Order Code RL33173

CRS Report for Congress
Received through the CRS Web

Hurricane Katrina: Questions Regarding the Section 8 Housing Voucher Program

December 6, 2005

Maggie McCarty
Analyst in Social Legislation
Domestic Social Policy Division

Hurricane Katrina: Questions Regarding the Section 8 Housing Voucher Program

Summary

The destruction of housing stock wrought by Hurricane Katrina is unprecedented in the United States. Hundreds of thousands of families were displaced from their homes. Many of the displaced families lacked economic means before the storm; others may have become disadvantaged because of the storm. The role of the federal government in helping to meet both the short- and long-term housing needs of displaced families is under debate within the Administration, in Congress, and in the news media, and questions have arisen regarding the appropriate role of the nation's largest housing assistance program for the poor — the Section 8 voucher program — in the wake of the storm. This report focuses on three questions: what impact has the hurricane had on existing voucher holders; to what degree is the program now serving displaced families who had not previously received a voucher; and should the program play a larger role in serving displaced families.

Thus far, the program has played a minor role in serving the overall population of affected families. The Department of Housing and Urban Development (HUD) has focused primarily on serving the estimated 50,000 displaced families who had already received HUD assistance before the storm. Initially, Public Housing Authorities (PHAs) in other parts of the country were encouraged to give these families priority for existing vouchers. Later, on September 23, HUD and the Federal Emergency Management Agency (FEMA) announced a new Katrina Disaster Housing Assistance Program (KDHAP). Under KDHAP, FEMA funds HUD to provide special vouchers to displaced families that had been receiving HUD assistance when Katrina hit.

The majority of displaced families, however, did not receive HUD assistance before the storm. To serve these families, some PHAs have allowed otherwise-eligible families displaced by the hurricane to jump ahead of other families who were already on their local waiting lists. Other PHAs have considered adopting such a policy, but have decided that the need is too great in their own communities. The demand for vouchers nationwide is greater than the supply; thus few existing vouchers are available to new families. Advocates from across the political spectrum have called for the creation of new vouchers for displaced families. They claim that vouchers are more cost-efficient, provide more family choice, and can avoid many of the problems associated with such policies as the temporary provision of trailers. Some Members of Congress have introduced bills to authorize and fund new vouchers (S. 1637, S. 1765 and S. 1766), or to make changes to the current program (H.R. 3894), but none has been enacted.

In lieu of vouchers, the Administration so far has chosen to provide families with cash grants and trailers. FEMA has also paid for hotel rooms for displaced families, although those payments for many families will end on January 7, 2006. Some cities developed their own voucher programs with the expectation of FEMA reimbursement, although FEMA announced it will cease reimbursements on March 1, 2006. This report will be updated.

Contents

Hurricane Katrina: Questions Regarding the Section 8 Housing Voucher Program

Introduction

Hurricane Katrina's devastation to the nation's housing stock was unprecedented. The Red Cross estimates that more than 300,000 residential buildings were completely destroyed by Hurricane Katrina, and the Federal Emergency Management Agency (FEMA) estimates that between 400,000 and 600,000 families were displaced from Louisiana and Mississippi alone, requiring at least temporary shelter.[1] The Congressional Research Service (CRS) has estimated that 700,000 people may have lived in the areas most adversely affected by the storm, and were most likely to be displaced.[2]

These displaced families fall into a range of categories. Some are homeowners whose property sustained only minor damage and who have already secured loans to begin repair. Some are homeowners whose property sustained massive damage and who are still waiting for information on their insurance settlements and options. Some are renters whose dwellings may be habitable again soon, while others are renters whose dwellings may never be rebuilt. Some were homeless before the storm — about these people little is known. Even within these categories there is variation. Some of the families have found permanent homes in new communities, others are staying with friends and family, and a small number of others are still housed in temporary shelters. Some of these families were economically stable, had sizeable savings, good insurance, and were able to maintain their employment; others were economically unstable before the disaster and lost what little they had. Many probably fell somewhere in between.

The full effect of Hurricane Katrina and the circumstances of the families affected by it are still unknown. However, existing data provide some insights. For example, CRS estimates that the poverty rate in the Katrina-damaged areas was 21% in 2000 — well above the national poverty rate of 12% — and the rate of homeownership in Katrina-damaged areas was 55%, compared with 66% nationally in 2000.[3] In light of the characteristics of the damaged communities — poorer than average and more likely to rent — it is not surprising that many questions have arisen about the role of the nation's primary housing assistance program for the poor, the Section 8 Housing Choice Voucher program. These questions generally fall into three categories. First, what was the effect of the hurricane on existing voucher holders in the damaged regions? Second, to what extent is the program being used to serve displaced families, regardless of whether they previously received vouchers or other HUD assistance? Third, to what extent, if at all, should the program be modified and expanded to serve additional displaced families?

Introduction to the Voucher Program[4]

---

[1] The American Red Cross estimates were verbally presented at the Housing Statistics Users Group meeting on Tuesday, Oct. 25, 2005 at the National Association of Home Builders Headquarters in Washington, D.C., by Greg Tune, of the American Red Cross. The FEMA estimates were verbally presented at a hearing before the Senate Homeland Security and Governmental Affairs Committee on Oct. 6, 2005, by then-acting FEMA director David Paulison.

[2] See CRS Report RL33141, *Hurricane Katrina: Social-Demographic Characteristics of Impacted Areas*, by Thomas Gabe, Gene Falk, and Maggie McCarty.

[3] See CRS Report RL33141, *Hurricane Katrina: Social-Demographic Characteristics of Impacted Areas*, by Thomas Gabe, Gene Falk, Maggie McCarty, and Virginia W. Mason.

[4] For more information about the Section 8 voucher program, see CRS Report RL31930, *Section 8 Housing Choice Voucher Program: Funding and Related Issues*, by Maggie McCarty, and CRS Report RL32284, *An Overview of the Section 8 Housing Program*, by

(continued...)

To answer these three questions, it is important first to understand what the Section 8 voucher program is and how it works. Section 8 vouchers are rent subsidies that poor families can use to reduce their housing costs in the private market to an "affordable" level.[5] Families with vouchers pay 30% of their incomes toward rent, and the federal government pays the difference between the families' contributions and the actual rent, up to a limit.[6] That limit is called the payment standard, and its value ranges between 90% and 110% of the local Fair Market Rent (FMR).[7] Very low-income families are eligible for vouchers, and extremely low-income families are given priority for vouchers.[8] The subsidies are portable, meaning that families can move anywhere in the country with their vouchers. The demand for vouchers is greater than the supply. In some communities, waiting lists are many years long; in others, the waiting lists are closed.

The Department of Housing and Urban Development (HUD) oversees the Section 8 voucher program at the federal level, but the program is administered at the local level by quasi-governmental Public Housing Authorities (PHAs). More than 2,000 PHAs participate in the program, and each receives an allocation of the more than 2 million vouchers currently authorized and funded by Congress. PHAs run their programs on a fixed budget, determined by a formula developed annually by Congress. For calendar year 2005, each PHA received a sum based on its voucher costs during a three-month period in 2004, plus inflation. PHAs also receive administrative fees that in recent years have been based on what they received in the prior year. Congress provided almost $15 billion for the voucher program in FY2005 (for use by PHAs in CY2005). For FY2006, the Administration requested $15.8 billion, and Congress provided $15.6 billion (for use by PHAs in CY2006.)

In each of the past three years, the Administration requested that Congress enact a major reform of the voucher program, based on concerns that the program's costs are growing too rapidly, that its benefit formula discourages work, that the program rules make it too administratively complicated, and that error rates in subsidy calculations are too high. Each proposal would have eliminated most of the federal rules that govern the program, and given greater discretion to states or PHAs. Low-

---

[4] (...continued)
Maggie McCarty.

[5] Housing is generally considered affordable if it costs no more than 30% of a family's income.

[6] The formula is more complicated than presented here. For more information, see CRS Report RL32284, *An Overview of the Section 8 Housing Program*, by Maggie McCarty.

[7] The FMR is set annually by HUD for every community in the nation. It is calculated as the 40th percentile rent for a two-bedroom apartment and is adjusted for bedroom size. It is meant to represent the cost of modestly priced housing. The national average FMR for a two-bedroom apartment in 2005 was $786 per month, although that average masks wide variation. For a list of national FMRs, see [http://www.huduser.org/datasets/fmr.html].

[8] Very low income is defined as income at or below 50% of area median income; extremely low income is defined as income at or below 30% of the local area median income [42 U.S.C. 1437a(b)(2)]. Under the law, 75% of all vouchers must be give to extremely low-income families [42 U.S.C. 1437(b)(1)].

income housing advocates have criticized the proposals for not providing enough protections for low-income families. Congress has not enacted the requested reforms, although bills were introduced in the 108th and 109th Congresses.[9]

Effects of Hurricane Katrina

Hurricane Katrina affected both PHAs and assisted families. Some PHAs in the path of the storm ceased operations, including the Housing Authority of New Orleans (HANO) and the Housing Authority of the City of Slidell. Others have taken in displaced voucher holders, most notably the Housing Authority of the City of Houston. An unknown number of families in the hurricane-damaged areas were receiving federal help with their housing costs, either through a Section 8 housing voucher or by living in federally subsidized rental housing, such as public housing, before the storm hit. While these families retain their assistance, the process of using this assistance in other areas can be cumbersome. HUD has developed several policies and procedures for storm-affected agencies and families to follow. These policies and procedures continue to change as they are implemented.

Initial Guidance

On August 31, 2005, HUD posted on its website a list of immediate and pending actions it would take in response to the hurricane. Immediate actions included the identification of vacant public housing units available for displaced families and the issuance of regulatory waivers.[10] Longer-term actions included the establishment of a redevelopment corporation[11] and a residential-homes tax credit for developers.[12]

On September 3, 2005, HUD announced that it had established a toll-free number for displaced public housing and voucher residents to call for assistance.[13] Guidance issued that same day informed PHAs on how to serve displaced families. Under existing authority, PHAs can use vacant public housing units for either

---

[9] See CRS Report RL31930, *The Section 8 Voucher Program: Funding and Issues*, by Maggie McCarty, for more details of these proposed reforms.

[10] Following any disaster, HUD has the authority to waive certain statutory and regulatory requirements in the voucher program for PHAs in disaster areas, as well as those serving families affected by the disaster. PHAs must request waivers, and not all program rules are eligible for waiver. See Federal Register Notice, Regulatory and Administrative Waivers Granted for Public and Indian Housing Programs to Assist with Recovery and Relief in Hurricane Katrina Disaster Areas, Sept. 27, 2005 [http://www.hud.gov/offices/pih/publications/katrinapihadminwaiv.pdf].

[11] On Nov. 4, 2005, Executive Order 13389, *Creation of the Gulf Coast Recovery and Rebuilding Council*, and Executive Order 13390, *Establishment of a Coordinator of Federal Support for the Recovery and Rebuilding of the Gulf Coast Region*, were published in the *Federal Register*.

[12] Legislation creating a redevelopment tax credit has not been introduced or enacted.

[13] HUD news release No.05-117, *HUD Establishes Toll-Free Number For Section 8 Voucher Holders and Public Housing Residents*, Sept. 3, 2005.

displaced public housing residents or displaced voucher holders, and they can provide available vouchers to displaced public housing residents. However, in order to prioritize displaced HUD families for assistance, PHAs must first amend their PHA plans if a preference for disaster-affected families is not already included.[14] A PHA's board must approve any changes, and can determine whether they are significant enough to warrant a public hearing.

The same guidance reminded PHAs that they must accept families with vouchers who wish to move, or port,[15] into their jurisdiction. The PHAs can then choose whether to take a family into their own programs and fund the vouchers themselves, a process called absorbing — or administer the voucher on behalf of the pre-disaster PHA, a process called billing. There are pros and cons to both options. Billing requires more complicated paperwork, payments can be delayed, and the receiving housing authority is entitled to only 80% of the originating PHA's administrative fees. Billing can also present problems for originating agencies when families move to more expensive areas, since the PHAs are required to pay the increased subsidy. Absorbing is simpler administratively; however, it requires the receiving PHA to allow porting families to jump ahead of other families on the waiting list for available vouchers. HUD's September 3, 2005 guidance encouraged PHAs to show utmost flexibility, stating:

> Do not let portability billings get in the way of providing vouchers to displaced voucher holders from any of the PHAs affected by Hurricane Katrina. The Department will make sure that PHAs are paid for legitimate ports from affected PHAs.

KDHAP

On September 24, 2005, the Secretaries of HUD and the Department of Homeland Security (DHS) announced a new initiative for HUD-assisted families displaced by Hurricane Katrina. The Katrina Disaster Housing Assistance Program (KDHAP) is funded by DHS through its sub-agency, the Federal Emergency Management Agency (FEMA) — but is administered by HUD.[16] HUD issued

---

[14] PHAs must complete two plans, a five-Year Plan, which each PHA submits to HUD once every fifth year, and an Annual Plan, which is submitted to HUD every year. These plans spell out the agencies' policies, programs, operations, and strategies for meeting local housing needs and goals. For more information, see 24 C.F.R. 903.3 et. seq.

[15] Vouchers are nationally portable, meaning that they can be used anywhere in the country where a voucher program is being administered. When families move from the jurisdiction of one PHA to another, the process is referred to as "porting," and vouchers that have moved from one jurisdiction to another are often referred to as "portability vouchers." The agency from which the family moves is typically referred to as the originating agency, and the agency to which the family moves is typically referred to as the receiving agency.

[16] The agreement between FEMA and HUD is called a mission assignment. Mission assignments are contracts between FEMA and other federal agencies through which these agencies agree to provide some form of essential assistance and FEMA agrees to reimburse them for their costs. The term is defined at 44 C.F.R. 206.2(a)(18).

guidance on how the KDHAP program is to function on October 4, 2005.[17] The program provides a new form of voucher, a KDHAP voucher, to displaced HUD-assisted families. KDHAP is meant to eliminate the need to prioritize displaced families over other families for available assistance and eliminate portability billings.

Structure. Families who were homeless or receiving rental assistance from HUD before their homes were made uninhabitable by Hurricane Katrina are eligible to receive KDHAP assistance.[18] KDHAP assistance includes security deposit assistance, utility deposit assistance, and a monthly rent subsidy equal to the lesser of the actual rent or 100% of the FMR, for up to 18 months.[19] Families are not required to make a minimum payment, although they are required to pay any rental costs above 100% of FMR. For many families, this will mean a reduction in their housing costs, since under most HUD rental assistance programs, families are required to contribute at least 30% of their incomes toward their housing costs. Families must pay the costs of utilities not included in the rent. For some families, particularly very poor families, this may mean an increase in their housing costs, since most other HUD programs provide some form of assistance to cover utility costs.

Like the Section 8 voucher program, KDHAP is administered by PHAs. PHAs that choose to participate are paid a flat fee of $1,000 for each KDHAP family that they house, plus an ongoing administrative fee equal to 15% of the benefit.[20] HUD negotiated the one-time fee with FEMA because of the extra responsibilities that PHAs must assume when serving KDHAP families. PHAs are required to provide shelter, transportation, and housing search assistance to KDHAP families until they find units.

The KDHAP process differs for voucher families, depending on whether the family requested assistance after the KDHAP program was announced or the family received assistance under normal portability procedures before the KDHAP program was announced. New families enter the program after they register with FEMA and call a national toll-free KDHAP intake number established by HUD. The intake worker screens the family for eligibility and then refers the family to a participating

---

[17] *Katrina Disaster Housing Assistance Program Interim Operating Requirements*, Oct. 4, 2005, available at [http://www.hud.gov/offices/pih/publications/kdhapopreq.pdf].

[18] These families include Section 8 voucher holders (except families who were using their vouchers to purchase a home), public housing residents, and other assisted housing residents (Section 202, Section 811, rental Indian Housing, Section 236 and other insured and uninsured multifamily rental programs). A separate KDHAP eligibility category exists for previously homeless individuals and families who were displaced by Hurricane Katrina. HUD has implemented a separate procedure for serving the homeless through KDHAP, which is not discussed in this paper, but is discussed in CRS Report RL30442, *Homelessness: Recent Statistics, Targeted Federal Programs, and Recent Legislation*.

[19] If the family received other FEMA assistance in addition to KDHAP, then the length of time the family will receive KDHAP will be prorated to keep the family below the 18-month cap.

[20] HUD guidance has stated that FEMA funding will only be used for the first 10% of the ongoing administrative fee and that HUD will pay the remaining 5% out of its own funds.

PHA in the area of the country where the family wishes to relocate. Once a PHA agrees to take the family, FEMA pays to transport the family to the new location.

Those families who evacuated and began receiving assistance under regular portability procedures prior to the announcement of KDHAP can choose to transfer to KDHAP or stay within the current voucher program. Regardless of the family's choice, the receiving PHA is required to bill KDHAP for the cost of the assistance (up to 100% of FMR), rather than the originating PHA. If the receiving PHA billed the originating PHA in September, then it should refund the originating PHA the cost of the voucher, and it will then receive remuneration from HUD through KDHAP. If the family chooses to stay in the regular voucher program, and the cost of the family's actual assistance is higher than 100% of FMR, then the receiving PHA is to bill the originating PHA for the difference in cost. HUD is to pay receiving PHAs the $1,000 flat fee and the 15% ongoing fee, regardless of whether families stay in the regular voucher program or transfer to KDHAP.

If, at the end of 18 months, a voucher family wants to stay in their new community, the regular Section 8 voucher rules apply. The PHA is to stop billing KDHAP for the voucher and is to resume billing the original PHA in the disaster-affected areas. If a voucher family wants to return to their previous home, then they are to resume voucher assistance in their previous community. For HUD-assisted families without Section 8 vouchers (for example, families who had lived in public housing before the storm), if their previous housing is not rebuilt, then the family is to receive a voucher. If their previous housing is rebuilt but they want to continue to receive voucher assistance, then they must apply for a voucher in the community in which they want to live. HUD's KDHAP guidance states that Katrina-damaged PHAs whose clients are being served under KDHAP should prepare financially for their return in 18 months, as those agencies will have to resume providing assistance to all families assisted before the storm who choose to return.

Current Status and Developments. Several concerns have been raised about KDHAP. Some PHAs are reluctant to participate because, they argue, the costs to transport and house disaster-affected families is higher than the fee they receive. Low-income housing advocates have criticized the program because it does not include utility payments, which can pose a heavy cost burden on very poor families. Both groups have voiced concern about what will happen at the end of 18 months, and how smoothly families will be able to transition out of KDHAP and into other assistance or out of assistance altogether. KDHAP has been criticized as too complex. While the benefit calculation is simpler than the calculation under the Section 8 voucher program, the interaction between the two forms of voucher is complicated. Further, participation in KDHAP requires PHAs to utilize an additional data system, which requires additional training for staff.

Perhaps partly in response to these concerns, on October 28, 2005, the Administration released a "rescissions and reallocations" proposal to Congress that would transfer KDHAP funding from FEMA to HUD.[21] If enacted, it would transfer

---

[21] See *President Bush Requests Rescissions and Reallocations Package from Congress*, (continued...)

more than $390 million of FEMA's Disaster Relief Funds to HUD's Section 8 voucher account for KDHAP. The Administration also requests the authority to waive requirements for income eligibility and tenant contributions under Section 8 law. This transfer would move KDHAP fully into HUD's jurisdiction, giving HUD more authority to change program rules, perhaps making it more compatible with the existing Section 8 voucher program.

The total number and cost of KDHAP vouchers under lease are unknown. The Deputy Secretary of HUD testified before Congress that he expected the program to serve approximately 50,000 families.[22] At the national average fair market rent ($786 per month for a two-bedroom apartment), one month of rental assistance for 50,000 families would cost approximately $39 million, or just more than $700 million for 18 months. This rough estimate is consistent with FEMA's report to the House Appropriations Committee, which showed that, as of November 9, 2005, FEMA had obligated just less than $81 million to HUD under its mission assignment.[23] That amount is just more than the approximate cost of assistance for 50,000 families during the two months KDHAP has existed.

Use of Existing Vouchers for Displaced Families

Outside of KDHAP, Congress has not funded, and HUD has not provided, additional Section 8 vouchers for families displaced by Hurricane Katrina. Displaced families may apply for existing HUD assistance, including Section 8 vouchers, if they are otherwise eligible; however, in most communities, waiting lists for vouchers are very long — in some cases up to 10 years. In response to the disaster, some PHAs have chosen to give waiting list preference to families displaced by Hurricane Katrina. In order to offer such a preference, PHAs must generally modify their existing PHA Plan. Such changes require board approval and are generally subject to public scrutiny.

The decision to prioritize Katrina evacuees can be controversial. Given the limited supply of vouchers, prioritizing Katrina evacuees from other communities requires preempting other poor families who have been on waiting lists for many years. Prioritizing displaced families may also have budget implications. In calendar year 2005, each PHA received a fixed budget based on its costs in 2004. Since costs are driven by the difference between the rent and income of the families served,

---

[21] (...continued)
White House Press Release, Oct. 28, 2005, available at [http://www.whitehouse.gov/omb/pubpress/2005/factsheet_rescission.pdf]. The text of the actual requests can be found on the White House website at [http://www.whitehouse.gov/omb/budget/amendments.htm] as estimate numbers 13 and 14.

[22] HUD Deputy Secretary Roy Bernardi, Hearing before the House Appropriations Subcommittee on Transportation, Treasury, HUD, the Judiciary, and D.C., Sept. 27, 2005.

[23] See *Federal Emergency Management Agency, Report of November 10, 2005*, available at [http://appropriations.house.gov/_files/HurricaneKatrinaLink.htm].

increases or decreases in either can change the cost. Given that many displaced families were very poor before the storm and many are now at least temporarily unemployed, they may qualify for larger subsidies than a PHA's typical caseload. Since PHAs' budgets do not adapt to changes in their caseloads, it may be more expensive to serve Katrina-displaced families. If PHAs' budgets are squeezed, they may either have to reduce the amount of assistance they are able to provide to families or reduce the total number of families served. Also, because vouchers are portable, Katrina families may leave the jurisdiction of the PHA that issued the voucher and move back to devastated areas after they are rebuilt. If families leave with their vouchers, unless the vouchers are absorbed in the new community, they will effectively be lost to the communities that issued them.

No database of PHA preferences exists, so the number of PHAs that have changed their preferences to prioritize Katrina evacuees is unknown. Since revisions to plans require a public process, a search by CRS of newspaper articles in early November found some reports of activity in local communities. Several PHAs chose to prioritize evacuees; others considered making changes but ultimately decided not to; and still others were not considering changes, given the need in their own communities.

Even if given top priority for existing vouchers, some families displaced by Hurricane Katrina are ineligible to receive assistance because their incomes are too high. Recognizing this concern, on September 26, 2005, members of the Louisiana House delegation introduced the Hurricane Katrina Emergency Housing Act of 2005 (H.R. 3894). The bill would waive a number of the rules in the Section 8 voucher and project-based programs, including those regarding income eligibility and subsidy determination, for families displaced by Hurricane Katrina. The bill does not include additional appropriations for the Section 8 program, nor would it authorize any additional vouchers. H.R. 3894 passed the full House on October 6, 2005, but similar legislation has not been introduced in the Senate.

Creation of New Vouchers

Since Hurricane Katrina struck, housing policy advocates and analysts from across the political spectrum have called for the creation of additional Section 8 vouchers to help house the hundreds of thousands of displaced families.[24] There is past precedent for the creation of temporary vouchers after an emergency, including after the 1994 Northridge earthquake.[25] Advocates for vouchers cite a number of advantages vouchers have over the use of trailers and cash grants, which are the two primary methods FEMA is currently using to house displaced families. Vouchers are

---

[24] See Ronald Utt, *After Weeks of Confusion, the Right Course for Evacuee Housing Assistance*, Heritage Foundation, WebMemo #866, Sept. 28, 2005; and Bruce Katz and Mark Muro, *To Shelter Katrina's Victims, Learn from the Northridge Quake Zone*, The Brookings Institution, Sept. 12, 2005.

[25] For more information on past responses to disasters, see CRS Report RL33078 , *The Role of HUD Housing Programs in Response to Disasters*, by Maggie McCarty, Libby Perl, and Bruce Foote.

portable and allow families to move to the locations of their choice. If administered by local housing authorities, they connect families with organizations that are knowledgeable about local markets and can help families locate housing. Since vouchers utilize the existing housing stock, they may cost less than trailers, which often need basic infrastructure to be developed before they can be installed.

Arguments against using vouchers include the complexity of the eligibility and benefit calculation, although both can be modified by Congress when authorizing and funding new vouchers. Also, sufficient rental units may not exist in the areas where families wish to live, and unlike trailers, vouchers cannot expand the stock to address that problem. Finally, once a voucher is authorized, it can be difficult to eliminate. This was the case after the Northridge earthquake. Many families with temporary vouchers were still using them when the assistance was set to expire, and, fearing the social and political implications of evicting families, Congress extended the assistance several times before it was eventually made permanent. Given recent concerns voiced by Congress about the cost of the Section 8 program and Administration initiatives to replace it with a new program, there may be political reluctance to expand it.

Legislation

Several pieces of legislation have been introduced to create new, temporary vouchers for families displaced by Hurricane Katrina. On September 8, 2005, Senator Reid introduced the Katrina Emergency Relief Act of 2005 (S. 1637). Title III of the bill includes the "Helping to House Victims of Hurricane Katrina Act of 2005." The bill would provide $3.5 billion in emergency supplemental appropriations to HUD to fund temporary vouchers for families displaced by Hurricane Katrina. The vouchers would be authorized for six months, but would be extended for an additional six months unless the HUD Secretary determined that they were no longer needed. Funding would also be available to provide related assistance to families, such as security deposits and relocation assistance. Many of the rules regarding eligibility and tenant payments would be waived, and the upper limit on the amount of available assistance would be raised from the current standard of 110% of the local FMR to 150% of the local FMR. Also on September 8, Senator Sarbanes offered the same "Helping to House Victims of Hurricane Katrina Act of 2005" as a floor amendment to the Commerce-Justice-Science FY2006 appropriations bill (H.R. 2862). The amendment was adopted, but dropped in the conference agreement.

On September 22, 2005, the Senators from Louisiana introduced identical bipartisan relief and recovery bills. The Hurricane Katrina Disaster Relief and Economic Recovery Act (S. 1765 and S. 1766) calls for new programs and additional funding in areas ranging from defense, to energy, to health care, to the environment. The housing section would provide $3.5 billion for emergency Section 8 vouchers in much the same form as those proposed in the Reid bill. The bills have been referred to the Senate Finance Committee.

FEMA Assistance

Thus far, the Administration has not requested any additional Section 8 vouchers for displaced families outside of the limited KDHAP assistance. Instead, FEMA has been providing cash grants to families to use for housing costs. Referred to as transitional housing assistance, these payments are governed by the Individual and Household Assistance authority provided in the Stafford Act.[26] The first of these payments, at the amount of $2,358, was made in September. The grant amount is meant to represent three months of housing costs, and is calculated using the national average Fair Market Rent for a two-bedroom apartment. Families who receive the assistance must show receipts to prove that it was used for eligible housing expenses. The grants count against FEMA's $26,200 limit for individual and household assistance. FEMA has indicated that the housing assistance may be extended for up to 18 months, and that future amounts may be adjusted to reflect regional rent variations. Families' eligibility for this assistance is determined when they register with FEMA, and is based on the amount of damage to their homes.

In addition to transitional housing assistance payments, FEMA provides several other forms of housing assistance. FEMA provides trailer homes to families for up to 18 months after a disaster. As of November 30, 2005, FEMA had provided more than 39,00 trailers, over 35,000 of which were occupied.[27] FEMA has also been paying the cost of hotel rooms for hurricane evacuees; by mid-November, FEMA was still making payments for 53,000 rooms.[28] FEMA announced that hotel payments are only a temporary solution, and initially stated that it would cease such payments by December 1, 2005, with the exception of short-term extensions for the 12,000 hotel rooms occupied by evacuees in Louisiana and Mississippi.[29] That deadline was later extended to December 15, 2005, with 10 states eligible for extensions to January 7, 2006.[30] FEMA reported that it "has an aggressive plan to help place these families in longer-term housing," which appears to include a contract to provide case management assistance, continuation of transitional housing payments, and referrals to social service agencies.[31] Some cities have established their own voucher programs, for which FEMA has been providing reimbursements. Newspapers report that Houston has issued 35,000 vouchers to families to cover one year of rent.[32] However, FEMA stated that it is phasing out reimbursements to cities for voucher programs, and that it will cease making payments by March 1, 2006.

---

[26] The Robert T. Stafford Disaster Relief and Emergency Assistance Act is codified at 42 U.S.C. §§ 5121-5206.

[27] This figure includes trailers provided for victims of Hurricanes Katrina and Rita, and is taken from *Federal Emergency Management Agency, Report of December 1, 2005,* available at [http://appropriations.house.gov/_files/HurricaneKatrinaLink.htm].

[28] FEMA Press Release, FEMA Helping Families into Long-Term Housing: Effort to reach everyone evacuated continues in long-term housing plan, Release Date: Nov. 15, 2005, Release Number: HQ-05-373.

[29] Ibid.

[30] FEMA Press Release, "FEMA Extends Deadline for Evacuees: Two-Week Extension of Hotel Program for All States, 10 States Receive Extension Through Jan. 7," Release Date: Nov. 22, 2005, Release Number: HQ-05-378.

[31] FEMA Press Release, "FEMA Helping Families into Long-Term Housing: Effort to Reach Everyone Evacuated Continues in Long-term Housing Plan," Release Date: Nov. 15, 2005, Release Number: HQ-05-373.

[32] Eric Berger, "Sweetest deal for evacuees found here: In addition to a FEMA stipend, city is giving them a year of free rent," Houston Chronicle, Nov. 6, 2005.

The Administration's current approach to housing unassisted displaced families has come under criticism: Low-income housing advocates have voiced concerns that some families cannot find ways to use their transitional housing funds, both because rental markets have become very tight in the areas immediately surrounding the most heavily damaged areas, and because families are unfamiliar with the rental markets in the areas to which they have relocated. Advocates also contend that FEMA did not make it clear to families that the transitional housing payments were to be used only for housing. Stories have begun to surface of families who used the funds for purposes other than rent, and are now facing eviction and possible sanctions from FEMA. Some have argued that the current mix of trailers, cash payments, and mission assignments is not cost effective when compared to vouchers.[33]

Conclusion

Hurricane Katrina was an unprecedented housing disaster. It has affected the lives of hundreds of thousands of people, many of them poor before the storm and many who may become poor because of the storm. Thus far, the nation's largest housing program for the poor, the Section 8 voucher program, has played a minor role in aiding displaced families. Instead of using Section 8 vouchers to house victims, as occurred in previous disasters, the Administration took a different approach, relying on FEMA emergency provisions and, to a limited degree, the marshaling of existing HUD resources. In some parts of the country, local housing authorities have prioritized hurricane evacuees for the limited supply of available vouchers. In September, the KDHAP program was created to serve the relatively small number of hurricane evacuees who previously received HUD assistance. To serve other displaced families, FEMA has developed a number of interim policies, ranging from the provision of trailers to the awarding of cash grants. Some cities and states have developed their own voucher programs, with the expectation of FEMA reimbursement. Criticisms of the Administration's post-Katrina housing plans continue to mount, particularly as the deadline on hotel payments looms. There have been calls from across the political spectrum to create new, temporary Section 8 vouchers for displaced families. Several bills to create additional vouchers have been introduced in Congress, although none has been enacted and the Administration has not come out in support of them. It remains unclear whether vouchers will play a larger role as the immediate housing crisis subsides and the long-term needs become more clear.

---

[33] Bruce Katz, Amy Liu, Matt Fellowes and Mia Mabanta, *Housing Families Displaced by Katrina: A Review of the Federal Response to Date*, The Brookings Institution, Nov. 11, 2005.