structures only, not personal property.

Table 16: Individuals and Households Program: Repair or Replacement Assistance Awarded and Homeowner Units Assisted in Louisiana and Mississippi, by State and Parish/County

State	Parish/County	Repair assistance awarded	Units receiving repair assistance	Replacement assistance awarded	Units receiving replacement assistance	Both repair and replacement assistance awarded	Units receiving both repair and replacement assistance
Louisiana	Acadia	$2,317,692	1,203	$245,234	25	$18,130	2
	Allen	1,285,448	925	147,000	14	16,700	2
	Ascension	1,721,933	1,323	178,500	17	43,770	5
	Assumption	1,605,648	927	42,000	4	9,824	2
	Beauregard	3,042,163	1,755	406,283	39	26,837	3
	Calcasieu	14,782,400	6,797	3,943,716	383	620,976	62
	Cameron	2,135,633	489	8,465,520	824	1,173,795	116
	East Baton Rouge	2,827,233	2,765	42,000	5	10,500	1
	East Feliciana	665,467	502	0	0	15,700	1
	Evangeline	463,930	352	63,000	6	14,551	2
	Iberia	4,975,644	2,197	656,319	64	139,622	14
	Iberville	1,169,652	892	31,500	3	37,151	4
	Jefferson	28,903,886	9,769	7,713,267	801	494,059	51
	Jefferson Davis	1,660,503	950	283,392	27	44,134	4
	Lafayette	1,747,921	1,087	157,500	15	10,500	1
	Lafourche	4,249,156	2,455	660,392	63	248,765	25
	Livingston	3,606,550	2,559	409,500	40	99,700	10
	Orleans	25,699,952	6,812	159,311,004	15,487	5,987,241	617
	Plaquemines	2,469,772	683	24,398,166	2,394	1,093,364	113
	Pointe Coupee	359,617	249	21,000	2	0	0
	Sabine	624,801	436	73,500	7	21,000	2
	St. Bernard	8,734,478	1,827	33,239,976	3,253	2,759,724	280
	St. Charles	2,360,106	1,306	281,722	27	126,000	12
	St. Helena	644,216	488	73,500	7	10,500	1
	St. James	1,465,395	853	63,000	6	10,500	1
	St. John the Baptist	2,373,360	1,334	366,585	35	34,972	5
	St. Landry	1,662,531	1,391	52,500	5	0	0
	St. Martin	1,344,000	911	52,500	5	21,000	2
	St. Mary	2,940,521	1,745	336,100	33	93,903	9
	St. Tammany	26,910,824	9,201	5,585,873	551	1,337,662	136
	Tangipahoa	7,761,196	5,306	1,032,549	102	312,773	32
	Terrebonne	11,144,445	4,582	838,990	80	203,735	20

State	Parish/County	Repair assistance awarded	Units receiving repair assistance	Replacement assistance awarded	Units receiving replacement assistance	Both repair and replacement assistance awarded	Units receiving both repair and replacement assistance
	Vermilion	8,624,493	2,843	1,420,556	136	200,221	21
	Vernon	1,626,824	1,071	132,496	12	21,962	2
	Washington	6,572,981	2,894	959,907	93	345,687	33
	West Baton Rouge	335,327	315	10,500	1	10,500	1
	West Feliciana	149,564	107	0	0	0	0
	Subtotal	**$190,965,263**	**81,301**	**$251,695,546**	**24,566**	**$15,615,457**	**1,592**
Mississippi	Adams	$684,598	598	$31,500	3	0	0
	Amite	533,378	620	31,500	3	10,500	1
	Attala	134,242	134	21,000	2	10,500	1
	Choctaw	62,968	57	0	0	0	0
	Claiborne	412,378	400	31,500	3	31,500	3
	Clarke	1,140,112	702	189,000	18	63,000	6
	Copiah	1,036,412	983	73,500	7	10,500	1
	Covington	1,277,046	925	262,500	25	134,876	13
	Forrest	4,351,696	2,149	651,000	62	220,411	22
	Franklin	259,946	213	21,000	2	0	0
	George	3,262,715	1,506	491,357	47	431,771	42
	Greene	1,222,950	673	199,500	19	159,007	16
	Hancock	18,479,544	4,082	20,903,327	2,033	4,225,390	425
	Harrison	34,452,180	9,058	22,421,997	2,194	5,035,254	499
	Hinds	1,885,691	1,828	41,003	4	10,500	1
	Holmes	393,861	355	21,000	2	10,500	1
	Humphreys	86,991	83	10,500	1	0	0
	Jackson	44,405,898	10,711	6,490,725	637	1,744,454	176
	Jasper	1,454,331	773	280,361	27	21,000	2
	Jefferson	566,201	422	73,500	7	31,500	3
	Jefferson Davis	1,064,136	663	105,000	10	31,500	3
	Jones	3,964,442	2,232	1,008,000	96	304,187	29
	Kemper	445,062	302	31,500	3	21,000	2
	Lamar	2,806,719	1,332	519,842	50	134,380	13
	Lauderdale	2,048,831	1,424	199,500	19	106,223	10
	Lawrence	1,075,712	743	115,500	11	52,500	5
	Leake	183,383	240	21,000	2	0	0
	Lincoln	1,155,520	869	94,500	9	42,000	4

State	Parish/County	Repair assistance awarded	Units receiving repair assistance	Replacement assistance awarded	Units receiving replacement assistance	Both repair and replacement assistance awarded	Units receiving both repair and replacement assistance
	Lowndes	314,907	266	0	0	0	0
	Madison	362,219	338	0	0	10,500	1
	Marion	2,228,746	1,314	367,500	35	136,064	14
	Neshoba	261,327	205	10,500	1	17,850	2
	Newton	508,450	346	42,000	4	10,500	1
	Noxubee	370,989	322	42,000	4	24,173	3
	Oktibbeha	267,048	187	105,000	10	21,000	2
	Pearl River	5,624,843	2,593	1,486,406	143	899,031	88
	Perry	1,310,804	706	273,000	26	117,267	12
	Pike	2,026,500	1702	244,469	23	92,353	9
	Rankin	593,941	551	123,321	12	42,000	4
	Scott	567,655	510	73,500	7	51,403	5
	Simpson	1,104,176	834	115,500	11	42,000	4
	Smith	624,210	422	94,500	9	31,500	3
	Stone	2,624,852	1079	783,306	75	446,143	43
	Walthall	2,037,464	1022	266,700	26	107,433	10
	Warren	522,453	427	31,500	3	0	0
	Wayne	1,459,841	981	126,000	12	145,125	15
	Wilkinson	418,924	453	10,500	1	0	0
	Winston	128,234	114	0	0	0	0
	Yazoo	270,074	277	52,500	5	10,500	1
	Subtotal	**$152,474,601**	**58,726**	**$58,588,812**	**5,703**	**$15,047,293**	**1,495**
	Statewide Totals	**$343,439,863**	**140,027**	**$310,274,358**	**30,269**	**$30,662,750**	**3,087**

Source: GAO analysis of IHP Repair or Replacement Assistance data as of December 2008.

Long Term Workforce Housing (Mississippi)

The Long Term Workforce Housing Program was designed to provide grants and loans to local units of government, nonprofit organizations, and for-profit organizations to develop permanent affordable housing for homeowners and renters in Hancock, Harrison, Jackson, and Pearl River counties. For this program, housing must benefit those who earn 120 percent of area median income or less. The state of Mississippi made $350 million of its disaster Community Development Block Grant funds available for this program. To award the assistance, the Mississippi Development Authority reviewed proposals from applicants, evaluated them based on specific selection criteria, and awarded funds to the highest scoring applicants. The selected projects were projected to produce approximately 5,850 affordable homeowner and rental units.

Table 17: Units Funded and Completed and Amounts Awarded through Mississippi's Long Term Workforce Housing Program, by Household Type

Household type	Units funded	Units complete	Amount awarded
Homeowner	2,502	15	$103,593,204
Rental	906	0	$41,577,949

Source: Mississippi Development Authority.

Notes: Data on units funded and amount awarded are as of April 2009. Data on units complete are as of August 2009.

Public Assistance for Permanent Work

FEMA's Public Assistance for Permanent Work Program can be used to provide state and local governments, including PHAs, with grants to restore damaged facilities, through repair or restoration, to their pre-disaster condition.[2] To award assistance, FEMA reviews requests for assistance and awards grants to states. Grant amounts are generally determined by evaluating repair costs and reducing grant amounts by the amount of funding awarded or anticipated to be awarded by other sources (such as assistance from other federal agencies or insurance settlements). States are then responsible for notifying applicants that funds are available and for disbursing those funds, generally on a reimbursement basis. While Public Assistance generally provides 75 percent of repair costs, the cost share for projects related to Hurricanes Katrina and Rita has been adjusted to provide 100 percent of federal funding.

PHAs that did not qualify for assistance for permanent restoration costs from HUD under the Housing Act of 1937 were able to apply directly to FEMA for permanent restoration work. Such work could include repairs to PHA-owned rental units.

Data on the number of units funded and completed with Public Assistance Funds for Permanent Work were not available from FEMA. According to the Housing Authority of New Orleans, which received the largest

[2] Permanent work includes restoring a facility to its pre-disaster design, function, and capacity. Aside from permanent work, FEMA funds other types of work under its Public Assistance Grant Program so that communities can quickly respond to and recover from presidentially declared disasters. These activities include debris removal and emergency protective measures. Debris removal and emergency protective measures are considered "emergency work."

obligation of funds, no units had been funded or completed as of August 2009. According to the Region VIII Housing Authority in Mississippi, the only PHA in Mississippi that was awarded funds, 24 units were funded and completed in 2006.

Table 18: Public Assistance for Permanent Work Awarded to Public Housing Authorities in Louisiana and Mississippi, by State and Amount Obligated

State	Public housing agency	Parish or county	Federal share obligated
Louisiana	The Housing Authority of New Orleans	Orleans	$31,840,846
	Housing Authority of Slidell	St. Tammany	473,305
	Lake Charles Housing Authority	Calcasieu	11,436
	Southwest Acadia Consolidated Housing Authority	Acadia	5,695
	Jennings Housing Authority	Jefferson Davis	5,000
	Covington Housing Authority	St. Tammany	4,265
	Subtotal		**$32,340,547**
Mississippi	Region VIII Housing Authority	Harrison	329,567
	Subtotal		**$329,567**
	Total		**$32,670,114**

Source: FEMA's Louisiana Temporary Recovery Office; FEMA's Mississippi Temporary Recovery Office.

Notes: Louisiana data are as of May 2009. Mississippi data are as of June 2009.

Public Housing Program (Mississippi)

The Mississippi Public Housing Program was designed to provide grants to PHAs for the repair or replacement of public housing that was damaged by Hurricane Katrina. The state made $105 million of its disaster Community Development Block Grant funds available for this program. To award assistance, the Mississippi Development Authority reviewed applications from PHAs and determined award amounts based upon documentation of damage and funding the PHA received or expected to receive from insurance or from the Capital Fund for Emergency/Natural Disaster Funding Program. According to the Action Plan for this program, funds were to be made available to eligible PHAs when construction commenced, and would be paid on a "draw down" basis as the obligation to pay occurred. According to the Mississippi Development Authority, $48 million had been awarded to five PHAs for the funding of 1,594 public housing units as of December 2008. As of August 2009, 1,210 public housing units were complete and in service.

Appendix VII: Rental Units Funded and Completed

	Louisiana				Mississippi			
Program	Units funded	Units complete	Funded as of:	Complete as of:	Units funded	Units complete	Funded as of:	Complete as of:
Capital Fund Emergency/Natural Disaster Funding	1,684	1,684	Dec. 2008	Aug. 2009	385	385	Aug. 2009	Aug. 2009
GO Zone Low-Income Housing Tax Credits (LIHTCs)	13,888	5,056	Dec. 2008	June 2009	9,252	4,707[a]	Dec. 2008	June 2009
GO Zone Tax-Exempt Private Activity Bonds	216	216	Dec. 2008	Aug. 2009	0	0	Dec. 2008	Aug. 2009
Long Term Workforce Housing Program (CDBG-Mississippi)					906	15	Apr. 2009	Aug. 2009
New Markets Tax Credits (GO Zone)	351	Data not available	Dec. 2008	Data not available	142	Data not available	Dec. 2008	Data not available
Public Assistance for Permanent Work	0	0	Dec.2008	Aug. 2009	24	24	Dec.2008[b]	Aug. 2009
Public Housing Program (CDBG-Mississippi)					1,594	1,210	Dec. 2008	Aug. 2009
Road Home Small Rental Property Program (CDBG-Louisiana) and Small Rental Assistance Program (CDBG-Mississippi)	10,115	1,406	Dec. 2008	July 2009	4,242	1,072	Apr. 2009	Aug. 2009
Public Housing (Housing Authority of New Orleans)[c]	631	0	Dec. 2008	Aug. 2009				
Total	**26,885**	**8,362**			**16,545**	**7,413**		

Source: GAO analysis of program data.

[a]We excluded units for which the status of financing was open as of June 2009.

[b]According to the Region VIII Housing Authority in Mississippi, 24 units were funded and completed in 2006 with funds from the Public Assistance for Permanent Work. Based on this information, we asserted that 24 were funded as of December 2008 and complete as of August 2009.

[c]This table includes units funded by a $15 million appropriation for the redevelopment of permanent housing damaged by Hurricane Katrina. HUD awarded these funds to the Housing Authority of New Orleans.

Appendix VIII: GAO Contact and Staff Acknowledgments

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