

OFFICE OF THE FEDERAL COORDINATOR  
FOR GULF COAST REBUILDING

GULF COAST AFFORDABLE  
RENTAL HOUSING  
ROUNDTABLE



Homeland  
Security

TRANSCRIPT



## U.S. DEPARTMENT OF HOMELAND SECURITY

IN THE MATTER OF:                     )  
    )  
 AFFORDABLE RENTAL HOUSING        )  
 ROUNDTABLE                                )

Conference Room  
 National Association of  
 Home Builders  
 1201 15th Street, N.W.  
 Washington, D.C.

Tuesday,  
 November 18, 2008

The parties met, pursuant to the notice, at  
 8:44 a.m.

BEFORE: GENERAL DOUG O'DELL  
 Federal Coordinator

PARTICIPANTS:

DAVID DIXON  
 Principal in Charge for Planning and Design  
 Goody Clancy

KEN FORD, Program Manager  
 Mitigation and Disaster Response  
 National Association of Home Builders

BRAD GAIR, Deputy Commissioner  
 New York City Office of Emergency Management

BART HARVEY, Former Chair and CEO  
 Enterprise Community Partners

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 Louisiana Recovery Authority (LRA)

AMY LIU, Deputy Director  
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## PARTICIPANTS: (Cont'd.)

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Office of Recovery and Renewal  
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MARK VIATOR, Chairman  
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PARTICIPANTS: (Cont'd.)

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U.S. Department of Housing & Urban Development  
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JANET WOODKA, Director of Legislative Affairs  
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ALSO ATTENDING:

DOMINIQUE BLOM, Deputy Assistant Secretary  
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Office of Public and Indian Housing  
U.S. Department of Housing and Urban Development

BARBARA BURNHAM, Senior Director of Federal  
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## PARTICIPANTS: (Cont'd.)

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Multifamily Finance  
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TODD RICHARDSON, Deputy Assistant Secretary  
Policy Development  
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MILTON BAILEY, President, Louisiana Housing  
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P R O C E E D I N G S

(8:44 a.m.)

1  
2  
3 MR. O'DELL: Good morning. We're starting  
4 just a few minutes behind schedule, and because we  
5 have a lot of ground to cover today we're going to  
6 jump right into it.

7 For those of you that I've not had a chance  
8 to say hello to, I'm Doug O'Dell, the Federal  
9 Coordinator. Welcome.

10 A couple of very brief housekeeping items.  
11 First of all, thank you to NAHB and Ken Ford for  
12 hosting our site here today. We had a number of sites  
13 in mind, but in terms of parking and convenience and  
14 particularly getting in and out of federal buildings,  
15 which can be a chore, specifically in our building.  
16 You'd need to bring a birth certificate and show all  
17 your tattoos and so forth. So thank you, Ken, for  
18 hosting us.

19 A couple of other things. Lunch. We will  
20 have a working lunch if you desire. Please fill out  
21 your lunch forms. I think the cost is \$8.11. I  
22 wanted to host it. The ethics guys had different  
23 plans, and I apologize for that rudeness, but that's  
24 the age in which we live.

25 Who's collecting these? David?

Heritage Reporting Corporation  
(202) 628-4888

1 MALE VOICE: Yes. David Burke.

2 MR. O'DELL: David Burke, where are you? We  
3 are paying for it? Good work, Chief. We apparently  
4 threatened some Inspector General, and we can now host  
5 that. That's great.

6 David Burke, who will make himself known to  
7 you at the appropriate time, will collect those.

8 Lastly, I would ask you to speak as loudly  
9 as you can because we are recording this for both the  
10 purposes of producing our document and reporting to  
11 the Congress on the charge that we got.

12 Now on to business. About a week ago I was  
13 listening to NPR, and I heard a report that a blue  
14 ribbon panel that had been convened -- you can't make  
15 this stuff up. A blue ribbon panel that had been  
16 convened by TSA, the FAA, the airlines, a number of  
17 other luminaries, met for two months to come up with  
18 ideas, recommendations as to how to improve the pace  
19 at which we all and our fellow citizens move through  
20 security lines at airports across the country. After  
21 two months they came up with zero recommendations.  
22 They couldn't figure out a way to make it better.

23 That's not going to happen here today.  
24 We're going to come up with some ideas. We think  
25 we've assembled the people with the ideas from across

1 the spectrum whether you're in the business of  
2 developing affordable housing as my good friend, Bart  
3 Harvey, has been for many years, or driving nails like  
4 Zack Rosenberg from St. Bernard Project does day in  
5 and day out on the ground in Louisiana and everywhere  
6 else in between.

7           Needless to say, we are in historically  
8 challenged times, and I'm going to ask Bart to talk  
9 about that in a little bit, but we've got to come up  
10 with some fixes because the magnitude of the problem  
11 on the Gulf Coast, as many of you know firsthand, is  
12 daunting, and we've got to fix it because our fellow  
13 citizens down there deserve better than they've  
14 gotten, frankly, and mobile homes and trailers and  
15 other structures that masquerade as houses,  
16 sustainable green housing, in my view doesn't work.

17           I should forewarn you that my family has  
18 been in the affordable housing business for over 60  
19 years. I am congenitally disdainful of trailers and  
20 trailer-like solutions, so I will approach any  
21 solution that approaches a house with wheels on it  
22 with suspicion.

23           That said, let me turn it over to Janet  
24 Woodka, my Legislative Affairs Director, who everybody  
25 plays both ways in the Federal Coordinator's Office,

1 and Janet has very willingly taken on this task, this  
2 project. We are on a short string. We expect to  
3 report to the Congress before the Christmas break, so  
4 on or about the 19th of December.

5 Janet?

6 MS. WOODKA: Hello everybody. I know a lot  
7 of you. I think I've talked to most of you either on  
8 the phone or by email, and I just want to thank you  
9 very, very much for giving up your time today.

10 I know how hard all of you are working on  
11 the ground to actually address this problem, and we're  
12 hopeful that we can provide some guidance, some  
13 structure, some ideas back to Congress, to the states  
14 and to you all as a result of our outreach.

15 Congress, as you all know, has held a lot of  
16 hearings on the issues relating to housing on the Gulf  
17 Coast post Katrina and Rita and in a large number of  
18 committees. I know a number of you have testified. I  
19 know a lot of you have done incredible work over the  
20 past three years providing ideas, doing studies, and  
21 we don't intend to reinvent the wheel.

22 We've been lucky enough I think to stand on  
23 the shoulders of you giants in looking at our  
24 recommendations, and hopefully our little draft paper  
25 -- I have multiple thanks for Chad Ruppel for helping

1 us on -- went around, and hopefully it provided some  
2 guidance on some of the larger schemes that we hear  
3 and some of the recommendations that have had fairly  
4 broad consensus or at least some innovation in their  
5 application.

6 But what we want to get to today, as General  
7 O'Dell said, is we were asked by Congress to look at  
8 the issue of affordable rental housing on the Gulf. I  
9 think based upon the hearings, based upon visits from  
10 you all, based on a lot of reports, Congress looked at  
11 the issue and said we're three years later, and we  
12 still have a lot of people who aren't home.

13 We hear a lot about renters, and whether  
14 that is because there is a larger rental population,  
15 people who have chosen not to rebuild, or simply  
16 they're stuck. They haven't yet rebuilt. Or, as most  
17 of us know, we also had a very large rental population  
18 on the Gulf pre storm.

19 But the rental housing market especially has  
20 been very slow in coming back, and we've chosen you  
21 all to be representative of some of the solutions and  
22 some of the ideas. Most of you all have given it  
23 thought. A lot of you have given it sweat. I'm sure  
24 more than a few of you have shed a few tears over it.

25 What we're hoping to come out of this

1 meeting with is not a rehash of the problems, not a  
2 debate about what could have, should have, would have  
3 been done in an ideal world, but here's our situation.  
4 Here's where we are. What we recommend now given the  
5 circumstances, given the hand that we have been dealt,  
6 given where we are in the process.

7           What can we do? What can we do to further  
8 encourage the development of rental property? What  
9 can we do to make it more affordable? There are lots  
10 of ideas on both sides. There are pros and cons.

11           And so we really want this to be a working  
12 forum. We don't want it to be a series of  
13 presentations, so when you want to speak either raise  
14 your hand or turn your little card upside down and  
15 we'll do our best to make sure that everyone is  
16 included in the conversation.

17           Again, thank you so much. Thank you for all  
18 the work that you've done up to now, and we really  
19 appreciate your being here today.

20           MR. O'DELL: Okay. With that, the people  
21 who own the problem. Is Mark here? Mark, how are  
22 you?

23           MR. VIATOR: Good. Thank you.

24           MR. O'DELL: In the legislation, the  
25 Congress asked us to address Louisiana and

1 Mississippi, but having since Ike traveled in Texas as  
2 well I thought it would be an oversight if we did not  
3 have Texas to inform the long-term solution as well.

4 But the folks that own the problem are  
5 Louisiana, Mississippi and now Texas, and for a brief  
6 description to somewhat shape the problem, quantify  
7 the problem, I would turn it over in alphabetical  
8 order first to Wil Jacobs from Louisiana Recovery  
9 Authority.

10 MR. JACOBS: Good morning. I appreciate the  
11 opportunity to be here. I think this can be really a  
12 constructive effort.

13 I look at Louisiana, and I really see a tale  
14 of two cities. Actually, a tale of three cities. Why  
15 I say that is because of the way the storms of 2005  
16 impacted Louisiana.

17 Hurricane Rita, which went into southwest  
18 Louisiana, was more of a typical hurricane that had a  
19 quick impact and strong surge but had the storm surge  
20 come right out.

21 In southeastern Louisiana with Katrina, we  
22 saw an inundation of Orleans and St. Bernard Parishes  
23 that totally hit St. Bernard Parish 100 percent with  
24 100 percent destruction with water 12 to 15 feet high,  
25 and in New Orleans water confined by levees that sat

1 for weeks on end, the result of which was that two  
2 years later, three years later actually, the  
3 population in southwest Louisiana and in -- Lake  
4 Charles have returned because they never really went  
5 very far because they had the wherewithal to come back  
6 in, and they've remained in place.

7 And so the result is at this time we see  
8 that there is a slight demand for additional housing,  
9 and fair market rents are actually -- market rents are  
10 actually approaching fair market rents, and we have a  
11 housing situation that's somewhat stable.

12 If you go to the New Orleans area, we still  
13 see a significant demand for housing. One recent  
14 study commissioned by the Louisiana Housing Finance  
15 Agency shows that in Orleans Parish alone there is a  
16 20,000 unit demand for housing for households under 50  
17 percent of the area median income and about a 7,000  
18 unit demand for housing for individuals from 50 to 80.

19 Now, we've seen something. We've seen  
20 buildings in the market rate range in pretty good  
21 absorption here, but what we find is that the market  
22 rents are still significantly higher than those in  
23 need of affordable housing can really handle  
24 sustainably. So that's what we're facing.

25 What the state has done, the state's effort

1 to restore the 82,000 units that were damaged  
2 significantly or destroyed, heavily damaged or  
3 destroyed in the hurricanes, we have two major  
4 initiatives to address that.

5 The first is the allocation of low income  
6 tax credits through the GO Zone legislation where we  
7 have a goal of constructing 15,000 units. We've also  
8 added \$551 million of CDBG to provide for mixed  
9 incomes, to provide for deeper affordability than  
10 normal tax credit units would provide and to also  
11 provide for permanent support of housing for those who  
12 are in most need of assistance.

13 And that program has been I would say fairly  
14 successful. We've had over 13,000 units of housing  
15 awarded, and 8,000 of those -- over 8,000 -- have been  
16 closed and are under construction.

17 The issue now is that there's still over  
18 4,000 units of housing in projects that have not been  
19 able to close due to market conditions with the tax  
20 credit market that have really been unprecedented.

21 To move that out, to move those resources  
22 forward, the Housing Finance Agency has begun to  
23 recapture credit, and I believe that number is up to  
24 \$30 million in credits right now, and have launched  
25 another round of tax credits to which we will also

1 partner CDBG.

2           And then in addition we've also launched a  
3 round of four percent bond projects, and through those  
4 we expect to get an additional at least 2,000 units,  
5 but I think we still have the wherewithal to become  
6 close, if not reach, our 15,000 unit goal.

7           Now, the other major portion of our  
8 rebuilding program has been the small rental property  
9 program. We recognized early on that many of the  
10 units destroyed were these one to four unit houses  
11 that predominated our neighborhoods, and without the  
12 recovery of those units we wouldn't have recovery of  
13 the neighborhoods and communities. These are the  
14 units where many of the citizens who were displaced  
15 have lived.

16           Part of that objective in the program was to  
17 restore those units, to restore the neighborhood, to  
18 provide affordable housing for the citizens, but also  
19 implicit in that is to assist the landlords who had  
20 owned those properties.

21           What we had structured was an incentive  
22 program which would be very light on the regulatory  
23 side, but would allow those homeowners to use their  
24 own resources to bring units up to standard and up to  
25 the standards they chose in the competitive process

1 and be awarded at the end for completion of that unit  
2 and also making that unit affordable for the  
3 households that they chose to provide for.

4 The lower the income, whether it's 50  
5 percent, under 50 percent AMI, under 65 percent AMI or  
6 under 80, the lower the income the more the award was  
7 based on the rent that was lost, so we were  
8 incentivizing property owners to rehab their units, to  
9 provide affordability in those units.

10 The issue with this type of program, and  
11 Mississippi has a very similar program that we do, is  
12 that a year and a half or two years since we've  
13 launched the program we don't have very many units  
14 that have reached the finish line, have completed  
15 units that have identified the households who are  
16 going to live in them and have actually received their  
17 award.

18 We have issued \$520 million still  
19 outstanding in awards, and that represents about  
20 11,500 units of our 18,000 unit goal. Roughly 350 of  
21 those units have received funding, have completed  
22 their units and have identified households. That  
23 means that we haven't gotten nearly to where we wanted  
24 to go.

25 If you look, and I guess you can't see, but

1 the trend is that we have been closing more by the  
2 month and only had a downturn with the new hurricanes  
3 that came in in September, but we have an upward  
4 trend.

5 But the more positive trend is that at this  
6 point we see close to 2,700 of those units, 2,700 of  
7 the 5,900 units that have received award, are under  
8 construction and half of those are closed, and here is  
9 the trend since January of this year, so we're seeing  
10 that the applicants are very close to getting units  
11 that can be awarded.

12 With that, we have a couple of options to  
13 get these units in service and to get this money  
14 deployed. Some time ago in the summer we issued an  
15 action plan. We got an action plan approved that  
16 allows for direct rehab lending for those units  
17 instead of reimbursement at the end.

18 We plan to aggressively push those  
19 applicants in the program who are under construction  
20 to complete their construction and get through the  
21 process in order to receive their award. When we  
22 identify situations where those households and those  
23 property owners don't have enough money to complete  
24 their units, we can directly fund them and get them  
25 through.

1           Then we'll identify others who have not  
2 begun construction and really identify those who can  
3 get through the program who have the wherewithal to  
4 complete, but to give them a direct lending through a  
5 traditional rehab program, and that's how we really  
6 see we can get this ball rolling. So I think we've  
7 gotten a fair modicum of success, and we're just about  
8 to see a ramp-up of units finished.

9           I just wanted to add one more thing about  
10 the home building situation in south Louisiana. The  
11 ramp-up in cost in materials cost and labor in the  
12 first 11 months after the storm has subsided, and  
13 there's a fair amount of home building activity, but  
14 activity among the home builders has been more for  
15 those who have diversified out of single family, out  
16 of only suburban new construction, and gotten into  
17 in-fills and gotten into mixed use and rental housing  
18 and multi-family.

19           So with that, I'll take any questions or  
20 I'll continue with Mississippi.

21           MR. O'DELL: Well, let me ask one question,  
22 and then I want to go to Mississippi.

23           The data that you just outlined. You're at  
24 2,700 of 5,900 that have achieved some form of  
25 fulfillment. Where does that fall out geographically?

1 I'm specifically thinking of Orleans Parish.

2 MR. JACOBS: Most of those units are in  
3 Orleans Parish. The way we allocated funds to the  
4 program was allocated by percent of rental damage, and  
5 70 percent of damage was in Orleans Parish, and  
6 actually 94 percent was in the Greater New Orleans  
7 MSA.

8 So most of those awards went to southeast  
9 Louisiana, and most of the -- we haven't seen any  
10 disparity between the awards and the completion rate.

11 MR. O'DELL: Okay. Well in-fill and small  
12 rental housing as a solution to in-fill and blight  
13 removal and then partnering with the right people like  
14 NORA, as an example -- and I know you and NORA walk  
15 hand-in-glove -- is important. We'll talk more about  
16 that.

17 MR. JACOBS: Just one other thing that I  
18 forget to mention was, you know, the tax credit units  
19 will provide that short-term relief very soon.

20 We expect 2,000 new units to be in place by  
21 the end of the year and another 1,000 to 2,000 units  
22 by June of next year, so we should see some of those  
23 there.

24 MR. O'DELL: Okay. Great.

25 Representing Governor Barbour, Jason

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1 Spellings from Mississippi. Thank you, Jason.

2 MR. SPELLINGS: Thank you for having me here  
3 today. It's really a good thing to be able to come  
4 together and put our heads together to try to come up  
5 with some solutions to the issues we're facing.

6 It's really interesting to hear Wil walk  
7 down the issues that Louisiana is facing because so  
8 much of it mirrors what we're doing. Wil and I have  
9 had a relationship over the past couple years, and we  
10 touch base and try to get a heads up on different  
11 things, but by and large we don't track one another's  
12 progress, and we don't call and check on one another's  
13 small rental programs.

14 It's really interesting to hear how much of  
15 what he just outlined really mirrors our experiences  
16 and even where we are with say our small rental  
17 program. I think you reported that you had how many  
18 small rentals coming on in Louisiana right now?

19 MR. JACOBS: Yes. We have just about 300, a  
20 little over 300 on line, actually awarded.

21 MR. SPELLINGS: And I think we have a little  
22 more than 200 right now. This information is a week  
23 or so old, but in the same way that you've showed your  
24 chart of small rentals coming on line tremendously, so  
25 is ours right now.

1                   We've finally gotten environmental  
2 clearances on like 700 of our units, and now we're  
3 just pushing through the process of closing and so we  
4 feel like we really this month should see tremendous  
5 increases in our small rental units coming on line.  
6 They're built. It's just a matter of getting  
7 everything finalized and closed.

8                   In Mississippi, we saw close to 20,000 units  
9 of rental damaged. There's three damage categories  
10 that HUD tracked, and we kind of run it by the two  
11 worst categories. We say that there's 19,200 units,  
12 with 64 percent of that fell into a small rental  
13 category and 36 percent of that was apartments.

14                   Part of that story, if you think about what  
15 that's telling us, is that the majority of the rental  
16 on the Mississippi coast was not a multi-family  
17 complex, and that's also part of what drove us when we  
18 were designing small rental is the fabric of our  
19 communities pre Katrina was that of single family  
20 rentals.

21                   One of the things, it's created a struggle  
22 because within small rental it probably or it may not  
23 be the most efficient use of funds to build a bunch of  
24 single family for rental, but we also recognize and  
25 try to balance that against what the fabric of the

1 communities pre Katrina was.

2 MR. O'DELL: Jason, can you talk about the  
3 NIMBY aspects of that on the Mississippi Gulf Coast?

4 MR. SPELLINGS: Absolutely. It's amazing.  
5 People have been fighting these battles for years with  
6 NIMBYism in a different way, but it's amazing. I  
7 wouldn't have expected it quite so much.

8 Multi-family in general, and even  
9 multi-family when you're doing a regular -- our CDBG  
10 programs come in at 80 to 120 AMI, and on the  
11 Mississippi Gulf Coast, like Wil said, that really  
12 translates to certain parts of -- you had two storms  
13 -- your first storm or your area. That really  
14 translates to market rate in Mississippi.

15 To sit down, and sometimes we fight these  
16 battles literally on the level of sitting across the  
17 table from the councilmen or the planning commission  
18 member that says well, you don't want any affordable  
19 housing, and I'm trying to explain to them this is  
20 actually going to improve property values in your  
21 ward, you know.

22 The NIMBYism, we do run into that. I guess  
23 one of the larger NIMBY battles that we're fighting  
24 right now is the transition of our cottage programs to  
25 permanency because we see that as a very viable option

1 for a lot of folks who have unmet needs and really own  
2 a piece of property, were wiped out by the storm and  
3 have an uncompensated loss or an unmet need.

4 The state is in the position of being able  
5 to give them a cottage, and that would set up a number  
6 of people who are retired and need a place to live,  
7 and this would work for them perfectly, yet the locals  
8 are giving quite a bit of push back on that. That's  
9 somewhat of a separate issue, but still the NIMBYism,  
10 it is something that we face.

11 In Harrison County Chris Monforton could  
12 probably speak to some of that, but we've certainly  
13 seen quite a bit of NIMBYism.

14 Moving on down the list, our tax credit  
15 program is something that we've been taking a new look  
16 at recently, like a lot of people, because we've kind  
17 of taken for granted that -- what is it -- close to  
18 3,900 units would be built on the lower three  
19 counties, and 5,500 units would be built on the lower  
20 six counties.

21 Our geography, the bottom end of the state  
22 is really six counties, and the lower three are the  
23 most affected and so we think about what's going on in  
24 Mississippi, those three lower states and then from  
25 there. The 5,500 units are expected in the lower six

1 counties, but, as we all know what's been going on in  
2 the equity market trying to sell credit, that's not a  
3 given anymore.

4 When you look at what that translates into  
5 for what units that may fall out or units that wind up  
6 not being built because they can't close or even gaps  
7 that have to be filled through other ways, that  
8 translates into a significant amount of CDBG.

9 Our budget is beginning to change, and we're  
10 starting to watch this very closely because, you know,  
11 five bills within the lower three counties could have  
12 a very significant impact on our overall rental  
13 budget, and we're really concerned about that.

14 We can talk more about that later. I don't  
15 know how much of a focus you all want to make that,  
16 but that's one of the leverage points that we really  
17 are working on in trying to see how better to deal  
18 with it.

19 In January of last year, the state kind of  
20 saw this coming. We began working on an action plan  
21 to submit to HUD, and we put in an action plan and  
22 were approved for \$30 million of backstop money.

23 I think you guys have a backstop plan, do  
24 you not?

25 MR. JACOBS: Do you mean for the credit?

1 MR. SPELLINGS: Yes. For gap financing for  
2 tax credit developers.

3 MR. JACOBS: Yes. Basically we made  
4 additional block grants available for those units that  
5 needed it.

6 We had two calls for that money. The first  
7 was for insurance deficits that were foreseen right  
8 after they were issued, and the second was just  
9 recently in June where we released another \$15 million  
10 to programs who needed it or projects who needed it  
11 more or less.

12 MR. SPELLINGS: The way that we drew ours up  
13 is that we've actually said if you've experienced a  
14 gap you put your application in. Your price was this,  
15 and now you're only able to close at this. We were  
16 trying to pick up some of that gap, and we calculated  
17 that at about \$30 million of CDBG.

18 Last week the Home Corps or the state  
19 housing finance agency, Mississippi Home Corps, had  
20 recaptured a number of credits that looked like they  
21 weren't going to be able to be used, and they  
22 reallocated them back into deals.

23 They found, which was interesting and kind  
24 of telling in my mind, is we've been working on this  
25 action plan and working on this methodology of trying

1 to get \$30 million to the developers for quite some  
2 time. At Home Corps they would recapture credits and  
3 give them back to the developers in a matter of about  
4 six weeks, so the way that they were so expeditious --

5 And I know they have their systems set up  
6 and those developers are used to working with them in  
7 the tax credit procedure, but trying to get CDBG to  
8 those developers has been no easy task for our state.

9 At any rate, what they returned last week or  
10 what they reallocated last week, it looks like a  
11 preliminary estimate is half of what we had originally  
12 estimated to be the need for that backstop point is  
13 not necessarily there anymore unless the market erodes  
14 more.

15 But I think from the state's perspective and  
16 what we face day to day and our biggest issues are not  
17 so much an issue of resources or an issue of the  
18 availability of resources, but really it's deployment  
19 and how quickly we can get those resources to the  
20 street.

21 And so what's been difficult and kind of the  
22 thing that Mississippi always seems to talk about, and  
23 it still is true, our biggest issue in the deployment  
24 of our resources has been the environmental process.  
25 There's no two ways about it.

1           Whether it's the environmental process for  
2 the developer that has to coordinate with the local  
3 Corps or it's the environmental process that we have  
4 to go through in order to get the procedural signoffs  
5 just on the CDBG dollars, the environmental process  
6 has been very difficult for us.

7           I don't know that at this point in recovery  
8 there's a whole lot that can be done, you know, to the  
9 system to change the system, but something certainly  
10 needs to be examined for future disasters at the  
11 federal government.

12           MR. O'DELL: Well, that's one of the things.  
13 You know, we're still in the recovery business, and we  
14 will be in Mississippi and Louisiana and in Texas for  
15 a long time.

16           Not to gut environmental regulations or  
17 waive or discard any of that, but it's been our  
18 observation, and particularly in New Orleans where  
19 working with the New Orleans Redevelopment Authority  
20 and OCD and HUD, we've found ways to expedite the  
21 environmental process without trampling on the  
22 congressional intent or environmental regulations.

23           The Council on Environmental Quality in the  
24 White House has been extremely helpful in that regard,  
25 and my office, both now and certainly beyond the 20th

1 of January when it will likely no longer be my office,  
2 is more than willing to engage in that.

3 There are ways of doing it soundly and lay  
4 out your issues. One of the issues similar to that  
5 was the propane tank waiver that we were able to apply  
6 through common sense to the multi-family situation.  
7 For those of you who may not be familiar --

8 I understand some of you in the back are  
9 having trouble hearing, so I would ask all the  
10 speakers to speak up. The old men up here at this  
11 end, we'll ask you to speak up when you're speaking.

12 In Mississippi we had a situation where, and  
13 this was a HUD regulation, if you were to build a  
14 multi-family project greater than four units -- I  
15 think it was the metric -- you had to determine if  
16 there was a propane storage of greater than I think it  
17 was 100 gallons within a mile of that location, and if  
18 you did you'd have to go to the owner of that tank and  
19 get it properly armored in the event that it should  
20 explode.

21 On the Mississippi Gulf Coast where propane  
22 is commonly used for heating and cooking and so forth  
23 -- not just the barbecue in the backyard -- that was  
24 an extraordinary impediment to progress. We were  
25 able, through the good auspices of Secretary Preston

1 and his staff, to get that waived with really just  
2 some quick conversation and a couple of emails and  
3 some phone calls.

4 It wasn't waived completely. It was just  
5 the threshold was raised to 1,000 gallons, I think.

6 MS. WOODKA: I am the official keep us  
7 moving along timekeeper.

8 MR. O'DELL: Yes.

9 MS. WOODKA: So, Jason, if you've got one or  
10 two sentences you'd like to wrap up with? Then I'm  
11 going to move on to the HUD folks.

12 MR. SPELLINGS: Just to wrap it up, you  
13 know, our biggest struggles in Mississippi would be  
14 not necessarily resources, but deployment, and now  
15 we're beginning to focus more and more.

16 This is probably the one thing I haven't  
17 pointed out. We're beginning to focus more and more  
18 on our affordability. We're tracking. We've  
19 initiated a pretty significant housing data project  
20 that we've spent quite a bit of time on, and we've got  
21 some pretty good contractors that are doing most of  
22 the heavy lifting.

23 But we're basically looking at it's the  
24 Governor's intent and it's the State of Mississippi's  
25 intent that we would build back the way that we were

1 and better. Sometimes I think that's been called into  
2 question, but, having been on the inside of it, I have  
3 no question about his intent.

4 We're looking at the different income  
5 brackets and being sure that they are served in a way  
6 or better than they were served before and with a  
7 special focus on the elderly and disabled at this  
8 point because we see those as a special victim out of  
9 Katrina.

10 MR. O'DELL: Okay. Thank you.

11 Post Ike I visited southeast Texas, which  
12 had also been affected by Rita, and had a chance to  
13 see firsthand the devastation of Ike on the ground  
14 there.

15 They're still in the immediate post  
16 hurricane emergency mode in many of the towns in  
17 southeast Texas, but in my travels I met Mark Viator,  
18 who is the Chairman of the Southeast Texas Recovery  
19 Coalition.

20 I know Texans aren't used to talking fast  
21 like us Yankees, but could you give us a few thoughts  
22 on your challenges, which are somewhat different from  
23 Louisiana and Mississippi?

24 MR. VIATOR: General O'Dell, I appreciate  
25 the opportunity to be here today.

1           August 29 when Hurricane Katrina hit we had  
2           about 25,000 Katrina evacuees come to southeast Texas.  
3           It filled our housing market. Three weeks later,  
4           Hurricane Rita hit. We had 70,000 homes that were  
5           destroyed or had major damage.

6           At the same time we were facing the shortage  
7           of housing with wind storm damage, we also had at that  
8           time about \$5 billion worth of economic expansion with  
9           the building of new refineries in the petrochemical  
10          industry. In 2006, that increased to \$10 billion. In  
11          2007, it increased to \$15 billion.

12          Typically for every \$1 billion worth of  
13          capital projects you have somewhere in the  
14          neighborhood of an additional 1,000 people that you  
15          need to house, and we're looking at a housing need of  
16          an additional 14,000 workers that we're currently  
17          facing.

18          At the same time, through the generosity of  
19          Congress we received about \$428 million of CDBG funds,  
20          and we set up a \$210 million housing assistance  
21          program to be able to help residents get back in their  
22          homes, get those repaired or rebuilt, and we had an  
23          \$82 million rental replacement program through the  
24          Texas Department of Housing and Community Affairs.

25          Those five projects are currently in

1 progress and probably should be complete by the summer  
2 of next year and so that is taking place.

3 Now we have been hit by Hurricane Ike. The  
4 damage effected by Hurricane Ike is different. We had  
5 wind storm during Hurricane Katrina. I mean Hurricane  
6 Rita. Excuse me. See, I say Katrina too just like  
7 everybody else. Through Hurricane Rita.

8 But Hurricane Ike was different in that it  
9 was the storm surge. We had about a 15 foot storm  
10 surge. Our 16 foot seawall protected the City of Port  
11 Arthur and some of southeast Texas, but that surge  
12 went around it.

13 If you think in terms of the impact of  
14 Boliver Peninsula, 4,000 homes. General O'Dell had  
15 the privilege of flying over that and seeing it, and  
16 it looked just like Mississippi. It was really  
17 terrible.

18 But then we had other communities such as  
19 Briggs City has about over 3,000 homes that were  
20 flooded, had two to eight feet of water, and that  
21 impacts our workforce housing again.

22 Now I'll just move quickly to one of the  
23 greatest impacts or one of the greatest opportunities  
24 we had that would help Texas to rebuild is to have  
25 private/public partnership. One of the things that we

1 were not fortunate enough to get -- we got CDBG funds,  
2 but we did not get hurricane GO Zone bonds in Texas.  
3 We also did not get accelerated depreciation.

4 As I work with various investors and people  
5 that want to come in, we were able to get about \$3.5  
6 million of tax credits, but the issue for Texas with  
7 tax credits is the financial market. There are many  
8 people that are not really interested in participating  
9 in that because of the market. Some still are.

10 But one of the things that would benefit us  
11 is be able to have GO Zone bonds in Texas for the  
12 hurricane affected areas, as well as the accelerated  
13 depreciation.

14 In addition, one of our issues is that of  
15 worker housing, and we're looking to -- I'm very  
16 interested in visiting with folks from Mississippi to  
17 see how. I know that they had workforce training and  
18 workforce housing as a component of their CDBG  
19 program.

20 But for us to be able to take and utilize  
21 that on a temporary basis for workforce housing for  
22 infrastructure and then to be able to have a creative  
23 solution to transition to affordable housing after our  
24 economic boom.

25 Not only do we have \$15 billion worth coming

1 in. You know, while the rest of the market or the  
2 economy has downturned, our area is really growing and  
3 so we want to find creative ways to help this need  
4 because, if you recall, during Hurricane Ike there  
5 were fuel shortages in Atlanta, fuel shortages in  
6 Tennessee, and that's because the refineries in the  
7 Houston area, Belmont/Port Arthur area and Lake  
8 Charles area were shut down, and it really impacted a  
9 lot of parts of the country.

10 We have pipelines that ship to all areas of  
11 the country from our region, from the Gulf Coast, and  
12 so we're trying to -- we're building three new  
13 refineries. We're building three liquid natural gas  
14 complexes and other chemical plants.

15 And so to be able to have some solutions for  
16 workforce housing that transitions to affordable  
17 housing. The State of Texas has about a need for \$1.7  
18 million worth of affordable housing, and we're looking  
19 at creating some solutions in our proposals to HUD for  
20 potential CDBG related to impacted areas.

21 It's very difficult for me to close without  
22 stating this. Hurricane Katrina received GO Zone  
23 bonds, as well as accelerated depreciation. Hurricane  
24 Rita in the State of Louisiana received GO Zone bonds  
25 and accelerated depreciation. The same hurricane

1 across the river the same day received zero GO Zone  
2 bonds, zero accelerated depreciation.

3 In the \$700 billion bailout package, the  
4 midwest received GO Zone bonds and accelerated  
5 depreciation. Texas for Hurricane Ike has not. I  
6 would ask that that would be considered for the State  
7 of Texas for Hurricane Rita and Hurricane Ike affected  
8 areas.

9 Thank you.

10 MR. O'DELL: Thank you, Mark.

11 Janet is kicking me under the table because  
12 we're running late now.

13 MR. VIATOR: Didn't I talk fast enough?

14 MR. O'DELL: No, no, no. That's me that  
15 she's kicking.

16 Okay. Thank you all for that overview of  
17 the problems that impact your states. One of the  
18 things I've been struck by is that there are many  
19 issues that are shared, particularly given the state  
20 of the current capital markets, but there are some  
21 distinct differences.

22 I'd like now to ask Bart Harvey to give us  
23 some -- excuse me?

24 MS. WOODKA: We need to do HUD.

25 MR. O'DELL: I beg your pardon. I was about

1 to overlook Deborah Hernandez.

2 MS. HERNANDEZ: And I'm going to defer to  
3 begin to Anoop Prakash for opening remarks.

4 MR. O'DELL: Okay. I didn't have my glasses  
5 on. Thank you. All right. Anoop?

6 MR. PRAKASH: Thank you, sir. Good morning,  
7 and thanks for having us here and putting this  
8 together.

9 I'm Anoop Prakash, the Deputy Chief of Staff  
10 at HUD, and I just want to make a couple of remarks  
11 just with regard to some of our thoughts and  
12 conclusions on this policy roundtable.

13 You know, one of the things that Deborah  
14 Hernandez is going to get into here that is very  
15 directly relevant to this group is the affordable  
16 rental housing whitepaper that we did.

17 You know, Secretary Preston came in to HUD  
18 in June and had a very strong disaster recovery  
19 orientation, having led the SBA and really having  
20 reset the SBA's posture as it relates to their role in  
21 disaster recovery, and so when he came here and, of  
22 course, very shortly thereafter we had current  
23 hurricanes in this year, as well as the ongoing  
24 challenges that relate to recovery from Katrina, Rita,  
25 Wilma, et cetera.

1           You know, there was quickly an orientation  
2 towards it, and I think he was sort of dumbstruck that  
3 because we are so often reacting to the challenge of  
4 the day that we're not necessarily looking three to  
5 five years out, and a lot of that is the luxury of  
6 time, but it's also the luxury of coordination and  
7 data and data availability.

8           So the point of this paper, and I'll let  
9 Deborah give you the details, was really to get a  
10 long-term view, somewhat selfishly for HUD because, as  
11 you know, we run the Housing Authority of New Orleans,  
12 so we really wanted to look at New Orleans  
13 specifically and say what is our three year plan and  
14 in doing so not only what is our three year plan, but  
15 what is the plan from LRA's perspective and from  
16 LHFA's perspective and, you know, the City of New  
17 Orleans and what are they thinking about?

18           And then what is the private supply and  
19 demand that's coming in that we're not even aware of  
20 because we think about things in a kind of government/  
21 federal box? So with that you will see a lot of data  
22 sharing, a lot of new partnerships that were built in  
23 the process of developing this paper to make sure that  
24 we are complementary in our investment strategy.

25           The second thing, I'll just make two other

1 comments just in terms of policy that might well be  
2 hopefully noteworthy for you. Just last week or two  
3 weeks ago we posted a new position at HUD called the  
4 Chief Disaster and Emergency Operations Officer, a  
5 long title for what is effectively, frankly, a very  
6 complex job at HUD.

7 As many of you know and you have heard  
8 already from our state partners, HUD has several roles  
9 to play in the housing mission post disaster. Between  
10 CDBG funds that are really a backbone of recovery  
11 funding to the disaster housing assistance program,  
12 which is operated in partnership with FEMA, and to  
13 multi-family housing that we are often responsible for  
14 in terms of financing and repair, which ends up  
15 becoming a lot of the affordable rental housing stock.

16 And then you even look at obviously public  
17 housing. The public housing damage that takes place  
18 takes years to recover. So we have a number of  
19 functions that continue to grow.

20 And mainly because when -- and our partner  
21 from FEMA, Katherine, is here -- FEMA gets to sort of  
22 look at the next disaster, HUD is usually still  
23 entrenched trying to recover from the last one, and  
24 then they continue to stack and pile on.

25 So with that, we created this position and

1 an office around it mainly to support this level of  
2 coordination. I mean, I can just give you an example.  
3 Friday I was on the phone with Mayor White of Houston.  
4 Governor Barbour is coming in on Wednesday, and next  
5 week Governor Jindal is coming in I think or on  
6 December 9, a couple weeks.

7 So the idea here is we are clearly at the  
8 center of the long-term recovery of these places vital  
9 in terms of funding, in terms of making sure there's  
10 expedition in environmental issues. So I would just  
11 ask that those of you who have a stake in the game and  
12 you think about disaster coordination, similar to the  
13 role that the General has played here in this office  
14 for all the federal government, we need that role  
15 inside of HUD for all of the things that we're doing  
16 in HUD.

17 And that is a role that if you have folks  
18 who you know that should be playing that role, please  
19 encourage them to apply for that job. I hear  
20 government jobs are at a premium these days.

21 But seriously, it's something we feel very  
22 focused on to make sure that there is somebody playing  
23 that coordinating role between the federal partners,  
24 between the state partners and making sure that there  
25 is a coordinated effort at HUD when it comes to these

1 programs.

2 Right now without someone taking a deep  
3 interest like Secretary Preston, if the next Secretary  
4 doesn't have that orientation we're going to have a  
5 tough time, so that's why we've created this position  
6 to make sure somebody is there to look out for that  
7 function.

8 With that, the last comment I'll make is the  
9 CDBG in general. You know, you've heard about the  
10 limitations of CDBG. This is something for  
11 congressional digestion. You know, I would say that  
12 CDBG was a very -- and again, I apologize. I haven't  
13 been in Housing that long so I don't know the history  
14 so I probably won't respect it here in my statement.

15 You know, I think CDBG was convenient at the  
16 time when it came to distribution of funds. It was a  
17 clear vehicle that was existing and available. There  
18 was an agency at a cabinet level willing in terms of a  
19 way to administer it, and I think for the most part  
20 it's a very well run program.

21 We have great professionals who have become  
22 very deeply knowledgeable. Todd Richardson is here,  
23 who is one of our pertinent people who have really  
24 helped develop the data that drive some of the  
25 formulas for the disaster recovery.

1           But I think if you're really talking about  
2 local choices, you're talking about expedition in  
3 terms of review and expenditure and you're talking  
4 about maximum flexibility at the state level and in  
5 the local community level, the CDBG is challenged.

6           It is challenged in terms of the sort of  
7 bureaucracy that governs it, by statute, and I think  
8 if people really want to see disaster recovery  
9 streamlined you have to create a new vehicle for  
10 disaster recovery funding because that is a huge  
11 hurdle.

12           And it's an artificial hurdle. It doesn't  
13 have to be there, but again it's congressional  
14 expedition to use the CDBG platform as a funding  
15 mechanism. While there are a lot of good things about  
16 CDBG, there are also those things that again if a  
17 timely recovery is your primary principle I think that  
18 that's an issue.

19           So with that, Deborah, please.

20           MS. HERNANDEZ: Thank you, Anoop.

21           I brought Gina Metrakas, who is sitting to  
22 my right, and we're going to be a tag team. She was a  
23 key player on my team.

24           But I wanted to start out by sharing with  
25 the group today what our objectives were and to

1 briefly discuss our assumptions that we used that led  
2 to our conclusions.

3 MR. O'DELL: Remember, we've got some old  
4 guys up here.

5 MS. HERNANDEZ: Okay. I will do my best to  
6 speak up.

7 We had two objectives when we started the  
8 process. One, we wanted to do the best that we could  
9 to forecast the supply and demand in the New Orleans  
10 metropolitan statistical area. We did not go beyond  
11 that because the initiative was mainly related to New  
12 Orleans. We also thought that we should pick up the  
13 seven parishes -- six parishes -- in and around  
14 Orleans.

15 The idea was to see where we were with  
16 housing today, where we came from pre Katrina, what  
17 assistance was being provided in the affordable  
18 housing, where we were today meaning in the year 2008,  
19 and then to take a look at the three future years from  
20 2009 through 2011 to determine where the state of  
21 affordable housing would be in that area.

22 Secondly, one of our main objectives was to  
23 do something very similar to what we're doing today,  
24 and we worked with several of the people in the room.  
25 We wanted to develop partnerships because, as Anoop

1 said, there's lots and lots of information out there  
2 not necessarily being pulled together in a cohesive  
3 and coordinated way.

4 It's hard for anybody to really project what  
5 is going on, so we certainly wanted to develop  
6 partnerships not just for the purpose of developing  
7 the paper, but also long-term partnerships so that HUD  
8 could certainly be a player in helping you, the  
9 states, and other agencies to work through many of the  
10 problems.

11 That said, we started out with several  
12 assumptions, and we researched and looked for lots of  
13 information and found that there was not as much  
14 information regarding what was happening on the  
15 private sector side in terms of affordable housing, so  
16 limited information forced us to take a look at what  
17 actually was happening with the federal funding that  
18 was going into Katrina.

19 Federal funding are defined in a number of  
20 ways. One, through our public housing program. Of  
21 course, we have the Housing Authority of New Orleans  
22 and many others. We have federal funds going in  
23 through the housing choice voucher program, which  
24 doesn't result in a hard unit, but it allows people  
25 the opportunity to use that federal assistance to find

1 housing that they otherwise could not afford.

2 We looked at the multi-family properties of  
3 which HUD has a big stake in those. We looked at the  
4 disaster housing assistance, which certainly has  
5 actually extended the people that we were normally  
6 serving.

7 We looked at the CDBG funds and home funds  
8 that go into the affordable rental housing piece, and  
9 we also looked at what was happening in the world of  
10 the low income housing tax credits because that is  
11 certainly the foundation for building new affordable  
12 housing, so those were the parameters.

13 With that, again we started with looking at  
14 where we were pre Katrina, where we are today and  
15 what's happening in the future.

16 Gina will take over the next piece, and then  
17 I'll draw the conclusions that we found from the  
18 paper.

19 MS. METRAKAS: Thanks, Deborah.

20 We assessed the progress that had been made  
21 and found a few different ideas. We first focused on  
22 the fact that the federal government has provided  
23 substantial resources in rebuilding affordable rental  
24 housing and providing tenant-based subsidies.

25 As a result, there has been about a 58

1 percent increase in federally assisted affordable  
2 rental housing over the pre Katrina level.

3 MR. ROSENBERG: I'm sorry. Can you say that  
4 again? Did you say that there's 48 percent more  
5 rental housing now?

6 MS. METRAKAS: A 58 percent increase in the  
7 federally assisted.

8 MR. ROSENBERG: I see. Okay. I've got it.  
9 Fifty-eight percent.

10 MS. METRAKAS: That's fine. Again, as  
11 Deborah had said, when we're looking at federally  
12 assisted we're looking at because we didn't know the  
13 nonfederally assisted universe we considered public  
14 housing hard unit vouchers, tax credits. Any form of  
15 federal subsidy we're counting as federally assisted,  
16 and we compared that to our pre Katrina numbers.

17 So from that currently we found that about  
18 33,184 households are receiving federal assistance  
19 currently in the New Orleans metropolitan statistical  
20 area, and we're projecting about 66,145 to be served  
21 by 2011. That's looking at pipeline forecast credit  
22 units, small rental programs and the like.

23 There are, as has already been discussed,  
24 three factors we've found that may reduce the total  
25 number of affordable units that are projected to be

1 developed. One is the declining value of the lower  
2 income housing tax credit. It's declined by about 38  
3 percent since 2005, which means that fewer units can  
4 be built with the current LATC allocation.

5 The current state of the economy and the  
6 credit crunch is making it difficult to secure private  
7 financing both on the larger scale development, as  
8 well as through the small rental program, and also the  
9 increase in insurance premiums and deductibles,  
10 anywhere from 20 to 49 percent post Katrina, which is  
11 raising operating costs for affordable rental housing.

12 From what we looked at we saw that even if  
13 all of the units projected to be produced are, it's  
14 not clear that the supply will meet the demand. The  
15 New Orleans MSA had a large number of unassisted  
16 affordable rental units pre Katrina, but was seriously  
17 damaged, and there's information on investment  
18 occurring that doesn't have a federal subsidy.

19 Overall the demand is less than pre Katrina.  
20 The number of low income renters in 2007 was about 54  
21 percent less than it was pre Katrina, and it remains  
22 difficult to assess how much this population will grow  
23 over the next few years.

24 Many of the displaced residents that had  
25 been living in the New Orleans MSA are now living

1 outside and are continuing to receive federal  
2 assistance from FEMA. Presumably some portion of  
3 those households will return to New Orleans, but  
4 overall the population of the MSA has only grown about  
5 one percent in the past year, which is suggesting a  
6 dropoff in households that are migrating back to the  
7 area.

8 I'll pass it back to Deborah.

9 MS. HERNANDEZ: Conclusions. There's a lot  
10 more, and we will be issuing a paper at a later time,  
11 but there was clearly a need to have the kinds of  
12 discussions that are ongoing.

13 I think that working in isolation isn't  
14 necessarily in the best interest of anyone. Certainly  
15 as we've heard earlier, there's certain things that  
16 HUD needs to take a look at within its program and  
17 regulations that could help move this along.

18 Certainly we should probably be a little bit  
19 more engaged in working with the states in finding out  
20 exactly how they are using the funds and identifying  
21 whether or not there are any impediments that HUD  
22 might be able to make a difference with.

23 We certainly believe that there needs to be  
24 more research done in this area. We certainly need to  
25 know a little bit more about what the private sector

1 is doing with regard to affordable housing in order to  
2 be able to come to any significant conclusions, so  
3 more work needs to be done there -- more studies, more  
4 money and to research. I think that would be very  
5 important.

6 We need to know a little bit more about the  
7 homeless population and how that entire situation will  
8 play into the need for affordable housing.

9 So there's still a lot more work to be done,  
10 but, I mean, our paper was more narrow in scope,  
11 looking at the federal funding, and I can say that the  
12 federal funds have been successful, that we will in  
13 fact have more people in housing as a result of the  
14 federal funds than we would have had otherwise, but  
15 it's not the entire solution.

16 We need to also reach out and find out  
17 what's happening in the nonprofit sector. What are  
18 they doing to contribute to the overall affordable  
19 housing market?

20 In other words, there's a lot of players  
21 that are engaged in this, and we need to do some  
22 cross-pollination of data, research and sharing  
23 information to really get a holistic picture as to  
24 what's going on.

25 I think that looking at this paper,

1 certainly our team recognized how much still needed to  
2 be done and how much the outreach could be expanded  
3 even beyond our limited scope, but it was a start and  
4 it did at least give us some conclusions as to what  
5 was happening within the federal funding, the  
6 tremendous amount of federal funding that had been put  
7 out there.

8 But more needs to be done, and we would  
9 certainly like to continue to be part of a broader  
10 partnership to follow this over the next several years  
11 and also to see lessons learned from this, to start  
12 capturing that information, taking a look at what  
13 changes should be made going forward because I think  
14 one thing that's for certain: There will always be  
15 some type of a disaster.

16 If we can learn from what happened in  
17 Katrina to make it a little bit easier going through a  
18 future one then HUD would have done its job, and  
19 that's what we need to do is to also not just give out  
20 money but track the money, take a look at the  
21 effectiveness and uses of the money and look forward  
22 with plans to help us in the future, so that's where  
23 we are.

24 MR. O'DELL: When will that draft paper be  
25 available?

1           MR. PRAKASH: That's something I need to  
2 mention. We're going to issue this paper the first  
3 couple of weeks of December and we're hoping to do it  
4 in New Orleans in coordination with LRA and LHSA, Mr.  
5 Bailey back there, and, you know, make sure we can  
6 have another meeting, you know, at least just to bring  
7 this issue to bear, present the findings and actually  
8 have another discussion locally that might include  
9 some more of the local community stakeholders. So  
10 we'll make sure this group gets informed of that.

11           MR. O'DELL: Okay. Thank you. And moving  
12 right along. We're catching up a little bit. This is  
13 my old friend, Bart Harvey, and I know he looks about  
14 15 years younger than I do, maybe 20, but we were  
15 classmates in high school, so our friendship and our  
16 engagement goes back quite a ways. In fact, we played  
17 on the same football team. I know he is as hard nosed  
18 as they come, even though he's a very nice guy. Bart?

19           MR. HARVEY: Thank you. Let me thank  
20 General O'Dell and Janet, and let me talk a little bit  
21 about our charge. It is strange to call Doug O'Dell  
22 General for me --

23           MR. O'DELL: I wish you wouldn't.

24           MR. HARVEY: -- as a friend and classmate,  
25 but let me tell you what's not strange about General

1 O'Dell is he cares about succinctly finding the  
2 issues, getting to solutions that are actionable and  
3 that action is far better than discussion around this  
4 issue, and so there's a very talented group of people  
5 that I know around this table, most of you, who have  
6 been involved in this for a long period of time.

7 We're past the third anniversary of the  
8 hurricane. A huge amount has been done, as you've  
9 heard from Wil and Jason, Anoop, and you've got the  
10 key players in this room right now, but there's a  
11 great amount that needs to be done, and particularly  
12 around affordable rental housing.

13 Amy Liu in Brookings put out a statistical  
14 compilation that looks at what has been happening over  
15 time in the New Orleans area and it was succinctly put  
16 together. This is the third year of the recovery.  
17 The recovery continues, but much slower than it has  
18 before. One of the principal reasons is that there is  
19 not enough affordable rental housing, workforce  
20 housing and other housing for people to come back and  
21 return.

22 I think that's not only New Orleans, that's  
23 Mississippi, that's other towns and areas throughout  
24 the area of devastation. You know, if you think back,  
25 92,000 square miles, and I'm leaving Texas out of this

1 for the moment, but obviously they're included in what  
2 happened in the devastation, 800,000 people displaced,  
3 over 300,000 units of housing.

4 If you take these two charts out that I  
5 think everyone has you really get to the crux of the  
6 issue here. If you look at the one that says Status  
7 of Permanent Housing Assistance Program, which is for  
8 Louisiana and Mississippi -- Mark, we ought to add one  
9 for Texas as well -- if you look at the current units,  
10 just look under total rental, Louisiana and  
11 Mississippi, and you see there's 7,000 current units,  
12 there's 51,000 as a goal.

13 That 51,000 is half of the total units that  
14 were affected. Now, some part of the population isn't  
15 going to be coming back, but most of it has or will.  
16 It needs this housing. There is another statistic  
17 that Wil Jacobs had in a report of the LRA that I  
18 think sobers you immediately that in Louisiana over  
19 \$1.3 billion in tax credits, plot grants, homes, MRB  
20 funds, were committed. That would result in 25,000  
21 units if completed.

22 That's a third of the lost units. They're  
23 all lined up, they're ready to go, but in the go zone,  
24 particularly those with tax credits and MRBs, 43  
25 percent of those units aren't complete today. That's

1 an issue that needs to be addressed, and there's  
2 reasons for that.

3 The other statistics, and we don't feel in  
4 this room so much as those as Michelle Whetten and  
5 others of you who are there every day, is looking at  
6 the location of Disaster Housing Assistance Program  
7 and seeing that 44,000 people are still, three years  
8 later, in temporary housing of variable degree. As  
9 Doug said, you know, those mobile homes are nothing to  
10 write home about as far as housing a family.

11 So the charge here today is to use your  
12 brains and ability first to get at three different  
13 factors: supply factors, cost factors, locational  
14 factors, and to clearly define what they are.  
15 Obviously, some of them all overlap with each other.  
16 But to give General O'Dell and Janet sort of your best  
17 thinking as to what are those set of issues?

18 Then, after a break we're going to go into,  
19 okay, well, what can be done about them? What are the  
20 solutions, the policy solutions, and how do we  
21 proceed? This is all going to be part of a report  
22 that will come in which will be the backbone of  
23 suggestions of what could be done immediately, even in  
24 this administration, but in the next administration it  
25 will also be a touchstone for what needs to be done

1 here.

2           How do we clear the deck? How do we cut  
3 through some of the housing that is held up right now?  
4 Are there answers to this? What can we do? Then,  
5 particularly longer range, what else can we do around  
6 policy issues to make sure that we are providing the  
7 amount of affordable rental housing that's needed for  
8 all populations in the Gulf Coast?

9           And so I think that's why we're all brought  
10 here today, and I'll catch you up. That's all I'm  
11 going to say about it. We've got lots of people that  
12 I'm sure are eager to go to work and help you on this.

13           MS. WOODKA: Thank you so much, Bart. I  
14 think Bart hit the nail on the head. I think if you  
15 went up to the Hill and asked any staffer, that's  
16 exactly what they would say. You know, unfortunately  
17 for Wil and Jason, that's the reality. The reality is  
18 we have a gap, we have a lot of people who are in  
19 temporary housing.

20           When we started looking at the supply issues  
21 we spent a lot of time, and Amy was, in particular,  
22 incredibly helpful for us in trying to get a handle on  
23 it. We didn't look at it simply as how many units are  
24 there? The data itself is very, very difficult to get  
25 to. I really appreciate, Todd has been a God send to

1 us in OFC. The work that you all have done on this I  
2 think illustrates how difficult it is to get to the  
3 data.

4 At some point I'd like Jason, if you would,  
5 share with us a little bit about what Mississippi is  
6 doing to assess the reality of the situation. I was  
7 going to ask Amy, in particular, to come and start  
8 with some of your observations on, when we talk about  
9 supply, we all know that there is a lack of rental  
10 housing, we know that there is a lack of permanent  
11 housing. They're issues that are intertwined.

12 We have people who are still rebuilding  
13 their homes, and we get to hear later Zack. First,  
14 we're going to talk to us a little bit about the  
15 challenges that their clients have in rebuilding their  
16 homes. I think Ken Ford may as well. So we have a  
17 certain portion of the population that is just simply  
18 rebuilding.

19 While they're rebuilding, they're living in  
20 temporary housing, they're renting. Some of these  
21 folks may not be capable of rebuilding and that  
22 impacts obviously the rental side of the market. When  
23 we looked at OFC at the actual issue of supply we kind  
24 of took as a given that we don't have enough supply.  
25 Whether it's rental housing or whether it's actual

1 home ownership housing, everyone's not back in a  
2 comfortable situation.

3 So when we looked at supply we tried to  
4 figure out in our draft paper what is actually  
5 constraining that supply? I'd also like Buzz to talk  
6 a little bit about the financial market and kind of  
7 the constraints that we're seeing just so that  
8 everyone has kind of a common understanding.

9 Amy, if you wouldn't mind talking for a  
10 couple of moments about --

11 MS. LIU: Just kicking off?

12 MS. WOODKA: Just kicking off would be  
13 great.

14 MS. LIU: Well, I don't recall what we  
15 discussed in terms of this particular issue, but I  
16 think you guys have done a great job explaining what  
17 some of the factors are. We've heard it this morning  
18 from Wil and Jason, and even from Mark.

19 MR. HARVEY: Amy, this is the draft report  
20 that's been circulated to everybody?

21 MS. LIU: Right. I think you guys have  
22 identified some great factors here, and even listening  
23 to some of the HUD reports. I don't need to repeat  
24 all of these because I think many of you know these  
25 situations very well. I was going to say some

1 additional things that may not be identified here.

2 I'll start with one that has nothing to do  
3 with housing and then I'll come back to another  
4 housing one. In talking to some folks about supply,  
5 it's really interesting, this issue about the chicken  
6 and the egg. Some folks argue that housing is a lag  
7 indicator, and so I am just really curious from folks  
8 who are experiencing this on the ground the extent of  
9 the demand.

10 Sometimes supply will naturally happen if  
11 the demand is really strong. I know there were some  
12 projections that you guys have made. I know that many  
13 of us feel very strongly that we haven't spent enough  
14 time on the solutions around affordable housing. Even  
15 if some residents don't return, we still haven't done  
16 enough to provide the continuum affordability in this  
17 region.

18 I am curious. One of the things I keep  
19 hearing from people is that the job market in the area  
20 is not creating enough demand for folks that come to  
21 this region in a much more larger pace to make the  
22 investment in the area.

23 In some ways I am curious whether or not  
24 folks believe that that is an issue, that we have  
25 spent so much time on the housing piece of the

1 recovery solution over the last three years that we  
2 have not so much focused on workforce, jobs, job  
3 creation, to ignite the housing market, particularly  
4 during this downturn.

5 I don't think we want to ignore the  
6 importance of that part of the demand question of  
7 supply. Then the second thing I would raise is if we  
8 have been so dependent upon, you know, CDBG and the  
9 tax credits as a primary deliverable for a delivery  
10 vehicle for affordable housing.

11 If those two vehicles are not that useful,  
12 or valuable, or strong anymore, tax credits because  
13 the market's falling out on them, CDBG we can work on  
14 through the streamlining, but if those two vehicles  
15 are not the best ones at this time, what other  
16 vehicles are there to deliver affordable housing?

17 I know there are a lot of folks, like Bart  
18 and Buzz, who think about this on a consistent basis.  
19 I would argue, I'd love to hear from this room, what  
20 other vehicles are there, because these two are the  
21 bread and butter of disaster recovery responses. I  
22 think we are overlooking some others.

23 In talking to some folks in the New Orleans  
24 area I know that I have, and mostly because Bruce Katz  
25 and I tend to be so influenced by our partnership with

1 Marge Turner, we think a lot about the role of  
2 vouchers. I think that if, you know, there is a  
3 conversation about what happens to those families on  
4 temporary assistance, if we replace DHAB, if we move  
5 families out of trailers, what are we giving them?

6           There has been a lot of talk about providing  
7 families with vouchers. I'd like to hear more from  
8 HUD on what the response has been on that front. One  
9 of the things that we know is that just by giving a  
10 family voucher assistance doesn't guarantee them  
11 housing. There's been plenty of studies that have  
12 been done that talk about the fact that just like tax  
13 credits are being returned back to the HSAs, we know  
14 that vouchers sometimes get turned back because they  
15 aren't being used.

16           We talk a lot about how we need to increase  
17 the success rate of the vouchers. One of the things  
18 that I'm really curious about is whether or not if  
19 there is existing supply of private rental apartments  
20 right now, I know that is even thin, but even if there  
21 is, are we doing enough to recruit any private  
22 apartment owners to accept vouchers? Because I think  
23 what we all know in addition to the issue of supply is  
24 that it takes a while for financing and development to  
25 hit the ground.

1           MR. O'DELL: Amy, if I could just take a  
2 moment to underscore something because I think this is  
3 an important point and we're experiencing it firsthand  
4 right now in Texas and southwestern Louisiana. You  
5 know, I think we all agree there are no silver bullets  
6 in seeking a solution here.

7           Vouchers are likely very valuable in  
8 metropolitan New Orleans where there is a stable  
9 supply of rental stock at the moment. In coastal  
10 Mississippi, or in southwest Louisiana, or southeast  
11 Texas a voucher is useless because you're driving 100  
12 miles to find a rental unit to use that voucher,  
13 assuming a landlord will take it. I just wanted to  
14 underscore that vouchers is one element of the  
15 solution. Thank you.

16           MS. LIU: Just to finish the point, the  
17 importance of vouchers, too, if we do this right, is  
18 the immediacy of providing the need just because,  
19 again, the development process takes a while.

20           I know that apart from me and others, like  
21 Marge, who do work in this field without thinking  
22 about the geography, I know this is part of locational  
23 conversation, but we know that there's increased need  
24 for affordable housing in the surrounding parishes, we  
25 know that there tends to be NIMBYs to hard units, we

1 also know that we want families to come back and stay  
2 in the area. So in some ways vouchers can be used for  
3 meeting the supply needs both in Orleans Parish but  
4 also in the surrounding parishes.

5           Again, I want to really reinforce that if  
6 the supply exists in the surrounding parishes we would  
7 pass that, even if it's temporary because we want to  
8 get families and workers in the area immediately.  
9 After they've stabilized they can move back into  
10 Orleans Parish. They have that sort of portability.  
11 We want to get them home. So I just don't want to  
12 undermine the importance of that as a possible  
13 solution.

14           MS. WOODKA: I think Amy makes some  
15 incredibly good points, as always. I think that two  
16 of your points kind of dovetail, which is how do we  
17 create an interest or a demand for the units  
18 themselves, and you've got two different sides of the  
19 demand equation. You have the actual residents of the  
20 units, the people who are going to pay the rent, pay  
21 the mortgage, pay the insurance, but you also have the  
22 development side, and how do you encourage those  
23 people that there's a demand that needs to be met?

24           Buzz, why don't you talk a little bit about  
25 the investor side and what kind of is going on there?

1           MR. ROBERTS: Sure. We have the convergence  
2 of two major issues. One is the financial crisis has  
3 affected low income housing tax credits in part  
4 because tax credits attract private investment, and  
5 particularly from the financial services sector, and  
6 that sector has been hurting. That shows up because a  
7 lot of those investors no longer have taxable income  
8 against which they're going to use the tax credits.

9           So that's kind of a big problem. Part of  
10 that is that Fannie and Freddie are no longer  
11 profitable, and there are a couple of big banks that  
12 are not currently profitable, and part of it is that  
13 some banks who are acquiring other banks now get to  
14 use the losses of the banks they've acquired to reduce  
15 their own tax liability.

16           That means they don't really need tax  
17 credits going forward. We've never been in this kind  
18 of national situation. I don't think it's a problem  
19 with the concept of tax credits, but it is a serious  
20 artifact of the situation in which we find ourselves.  
21 So we need to overcome that, and we've got some ideas  
22 for how to do that we'll get to I guess in the  
23 solutions part of it.

24           The second problem is the local situation in  
25 the Gulf. There are not a lot of experienced tax

1 credit corporate investors based around the Gulf, and  
2 if you are bank, and you are considering making these  
3 investments, you are looking for credit under the  
4 Community Reinvestment Act for that, and the CRA is  
5 very much geared towards serving the bank's own local  
6 area.

7 Now, the regulators saw this coming, and, in  
8 the case of the GO Zone, said that all banks anywhere  
9 in the country could get credit on their own CRA exams  
10 for investing in the Gulf Coast. Unfortunately, the  
11 banks don't really believe that they will get that  
12 credit at the time they are examined. There is just a  
13 credibility issue here that we need to be candid  
14 about, and they don't believe that they will get full  
15 credit, and they are not willing to make those  
16 investments. So that problem has to be overcome to  
17 bring in the banks from outside.

18 We do a lot of work all over the country.  
19 None of the major banks with which we work have a CRA  
20 target area in Mississippi. We've got some great  
21 deals in Mississippi we want to do. It is very  
22 frustrating for us.

23 MR. SPELLINGS: We would like to see you  
24 there.

25 MR. ROBERTS: Louisiana is in somewhat

1 better shape but not much better shape. The only big  
2 banks with an interest in Louisiana having huffing and  
3 puffing, and they are saying, "We're tired. We need  
4 help." So, again, we need to bring that in.

5 And, third, the additional benefits in the  
6 GO Zone tax credit legislation, in terms of deadlines  
7 for the tax credits, as well as bonus depreciation,  
8 need to be extended because they probably can't be met  
9 for projects that are just on the drawing boards now.

10 So those are sort of the three areas, in  
11 addition to NIMBY, which is very, very serious, and  
12 the insurance cost factor, which is, you know,  
13 serious, but, at least, that can be solved with money.

14 MR. O'DELL: When we get to the solutions, I  
15 would really like to explore what mechanisms need to  
16 be put in place to improve credibility because that's  
17 a new twist for us, and I think that's important.

18 Let's talk about insurance for a second, and  
19 whether Buzz wants to take the lead on this, but just  
20 about all of the papers that we received highlighted  
21 insurance somewhere in the top three issues, whether  
22 it be tax credits, insurance, or the state of the  
23 capital markets.

24 Does anybody want to take a crack at the  
25 insurance issue from a personal perspective? Don't be

1 shy. Ken? I know you mentioned it in your --

2 MR. FORD: Again, I represent the home  
3 builders throughout the area there.

4 One of the biggest impediments, let's say,  
5 for the long-term recovery we saw was the fact of  
6 property and casualty insurance. As you know, what  
7 we're talking about here is basically housing. The  
8 housing needs to be defined, whether it's for shelter  
9 or for investments, and insurance companies look at it  
10 strictly for investments. They have to protect what  
11 they have put out there or what is being put into the  
12 real world, and if they have to pay that loss, they  
13 have great concerns.

14 Going back to 1992 and Hurricane Andrew, a  
15 huge amount of money was levied against insurance  
16 companies. They have been trying to protect that  
17 investment throughout.

18 We found that, in most areas, because of the  
19 fact that there weren't any sufficient building codes  
20 in the Louisiana-Mississippi area where the storm did  
21 occur, insurance companies were a little hesitant  
22 about just giving a blank check. Therefore, the  
23 premiums that homeowners have charged is a huge  
24 percentage of the monthly mortgage that the homeowner  
25 has, and that has really been a major impediment for

1 any kind of rebuilding.

2 You see the number of homes lost, and it  
3 would be hard to believe that the Home Builders  
4 Association of Greater New Orleans actually lost  
5 members, that members were going out of business  
6 because they couldn't find work. It's almost  
7 impossible to conceive, given the large volume of  
8 homes that were damaged.

9 So that, we identified, in addition to some  
10 other issues which we'll talk about later, were part  
11 of the major problems that we have to deal with.

12 Now, how do you interact with the private  
13 sector to offer more affordable, and make available,  
14 property insurance? I don't know. There were several  
15 legislative pieces offered by various Congress people  
16 to try and remedy the situation, but that has gone  
17 nowhere. But that is a big issue that we really need  
18 to try and address because it's one thing to put the  
19 people in the homes, but can they stay in the homes?  
20 If they don't have insurance, they can't stay.

21 MS. WOODKA: I think that does hit on a very  
22 difficult issue. We've had a lot of difficulty  
23 getting data on how much insurance rates have gone up.  
24 Obviously, the insurance associations don't want to  
25 provide us with that information on a free basis, and

1 it is, unfortunately and largely, the state  
2 government. I don't know if there are programs going  
3 on in the States. I know that you all had a shore-up  
4 program at one point.

5 MR. SPELLINGS: We did a few things to  
6 address the insurance issue, and yet it still is,  
7 obviously, one of the top issues. One of them, we  
8 passed some legislation within the state legislature  
9 to ensure compliance in building codes across the  
10 coast, and the locals haven't all adopted it, but they  
11 will. The locals sometimes take a while to do what  
12 they ought to do, and the governor's position is  
13 always to let the locals make their own decisions  
14 within the confines of you really need to adopt  
15 building codes at this point.

16 The insurance commissioner has recently been  
17 working with some of the -- there's two or three  
18 insurance carriers that carry 80 percent of the  
19 policies on the coast, and he has been working with  
20 them to see a reduction in premiums with an increase  
21 in fortification. There is this fortify standard that  
22 he has been working on, and I feel like that's going  
23 to move forward, and that will wind up on paper.

24 How many years that's going to take to  
25 filter through for how the builders build and how it

1 changes the way, you know, homes actually get  
2 constructed; that will be interesting to me because I  
3 know how slow change is to come, especially within the  
4 home-building industry. We've known about how great  
5 building systems are for years and years, and yet we  
6 build the majority of the houses that we build out of  
7 sticks.

8 At any rate, I don't know how quickly that  
9 will really alleviate the problem en masse, but, as  
10 far as the insurance issues, that's what we're doing.  
11 Like you mentioned, we have put some money into the  
12 insurance pool program to basically keep it from going  
13 up tremendously. We still saw an increase, but it  
14 mitigated that.

15 MR. O'DELL: I'm sorry, Michelle. One thing  
16 strikes me, and I would ask anyone to weigh in on  
17 this.

18 We've been down this road before. Ken  
19 touched on Hurricane Andrew. Florida has adopted some  
20 very strict building codes, employing some new  
21 technology that was, just a few years ago, almost  
22 unaffordable to the average homeowner. Now, with a  
23 lot of work by NAHB in the experimentation area, it's  
24 well within the confines of affordability, in terms of  
25 structural tie-downs and the like.

1           I think this goes to the point that someone  
2           made about public/private ventures. This is really a  
3           road that we need to look into going down, with a lot  
4           of it informed by folks like NAHB. I'm sorry,  
5           Michelle.

6           MS. WHETTEN: I was just going to add to the  
7           insurance comments that, I think, maybe in the first  
8           year after Katrina and Rita, it was really an issue of  
9           access to insurance at all. You could not get a  
10          policy at any price, and I think that has changed  
11          quite a bit. It's now possible to get insurance.  
12          It's significantly higher than before Katrina and  
13          Rita.

14          The developers have been able to figure out  
15          creative ways to fill that gap, and the States have  
16          also provided assistance.

17          One thing about the State of Louisiana  
18          program that made it not work as well as it could have  
19          is that it was a three-year, I think, insurance gap  
20          fund. Tax credit investors really needed to see that  
21          money in place for 15 years, so that's one thing that  
22          could be done better in the future.

23          I think we had two years of very quiet  
24          hurricane seasons, so insurance rates stayed lower  
25          than they would have, and I think we saw a big jump

1 after Gustav and Ike, so that's a new issue now again  
2 is price of insurance.

3 Just quickly, on the home-ownership issue, I  
4 think, both on the Mississippi coast and in the City  
5 of New Orleans, the cost of insurance for homeowners  
6 is a significant barrier to getting new homeowners,  
7 helping them to buy a house or be able to qualify for  
8 a mortgage. I think all of the home-ownership  
9 training, organizations, entities are seeing that a  
10 lot of their trained and qualified home buyers are now  
11 no longer able to buy a home.

12 MS. WOODKA: I think that that gets into  
13 much more around to the cost side. Wil, did you want  
14 to talk a little bit about your gap or your insurance  
15 stabilization?

16 MR. JACOBS: Exactly. We got reservations  
17 for 22 and a half million dollars of the \$40 million  
18 that we offered for this insurance gap initiative,  
19 and, again, this was in February of 2007, immediately  
20 after the last round of GO Zone credit issuances in  
21 December of 2006. We saw that, in a couple of months  
22 into the new year, projects that had just been  
23 awarded, or awarded through the spring and summer of  
24 the previous year, in 2006, had seen insurance  
25 increases of 200 to 600 percent if they even were able

1 to get insurance.

2 Again, that was \$22 million in credit to pay  
3 the gap over three years of operations for  
4 developments that would be placed in service.

5 It's interesting that now we have  
6 outstanding reservations for about 11 or \$12 million  
7 of that \$22 million that we had awarded, and the  
8 question is would you suggest, Michelle, that it's  
9 more an issue that that program didn't meet the needs,  
10 the long-term subsidy, for those developments, or  
11 would you even suggest, on the other side, that maybe  
12 some insurance at affordable rates has been achieved  
13 by these developers?

14 MS. WHETTEN: It's probably a little bit of  
15 both, but I know that there were quite a few  
16 developers who would have qualified for the insurance  
17 pool of money who opted not to take it because in the  
18 end it was not going to be beneficial to the deal.

19 MR. JACOBS: Last year we offered \$40  
20 million --

21 MR. SPELLINGS: One thing I'd like to note  
22 on the insurance piece -- I had to check it -- but  
23 recently we've taken another look at it, and we've  
24 seen double to triple for homeowners increases in pre-  
25 Katrina rates. If you calculate that into a standard

1 mortgage at seven-percent interest, 30 years, it comes  
2 out to about \$26,000 in affordability for a house.  
3 What that does is it moves affordability right out of  
4 reach for a handful of folks. When you combine that  
5 with, you know, banks tightening lending standards and  
6 whatnot, we do have a home-ownership problem, in terms  
7 of pre-Katrina expectations.

8 We have a real high rate of home ownership  
9 on the coast. In Hancock County, the most rural  
10 county and grand zero, home ownership is, like, at 72  
11 percent. That's very high, but, at any rate, about  
12 \$26,000.

13 MS. TURNER: Mark, I would be interested in  
14 coming back to the small rental, small properties. I  
15 apologize that I know more about New Orleans than any  
16 other part of this issue, but there is stock standing,  
17 not necessarily habitable, at this point. It is  
18 single-family, duplexes, small rental properties. I'm  
19 really interested in what are the barriers besides  
20 insurance cost -- clearly, that's one, but what are  
21 the barriers for acquiring those properties and  
22 getting them back into use, either as, you know,  
23 subsidized home ownership or as rentals with varying  
24 degrees of subsidy?

25 It seems to me, it's a really important

1 component of a strategy that would make vouchers work,  
2 that would make neighborhood revitalization work, that  
3 could slide some subsidized units into neighborhoods  
4 that think they don't want them, and it's not clear to  
5 me and I'm really interested in understanding better  
6 what's getting in the way of that happening.

7 MR. DIXON: I'm David Dixon. We're doing a  
8 master plan for New Orleans at present, and we're  
9 talking about the zoning ordinance, and I also would  
10 really underscore the importance of your question and  
11 tie it back to the term "NIMBY," which we've heard a  
12 number of times.

13 I think much of the very strong resistance  
14 to affordable housing matched by the profound need for  
15 affordable housing in New Orleans relates to the  
16 unfamiliar form with which affordable housing is  
17 coming back, and the just -- I'll use the word  
18 again -- compelling need that people have to see their  
19 neighborhoods come back, and, frankly, what looks like  
20 affordable housing in a large building wasn't  
21 recognized as affordable housing when, frankly, it was  
22 their neighbor in a one-to-four-story house.

23 I think, for a whole series of reasons, this  
24 is a really important question to answer.

25 MR. O'DELL: You touched on my hot button

1 because this really covers the entire expanse of the  
2 portfolio of this office: levees, schools, health  
3 care, economic development, criminal justice. People  
4 don't move back into neighborhoods if there is no  
5 commercial center or a functioning police department  
6 or fire department or a school that's open or a  
7 healthcare facility that's close by.

8 This is something that engages us 24/7, and  
9 it applies to Mississippi as well. It's very easy to  
10 look at only New Orleans and say, "Ah-ha," which is  
11 something I have to remind myself, as well as the  
12 staff, every day that we've got Mississippi and also  
13 Texas and other parts of Louisiana to be concerned  
14 with.

15 But I really invite you, David, to expand  
16 your thoughts on this a little bit further because you  
17 are the author of the "New Orleans solution" that is  
18 yet to hit the streets but is already in law, happily.

19 MR. DIXON: Yes. Well, first of all, I  
20 certainly hope to learn far more than I'm going to be  
21 able to contribute, but thank you.

22 Really, I probably have said, I want to  
23 underscore that New Orleans' future really is its  
24 neighborhoods. Frankly, it is walkable, historic,  
25 wonderful neighborhoods that attract people to cities

1 today. We're beginning an urban renaissance because  
2 of neighborhoods like these, and New Orleans is hugely  
3 burdened by the obstacles to bringing back one-to-  
4 four-family houses, I would say.

5 I would add to that the inability, because  
6 we no longer live in a society that welcomes eminent  
7 domain even for noble purposes, to aggregate  
8 properties. There are whole areas, like Gentilly,  
9 which I think would resettle rapidly if you could gain  
10 control of a block of houses, in cooperation with the  
11 owners, for example.

12 It is hugely frustrating that we don't have  
13 a legal mechanism to do something so obviously  
14 beneficial and necessary.

15 MR. O'DELL: Well, I would tell you that the  
16 New Orleans Redevelopment Authority is working in that  
17 direction.

18 MR. DIXON: Yes. They are just hugely  
19 encumbered by their city, but yes.

20 MS. ROSE: I'm Kalima Rose from PolicyLink,  
21 and I think, putting it into context, I mean, there  
22 are small owners who applied two years ago and are  
23 waiting for this program to move forward. So it isn't  
24 like there aren't applicants, or there aren't willing  
25 people. There are bottlenecks in the program that

1 have prohibited it.

2           So the program was set up to allow small  
3 owners to apply for financing in exchange for giving  
4 affordable rents, and any owner of a small property  
5 that could go out on his own and get market rate rents  
6 did that. So people who wanted this program were  
7 willing to accept affordability because they couldn't  
8 get money up front and couldn't finance it without  
9 government help.

10           So provisional award letters were given.  
11 Those letters meant nothing to banks. They were not  
12 able to get credit. So 8,000 small owners are sitting  
13 on waiting for this problem to move forward. So this  
14 seems like it should be the top priority of HUD, to  
15 help streamline those bottlenecks.

16           Another problem that's happened is the  
17 communities that applied for these grants were  
18 communities where this housing was extremely  
19 affordable before; \$400 to \$600 rent, most of these  
20 places were going for, just on the market, and they  
21 were communities that have high numbers of rental  
22 housing.

23           So you see these are the neighborhoods that  
24 are completely languishing, and many of these  
25 communities have half of the 10 years' ownership and

1 half of the 10 years' rental, and so where people have  
2 fixed up, they are living next-door to all of this  
3 blighted housing.

4 So if we have \$700 million on the table, I'm  
5 really glad to hear that a thousand of these units are  
6 coming back online, but that leaves 7,000 that are  
7 still stuck, and it's because of these CDBG rules.

8 So I think, if you put one thing on the  
9 table to solve that would make a huge difference in  
10 New Orleans neighborhoods, it would be giving that  
11 money up front and just getting the program moving.

12 MR. JACOBS: I just want to say, getting  
13 one-to-four-unit properties online, both in the  
14 program and without in the program, in the private  
15 market, is the availability of credit. If it wasn't  
16 difficult before this recent credit crunch, it was  
17 certainly difficult in the wake of the storms. Why  
18 would a bank want to lend to a house and a  
19 neighborhood that's 90 percent destroyed?

20 MS. WOODKA: Well, if I could interrupt you  
21 here, I think that what we've heard, though, is the  
22 small rental program in Louisiana, which does differ  
23 from the program in Mississippi, is a reimbursement  
24 program so you are reliant on the people getting  
25 credit up front.

1           So if we have this credit issue, is there,  
2           and this will be something that we'll get into in the  
3           solutions, is there something that all of these really  
4           smart folks around the table can help you all look at  
5           so that we can, indeed, get money if these people are  
6           unable to get credit?

7           Perhaps we could table that and, hopefully,  
8           there will be ways, with HUD here and folks who are  
9           looking at the program and the folks from Mississippi  
10          here, maybe we can actually learn and help achieve  
11          some solution to be able to address the folks who are  
12          waiting in line.

13          MR. JACOBS: Right. And that's what I've  
14          stated already. These really smart folk, we already  
15          put into place the ability to actually give direct  
16          lending. So we've solved that issue, but it's not  
17          going to solve the issue of a homeowner being able to  
18          rebuild his house. The value you have in a banker is  
19          that the banker is going to provide monitoring for  
20          that reimbursement of funds, and that's what we're  
21          going to do now. But we have that in place. We put  
22          that in place earlier, a few months ago, and we are  
23          starting to actually release that money up front.

24          So we've gotten there, and, as a matter of  
25          fact, we spoke to HUD yesterday, and they are really

1 optimistic about what we're doing, and we're already  
2 establishing the processes by which we can get money  
3 up front. So we understood that credit was an issue,  
4 and so we worked to get that chance.

5 MS. WOODKA: Maybe we could actually ask  
6 Chris, because Chris is one of the few people sitting  
7 here at the table who is actually building rental  
8 housing for this affected population. Maybe you can  
9 shed some light on how you're doing it.

10 MR. MONFORTON: Sure. Just a quick  
11 clarification. Most folks recognize Habitat as a  
12 home-ownership program, and we have had a lot of  
13 success in that, but one of the things, being on the  
14 ground, that we've recognized, and everybody around  
15 this table realizes, is that home ownership isn't for  
16 everybody.

17 Now, one of the things that we saw very  
18 quickly is that I had a great story of an 80-year-old  
19 woman who was living in a FEMA trailer, and she  
20 applied for a Habitat house, and she was qualified,  
21 and we sold her a home. At the closing, she shared  
22 with me, she said, "I have no interest in owning a  
23 house, but this was the quickest means for me to get  
24 out of my FEMA trailer," which was the impetus for us  
25 deciding, let's stretch our comfort level and step on

1 some of those squeaky planks within our organization.

2 Just a quick thought that I wrote down that  
3 I want to share is that we had applied for the  
4 Mississippi Small Rental Rehab program. We  
5 constructed 15 houses, single-family homes, so we're  
6 going to rent these at an affordable rate. We saw an  
7 opportunity to access some subsidy to continue to make  
8 our opportunities so we can continue to construct  
9 more.

10 After about seven months of going through  
11 the application process, I think the simplest thing,  
12 if we want to expedite this, is to allow families to  
13 move into homes before contracts are executed. I had  
14 15 rental houses that were completed, certificates of  
15 occupancy in hand, and I couldn't move anybody into  
16 them through this program until I had executed a  
17 contract, and, finally, we've said, "To heck with the  
18 money; it's more important about getting families in  
19 there."

20 I understand there's all sorts of  
21 implications there, but that would be one simple  
22 thing, is allow occupancy prior to execution of a  
23 contract, and then if the terms still meet the  
24 conditions of the contract, then go ahead and  
25 reimburse the dollars.

1           Our program, you know, we actually had to  
2 call it a "home-ownership incubator" to pacify some of  
3 those squeaky planks in our organization. Very  
4 simply, we said -- let me step back.

5           The insurance was also another issue. We  
6 see that across the board with everybody on the coast.  
7 I can give you a number. Pre-Katrina, you know, a  
8 simple, decent Habitat home was about \$800 a year. We  
9 are now seeing \$3,200 to \$3,700 a year for all perils  
10 for that same house.

11           One of the reasons why we were on our rental  
12 program, and this was going back to some other  
13 possible solutions, is that we've been able to secure  
14 insurance under our commercial policy. I've got  
15 rental homes that virtually the same floor plan across  
16 the street that is home ownership is that, under our  
17 commercial policy, I'm paying \$900 a year for all  
18 perils, but the family across the street is paying  
19 \$3,200. There is some sort of disparaging gap there  
20 we need to understand.

21           But our program, very simply, is that we  
22 were weren't looking for a profit. We constructed  
23 this rental unit for about \$100,000. That was our  
24 all-in cost, including the purchase of land in the  
25 development, and, very simply, we've partnered with a

1 couple of other nonprofits on the counseling side, and  
2 we just said, "We are going to peg the rental rates to  
3 the 30-percent housing income, and a portion of that  
4 rental rate was going to go to an IDA account, \$25 to  
5 \$50 a month," and, more or less, we set up a 36-month  
6 program where families are going through this rigorous  
7 program of remediating any collections, anything on  
8 their credit report, and putting them through a  
9 rigorous counseling program so that, ideally, at the  
10 end of this 36-month program, where they have been  
11 paying this affordable rental rate, they can qualify -  
12 - they have corrected their credit or debt issues  
13 that, ideally, they would qualify for a conventional  
14 loan to go out and purchase a home. But with the  
15 credit challenges that we've seen most recently, it's  
16 becoming more and more difficult.

17 The question on the Mississippi Coast; we  
18 talk a lot about supply and demand. In September,  
19 there were 2,700 active listings on the MLS, three  
20 coastal counties in Mississippi that all listed below  
21 \$150,000. When we talk about affordable housing,  
22 \$150,000 is still outside of that realm.

23 I won't be so bold to say that all 2,700 of  
24 those homes were livable -- we don't know what the  
25 conditions were, but, at some point, it's about being

1 able to access dollars to convert these units. You  
2 know, we've got a lot of promise in the NSP program  
3 that is out for public comment now. How can we tap  
4 into those units that are currently on the market?  
5 It's not so much implementation of how do we construct  
6 these units, but it's what are the units that are  
7 available today, and how to we access them and convert  
8 them into affordable rental?

9           There is a lot more I could share about it,  
10 but, for purposes of time, I think we would really  
11 like to look at -- we're talking this trip this week  
12 talking with some insurance agents about looking at  
13 the commercial lending policies and why it is there is  
14 such a disparaging gap. Really, that has been the key  
15 for us as to how we've been able to make our rental  
16 units affordable.

17           Families are paying \$350 a month for the  
18 rental units that they are renting from us. That's a  
19 three-bedroom, two-bath house, 1,200 square feet.

20           MR. O'DELL: That's an interesting twist,  
21 though, that it may ultimately be a better investment  
22 to develop small rental property and cover it under a  
23 commercial policy that would be a third of what it  
24 would take to do if you were an owner of the  
25 residence. Ken?

1           MR. FORD: Somewhat piggy-backing on what  
2           you said, what we found as one of the major barriers,  
3           and I'm going to talk a little bit about the  
4           mechanics, if you look at the housing stock prior to  
5           the storm, you basically had single-family homes  
6           scattered throughout that were built in the median  
7           year of 1952 based upon the construction and the age  
8           of the properties.

9           If you look at the cost compared to today's  
10          cost, you will not build anything for under six  
11          figures. Most people in that area with the  
12          socioeconomic criteria will not be able to afford to  
13          buy. Building single-family homes, i.e., townhouses,  
14          which is a cultural shift for the mind-set of a lot of  
15          people in that community, is one of the most cost-  
16          effective ways of solving housing, whether the  
17          occupancy is ownership or rental. But getting the  
18          people in there thinking to go to the concept of  
19          having a neighbor on either side when, before, you  
20          didn't, is something that has to be addressed as well.

21          Having scattered sites makes every house a  
22          custom home, to a certain degree, if you've got to go  
23          and repair. The most cost-effective way for any  
24          developer or builder is to have a large block of land,  
25          somewhat similar to what you're saying, to have the

1 economy of scale to do mass housing to solve the  
2 issue.

3 How do you effectuate that in a community?  
4 I'm not sure. It's something the local concern has to  
5 do, provided they can match up the investments, the  
6 insurance, and the producers of those properties, and  
7 a fourth component is the occupant.

8 MR. O'DELL: I think you've just thrown  
9 gasoline on the conversation because townhouses are  
10 not a particularly popular flavor of spice in  
11 Louisiana.

12 MR. FORD: It's not.

13 MR. O'DELL: I think that's probably true in  
14 Mississippi. I understand the economies-of-scale  
15 piece. Amy, you had a point, and then we'll get to  
16 you, Dave.

17 MS. LIU: I wanted to build on this, and I  
18 know it's so hard -- there's a lot of great comments,  
19 and it's hard to separate problem identification from  
20 solutions, but just to build off on that comment, you  
21 know, the desire to renovate or to build at the  
22 neighborhood scale is really important for the  
23 recovery effort.

24 In asking people the extent to which the tax  
25 credits are being used for scattered- site

1 development, one of the things I heard is one of the  
2 biggest barriers to doing that is the CDBG review,  
3 that being that even if you put an incentive on the  
4 tax credit program, reward those for doing scattered-  
5 site development, particularly given the jack-o-  
6 lantern effect, given the availability of land that  
7 is, you know, small parcels of land.

8 The real discouragement of doing scattered-  
9 site development is the fact that the CDBG rule  
10 applies to reviews on each site of your plan. So the  
11 fact that you want to scatter 300 units across 10  
12 sites, you have to do 10 independent reviews. If  
13 there is a way to streamline that and encourage --

14 MR. O'DELL: And that's something that we've  
15 done for NORA, and I know that HUD is amenable to  
16 batching that consideration because they have done it  
17 for NORA, at least in the environmental historic  
18 preservation --

19 MS. LIU: Is that a waiver for all future  
20 projects, or is it just a case-by-case --

21 MR. DAVIS: It's not a waiver.

22 MS. LIU: -- or not a waiver but --

23 MR. DAVIS: It's not a waiver. It's just a  
24 more streamlined --

25 MR. O'DELL: -- methodology.

1                   MR. DAVIS: -- approach, method, of  
2                   conducting those reviews, consolidating time with the  
3                   geographic skill.

4                   MS. WOODKA: However, there seem to be some  
5                   difficulties in the implementation of it, and, even  
6                   from what we had talked about, which, you know --

7                   MR. PRAKASH: I think it gets back to, and  
8                   I'll look into this one specifically -- I think it's a  
9                   good point -- I think what I've seen in similar issues  
10                  is you have a very tightly written set of rules that  
11                  are driven from statute that this kind of  
12                  interpretation becomes just very difficult for us to  
13                  make in a vacuum.

14                  We do a lot of things. There's a ton of  
15                  waivers that are provided that we grant on a very  
16                  regular basis. It's almost like the program has no  
17                  form or function anymore because there are so many  
18                  waivers out there, it's, like, why don't we just waive  
19                  the whole program and just forget about it?

20                  So I think this has become the running joke.  
21                  I mean, it's a joke for me. Again, because I'm new to  
22                  HUD, and I see this with maybe some open eyes, that  
23                  the CDBG program has become all things to all  
24                  situations. The NSP program was cited. That's \$4  
25                  billion that is being driven through the CDBG program

1 for buying up foreclosed properties and delinquent  
2 properties.

3 Then there is \$6 billion going in for  
4 disaster recovery for any kind of disaster:  
5 hurricane, flood, snow, rain, fires -- all different  
6 damage assessments, all different sense of need, in  
7 terms of areas hit; no question to the difference in  
8 geography and locality.

9 Then you throw in its principal purpose,  
10 which we haven't even gotten to yet, which is just  
11 community development, which has about, you know, two  
12 to three dozen eligible uses, and those funds are  
13 coming in on a regular basis.

14 So we have capacity issues, locally, because  
15 no one can write up a plan to just encounter all of  
16 these issues. I would never take a job in any  
17 governor's office, let alone the Gulf Coast offices,  
18 if I was in charge of the CDBG plans because it's an  
19 absolute nightmare task to be able to take all of  
20 those pieces, develop complementary plans, and make  
21 sure there is effective monitoring so that you don't  
22 get sued by the federal government to return all of  
23 those funds like the City of Houston just did and  
24 finally agreed on a settlement with HUD.

25 This is the irony of it: Houston just gave

1 us back 30 million bucks, and we're turning around and  
2 giving them another, you know, billion for the Ike  
3 probably within a couple of weeks.

4 So, you know, there is really a problem with  
5 using the CDBG program generally, I think, and if  
6 we're really talking about fixing the problem and not  
7 putting a Band-Aid on it, let's develop a disaster  
8 recovery funding mechanism that allows for the  
9 scattered site.

10 Let's not lose sight that we're talking  
11 about disaster recovery, which is actually different  
12 than affordable rental housing construction, in and of  
13 itself. I think that is a blending here that is very  
14 dangerous because you keep looking at those as your  
15 solution for long-term affordable housing, but GO Zone  
16 is for disasters; it's not just for anyone that needs  
17 affordable housing in their community. So we have a  
18 little bit of a challenge there.

19 MS. WOODKA: Anoop, if I could just outline  
20 the problem. We have listened to a lot of you, we've  
21 read your papers, and I think that there is the  
22 expression of difficulty with some of how the CDBG  
23 rules are being interpreted, but I think when people  
24 read the regulations, the understanding was that they  
25 were single sites, rehab, rebuilding on the existing

1 footprint probably should largely be exempt from a lot  
2 of the environmental requirements.

3 That's how the regulations are written, and  
4 I know that's how Mississippi structured their  
5 program. We will see it with the neighborhood  
6 stabilization program as well because I think a lot of  
7 it will be scattered site, but there is still a HUD  
8 regulatory review that is not driven by the statute,  
9 and I think that's where some of the difficulties are  
10 arising.

11 MR. PRAKASH: There are certain things that  
12 are waivable and certain things that are difficult to  
13 waive, and I think that's where we get into a  
14 challenge because environmentals, in and of  
15 themselves, are driven by other statutes. Those  
16 environmental rules are not HUD rules. It's another  
17 agency that isn't around the able today, and I think  
18 you also have -- I, unfortunately, don't have my  
19 community-planning-and-development colleagues here to  
20 really respond directly to kind of the challenge  
21 there.

22 I think it's a good one to consider, and I  
23 think that we can have that conversation, you know,  
24 more distinctly after --

25 MR. O'DELL: Well, I'll give you the precise

1 example where HUD did not require a waiver; it was  
2 just a different business approach.

3 The New Orleans Redevelopment Authority,  
4 which is the funnel through which all LLT properties  
5 and others that are seized by eminent domain by the  
6 city and so forth are disposed of, through a number of  
7 programs -- the lot next-door to the willing and able,  
8 Providence Homes, Catholic Charities, and the like --  
9 Habitat is a beneficiary of that as well.

10 But HUD interpreting law and regulation, and  
11 I won't name any names, and then passing that along to  
12 the offices of community development in Louisiana, and  
13 they, in turn, imposing these requirements on the city  
14 and on the New Orleans Redevelopment Authority were,  
15 for example, requiring a Phase I study for every  
16 quarter-acre lot being distributed through the  
17 program.

18 But, problematically, the process is that,  
19 as a property went from LLT to NORA to a third  
20 party -- let's say it was Providence Homes -- and then  
21 to the ultimate owner, they were requiring a Phase I  
22 study at each change of hands -- okay? -- multiplied  
23 by about \$1,500 to \$2,000 per Phase I study, and that  
24 was property by property.

25 Through engaging with your guys, and they

1 really put their minds into it, and through the Office  
2 of Community Development, and with some help from the  
3 Council on Environmental Quality in the White House,  
4 they took the more holistic view, said, if you have  
5 100 properties in a neighborhood, and I think this  
6 goes to what Amy and others were talking about, if you  
7 have 100 properties in a neighborhood, and if you have  
8 one property that may be suspect, an old gas station  
9 location, as an example, it gets carved out, and the  
10 other 100 move through the pipeline with a single  
11 Phase I study done.

12 That has gone from zero properties flowing  
13 through the NORA pipeline to -- where are we now,  
14 Scott?

15 MR. DAVIS: Twelve hundred.

16 MR. O'DELL: -- 1,200, and that's in 90  
17 days. So there are fixes, and we didn't trample on  
18 one environmental regulation along the way. Your guys  
19 really had their heads in the game, along with CEQ, so  
20 this is fixable without waiver. It's just a different  
21 business model.

22 MR. HARVEY: Could this be mentioned because  
23 Congress, every time it responds, it comes back to  
24 block grants? It uses it for something it can't be  
25 used for because it never lines up with state and

1 local.

2           There ought to be a recommendation out of  
3 this experience that you all go through because all of  
4 us around this table go through it every single time  
5 it comes back, that there really ought to be, if HUD  
6 is going to be the housing place for disaster relief,  
7 or permanent housing for disaster for disaster relief,  
8 these things, these fixes have to get done because  
9 you've got all of these displaced people that have  
10 been waiting for all of us to work through, not only  
11 this, but about 10 other things, I think, that we  
12 could bring in.

13           If we could push this, it may not help the  
14 whatever number of years it took on this one, but,  
15 hopefully, for the next go-around, there has got to  
16 be --

17           MR. O'DELL: Well, we still have a lot of  
18 demand to fulfill, and --

19           MR. PRAKASH: I just get back sort of to the  
20 recommendation, I think, has got to be at some level  
21 above, what waivers and what things can we change in  
22 the already broken process? I'm a big fan of process  
23 reengineering. This process cannot be reengineered  
24 because there are four mission directions, so when you  
25 reengineer it for this mission, you're screwing it for

1 this mission, and when you reengineer this piece for  
2 this mission, you're hurting this mission.

3 We are not going to be able to do scattered  
4 sites or do one environmental review when you're  
5 running all of your scattered sites along the  
6 coastline, period. There's too many people and too  
7 many interests that will say, "You will look at every  
8 single touch point," where you're touching the ocean,  
9 and you're touching the beach, and you're touching in  
10 the environmentally difficult places.

11 That works really well if our primary  
12 purpose is rapid rebuilding post-disaster, but it  
13 doesn't work as well when you're talking about long-  
14 term community development things, which those who are  
15 focused on the environment have fought long and hard  
16 to build those into the review process.

17 MR. O'DELL: To pick up on your example,  
18 we're talking about places residential that a single  
19 family or multi-family have existed for years.

20 In some cases, yes, that may have been ill-  
21 advisedly constructed long before we became  
22 environmentally sane, but those properties are vastly  
23 in the minority, and whether it be in New Orleans  
24 neighborhoods, like Gentilly, where we have a gap-  
25 tooth problem, or on the Mississippi Gulf Coast, where

1 we have slabs that can be built upon using the  
2 existing infrastructure, but we want to bump it out  
3 300 square feet, and, all of a sudden, that triggers  
4 an archaeological review, literally, that slows the  
5 project down two months; those are the kinds of things  
6 were we've got to be saner, that don't trample on  
7 regulation, environmental, historic, archaeological,  
8 et cetera, et cetera, et cetera.

9           These are the kinds of things that this  
10 office is charged to be the arbiter of. It's a  
11 target-rich environment, and HUD is not the only one  
12 on the firing line either.

13           MR. PRAKASH: I would say I'm on the side of  
14 reforming it. What I'm saying is don't reform the  
15 already heavily laden, multiple-mission -- it's like  
16 trying to reform Fannie and Freddie to become both  
17 profitable and, you know, charitable at the same time.

18           We're in the same situation with CDBG, and I  
19 think that when you think about disaster recovery,  
20 let's find a whole new channel of funding so that  
21 you're addressing single-family housing, multi-family  
22 housing instances, and you're not, you know, weighing  
23 it down with all of the other pieces of what CDBG  
24 value brings to the table, and I think that's sort of  
25 the challenge.

1 Right now, what is ironic here is disaster  
2 funding through CDBG is now greater than the annual  
3 CDBG grant of its principal purpose, with this big, \$6  
4 billion, you know, injection.

5 So we are now in a position where the  
6 principal purpose has been superseded by the secondary  
7 purpose of disaster recovery, and that is bad policy.  
8 It should have its own formula.

9 MR. O'DELL: Dan, did you have a point you  
10 wanted to make?

11 MR. ROTHSCHILD: I wanted to get back to Ms.  
12 Turner's point real briefly because I think that is  
13 the critical point. Just briefly, I'm with the  
14 Mercatus Center at George Mason University. I'm part  
15 of a team that's done about 550 hours' worth of  
16 interviews with people doing rebuilding on the ground.

17 One of the things that's come up over and  
18 over again, in the interviews we're doing with folks,  
19 whether they are entrepreneurs or social  
20 entrepreneurs, homeowners, including some people who  
21 have owned rental housing before, is that the rules of  
22 the game on this are still completely unclear, and the  
23 fact of the matter is, you know, three years and  
24 change after Katrina, we're still talking about what  
25 the replanning looks like. We're still talking about

1 when things are going to happen. I mean, in some  
2 areas, we're still talking about what public utilities  
3 are going to look like.

4 What we, as a Washington community writ  
5 large, has asked the people of the Gulf Coast to do  
6 for the last three years is to wait, to delay, to not  
7 make any decisions while we try to put our house in  
8 order, and I think that's been a major problem.

9 So I think the way that we need to look at  
10 all of these questions before us is, yes, we see  
11 macro-level problems, but what they are, they are  
12 aggregates of micro-level decisions. So what are the  
13 incentive structures that are being created by all of  
14 these different policies?

15 With that in mind, what can we do to  
16 incentivize getting things into the hands of people  
17 who can rehabilitate existing houses, clear blighted  
18 houses, and get them back into either the sales stock  
19 or the rental stock.

20 What are the things that we can do to move  
21 things between the Louisiana Land Trust to NORA and  
22 back into the private sector as quickly as possible?  
23 If that includes selling things for auction, letting  
24 houses go for a dollar, I think that kind of thing  
25 would be great, but I think the thing we really need

1 to be focused on is getting these small units back  
2 into the hands of the mom-and-pop landlords that  
3 really made up the New Orleans area rental stock  
4 beforehand.

5 MR. DIXON: A very quick question. The one  
6 thing I would add -- this is really useful -- to  
7 somebody on the ground, these are very useful comments  
8 -- would be when we're talking about in-fill  
9 situations, are very useful, we need to add some  
10 capacity support. This is, just to be blunt, not a  
11 city where things work top down; they work bottom up.

12 There is not a strong CDC structure, and  
13 there are a lot of small owners who are just as  
14 confused as you describe, and they are going to need  
15 some help, and it wouldn't take that much help but  
16 help available on almost a case-management basis to  
17 help get them back into the business of repairing  
18 their houses.

19 The energy is amazing. You can walk around  
20 neighborhoods where people will show you the house  
21 they are rehabbing and the crack house next-door, and  
22 they are still rehabbing. They want so much to be  
23 back in these neighborhoods. The energy you could tap  
24 into is phenomenal.

25 MR. O'DELL: I think you make a good point.

1 It occurred to me, when will was talking about the  
2 revamping of the small rental program and some of the  
3 barriers that have been removed, there is a great deal  
4 of street-level education that needs to occur, case  
5 management -- call it what you will -- to not only  
6 help people understand that a lot of the barriers that  
7 they presupposed or directly experienced have been  
8 removed, but to also help them through the process.

9           You're absolutely right. This is a bottom-  
10 up city. That's how things get done. That's why  
11 Habitat is the largest new home builder and why  
12 Catholic Charities is the largest home remodeler.

13           Zack Rosenberg has been remarkably quiet  
14 here this morning, in St. Bernard Parish, doing what  
15 he does in the repair area. Now, you haven't done any  
16 rental stock, have you, or not much?

17           MR. ROSENBERG: We're gearing up to, and, I  
18 guess the only reason I'm being so quite is because  
19 I'm all excited about solutions. I think, while this  
20 is a great exposition of what the problems are, 85  
21 percent of these problems are things we've already  
22 contemplated and thought about, and it is good to get  
23 on the same page, and I'm excited about doing that, to  
24 have some shared knowledge of where the barriers are,  
25 and, indeed, I think there are still others.

1           The St. Bernard project, very soon, by  
2     January, will begin rebuilding homes that are passing  
3     from the LRA to St. Bernard Parish then to us and  
4     turning them into affordable rental housing at pre-  
5     storm rates for seniors and folks with disabilities  
6     and soon, although St. Bernard Parish doesn't know  
7     now, so we'll keep this quiet, for single moms and  
8     first-time homeowners as well.

9           So that's something we're going to do.  
10    We're hoping to move into New Orleans really soon. I  
11    have all sorts of thoughts about solutions, but I can  
12    keep it shut until then.

13           MS. WOODKA: I noticed that, Brad, you had  
14    in your hand, and I appreciate you being here because  
15    you're coming at it from a direct disaster-response  
16    perspective, and that might be very useful.

17           MR. GAIR: Right. Yes. Thank you. I'm  
18    Brad Gair. I'm currently with the New York City  
19    Office of Emergency Management. I spent almost a  
20    decade with FEMA, mainly doing post-disaster recovery  
21    --

22           MR. O'DELL: Watch your language.

23           MR. GAIR: Pardon me?

24           MR. O'DELL: He said "FEMA." Watch your  
25    language.

1           MR. GAIR: Uh-huh. One day, again,  
2           hopefully, it will be a nice term to use.

3           In any case, I think a good point was made  
4           in differentiating between affordable rental housing  
5           and post-disaster housing, and I like hearing people  
6           talk about demand, I like people hearing about case  
7           work because, in all of my years in working on this,  
8           you will not solve the problem for these 45,000 people  
9           still on federal assistance until you do the case work  
10          at their level to find out what the demand really is.

11          We're talking about programs, but that may  
12          not match up with what the demand is. What we've  
13          found in the past is that people who are in post-  
14          disaster housing in FEMA or HUD or hybrid programs  
15          redefine "affordable housing." You may think you're  
16          developing an affordable-housing program only to find  
17          out that they can't afford that.

18          They have lost their savings, they have lost  
19          their homes, they have lost their furniture. Just  
20          because you create something that's affordable on the  
21          market, that may not put them in it. It may put  
22          someone else into it, but we've still got a 45,000-  
23          family problem that's not being addressed unless you  
24          start with case work.

25          I don't know who is doing that, or if anyone

1 is doing that. I know FEMA does recertification. HUD  
2 probably does some kind of recertification.

3 MR. PRAKASH: We actually do whole case  
4 work --

5 MR. GAIR: Whole case work?

6 MR. PRAKASH: -- with the Disaster Housing  
7 Assistance program, which is all case management.  
8 That was -- agreed to case management ahead of time,  
9 and they are having two or three contacts per month to  
10 assess the situation. There is also a migration to  
11 where they start contributing rent on a monthly basis.

12 MR. GAIR: I understand that. So who is  
13 doing the case work to determine how they get out of  
14 what they are in into something else? Most of the  
15 case work in the federal programs is, "Are you still  
16 in the same situation, where you belong here, and can  
17 we maybe ease you out of it?" But who is doing that  
18 case work that gets them from Point A to Point B?

19 MR. SPELLINGS: In Mississippi, it's the  
20 Mississippi Commission of Volunteer Services. It is  
21 contracted to them, and then they subcontract to BIS.  
22 It's very locally driven, very vested, and we feel  
23 good about that case work process, actually.

24 MR. GAIR: So you can go to any family's  
25 file and sort of look at --

1 MR. SPELLINGS: No, no. Do I have access to  
2 the information? That's a different question, but  
3 there will be case work to do.

4 MR. GAIR: You're at the programmatic level.  
5 Can someone go to their file and say, "Okay. For  
6 Family A, here is what it's going to take to get them  
7 into a permanent solution," and, if so, you should be  
8 able to then develop programs that meet that need  
9 rather than a more general, affordable-housing need.

10 MR. SPELLINGS: That case work process is  
11 only recently up and going, and we are doing what you  
12 just described.

13 MR. PRAKASH: I can say for the Katrina DHAP  
14 program, you make a good point. The case work is  
15 there. In fact, we can see individual family files,  
16 and we can say, "Okay. Here is their current report."  
17 The crux of it is, what's being done with that data?  
18 and probably not much. You're bringing up a very good  
19 point, that that data is there, and that's why it is a  
20 guess.

21 When we look at everyone is trying to guess,  
22 "Well, how many families will still need DHAP when it  
23 expires?" and it's, like, anywhere from two to 12,000.  
24 Well, that's a great guess. Thanks for the range.

25 But, you know, I think you're right. I

1 think we have some more data assessment that needs to  
2 be done.

3 MR. GAIR: It sounds like there is plenty of  
4 funding, but you want to ultimately make sure that it  
5 gets to solutions for the people out there.

6 What happens on most disasters, even big  
7 ones, and there has never been one of this magnitude,  
8 is you always end up with a percentage of families  
9 that are stuck. Just because the project is so big,  
10 that number is big. Usually, it's small enough that  
11 when you get three years down the line, the Habitats  
12 for Humanity, the Mennonite Disaster Services, local  
13 groups can start to pick up and pick away at that  
14 leftover demand of people that just can't help  
15 themselves.

16 Here, it's a relatively small percentage,  
17 but it's a big number, 45,000 families. That's beyond  
18 the means of any one group, and I think until you  
19 really understand what that demand is and how you  
20 solve it, you can create a lot of affordable rental  
21 housing, and other people end up in it, but I'm not  
22 sure these disaster victims will.

23 MS. WOODKA: That may actually lead us --  
24 Jason, it might be helpful if you would talk a little  
25 bit about the data-collection effort that's going on

1 in Mississippi that has been ongoing for a while, but  
2 it seems like you all are getting to the point that --  
3 if you could just describe how you've been going about  
4 it and what you are hoping to get from it.

5 MR. SPELLINGS: About this time last year,  
6 we had been talking about it for a while. First, in  
7 implementation of programs, it was simply get houses  
8 on the ground at any cost. Let's move, let's get it  
9 done, and, at some point, we saw we still had quite a  
10 bit of money to program, just like anything else. Is  
11 anybody doing an analysis of this?

12 There really was no place to go, and so we  
13 decided we had to do it on our own. So we contracted  
14 with a couple of entities, and, basically, we start  
15 with damage. I wish Todd were in here. Todd  
16 Richardson is an invaluable resource with any  
17 endeavor, even if it's not data that he has. He is a  
18 great person to have at the table kind of poking holes  
19 in what you're doing, but, you know, that's a good  
20 thing.

21 We started with the damage, and we allocated  
22 all of that by parcel, and so our data project  
23 recently has come to the place where we have  
24 information on parcels across the coast, and so the  
25 data -- we've brought in FEMA information, and now

1 we've got cottage information, cottage tenants, where  
2 the units are, how high they must be elevated to go  
3 permanent.

4 As everybody around the table knows, it's a  
5 very complex set of questions that has to be answered  
6 to begin to devise these programs that aren't  
7 necessarily just the cookie-cutter rental for ADM-120.

8 Are they elderly or disabled? So that's  
9 another data set you had to get, and then we went to  
10 the Postal Service. Just gathering all of that data  
11 is a very complicated process because a lot of people  
12 don't want to give it to you. They don't trust you to  
13 have it. If you get lawyers involved in it, then it  
14 all goes out the window. I'm pretty frustrated with  
15 lawyers and the data project.

16 At any rate, the data has been getting  
17 better and better and better, and, right now, we have  
18 projections for where we're going to be over the next  
19 three years, and we can tweak the model based on  
20 different population growth scenarios -- high-, mid-,  
21 and low-growth scenarios -- and we've broken that down  
22 by incomes, and we've looked at elderly and disabled,  
23 and we, overall, feel good about where we're going.

24 We see that there are a few wild cards, like  
25 we talked about earlier, the tax credit deal, but it's

1 really been a new realization for us, in the past  
2 couple of weeks, to really see it, that we're in good  
3 shape in 2011. Now, getting there, we've still got a  
4 lot to do, and these things that we're talking about  
5 are difficult issues, but I'm trying to think of  
6 anything else within the data project.

7           It changes every two weeks. It took a lot  
8 more baby-sitting than we thought it would. We kind  
9 of drew up a paper and said to our contractors,  
10 "Please do this," because we realized we don't have  
11 the capacity to do it in house in the office. It's a  
12 huge endeavor, and then it took a lot more attention.  
13 I, myself, and one other guy in the office have spent  
14 a good 50 percent of our time, in the past several  
15 months, as it's really coming to a head.

16           MR. O'DELL: Well, let me pose a question to  
17 both Louisiana and Texas, at least Southeast Texas,  
18 and then we'll take a break. Are you satisfied with  
19 your data set, especially the demand side and the  
20 nuances of the demand?

21           MR. JACOBS: No, no. As much as we try, we  
22 don't think we have a clear picture, and that's one of  
23 the things that we really want to try to drill down  
24 and put more resources into finding. What Jason is  
25 doing might be a roadmap to further that.

1           MR. O'DELL: I will tell you, we've been  
2 struck by the value of the work that they have done  
3 through a couple of different outside resources, and  
4 you guys have good relations. Mark?

5           MR. VIATOR: We're really not. We're in the  
6 process of recruiting even for the \$428 million. We  
7 have the demand side, from the standpoint of the  
8 vouchers that are needed through our housing  
9 authorities related to the storm and also the  
10 workforce needs.

11           We have that, but, from the standpoint of  
12 people who have applied for CDBG funds, what's taking  
13 place is many have applied, but they are not going  
14 forward with their applications to be able to complete  
15 them to receive the funds.

16           I'm actually working on the outreach  
17 component now to reach out to the community for  
18 Hurricane Rita to be able to get more people to apply.

19           MS. LIU: May I ask something?

20           MR. O'DELL: Please.

21           MS. LIU: I have a data question maybe for  
22 Todd -- Todd is on the phone -- Todd or others. When  
23 we talk about affordable rental housing, we always  
24 have to think about the continuum of affordability,  
25 and I just want to know whether any work has been done

1 by anybody in this room that sort of helps us  
2 understand, at least, pre-Katrina, what percentage of  
3 the units damaged served 50 to 80, below 50, 80 to  
4 120, what the demand is across these three, and then  
5 what programs we have currently to meet each one of  
6 that continuum because I think we've been talking all  
7 day, just kind of blurring this issue of  
8 affordability, yet there are distinct different needs  
9 and demands for different parts of that continuum.

10 So has anyone done that analysis, or does  
11 data exist?

12 MS. TURNER: Can I just amplify that  
13 question a little bit? I felt frustrated, in this  
14 conversation, that sometimes, while there is a blur  
15 about what income level we're seeing affordable for, a  
16 lot of people, when they say "affordable," seem to be  
17 saying "subsidized." Most people don't live in  
18 subsidized housing, even low- and moderate-income  
19 households.

20 I'm sorry. This is a little bit murky, but  
21 it feels to me that there is not enough attention to  
22 what are some structural barriers to the private  
23 market getting back into the business. That's not  
24 going to reach down to the bottom, but we can't do it  
25 all with federally subsidized housing.

1                   MR. JACOBS: I think we're making a full  
2 circle back to what Amy mentioned in the beginning:  
3 Is job creation and the growth of businesses in the  
4 region pulling in the investors who will build  
5 housing?

6                   I would look at pre-storm. There was  
7 affordable housing, but the reason why it was  
8 affordable was because it was an FHA's standard,  
9 because there had been shallow job growth and economic  
10 growth across the region for a long time, and,  
11 subsequent to the storm, we can expect, in this  
12 environment, that the economy is going to chug along  
13 because we are expecting to have a lot of spending.  
14 Oil has been profitable now and is really driving the  
15 economy, and I guess that recovery will drive the  
16 economy. But we put very little resources to economic  
17 development in the wake of this disaster.

18                   MS. ROSE: In answer to Amy's question, the  
19 council has worked at since the beginning and watch-  
20 dogged where the money was going, but what's happened  
21 with the program -- so the federal subsidy that's  
22 coming into Louisiana and New Orleans in particular  
23 will replace a third of the housing that serves people  
24 below 100 percent of AMI, not subsidized, or including  
25 subsidized and unsubsidized, but because tax credits

1 went -- okay, so the state set up goals for  
2 affordability that were calibrated on those pre-  
3 Katrina sort of levels of income that people could  
4 pay, and they missed their goals pretty deeply on  
5 affordability and the applications that they got from  
6 developers.

7           So already what was funded was missing the  
8 goals that at least were proportionate to the ability  
9 of people to pay pre-Katrina. Then because the tax  
10 credit program went in rounds, the CDBG money that was  
11 attached to it came in later rounds, so the earlier  
12 CDBG, LITEC things, were less affordable, and the  
13 later ones were more affordable, and those are the  
14 projects that are all in jeopardy now, because of  
15 later rounds, are the ones that have faced the credit  
16 crisis and the LITEC.

17           Then, in the small rental program, a lot of  
18 people applied for the deeper affordability so that  
19 they would get bigger grants, and they are all stuck.

20           So what I can say is there is data on it,  
21 but the programs didn't get as deep as the needs of  
22 people, but then they are just stuck.

23           Anoop is not sitting here anymore, but it  
24 seems to me, his goals is right, that we need to  
25 restructure the financing before disasters, but

1 because there is a bunch of people in the pipeline, if  
2 we tell these 7,000 small landlords that we're  
3 restructuring the program, you know, not on CDBG lines  
4 now, it's going to go back to this problem -- right? -  
5 - and while I agree that we need to focus on the LLT  
6 properties, they are really a small proportion. They  
7 are tiny compared to what is funded in these programs  
8 that's bottle-necked.

9 MR. HARVEY: I would just get to the supply  
10 is still way out of whack. I just want to make sure  
11 that no one misunderstood what Amy was saying in the  
12 beginning. For the private markets to come back into  
13 it, when you've had so much washed away, you've got to  
14 have more supply in, or you can't even get the workmen  
15 in to fix what needs to be there, and that's been  
16 longstanding.

17 So while you're right, you still aren't  
18 getting to the right income levels, and there were  
19 programs that were set up, and they have migrated off  
20 of it as a result of a whole host of issues all of us  
21 are talking about. You've got to drive supply to get  
22 -- the rents are up 46 percent, not affordable to  
23 working people there. So there is a supply-demand  
24 mismatch with people outside of the area who couldn't  
25 move back into the area if they wanted to.

1           So there are different sets of issues, and I  
2 think you're right, Marjorie. If you hit all of the  
3 targets, which everyone knows you're not going to do,  
4 it's half of the supply that was wrecked along the  
5 way, so that's a downsizing, in and of itself, and  
6 then you've got to make sure that the 44,000 people in  
7 temporary housing are probably in the lowest incomes  
8 with different needs, special needs, et cetera, et  
9 cetera, and they need to be taken care of at the same  
10 time.

11           The private market is so stretched out, I  
12 think they could charge anything that they want to for  
13 anyone who can afford to pay it at the moment. So  
14 there is just a whole rebalancing, and if you go to  
15 Mississippi, there are just whole areas that are wiped  
16 out and gone. You do a market study, and there isn't  
17 an economy there. They are spread somewhere else.

18           Some of this is "field of dreams." You've  
19 got to rebuild parts of it so that people can come  
20 back, and you can get there.

21           I think parts of this are saying some  
22 portion, you know, of that supply has to be put back  
23 that is affordable housing for workforce housing and  
24 others where you can't even think about the rest of  
25 what goes on, and that's not to counter vouchers,

1 which are critically important for those who are  
2 dispersed and who may have to make other choices.  
3 We've been three years and counting on this. It's  
4 crazy. It's rational, with all of the issues you have  
5 to put up with, but, for people, it's tough.

6 MR. O'DELL: At the end of the day, this is  
7 about people's lives, and that's one of the things  
8 that, shame on us.

9 Buzz, why don't you make your point, and  
10 then we will take a break?

11 MR. ROBERTS: A couple of very quick points.  
12 One is, many of the problems that the unsubsidized  
13 private market is facing also plague the people who  
14 are trying to do subsidized. Those are important  
15 problems to solve for everybody.

16 The second is, with respect to serving  
17 especially low-income people, there you really do need  
18 some kind of ongoing rent subsidy like a voucher, and  
19 if you expect to serve those people in the housing you  
20 produce, then you need to make those project based,  
21 that everybody has to build that into the underwriting  
22 from Day One, and all of this cross-subsidy stuff can  
23 only take us so far.

24 MR. ROSENBERG: General, I'm sorry, but can  
25 I raise one issue before we get into solutions?

1           MR. O'DELL: Then we can think about it  
2 during the break.

3           MR. ROSENBERG: So fast. There was a fair  
4 amount of really brief discussion about case  
5 management, and I think there's two understandings of  
6 what "case management" is. Case management frequently  
7 is labeled "case management," and, at the end of the  
8 day, it's data collection, and I think, frankly, quite  
9 a bit of what HUD is doing, while very well  
10 intentioned, is, indeed, data collection.

11           There is case management which is goal  
12 oriented. How do we get someone from Point A to Point  
13 B, which is what our friend from New York is saying?

14           I think there is a potential, very costly  
15 mistake that's going to occur soon, and I guess I  
16 would just like to raise it on the table, and it's a  
17 bit of advocacy geared towards will. What this is, as  
18 I understand, is that the LRA is going to invest about  
19 \$30 million worth of case management to transition  
20 people from DHAP housing and the FEMA trailers to  
21 affordable rental housing throughout the state.

22           I think, frankly, that's an enormous  
23 mistake. It's going to be money flushed down the  
24 toilet, and I think we've seen that goal-oriented case  
25 management with a method is going to fail, and this is

1       why:

2                   One, it's not culturally appropriate to New  
3       Orleans.  People who live in New Orleans or St.  
4       Bernard aren't going to go live in Alexandria.  It's  
5       just not going to happen.  They are not going to go,  
6       both for NIMBYism, and it's not where their home is.

7                   Two, I think it ought to be contemplated  
8       whether that \$30 million is better spent as a Band-  
9       Aid, in other words, relocating people to Alexandria  
10      and the other parts of the state, or is better spent  
11      using as GAAP funds for someone who is five or \$10,000  
12      away from being able to move into their homes, and  
13      that's a big problem, and I would ask that Wil and  
14      others here who can be involved in that, that we try  
15      and gear that money towards solutions rather than  
16      Band-Aids.  It's just not going to work.  It's an  
17      overemployment program that's going to have no  
18      results.

19                  MR. JACOBS:  Yes.  I agree.  That's good for  
20      discussion.  I guess the issue is we will have this  
21      issue on how to -- we're going to have a point where  
22      we have to provide something sustainable in the short  
23      term for those who are transitioning.

24                  MR. ROSENBERG:  But they are not going to  
25      go, and I think part of the problem is there is

1 concern with LRA that the money can't be used, indeed,  
2 for further direct assistance to homeowners. We have  
3 great legislative advocates here, with Janet and the  
4 General and some of the other policy people around  
5 here.

6 I would really ask that we look at, "What's  
7 the best solution and then how do we get there?"  
8 rather than, "We have to come up with something,"  
9 which is, of course, I would probably be saying the  
10 same thing, but I'm on the outside, so it's really  
11 easy.

12 MR. JACOBS: Well, let's you bring you on  
13 the inside, and we'll talk further on this.

14 MR. ROSENBERG: Okay. Great.

15 MR. O'DELL: Now, we are going to take a  
16 break. Let's try and be back at eleven-thirty.

17 (Whereupon, a short recess was taken.)

18 MR. O'DELL: Wil Jacobs from Louisiana had  
19 to depart because they, the State of Louisiana, is  
20 holding a forum on their portion of the AHPP, the  
21 Alternate Housing Pilot Project, better known as  
22 "Katrina Cottages," over at the Building Museum today,  
23 and Wil, of course, is intimately involved in that.  
24 But Milton Bailey of the Louisiana Housing Finance  
25 Agency is going to sit in on Wil's behalf. Thank you,

1 Milton.

2 Lunch is on the way. It should be here  
3 within the next 10 minutes. It is here. So feel free  
4 to get up and grab what you need.

5 First of all, let me say thank you for the  
6 very active engagement on the part of all of you in  
7 this discussion heretofore, and I want to kick off the  
8 solutions part with a couple of observations.

9 First of all, it appears to me that the  
10 small rental program is, again, not a silver bullet  
11 any more than the vouchers or publicly assisted  
12 housing and so forth is, but it is a major part of the  
13 continuum that Amy was talking about, and it is  
14 striking that consistent, both in Louisiana and in  
15 Mississippi, if you look at the data sheet on  
16 affordable housing, the status of permanent housing-  
17 assistance programs, we've had a fulfillment rate of  
18 two percent of the unit goal, both in Mississippi and  
19 Louisiana, after three years.

20 I think I can use the term without offending  
21 anyone: That's unconscionable. So here we have the  
22 beginnings of a solution at hand, and that is, let's  
23 come up with ways to incent, streamline, catalyze,  
24 expedite, whatever active verb you want to use, the  
25 small rental program.

1                   That said, I'm going to turn it over to  
2 Janet to lead this next part of the discussion on  
3 solutions.

4                   MS. WOODKA: Now comes the fun part. It's  
5 been great to hear from everyone, and I think that  
6 it's fantastic, the exchange of information, and  
7 everyone comes at this with a slightly different  
8 perspective, and I think that's been very, very  
9 helpful. But now I'm going to have to kind of get  
10 down to hammering the nails and putting the planks  
11 down on the floors, and that is, of course, the  
12 difficulty.

13                   One of the greatest challenges, and I  
14 apologize -- someone did allude to it -- is, how do we  
15 propose solutions and yet not derail progress because,  
16 while everyone may say, "The CDBG program has been  
17 difficult, and wouldn't it be better if we just had a  
18 pot of money from which to draw down and rebuild?" at  
19 this stage in the process, providing a new funding  
20 source and completely reinventing the wheel is  
21 probably not the best option?

22                   So what we need to do is to take a look at  
23 where we are, which is what we ave been doing, and  
24 what some of the obstacles are that exist, and how do  
25 we propose solutions that will, indeed, move us

1 forward, break that logjam, remove an impediment so  
2 that we can move forward perhaps a bit more  
3 expeditiously but still with a degree of  
4 thoughtfulness and community involvement that we're  
5 not simply imposing a solution upon the people who  
6 need to live with it?

7           Again, that's why we have a lot of you all  
8 here, people who having looking at this issue for a  
9 long time, people who are working at it on the ground  
10 so that, hopefully, we can strike a good balance with  
11 those.

12           You all got our draft paper, which is not,  
13 by any means, an exhaustive list of possible  
14 recommendations, possible ideas. They were ideas that  
15 we gleaned from interviews with a lot of you, from  
16 reading your papers, from having conversations and  
17 discussions, and I don't know if it's useful to start  
18 with some of these, or to simply throw it open and  
19 say, some of the issues we've heard, of course, there  
20 is a difficulty on the actual supply front, and we  
21 know that there is a difficulty on the side of  
22 availability of credit, on availability of financing.

23           So we could talk about it from that  
24 perspective, or we could talk about it from the  
25 perspective of how do we actually, as Brad correctly

1 pointed out, determine demand and look at these folks,  
2 and what is it that they need moving forward? Zack?

3 MR. ROSENBERG: I would love to throw up a  
4 balloon maybe and start from there, and, if people  
5 like it, they can talk about it more, and if there are  
6 other ideas, that's great, too.

7 First, a quick survey of where we are, and,  
8 I guess, Janet, I disagree with you a little bit right  
9 off the start. I think, to a certain extent, when you  
10 have a two-percent success rate, which is where we  
11 are, you do have to reinvent the wheel, as I know that  
12 you and General O'Dell and everyone believes, that  
13 there is an enormous human toll here.

14 So we do. This is a safe environment.  
15 There is no question that everyone is working as hard  
16 as they can and for the right reasons, with the goal  
17 of getting people home. It's safe for FEMA, I hope.  
18 It's safe for HUD, I hope. It's safe for the LRA, I  
19 hope. But we can do a lot better because, indeed,  
20 we're failing, and people are dying.

21 The environment, as I see it, the current  
22 system isn't working, for various reasons. The tax  
23 credit system, because the economy has changed, isn't  
24 working anymore. CDBG isn't working because it wasn't  
25 designed for this, and there are too many impediments

1 to it. That's thing number one.

2 Thing number two: The economy has changed.

3 MR. RUPPEL: Zack, I'm sorry. Could you  
4 speak up a little?

5 MR. ROSENBERG: The economy has changed, I  
6 think, significantly, in that it's tougher; money is a  
7 lot tighter to get. Credit is harder right now.

8 I made a note of what Ken said, Mr. Ford  
9 said, that you can't build a house for under \$100,000.  
10 That's the operating premise. I think that's wrong,  
11 and that's where I suggest we have to start, is  
12 looking at ways to reduce costs while also solving  
13 some of the other problems, which means creating  
14 employment opportunities that pay a livable or  
15 sustainable wage, and then, simultaneously, if you  
16 build houses for less than \$100,000, they, therefore,  
17 become more affordable.

18 I think the way we to do it -- you know, in  
19 Louisiana, we talk a lot about the "holy trinity." It  
20 has to do with cooking. I've kind of thought about  
21 this, and I think there is a different holy trinity,  
22 and the holy trinity, as I conceive, consists of the  
23 following three things. It conceives of well-paying  
24 jobs, people who can afford some sort of marketish-  
25 rate rent or housing, to buy a house.

1           Two: The second part of the holy trinity is  
2 that there is actually housing that's keyed to either  
3 rental or something that would proceed, like Habitat  
4 is doing, into home ownershipable houses.

5           Three: Building has to be cost viable. In  
6 other words, the building costs can't exceed what the  
7 market will pay to either rent or sell the houses.

8           I think what you don't hear from this is  
9 profit. You know, the building model that we're doing  
10 right now is keyed towards incentivizing companies so  
11 that they are going to make enough money, via either  
12 the tax credits or the CDBG funds, that they are going  
13 to make a healthy profit off of this, and I think  
14 where we are in the country right now, where  
15 unemployment is skyrocketing, creates an environment  
16 where a program similar to a WPA-type program, a  
17 program that's keyed on paying wages and doing good  
18 work rather than on corporate profits, would work.  
19 That's not going to take a bite out of the need for  
20 all 15,000 units of affordable rental housing in New  
21 Orleans, or it's more than that, but I think it's  
22 some.

23           What I would propose is creating entities  
24 that employ workers, pay them union scale wages, a  
25 composite rate, and they do the work, they have

1 guaranteed employment, and then the housing cost is  
2 driven down considerably because there is no profit  
3 there. There's no investors to please. We're merely  
4 existing to complete a project and pay a good wage,  
5 and I think, frankly, that's a place to start.

6 I do have a paper. I didn't submit it in  
7 time, but I'm glad to share that with you.

8 MS. WOODKA: I think that one of the issues  
9 that you raise is looking at the actual building and  
10 the cost of building housing. Ken had thrown out an  
11 idea, which was to change the dynamic of how people in  
12 Louisiana and Mississippi look at housing, and I think  
13 that that's an idea that may or may not be viable in  
14 the region, which is the idea that you build  
15 townhouses.

16 One of the situations we have on the rental  
17 housing side, of course, is, as everyone has talked  
18 about, a lot of this was older housing, a lot of it  
19 was owned by individual homeowners, it had been  
20 depreciated over the course of 20 years of ownership,  
21 and we did have a lot of rental stock that was in the  
22 \$400-to-\$600-a-month rental range.

23 Is it actually viable? Are there any  
24 possible ideas out there that you can rebuild stock  
25 that actually is in that rental market at this stage?

1           MS. ROSE: One of the things that -- so when  
2 you started working in Louisiana after the storm we  
3 noticed that there wasn't any association of stable  
4 housing developers like exists in those other states.  
5 So we helped form the Louisiana Housing Alliance and,  
6 you know, it now has 120 organizational members. And  
7 we have seen that that sector, mostly by bringing in  
8 split equity from other places has produced the  
9 largest scale of housing recovery of anybody, right.  
10 It's larger than the Lipec program at this point for  
11 units on the ground and it, you know, works in the  
12 realm of neighborhood recovery.

13           And so those groups have said repeatedly we  
14 helped in a study that the Greater New Orleans  
15 Foundation conducted to assess the capacity of groups  
16 on the ground and see if they had funding given to  
17 them rather than their national organization  
18 supporting staff on the ground to organize what equity  
19 what could they do, and everybody said that they could  
20 increase their capacity to do much more construction  
21 management. And so the people that they're helping  
22 are the ones who either didn't qualify for the Road  
23 Home Program, got too little money, got ripped off by  
24 contractors, or these small rental properties or, you  
25 know, a lot of seniors and people with low literacy

1 don't know how to manage contractors.

2           So it has always, this group said from the  
3 beginning that part of the Road Home contract should  
4 go to the nonprofit sector. It did not. And they've  
5 said from the beginning that if they received  
6 contracts from government that they could vastly  
7 expand the help that they're giving on the ground. So  
8 I'm sure Zack could comment on that if, you know,  
9 actual funding. But so those groups are producing  
10 housing way below that cost margin and they're  
11 repairing housing and neighborhood.

12           So at the moment it looks like there's going  
13 to be some surplus, mostly at the expense of home  
14 owners who were I think unfairly valued because Road  
15 Home grants were set on prestorm assessment values  
16 rather than on replacement costs. So there's a lot of  
17 people that didn't get enough money but it looks like  
18 there's going to be some surplus in that program. If  
19 that money could be redirected to really build the  
20 capacity of these groups that are the boots on the  
21 ground delivering, I think that will be one front.

22           And then I just have to say, sitting down  
23 from top to bottom from HUD, General O'Dell, to the  
24 LRA, I mean Wil pretty much sounds like things are  
25 going good in small rental program, and 2 percent of

1 the units are on the ground. There just needs to be a  
2 change in that perception, so if you could clear that  
3 up and you could get money to the nonprofits on the  
4 ground, you know, I just think we'd see a lot more  
5 synergy.

6 MR. O'DELL: Well I agree that the not-for-  
7 profits are a major part of the solution. And from  
8 day one since I came into this office and I think the  
9 office was looking to do this prior to that, is find  
10 ways to further empower the not-for-profits large and  
11 small. But I think they are a component, probably a  
12 major component, maybe the biggest component of the  
13 solution. But I have to disagree that a not-for-  
14 profit solution is the only way to get this done. Ken  
15 has got membership in Louisiana, how many is it?  
16 1,100 or so?

17 MR. FORD: Yeah, there's 1,100. We have  
18 member throughout the entire state. As a matter of  
19 fact we represent 850 chapters across the country.  
20 What I wanted to chime in with is that we've looked at  
21 this issue, what does it take, what are the cost  
22 factors of rebuilding? One thing you have to look at,  
23 housing that will be built in the future is totally  
24 different from what has been built in the past. One  
25 of the key components of that is the fact that

1 Governor Blanco signed into effect the requirement to  
2 have the building code, which was something which  
3 wasn't done prior. You could put up something pretty  
4 much in the way you wanted to prior to that time.

5 The new ICC code that they adopted, and the  
6 latest iteration will be 2009 which the state  
7 undoubtedly will be adopting, caused a drastic  
8 increase in the windblown debris protection, energy  
9 efficiency, plus in addition the new requirements will  
10 be flood elevations that FEMA requires that you have  
11 to elevate three feet minimum off the ground. These  
12 are major cost implications that weren't there before  
13 and are going to have to be complied with.

14 We took a look at one of the most efficient  
15 ways of rebuilding is usually modular production  
16 whereby it's produced at a factory and brought on  
17 site. The cheapest cost we could get down to, what  
18 was typically there in a shotgun type house, was  
19 \$109,000. And that's with minimum profit. You strip  
20 that out, and you're still in and around \$100,000.  
21 Then you have to have your cost of the record on site.  
22 So we can debate the numbers later whether it's for  
23 profit or not for profit, but the issue --

24 MR. O'DELL: Ken, just to clarify something,  
25 that 109 is for all in including site costs?

1                   MR. FORD: It didn't include site costs. It  
2 didn't include site costs.

3                   MR. DIXON: It's hard and soft?

4                   MR. FORD: Yes. It would be soft costs if  
5 you include the site. But you know we can look at  
6 those different parameters and what General O'Dell and  
7 I talked about previously in another frame was issues  
8 of existing components of the damaged property. There  
9 are ways of getting that cost factor down through  
10 newer techniques and construction methods that, you  
11 know, need to be explored.

12                   But there are regulatory barriers that  
13 you've got to look at that feed into the whole aspect.  
14 Whether it's looking for wetlands and environmental  
15 conditions, the flood requirements, the insurance  
16 requirement that you would have to increase the  
17 performance of the house that, here again, in the past  
18 those were not issues that you had to deal with. But  
19 you just have to keep an open mind on that whether  
20 it's for profit or not for profit. And we can talk  
21 well about half that, what are your cost factors?

22                   MR. MONFORTON: All in cost, you know, stick  
23 built, and we've actually done some modular on the  
24 coast. Because I can build houses faster and cheaper  
25 stick built than putting a modular unit on the ground.

1 But --

2 MR. SPELLINGS: Can you speak to why that  
3 might be, Chris?

4 MR. MONFORTON: It is the cost of elevation  
5 and you know, I can get my basic 1,300 square foot  
6 units, you know, finished off the truck for \$47,000.  
7 But it's going to cost me roughly, actually I  
8 shouldn't say it will, it did cost me about \$30,000 to  
9 have that unit set with a crane. We looked at crane  
10 setting, we hadn't looked at rollofts, as well as, you  
11 know we started looking and actually got to the point  
12 that, I can tell you how much it's going to cost me  
13 once I have a building surface, you know to the time  
14 that I turn that house around within nickels. But  
15 once I get into the dirt I have all sorts of different  
16 expectations in the cost of elevation. Once we go  
17 over six feet over off of grade, every foot over that,  
18 we estimate is probably going to cost us about an  
19 additional \$4,000 in structural modifications to the  
20 unit or additions to the foundation.

21 MR. O'DELL: Modular houses do not lend  
22 themselves to elevation very well. I mean they can be  
23 engineered to do anything, but they're basically  
24 designed to be laid on grade or something approaching  
25 grade.

1           MR. MONFORTON: I will say, from a nonprofit  
2 side is that, you know my opinion on the coast, you  
3 know and moving forward, it is not us versus them. So  
4 we've got to figure out how to harness market forces,  
5 you know, for profit and not-for-profit joint ventures  
6 as well as looking at how to engage local, state, and  
7 federal government to make this thing. The answer  
8 doesn't reside with one of us.

9           And I firmly believe that we are not  
10 reinventing ourselves but looking very creatively how  
11 we as an agency as a not-for-profit can work in the  
12 for profit realm to service those families that, you  
13 know, don't qualify for our traditional program. As  
14 well as working with, you know on the real estate  
15 development side is that, you know with Michelle and  
16 Enterprise and List and a few partners looking at  
17 creatively, well we've seen the largest increase in  
18 cost is in land and looking at if we, you know go  
19 after large parcels of property and look at, you know  
20 having both mixed income units in there where we have  
21 subsidized homes sitting next to market rate homes.

22           We actually had a 1,500-acre piece in Biloxi  
23 that we were looking at a joint venture with a for-  
24 profit developer to help, you know, reduce the  
25 construction costs or actually the fully improved

1 paper lock costs. And it is a challenge, and we've  
2 got to come together and figure out a way to -- you  
3 know, I can't build 150 houses next year like I did  
4 the previous two years because I don't have the  
5 coppers for it. But by looking at how we can more  
6 partner with, you know some Mississippi Development  
7 Authority or, you know Private Learning Institutions  
8 or for-profit builders that can provide components of  
9 what we do, that's the only way we're going to be able  
10 to move forward in getting anything done of any  
11 significance.

12 MR. BAILEY: General O'Dell, coming at it  
13 from a more ground practitioner's standpoint --

14 MR. O'DELL: Speak up, Milton.

15 MR. BAILEY: All right, might as well,  
16 Jacobs. Coming at it from a financing standpoint,  
17 Louisiana Housing Finance standpoint, we've got more  
18 immediate issues that we've got to tackle than this  
19 discussion seems to be headed in, in that it's headed  
20 into longterm, intermediate term solutions. We've got  
21 8,000 units tied up in a financial meltdown. We've  
22 got foreclosure issues up the wazoo. So I think that  
23 this dialogue is very good, but it would be most  
24 helpful if we can talk about what some of our  
25 immediate lowhanging fruit opportunities are, what

1 some of the intermediate objectives would be, and some  
2 longterm recommendations.

3 We've got product that we've got to get out  
4 or we're going to lose. Developers want to put  
5 product in the ground. If we don't get tax credits  
6 out there, those tax credits go away. What kind of  
7 economic stimuluses can we talk about today that's  
8 going to put those products into play? In my  
9 estimation it's a matter of money to bridge the equity  
10 gaps, block grant funds, money in terms of tax  
11 credits, block grant funds to provide the reserve  
12 funds that the investors are going to need. And it's  
13 about time in order for us to hit realistic schedules  
14 in putting the units in place. Then we've got to talk  
15 about NIMBYism and the effect that that's having. And  
16 imminent domain. You knock down those three or four  
17 items and our longterm solutions will be solved.

18 MR. RUPPEL: I'm sorry, trying to keep track  
19 of some of the policy solutions. So to start out  
20 with, you said bridge the equity gap I guess?

21 MR. BAILEY: Yeah, we've got to bridge the  
22 equity gap because we've got money hung up in the  
23 trees that we can't put on the ground. And so whether  
24 it's an additional allocation of go-zone credits or  
25 per capita credits to help these developers bridge

1 their gaps, that's got to be something we've got to  
2 talk about. The syndicators and investors are looking  
3 for reserve funds, operating reserve funds to be  
4 funded, good service reserve funds, lot grant funds,  
5 to do that. And then we're talking about a little bit  
6 more time in order to hit realistic construction  
7 schedules. With that you've got your 8,000 units plus  
8 in the ground. We're not talking about stuff that  
9 we're trying to be developed but that's ready to be  
10 developed.

11

12 MR. HARVEY: So if you take the 8,000 that's  
13 ready to go, it's got money committed etcetera, it has  
14 some gap financing, it needs place and service to be  
15 lengthened just because of the delay, and you've got  
16 to find a capital solution to it. You know, this  
17 administration could solve that capital solution. Now  
18 it would take a change, and this is talking about  
19 treasury, which is doing a lot of things now which has  
20 already scored all of those tax credits as if they  
21 were spent, could in essence refund them.

22 That is a quick solution that you could make  
23 it refundable from and investor, you get a very good  
24 rate, it would close that gap almost entirely, and in  
25 essence someone's assured of taking it back and, you

1 know, you've got \$700 billion out there already, this  
2 is a priority of this administration. There is a  
3 simple way to do it and you could also do it through  
4 Fannie Mae. So there are solutions that could be  
5 tried with this administration now that would not  
6 necessarily take new legislation, and you could do it  
7 through the agreement with Fannie Mae or Freddie Mac  
8 between the Conservator and the Treasury Department.

9 MR. ROBERTS: Well you would need  
10 legislation to make it refundable right?

11 MR. HARVEY: You could do it another way.  
12 I'm just saying there are things that can be explored  
13 right now.

14 MS. WOODKA: I think what we have is the  
15 projects, they're in a pipeline. And in Louisiana,  
16 those are 8,000 units. Jason, I don't know  
17 Mississippi if you have a number of projects that are  
18 in that issue that have been funded with low income  
19 housing tax credits.

20 MR. SPELLING: Which part? The entire  
21 allocation?

22 MS. WOODKA: Yes, that are still waiting to  
23 close. I know that you all were talking earlier about  
24 looking at an equity issue.

25 MR. SPELLING: You know, one thing worth

1 just touching on, just in the past few weeks we've  
2 begun talking about a return to the old method of  
3 selling credits, going and looking for people that  
4 have a tax burden, a good size employer, a bank,  
5 rather than people who obviously aren't going to have  
6 a tax burden in the next several years or entities,  
7 you know, Fannie and Freddie, we all know the story,  
8 how the market's gone.

9 MR. HARVEY: But let me just, and this is to  
10 solve an immediate problem. If you want something  
11 that is an immediate solution to it, Fannie and  
12 Freddie which are 80 percent owned by the Treasury  
13 already and have to pay Treasury funds could exchange  
14 credits or defease them for the funds that they have  
15 to pay to the Treasury right now. I'm not advocating,  
16 I can't advocate, Fannie and Freddie cannot advocate  
17 on this issue. But someone could propose that to the  
18 administration that could immediately say, we're going  
19 to do it and it is in essence Fannie and Freddie would  
20 hold the credits and in essence the Treasury pays for  
21 them through the funding of this mechanism. So it can  
22 be done. So if you wanted just something that could  
23 be done immediately, you'd still need a place and  
24 service and it still doesn't solve the longterm issue  
25 which is going to take legislative change, and there

1 is --

2 MR. BAILEY: And it does put a lot more  
3 products into play.

4 MR. HARVEY: Yeah, and there is an industry  
5 position that's developing around a legislative change  
6 that would go with the stimulus bill that is going to  
7 be expected out in the new administration new  
8 congress. But waiting for that ties, I think, you up  
9 where you are with those 8,000 units and furthermore  
10 jeopardizes the place and service issue that you also  
11 have to get resolved by legislation.

12 MR. O'DELL: Well what would you judge the  
13 aggregate value of that to the market would be?

14 MR. BAILEY: \$300 million.

15 MR. HARVEY: What?

16 MR. BAILEY: Eight thousand with \$50,000 a  
17 unit on average.

18 MR. HARVEY: Well what's the tax credit? Do  
19 you know, Michelle, what the total tax credits that  
20 are tied up right now that apply on the gulf coast, I  
21 know whether it's Louisiana.

22 MS. WHITTEN: I can add it up.

23 MR. HARVEY: All right.

24 MR. ROBERTS: But this is also a national  
25 problem, and so you could get national interest in

1 this issue as well. And stimulus bill if it happens  
2 in February is not very long away by governmental  
3 policy change standards. So now would be a time to do  
4 that. If you made those credits refundable.

5 MS. WHITTEN: It's about \$200 million in  
6 credits probably, \$150 million.

7 MR. BAILEY: Is that across the gulf?

8 MS. WHITTEN: Yes.

9 MR. SPELLINGS: Did you include Mississippi?

10 MS. WHITTEN: I always include Mississippi.

11 (Laughter.)

12 MR. SPELLINGS: She and I have this long  
13 running thing where I advocate for Mississippi and she  
14 --

15 MR. BAILEY: Advocates for Louisiana?

16 MR. SPELLINGS: No. My first meeting, very  
17 quickly please hear me, my first meeting with Bart, I  
18 really was enthused about Mississippi and was very  
19 honestly upset that Enterprise would locate in New  
20 Orleans for their main office for the gulf coast and  
21 so since then that set the tone for our interaction.  
22 I always advocate for Mississippi.

23 MR. ROSENBERG: Mr. Bailey, can I ask you a  
24 quick question just to flesh this out a little bit?

25 MR. BAILEY: Sure.

1 MR. ROSENBERG: So there's 8,000 units.  
2 You're talking about 1-4 units small landlord?

3 MR. BAILEY: No. We're talking about --

4 MR. ROSENBERG: No, these are the public --  
5 the big four and others?

6 MR. BAILEY: Yes, big four and others.

7 MR. ROSENBERG: Got it.

8 MS. WOODKA: There are a number of deals  
9 that have not been able to close and finalize and sort  
10 of shoveled into the ground.

11 MR. HARVEY: Without -- I'm sorry, but that  
12 isn't to negate. This is just saying there's a big  
13 issue right not where, you know, three years' worth of  
14 work is about to expire and we ought to take care of  
15 that. There's a second set of issues that says, for  
16 tax credits in general there needs to be a solution  
17 around the capital that's going to be proposed that  
18 Buzz is working on, Michelle and others are working on  
19 in the industry. It doesn't negate, what Milton was  
20 saying, let's make sure we address those big issues  
21 because we could lose those units.

22 Those developers are crying right now  
23 saying, you know, we're at our breaking point. It  
24 doesn't negate from all these other issues of saying,  
25 you know, you've got to take on what you have

1 immediately. There ought to be a better system going  
2 forward, it doesn't address at all one of the key  
3 issues that the General mentioned and everyone around  
4 this table has said, how do you get the smallest scale  
5 1-4s really going and how do you really generate  
6 enough activity out there in some kind of predictable  
7 funded way that, you know, turns on the rest of the --  
8 you know, begins to bring back these markets and  
9 communities and places.

10 MR. ROSENBERG: Understood. I think it's  
11 absolutely right to attack the lowhanging fruit.  
12 Absolutely right. For those 1-4, when the funding  
13 comes as I think Margery was saying, there's going to  
14 have to be more besides funds because these small  
15 landlords in New Orleans, it's one thing to maintain  
16 family property and rent it out. That's something  
17 lots of us could do. But to rebuild a fourplex and  
18 find the financing may be something that's over the  
19 head of lots of small American business owners and  
20 that's indeed what they are. So I was going to just  
21 inquire, Mr. Bailey, what other services are needed  
22 besides the funds or access to the funds for the  
23 people who own the 1-4s? And I think it's important  
24 to enunciate that's --

25 MR. O'DELL: Now I think that gets down to

1 what I said earlier is case management or by some  
2 other name, project management, project assistance.

3 MR. ROSENBURG: Right.

4 MR. RUPPEL: Zack, I think that that's a  
5 policy decision. Like you said you were saying, like  
6 expand the capacity I guess of this small web or maybe  
7 the neighborhood or --

8 MR. ROSENBURG: Right, whether it's through  
9 CDCs, what --

10 MR. BAILEY: I think it's technical  
11 assistance by CDCs, nonprofits and other developers.  
12 I mean if you compare -- first of all you've got to  
13 have the homeowner trained in how the construction  
14 process works. And so to the extent that you have  
15 developers that are willing to do that, construction  
16 companies that are willing to do that, CDCs, other  
17 nonprofits that have that expertise, and you've got to  
18 pair them with the homeowner.

19 And then there's got to be a shepherding  
20 process through that getting the funds, making the  
21 funds available, using the funds to buy the right  
22 equipment, to buy the right material, that overlay has  
23 got to be there. But you've got to build the  
24 infrastructure for that to occur. But once that  
25 occurs, then you can see it take off. And I think

1 that's more of an intermediate or longterm objective.  
2 You know, because you've got to have that  
3 infrastructure in place to create the pairing  
4 mechanism to begin with.

5 MR. O'DELL: I would also invite everyone at  
6 your leisure to grab your meals.

7 MR. DIXON: This last point I think is of  
8 fundamental importance. There's a literal, an  
9 absolute obstacle in place which is lack of capacity  
10 when you hit the ground with a lot of these programs.  
11 And once again, it's not going to come from the city  
12 of New Orleans, it just doesn't have a history of  
13 that, and I think it would be of huge value to find a  
14 way ahead of a CDC structure which would be of great  
15 value to New Orleans. It would empower neighborhoods  
16 in a way that they need to be empowered because it's  
17 not going to come city down.

18 But in the mean time, and this may be a  
19 building block toward a CDC structure to being the  
20 capacity building, some program that gets technical  
21 assistance to these homeowners, building owners I'll  
22 call them, quickly would I think remove at least a  
23 portion of the blockage in the system right now. And  
24 it's just a fundamental need and there's no place that  
25 I know of in New Orleans where you can go and turn it

1 on. It's got to be added and introduced into the  
2 system. You know a better?

3 MS. WHITTEN: Yeah, I was just going to say  
4 with the, part of the blockage with the small rental  
5 program in both states, it's not just complication of  
6 CDBG funds, it's one issue. But most of the owners of  
7 those properties are finding that it costs more to  
8 repair it and get it back online than they originally  
9 had thought. So their grant from either state is not  
10 enough to complete those repairs. So they are trying  
11 to go to banks to get construction loans and they're  
12 not bankable, and it's not worth a bank's time to make  
13 a \$5-15,000 construction loan to that owner. And so I  
14 think if there's some mechanism for pooling those  
15 smaller loans together so that a bank is only  
16 servicing a small number of loans instead of 8,000  
17 little ones, that's something that could be looked at.

18 MR. O'DELL: Would something like a soft  
19 second help that? A soft second for small rentals?

20 MS. PATENAUDE: This may be completely off  
21 the wall, but what about utilizing an FHA coinsurance?

22 MS. WHITTEN: What?

23 MS. PATENAUDE: FHA coinsurance, where  
24 obviously if there's a lot of risk, if the banks  
25 aren't willing to rent to these small landlords, that

1       FHA insure -- I don't even know if there are any  
2       active coinsurance programs right now.

3               MR. ROBERTS: Well, the transaction costs  
4       for those would be prohibitive. They work fine for  
5       really large loans.

6               MS. PATENAUDE: But pooling them? The idea  
7       that -- are out there?

8               MR. ROBERTS: There's probably a lower cost  
9       solution. It's a high, high touch issue.

10              MR. DIXON: I think it's worth emphasizing  
11       just for a second that all these programmatic  
12       solutions are very useful, but they're going to stop  
13       at the door if there isn't an understanding of how to  
14       use them on the other side of that door.

15              MR. BAILEY: I think one of the other  
16       mechanisms that we're overlooking is the 203K program.  
17       You can mortgage finance, the refinancing of the  
18       existing mortgage and incorporate a rehabilitation  
19       component to it. Using your block grant funds you can  
20       buy the overall loan down to where it's affordable to  
21       a person who has lost everything. The fundamental  
22       problem with that is the pending expiration of the FHA  
23       secure program and the loan to value ratios on either  
24       end of those loans. The secure program is scheduled  
25       to terminate in December of this year.

1           So even if you use refinancing,  
2     rehabilitation mechanism at below-market rates, it  
3     takes the mystery out of it because for the homeowner,  
4     and it can be used for 1-4 unit buildings, because the  
5     master servicer of the loan then provides the project  
6     oversight to ensure that the right equipment, tools,  
7     resources, building materials are going into the  
8     transaction. That is a much more efficient way of  
9     doing it, and then using your block grant funds to  
10    lower the mortgage rate to where it's affordable for  
11    that individual who finds himself cashstrapped. And  
12    that's 203K as well as 203H.

13           MS. ROSE: I think two ideas that could help  
14    on the small rental side are, the city originally  
15    started out under sort of the last Chief of Staff,  
16    under Blakely to look at how they could do a more  
17    coordinated technical assistance program and then they  
18    decided it was beyond their capacity to manage that  
19    with everything else. And so a consortium of funders  
20    led by the Greater New Orleans Foundation took it up  
21    and hired a private consulting firm and redid the part  
22    that looked at what nonprofit capacity was across the  
23    city, and they've put in place now a work plan that  
24    they are trying to fundraise for and there is some  
25    city commitment to it. But I think directing funding

1 to support that entity which would centralize  
2 technical assistance to small property owners would be  
3 one part of the solution.

4 MS. WOODKA: Do you have a name?

5 MS. ROSE: Well you can just call it  
6 Community Development Department at the Greater New  
7 Orleans Foundation and they have this work plan. But  
8 then the second thing that I've thought, and Ken, you  
9 might be able to lend insight to this, one of the  
10 reasons banks won't lend against these provisional  
11 award letters, part of it's the cutout market but part  
12 of it is because there's all these head requirements  
13 they don't have confidence that the landlord will  
14 necessarily pass muster at the end of it and get his  
15 reimbursement or her reimbursement and then that their  
16 loan will be made good on.

17 And so we thought if there were rehab  
18 specialist home builders who could go out and take  
19 pools of these landlords and do the rehab work for  
20 them so they would be guaranteed the fee for doing the  
21 rehab and we would know that it was done to code and  
22 standards so that it would provide assurance that the  
23 reimbursement would happen at the end would be another  
24 way. And so the nonprofits who are trying to do that  
25 work mainly do it through sweat equity or they have

1 small -- the nonprofits have much less capacity on the  
2 rehab side than they do on the new construction side.  
3 And so it's sort of where the market is the most  
4 constrained is on the rehab side, that's really in the  
5 private contractor's world. And so if there could be  
6 a way to sort of pool the extra piece of private  
7 contractors and apply them to this population I think  
8 that could be another solution.

9 MR. FORD: Well I think that's a good idea  
10 because we've tried that and done that in the past in  
11 other disasters over the 20 years I've been here doing  
12 this sort of work. It does work, it does work  
13 effectively, education's a very important tool because  
14 it empowers not only the business but also the  
15 populace, and there are different ways of getting this  
16 expertise or technical assistance to the investors or  
17 owners in this case. That information out there, we  
18 do have the capability to make that happen and I'm  
19 quite sure, not totally speaking for our local  
20 affiliate, but I'm quite sure they would welcome that.

21 One other thing I'd like to mention too is  
22 the fact that another Road Home program in a single  
23 family rental, the state gives additional funds for  
24 building green. This is an important thing because  
25 that's where we're all headed. But the fact that when

1 you do build green the sustainability of that  
2 structure lasts a lot longer, therefore your  
3 maintenance is a lot less, the operation is a lot  
4 less, and it's just the right thing to do and would  
5 encourage the state to actually give more money when  
6 the owner does decide to build green because it has  
7 less of a footprint on the local environment and at  
8 the same time helps spur new development.

9 MR. RUPPEL: I'm just writing this on the  
10 board. I'm sorry, what you recommended was to have I  
11 guess the local for-profit builders and stuff to work  
12 and help kind of build capacity and have them do more  
13 rehab type stuff with the nonprofits.

14 MS. ROSE: No, that there was like a  
15 concerted group that said, we're going to take on  
16 1,000 of these smaller properties or 500 or something  
17 and, you know, landlords would refer to them, the  
18 landlord knew they weren't going to be a victim of  
19 contractor fraud, that the work would be done to code  
20 and CDBG standards, and you know, the contractor would  
21 have a lien against the house until the money was  
22 reimbursed to them. And then one other idea that has  
23 come up in the same way of talking about funding tax  
24 credits, making them refundable, would be putting a  
25 pool of capital upfront for the small landlords.

1                   That they weren't going to the bank, that  
2 they were just going to a loan pool that was run by  
3 the state or whoever and that they could just draw  
4 down straight on that and then the CDBG money that's  
5 already sitting there in the bank would just transfer  
6 over to that fund. So we've talked about, I think  
7 Milton has talked about to the tax credit equity that,  
8 you know, somewhere in the realm of \$250 million funds  
9 would really help, and I think, you know either part  
10 of that fund could be directed to small rental or an  
11 amendment to that fund could go in this other way.  
12 But it's sort of like all these resources are sitting  
13 there and we just need front money to release them  
14 back into the pool. And so if we could just figure  
15 out the two mechanisms to front money, you know, that  
16 would solve 70 percent of the problem I think.

17                   MR. FORD: There's another group I would add  
18 to that list. Aveda insurance company would be a  
19 party to that. They would insure the construction and  
20 development costs and in turn as a reward they would  
21 underwrite the insurance of the properties once the  
22 construction is done. That way they know their  
23 investment's protected, it was built correctly.

24                   MR. O'DELL: What we're talking about is  
25 something that's sort of a hybrid public private

1 venture.

2 MR. FORD: Absolutely.

3 MR. O'DELL: And I think this is intriguing.

4 MR. SPELLINGS: I'd like to point this out.  
5 The portion who are this public private venture takes  
6 in public dollars is going to be the bank where it  
7 runs off the rails. Because if you think it's  
8 difficult to write a check to an individual as a  
9 compensation grant just for the fact that their house  
10 is damaged, I can only imagine how difficult it's  
11 going to be when the state actually gets in the  
12 business of hiring contractors, signing off on their  
13 quality, and all that. I mean this is a very good  
14 intention but I cannot see it going to implementation  
15 with federal dollars without -- I mean we thought  
16 we've seen bureaucracy up until this point. I can  
17 only imagine the compliance and checks that we would  
18 have to go through to have some state backed or  
19 government backed group of experts outside of, you  
20 know the people who are licensed contractors.

21 MR. DIXON: Just a little bit of  
22 optimistic, folks, we've done some planning work in  
23 Savannah and I was really struck by a program the city  
24 of Savannah had where they basically licensed a  
25 relatively small number of private contractors and in

1 some cases actually paid them directly. In the case  
2 of an elderly indigent homeowner there was like a SWAT  
3 repair team and basically what you got pretty soon was  
4 after a short time a relatively small number of  
5 contractors who really knew how to fix shotgun houses  
6 etcetera and did it quite economically and were  
7 trusted. And I think it would be worth looking at the  
8 Savannah program.

9 MR. SPELLING: And this is something that we  
10 -- two years ago we had a lot of these discussions.  
11 And we talked about Savannah's model, and that it  
12 actually was involved in that program early on, worked  
13 for FEMA in Mississippi. So I mean we've taken a look  
14 at a number of models that happened on the micro  
15 scale, we said, well why can't we blow this up? And  
16 the story of this disaster is beyond, let's get  
17 through the red tape, it's also a story of size and  
18 magnitude and it's a story of place.

19 Today we've talked a lot about New Orleans  
20 and all the factors that came out, I've bit my tongue  
21 a million times this morning thinking about how  
22 different New Orleans's disaster response and recovery  
23 is from Mississippi's in all kinds of ways, but it's a  
24 story of place and magnitude. And just like with  
25 FEMA, FEMA recently wrote the National Housing

1 Response Plan, and one thing that I saw that stood out  
2 was there wasn't a whole lot of attention given to, in  
3 disaster X of this magnitude we respond in this way.  
4 Because when you reach certain magnitudes things  
5 change, you have to throw certain rules out the  
6 window. And so it makes sense in Savannah because you  
7 could get that SWAT team to do. But you couldn't do  
8 that for 40,000 houses.

9 MR. DIXON: No, I would agree, but I think  
10 what I find very intriguing about your comment is, and  
11 the word culture has come up a number of times, we  
12 need to be culturally nuanced so that we have  
13 solutions that work. The solutions that will work for  
14 small 1-4 unit homeowners in New Orleans are not the  
15 solutions, we did the recovery plan for East Biloxi,  
16 it is not an East Biloxi solution. But that doesn't  
17 mean it obviously should be dismissed because I think  
18 that would be a piece of Kalima's puzzle.

19 MR. O'DELL: That's a point well taken.  
20 We're not trying to solve 40,000 units. In this  
21 particular case we're focusing on 98 percent of  
22 unfulfilled small rentals which in Mississippi's case  
23 is 7,000, 7,500 or so.

24 MS. WHITTEN: I was going to switch gears a  
25 little but I don't want to interrupt your thought

1       there.

2                   MR. O'DELL:  No, I'm done but, are we  
3       staying ahead of the curve here?  Because we're  
4       getting some great ideas and I'm hearing sort of a  
5       dichotomy emerge, part of it from Milton and Bart,  
6       that there's some immediate things that we need to do  
7       perhaps entirely inside the executive branch that  
8       shoots the wolf closest to the door for the big four  
9       and others.  And that's the big housing solution, the  
10      assisted solution, and then there is the 1-4 which  
11      we've already identified as being problematic in terms  
12      of having solutions in hand.  So I want to make sure  
13      that we recognize that dichotomy, and there may be  
14      solutions that work for both elements.  But clearly  
15      there's some distinction at the same time.  And the  
16      folks that are developing those big four and others  
17      are for-profit developers.

18                   MR. HARVEY:  Rather than a dichotomy, I  
19      think it's just saying there's a timing issue of a  
20      number of things you could do and you need to do soon  
21      for the biggest bang for your buck.  It doesn't take  
22      away from any other solution that comes out of it.  I  
23      mean it's just saying the --

24                   MR. O'DELL:  Mark?

25                   MR. VIATOR:  General O'Dell, I'd like to

1 just bring up a point that I hope we don't miss.  
2 We're in a situation where, for instance in the state  
3 of Texas the Texas Department of Housing and Community  
4 Affairs is bringing in some large builders because we  
5 need to build about 300 homes and they're looking for  
6 lowcost producers. They're trying the modular route  
7 but that's not necessarily, you know, it's kind of  
8 like what you had said earlier, it looks like, you  
9 know a mobile home with lipstick on it. So that's  
10 really not particularly the solution, but one of the  
11 things that's taking place is that there are many  
12 large builders that typically go into regions and are  
13 dependent upon absorption rates to be able to sell  
14 those homes.

15 Well this is sure money for them, to be able  
16 to go with a block grant type situation and to be able  
17 to mass produce housing or even apartments, whatever's  
18 needed. The issue for them is timing. For them to be  
19 able to go in and throw down 10 to 20 slabs at a time  
20 and bring in framers and put those frames up and have  
21 an assembly-like fashion to be able to bring them in,  
22 it can impact the cost so it's much less than \$109 a  
23 square foot. You know, I'm talking about with land  
24 costs there are builders in the Texas region that are  
25 producing them for about, with land costs, about \$65 a

1 square foot.

2           And so, you know, it's so funny that we're  
3 sitting in the Centex room because Centex is one of  
4 the companies that we met with. And they're talking  
5 about being able to put housing on the ground for  
6 somewhere in the neighborhood of \$50-60 a square foot  
7 and so, you know, let's not lose sight of the  
8 opportunity that even though the finance situation is  
9 tough, on the construction side this could be the  
10 opportunity for us to be able to utilize companies  
11 that want to come in and put houses down because they  
12 have staffs, they have the expertise, that they don't  
13 want to -- you know, it's more sure money for them to  
14 be able to produce and make a profit based upon volume  
15 than it is to have to worry about the absorption rates  
16 of those houses.

17           And so, one last thing if you don't mind.  
18 But with that in mind, the issue for them is the speed  
19 at which they're able to put that infrastructure in or  
20 build on a current site. And so that's where the  
21 regulation and the flexibility come in. And I think  
22 Todd said it earlier, he said you either have, there's  
23 three things, flexibility, speed, and accountability,  
24 and he said you can only get two. Well we really need  
25 three somehow. We need to be able to figure out how

1 we can have the flexibility CDBG funds, have the  
2 ability to go in with things such as those  
3 environmental studies to be able to get those where  
4 you can build fast enough. Because these builders  
5 can't come in if they have to wait long periods of  
6 time and have durations between them being able to  
7 mass produce those houses.

8 MR. O'DELL: I want to get Jason to talk on  
9 this a bit. He's had some experience with that in the  
10 Gulfport area.

11 MR. FORD: Yeah, once the -- was sitting  
12 there very firmly. After Katrina hit, D.R. Horton,  
13 which is currently the largest builder, and another  
14 Texas building service came in to do about 3,000  
15 homes. It couldn't aggregate enough property to do  
16 that. And that goes back to your subject of eminent  
17 domain. Land, land, land. That's the key issue. If  
18 you're going to do a new scale development, the way  
19 builders and their business plans are, they need a  
20 large parcel of land, which is something that has to  
21 be addressed probably outside of the parameters of  
22 this whole discussion in here. But when you look at  
23 the small investor or the 1-4 family, the previous  
24 owner, you don't have the land issue because they own  
25 the land already. So you need to separate the two

1 such that it's a cost implication, it's also a  
2 doability factor there because it's easier to do it if  
3 you have site control, which is with the smaller  
4 vessel of the previous owner.

5 MR. O'DELL: That was K.B. Holmes you were  
6 talking about?

7 MR. FORD: I'm sorry?

8 MR. O'DELL: K.B. Holmes?

9 MR. FORD: K.B. Holmes as well as D.R.  
10 Horton. Both of them came in for New Orleans.

11 MS. WOODKA: And I think that, you know,  
12 fortunately or unfortunately in Louisiana and  
13 Mississippi, Texas is in a slightly different  
14 situation given your immediacy. But I think Louisiana  
15 and Mississippi, and correct me if I'm wrong, Jason,  
16 but my understanding is that you all are now looking  
17 at more in fell how do we move into the existing  
18 communities, not large parcels of land that are going  
19 to make this --

20 MR. VIATOR: We're doing it for infill.  
21 We're bringing those guys in not for -- we met with  
22 them to attract and we have to build about 3,000 homes  
23 and to do it in a certain close proximity region.  
24 We're talking about infilled lots where you go in and  
25 demolish their house and rebuild on that same site.

1 So you know, that's what we're visiting with them  
2 about.

3 MR. SPELLING: And in Mississippi right  
4 after the storm we visited I believe at one point or  
5 another with all the national home builders. We even  
6 went to the big show in Orlando a couple of times, and  
7 you know, the first year or so I was in the office  
8 that was something I spent a good bit of time doing  
9 was chasing folks that we were trying to recruit to  
10 Mississippi. And as of right now I can't think of one  
11 nationally traded homebuilder that ever located, set  
12 up shop, and started doing en masse post Katrina. Now  
13 we look at what our projections are and what we need  
14 and we find that we can get that built out of our  
15 local homebuilders. That may be kind of stymied but  
16 that's the truth.

17 MR. O'DELL: Let's not get off the track  
18 here. I think we're talking a little bit about single  
19 family home ownership projects and we're trying to  
20 focus on rental in the continuum.

21 MR. SPELLING: Right. Go ahead, sorry.

22 MR. O'DELL: What I was going to say, you  
23 know to aggregate large areas of land in Greater New  
24 Orleans, and the same is true south of I-10 in  
25 Mississippi, is that you're immediately in the V zone

1 or having to elevate significantly or you're  
2 encroaching on wetlands or you're outside the flood  
3 protection system, etcetera. You know, both of these  
4 areas are problematic in that regard, and the same  
5 applies to Texas in some respects. But let's stay on  
6 rentals.

7 MS. WHITTEN: I just wanted to point out  
8 that there are developers who have already aggregated  
9 large tracts of land in Louisiana and Mississippi who  
10 have been awarded tax credits, and I think our crisis  
11 of the day is that those credits are a use it or lose  
12 it resource. And so the one simple thing that all of  
13 us can help get done is expanding the place and  
14 service deadline. We have to do absolutely everything  
15 possible to make these deals more attractive to  
16 investors. We've got half the amount of equity in the  
17 market today than there was a year ago and the deals  
18 in the gulf coast are not where people are putting  
19 their money right now.

20 They're going to the sweetest deal with the  
21 most subsidy with the highest reserves with the most  
22 experienced developers. And that is not Louisiana or  
23 Mississippi. And the place and service deadline is  
24 one further disincentive for investing there. And I  
25 think it's something that we've got to get louder

1 about. We go meet with members of Congress about this  
2 issue and they say, I hear you but I need to hear it  
3 from other people. And we've got to start pushing it  
4 now because it will be too late for these deals and  
5 the state of Louisiana has an obligation to take those  
6 credits back and put them into deals that they think  
7 can work. But those deals aren't going to find  
8 investors either.

9 MR. O'DELL: We're very aware of the need to  
10 amend the place and service deadlines and get those in  
11 the tax extender's package as soon as possible.  
12 Whether that's going to happen in a lame duck session  
13 or in the new Congress remains to be seen, but that is  
14 clearly going in one of our urgent recommendations to  
15 the Congress.

16 MR. BAILEY: Would you pair that with the  
17 additional credits and block grant funds as well?

18 MR. O'DELL: Yes.

19 MR. ROBERTS: But if you're going to expand  
20 the supply of credits you have to increase the demand  
21 for the credits. Because right now in the country  
22 you've got \$8 or 9 billion of credits and only \$4 or 5  
23 billion of investment for it. You need to reset that  
24 supply/demand. That's why you need to make it  
25 refundable, that's why you need to change the CRA

1 rules so that banks have an incentive to invest in  
2 Mississippi and Louisiana.

3 MR BAILEY: And we need at the state level  
4 we need to go after untapped folks with profit, oil  
5 industry, chemical industry, and create a mechanism  
6 that gives them an opportunity to shelter some of  
7 their profits with these credits.

8 MR. O'DELL: And, candidly, as I became  
9 aware of the fact that they hadn't been approached  
10 previously, it was a little confounding because we're  
11 talking about housing their workforce in many cases.

12 MR. BAILEY: There you have it.

13 MS. LIU: I have a question. I'm still  
14 trying to process some concrete solutions that came  
15 out of the 1-4 unit housing stock. And what I heard,  
16 I know we use the word continuum, but I heard also  
17 that there's a continuum challenge when it comes to  
18 the 1-4. I heard that there is some need for upfront  
19 rehab financing for some folks who have affordability  
20 issue at the front end, and I would assume that the  
21 LRA's small rental program doesn't even go far enough  
22 to meeting the entire demand for that.

23 I hear there's confidence in the actual way  
24 that rehab is done, whether or not we need to think  
25 about certified contractors that the market has

1 confidence in. I heard issues of capacity and even if  
2 the resources are available, whether or not we provide  
3 technical assistance for small business owners and  
4 others to rehab these buildings. I guess, I don't  
5 know if that captures the range, but I have a  
6 questions about the rehab financing piece. I heard  
7 that there isn't really a supply of loans or equity  
8 available at small loans for owners of 1-4 units.

9 To address that I heard, you know just  
10 talking to even some folks at NORA, they were talking  
11 about whether or not we could come up with a loan  
12 that's even a 0 percent finance delayed payment loan  
13 for small 1-4 unit owners. I don't even know if  
14 that's possible, but is this an SBA issue? Where is  
15 the agent who can come up with such a solution? And I  
16 know we talked also about pooling some of these loans  
17 together in a way that can be repackaged but I'm  
18 trying to get clarity here.

19 MR. O'DELL: I also go back to a soft second  
20 approach too.

21 MS. LIU: Okay.

22 MR. O'DELL: Here's \$25,000 to do what you  
23 need to do to get your quadriplex back in service and  
24 if you remain, and if it's owned or occupied as an  
25 example, I'm citing this purely as an example, if it's

1 owned or occupied and you continue to own the property  
2 for seven years, your soft second is forgiven. And  
3 it's interest only for that period of time.

4 MR. ROBERTS: Jim, I think we're conflating  
5 two very important but separate issues. One is the  
6 subsidy structure and financing structure. And the  
7 other is construction management. We could front the  
8 money easy if we knew we had construction management  
9 control. But if there's nobody who can do  
10 construction management then that's a tremendous risk  
11 because you can't get your takeout financing, and that  
12 includes the federal money, unless that construction  
13 is properly managed.

14 MR. BAILEY: Those guys can. I mean, I  
15 think a partnership with contractors is the way to go.

16 MR. O'DELL: Yes.

17 MR. BAILEY: Because they're the ones that  
18 are already, they are the instant people on the  
19 ground.

20 MR. O'DELL: That's why I think this public  
21 private venture, nuanced hybrid, whatever you want to  
22 call it, may have some traction.

23 MR. SPELLINGS: I hate to be the dark cloud  
24 in this conversation but I've got to at least ask the  
25 question. We keep pitching an idea, we have these mom

1 and pop landlords, say you had a 60-year-old man who  
2 had a four-plex and that was just a side income for  
3 him and he doesn't have the capacity or the  
4 wherewithal or the knowledge to get his unit rebuilt  
5 and he really doesn't even have the seed count to get  
6 started, in spite of the fact that there's a pretty  
7 good subsidy set out there. I have to ask the  
8 question if this is a person that we're not setting up  
9 for failure longterm. On my way up here yesterday I  
10 was on the phone with a Hancock County tax assessor  
11 who told me a story that he's seen repeated where he's  
12 got some folks in that position, an older person who  
13 is retired, who's not back in work but did receive a  
14 hit in the storm. He says, this woman sitting in  
15 front of me yesterday who's crying, who doesn't have  
16 the money to pay her assessed value on her home  
17 because after the storm she had her home rebuilt using  
18 volunteer labor and this, that or the other and she  
19 actually gained a benefit out of it, and now --

20 MR. BAILEY: Now it's more than it was  
21 originally worth right?

22 MR. SPELLINGS: Right, right. They went  
23 through and reassessed her value. And so I'm saying  
24 there's a lot of factors that we have to consider, and  
25 you know if we're talking about, well they don't have

1 enough to get over the hump let's just find another  
2 way to get them over the hump, let's be sure we're not  
3 setting these people up for extended failure. In the  
4 same way that we've got small rental applicants or  
5 come around one of small rental, we saw a handful of  
6 people that walked up and said, you know what I hate  
7 this program that you rolled out right now because  
8 immediately after the storm I got off my rear and I  
9 built back and I worked weekends and I worked two jobs  
10 and I took out an SBA loan, and I'm stuck with that  
11 SBA loan yet you're going to give these people a  
12 subsidy, and the same story, somebody had a duplex.  
13 And so I think those stories real quickly illustrate a  
14 couple of things. It's not as clean as a conference  
15 room and a round table in Washington, D.C.

16 MR. O'DELL: I could not agree with you  
17 more.

18 MR. SPELLINGS: And I think that we just  
19 need to remember that it's not hard with the best of  
20 intentions sitting here to set people up for failure.

21 MR. O'DELL: Well I'll be blunt, in the case  
22 of the Hancock County story you just cited, Hancock  
23 County's got to get their head screwed on straight. I  
24 mean that's the issue there. That's not the federal  
25 government or Halye Barber or Jason Spellings. But I

1 do agree that each one of these is a story unto  
2 itself, and the complexity of it, as you touched on,  
3 the massiveness and the complexity of it eludes silver  
4 bullet solutions. And that's why project management,  
5 case management, whatever, needs to be an elemental  
6 part of whatever solution that we come up with at  
7 least in the 1-4 category because we do run the risk  
8 of setting people up for failure. Because even if  
9 it's a case where someone has been a landlord before,  
10 they're now a landlord in a very different scenario  
11 than they were three and a half years ago.

12 MR. SPELLINGS: The exact scenario that  
13 public housing authorities are facing.

14 MR. O'DELL: Yes.

15 MR. SPELLINGS: They collected rent checks  
16 before, now they're developers.

17 MR. O'DELL: Yes.

18 MR. DIXON: I think your comment is very  
19 well taken and in many ways I think about this, if we  
20 look upon this as solving a 40,000 unit problem but  
21 ten 4,000 unit problems we'll make progress a lot  
22 faster because they each carry a high degree of  
23 nuance. And I think that the technical assistance  
24 piece of this, part of the job is to sort through the  
25 conditions, the case study that each homeowner brings

1 to the table.

2 It's also I think, as somebody who is  
3 committed to government I also am fascinated by the  
4 entrepreneurial spirit that individuals bring private  
5 industry. There is a tremendous amount of potential  
6 energy in the willings I think and around the coast  
7 that will also benefit from this technical capacity.  
8 One thing, we did plan the end of the UNAT process a  
9 couple years ago, and I was struck then that people 25  
10 to 34 were leaving New Orleans. Coming back now it's  
11 the reverse.

12 MR. O'DELL: The brain gain.

13 MR. DIXON: And I can't tell you how many of  
14 them are going into sort of forming small development  
15 companies and really searching out the sort of  
16 question is where can they make a difference. Many of  
17 them would benefit tremendously from technical  
18 assistance and they would be the ones who would be  
19 working with the owners. In fact we talked to one guy  
20 who's developing a four-unit building which is great,  
21 they would be working with these 1-4 unit owners.

22 MR. O'DELL: So we're essentially talking  
23 about a technical assistance model along the lines of  
24 an idea village functions in New Orleans.

25 MR. DIXON: Yeah.

1           MR. O'DELL: That would provide you the  
2 technical expertise how to be a landlord, how to build  
3 green, how to build sustainably, etcetera. And again  
4 I'm coming back, that's maybe the nucleus mission of  
5 this public private venture.

6           MR. DIXON: In some ways it strikes me that  
7 what we're all doing is figuring out in our new area  
8 here, where does government make a difference  
9 effectively. And there are lots of obstacles that  
10 government can unlock and lots of things it can't do.  
11 And we should be finding what can it unlock and just  
12 let people go forward.

13           MR. BAILEY: You make a great observation.  
14 And keeping with that observation I think that the  
15 government can help in terms of analyzing or helping  
16 us to analyze what the new demographic trend is going  
17 to be in the gulf.

18           MR. DIXON: Yes.

19           MR. BAILEY: It is different than the pre-  
20 Katrina trend. And to the extent that they can help  
21 us identify that then make the federal dollar programs  
22 that we use as subsidies flexible enough to meet that  
23 trend. It is pretty safe to say that if an elderly  
24 couple was relocated three and a half years ago, the  
25 chances of recovering that couple is diminished the

1 older that couple gets. To the extent that we have  
2 lost families with children and they have gone to  
3 other regions.

4 And those shoulder in and out many years  
5 along their educational track, the chances of us  
6 getting those children back, we'll get some but we're  
7 not going to get all. So that creates a hole in the  
8 fabric of what used to be New Orleans and what will be  
9 New Orleans. And a lot of sins and dincs are going  
10 to be filling that hole. Single income no kids, dual  
11 income no kids. What are their trends going to be?  
12 What are they looking for in terms of affordable  
13 accommodation?

14 MR. DIXON: We did a market study and I can  
15 tell you it looks a lot like, fortuitously, what  
16 people were living in. That's why they're coming in.  
17 Last year in the U.S. we all know less than 25 percent  
18 of housing was sold to households with kids. New  
19 Orleans is just like the rest of the country. People  
20 from surrounding parishes want to move in, others want  
21 to move in. They're seeking actually the exactly same  
22 housing and one of the advantages, and then I'll drop  
23 the focus, of looking at the sort of 1-4s, the  
24 infilled, is that it basically recovers the quality of  
25 the neighborhoods that allows those on the market side

1 to be much more interested in those neighborhoods.  
2 This in some ways is an economic development  
3 initiative, it's not just an affordable housing  
4 initiative.

5 MR. O'DELL: I couldn't agree with that  
6 more.

7 MR. BAILEY: That also raises the question  
8 of, what do we do as public servants, practitioners,  
9 in terms of reinvesting federal dollars into New  
10 Orleans? Do we, and I know this is going to rub a lot  
11 of folks the wrong way but I'm going to toss it out  
12 there anyway, in those low lying areas is it a good  
13 use of federal funds to invest in areas that we know  
14 have a propensity for flooding, we know that are going  
15 to be much more cost inefficient to continue to invest  
16 in, both from a longterm standpoint as well as from an  
17 elevation standpoint, knowing that the only people  
18 that will go back into those areas will be those  
19 individuals that came from those areas?

20 And are we creating an economic hardship by  
21 rebuilding properties that cost more now to maintain  
22 as an individual homeowner whose income has not kept  
23 up with the higher cost? Or do we focus our federal  
24 dollars and investments more strategically in areas  
25 where it may cost us initially more going in but

1 longterm it's a more sustainable and affordable matrix  
2 of houses for persons of low and moderate income?

3 MR. O'DELL: Let me address this. This is  
4 not public. It was unveiled to the city at the  
5 technical level last week, but the new flood maps for  
6 Orleans Parish are astounding good news. There are  
7 areas that were previously in flood zones that are no  
8 longer in flood zones. There are vast areas of the  
9 city that required significant elevation that now  
10 require modest or no elevation. Contrary to all the  
11 worst fears and suspicions of the city. And I've had  
12 this conversation with Ray Nagin. It was his number  
13 one concern, and it should be viewed as good news.

14 Now that said, there's areas of New Orleans  
15 East and parts of Lower 9th Ward that just because of  
16 elevation and their proximity to wetlands and the like  
17 that are never going to escape those elevation  
18 requirements. But in the main, it's a very good news  
19 story for New Orleans.

20 MR. ROTHSCHILD: I want to respond to one  
21 thing that David said. I think it's interesting to  
22 bring up Idea Village and that kind of capacity  
23 building that they're doing with local businesses. If  
24 you talk to Tim Williamson specifically about this, he  
25 says Idea Village is doing something the government

1 cannot do.

2           So I think the idea of taking what the Idea  
3 Village does and what other non-profits like that as  
4 well as a lot of other small non-profits across  
5 Louisiana and Mississippi do very effectively. To  
6 suggest that the government has either the skills or  
7 ability or the resources to do it is setting up people  
8 for another round of failure.

9           I see a lot of ideas up there on the white  
10 board. I think there were a lot of ideas that were  
11 written up on white boards three years ago. There  
12 were a lot of ideas that were written upon white  
13 boards two years ago. I think the simple reality  
14 that we have to keep in mind with all of this is that  
15 anything that goes up there first has to go through  
16 Congress, then it has to get enacted, then they have  
17 to work through the federal structures to get things  
18 happening on the state and local level, and then  
19 things occur within the context of an endogenous  
20 institutional framework. And in New Orleans and in  
21 St. Bernard and certainly to a degree in Mississippi  
22 as well, that is endogenous institutional framework at  
23 this point, has a lot of mistrust of experts built  
24 into it. So any time you say it's an expert,  
25 especially from Washington, here to help you, I think

1 what comes to a lot of people's minds are the green  
2 dots that showed up on their neighborhoods in Times-  
3 Picayune and they got told that they were going to be  
4 turned into green spaces.

5           There's also a huge mistrust of policy  
6 changes that are getting made along the way. Look for  
7 example at the FEMA elevation grant. To go back to  
8 what Jason was saying, where people felt that if they  
9 elevated they made the right decision the first time  
10 through; then six months later they were told they  
11 weren't going to have that elevation paid for but  
12 their neighbors were because their neighbors waited.  
13 All you're doing is incentivizing people to wait.

14           So the more that you're creating radical new  
15 solutions that really change the policy framework, the  
16 more you're incentivizing people to hold back and not  
17 make any decisions and not get these additional units  
18 on-line.

19           Also eminent domain, I keep hearing people  
20 talking about it. That's a great way on the Gulf  
21 Coast to get people not on your side. Eminent domain  
22 is something that has traditionally been used  
23 primarily against minorities, primarily against the  
24 for, people down there are very well aware of it and  
25 those are exactly the people you need to get these

1 units back on line, especially in the one to four unit  
2 small landlord --

3 MR. O'DELL: Let me correct a misperception  
4 there. Eminent domain, and we'll use New Orleans as  
5 an example, not to slight Mississippi, one of the  
6 biggest problems in New Orleans historically is that  
7 the rental property was absentee landlord. And it was  
8 not maintained. It was damaged perhaps in Katrina,  
9 maybe not even. But it is now three years after the  
10 fact, it hasn't been lived in. The landlord hasn't  
11 applied anything to maintain the property. That's the  
12 eminent domain action that the city of New Orleans is  
13 in quick take, I think is the term of art in  
14 Napoleonic law, that they're employing. Much of  
15 that's going on in Mississippi.

16 But if there's eminent domain going on it's  
17 for all the right reasons, in my view.

18 MR. ROTHSCHILD: I'm sure the people who are  
19 doing it have all the right reasons, but I think if  
20 you talk to almost anyone on the ground, particularly  
21 in areas where they've seen a lot of this, they'll  
22 tell you they've seen houses that were perfectly  
23 habitable or close to habitable, could easily have  
24 been repaired. Then red tagged. They've known  
25 neighbors who had their houses torn down before their

1 neighbors were even told about it.

2 I'm not saying whether it's right or wrong.  
3 I'm just saying as an empirical matter it raises a lot  
4 of --

5 MR. O'DELL: I would say that's anecdotal,  
6 to be quite candid. This is something we watch pretty  
7 darn closely.

8 MR. DIXON: I think we should invoke Janet's  
9 words about, and I would have been a historian if I  
10 wasn't an urban designer, but about let's not look to  
11 the past, let's look forward.

12 There is such a demonstrable need under any  
13 term to aggregate ownership and take, I'll call them  
14 non-responsive properties. In New Orleans it is clear  
15 that this is not a near-term solution. Large parts of  
16 the city cannot come back unless you can aggregate the  
17 ownership.

18 What you are doing by asking individuals to  
19 invest in rent or ownership of property without any  
20 expectation from their neighbors is to maximize the  
21 risk and minimize the reward in a situation where the  
22 reward/risk is already difficult.

23 I hope very much, you had mentioned eminent  
24 domain, it didn't quite make it onto the white board  
25 and I don't know if you want it to. But I would hope

1 as a longer term, this will not be a near term and  
2 easy solution because of the connotations that it  
3 holds, but I would hope that you would carry forth  
4 this recommendation. It needs to be a new era of  
5 eminent domain, but it's absolutely essential. And in  
6 an era where people want to move back into cities, the  
7 rewards for eminent domain can be much greater. you  
8 can build some great market rate neighborhoods in the  
9 process in addition to helping with affordable --

10 MR. BAPLEY: -- economy of scale.

11 MR. DIXON: Yes.

12 MR. BAPLEY: -- need in order to do --

13 MS. ROSE: It was just on the ballot and it  
14 passed in New Orleans. It didn't pass statewide.

15 MR. BAPLEY: It needs to pass statewide.  
16 And it needs to be more streamlined.

17 MS. ROSE: -- experiences because of the --

18 MS. WOODKA: While I think this is a  
19 wonderful discussion point to have, I do think that  
20 that is much more of a white paper discussion.  
21 Similarly the issue of what to do about NIMBYism,  
22 we've heard it a lot. If anyone has a concrete  
23 proposal of something we can do to address the issue  
24 on NIMBYism, I think we would be very happy to --

25 MR. O'DELL: We have a comment from the back

1 of the room on NIMBYism, too, I think.

2 MS. METRAKAS: Actually I had a question,  
3 getting more to the concrete part of this. One of the  
4 comment is we need more flexibility with federal  
5 dollars. What programs are you talking about? What  
6 kind of flexibility? There was a comment about it  
7 will have to go through Congress and there's statutory  
8 change. There obviously is going to be some of that,  
9 but there is, as we were discussing earlier, there's a  
10 lot of the statute is in one place, then we have all  
11 of these regulations, which there is a lot of  
12 flexibility with, it doesn't take going through  
13 Congress and all of that.

14 So if we could start getting some of that.  
15 I know from the HUD perspective it would be helpful to  
16 start getting some of those ideas and to start looking  
17 at those more seriously as things we can do now.

18 MR. BAPLEY: Part of it I think is the fear  
19 of the unknown. For a long time folks have had this  
20 perception as hi, I'm from the federal government, I'm  
21 here to help, was nonsense. I think that tackling  
22 NIMBYism is an educational process and I think that  
23 the more projects, the more housing we have on the  
24 ground that defies the stereotypical norm, the better  
25 of we'll be.

1           I think that's why it's important for us to  
2 go after low-hanging fruit rather than to have that  
3 fruit hung up.

4           I do think there is a further role the  
5 federal government can play with respect to helping  
6 mitigate NIMBY issues. Right now federal funds cannot  
7 be used to prosecute a fair housing issue, and I think  
8 that being a little bit more flexible along those  
9 lines, coupled with a more aggressive standardization  
10 of the building code on the city and state level I  
11 think will help mitigate some of that NIMBYism as  
12 these new products go along. There's nothing worse,  
13 you take a page out of Roman history, there's nothing  
14 worse than approaching the gates and seeing people  
15 hung from the cross to get the idea that NIMBYism is  
16 not a good thing.

17           One of the things that we did right here in  
18 D.C. was to launch an educational program, but at the  
19 same time those landlords that were perpetuating poor  
20 housing conditions, we get them. It only took a  
21 couple of jailings before developers or owners of real  
22 property got the message and started improving the  
23 living conditions under which people were living and  
24 at the same time we were elevating the expectations of  
25 people by including them in the discussion process

1 about what's going to take place at the community  
2 level and making good on our promise by building what  
3 that expectation is. That's the road that we've got  
4 to travel in New Orleans that we haven't traveled in  
5 New Orleans yet.

6 MR. RUPPEL: That's CDBG funding.

7 MR. BAPLEY: Yeah. CDBG funds and whatever  
8 can help us in the prosecutorial aspect to drive it  
9 home.

10 MS. METRAKAS: Are there specific obstacles  
11 in the CDBG programs, disaster recovery, the regular  
12 entitlement program, that would help --

13 MR. O'DELL: Truckloads, is the answer.  
14 Truckloads of issues. And everybody at this table has  
15 either personally experienced them or personally  
16 observed them including this office. I've talked to  
17 the Secretary about that, and Anoop and I basically  
18 had that conversation up here today.

19 One of the things that we're going to be  
20 doing before we take this to the Congress is coming  
21 down to brief Secretary Preston and his staff so he  
22 knows what issues we're going to lay out for the  
23 Congress in our report.

24 Part of that, and I'll be very candid, part  
25 of that I think is HUD staff, career staff, who have

1 grown into the interpretation of law and congressional  
2 intent to a threshold of about 150 percent. What that  
3 translates to at the state level and at the local  
4 level are enormous impediments. I can't be any more  
5 frank than that, and I would open it up to anybody  
6 else in this room who's been down that road specific  
7 to community development block grants and express  
8 their, for lack of a better term, frustration.

9 Buzz?

10 MR. ROBERTS: I would just say it would be  
11 extremely helpful to have as much of that together in  
12 one place as possible and made available to a wider  
13 range of people. There's a much bigger constituency  
14 than just the Gulf Coast for these issues on CDBG. We  
15 have a new administration coming in, looking for ways  
16 to make people happy without spending more money. It  
17 could fit that agenda and serve your interests.

18 MR. O'DELL: Yes.

19 MR. FORD: From what I heard the discussion  
20 is what can we do from a national perspective as far  
21 as current laws?

22 I would suggest that we make some changes in  
23 the Stafford Act. Let's go back to the beginning.

24 There's a certain agency who we'll not speak  
25 of that has primary oversight on housing issues which

1 they are not really set up to do. That's a  
2 fundamental flaw because you start them off on the  
3 wrong track.

4 MR. O'DELL: FEMA wants to get out of the  
5 housing business as much as everyone thinks they  
6 should.

7 MR. FORD: Right, as well they should. But  
8 by the same token HUD needs to get its act together  
9 and they should take the lead on all housing issues,  
10 whether it's temporary or long term. Because if you  
11 set off in the wrong direction on temporary housing,  
12 you're only complicating the recovery.

13 MR. O'DELL: And that's clearly the  
14 direction that Secretary Preston has been trying to  
15 take the agency. But at the end of the day he will  
16 have had seven months to turn around decades of sort  
17 of erosion of HUD's preeminent position, short  
18 preeminent position in the housing business.

19 Amy? Did you have something?

20 MS. LIU: I did. Going back to, I would say  
21 eminent domain outside of the Supreme Court isn't  
22 really a federal issue, but one of the other things, I  
23 think the challenges that the three, again we're much  
24 more familiar with New Orleans than Mississippi, but  
25 is the issue of all the blighted properties. I know

1 that some of the work we have done at Brookings  
2 identified that there were at least 65,000 units of  
3 blighted, ward-abandoned properties --

4 MR. SPELLINGS: How did you do that? How  
5 did you identify 65,000?

6 MS. LIU: From U.S. postal data. This is  
7 where mail has not been delivered to a property in  
8 over a year.

9 MR. SPELLINGS: We're dealing with that in  
10 our data study. We literally, I've seen some e-mails  
11 this morning, but we're contracting with a group south  
12 of 10, in the lower three counties if you know the  
13 geography, in the most affected zone in all three  
14 counties, we're going to send college kids out with  
15 GPS units. They're going to take a picture of the  
16 front of every house and we're going to get our arms  
17 around blight because it really keeps me up at night.

18 MS. LIU: Yep.

19 MR. SPELLINGS: Blight is something that  
20 will take a community down. How are we going to get  
21 school buses to the nether reaches of the county when  
22 I'm still not collecting taxes on what's right here at  
23 home? That's, as we all know, the green field, in-  
24 field debate, so we still have money to program in  
25 terms of where we're going with rental. We've got a

1 good bit of money, so we're going to get our arms  
2 around blight.

3 MS. LIU: I think that's exactly where I  
4 want to go. I think a lot of cities, they do that  
5 approach, send the college kids out, they take the  
6 pictures, they actually take information on each  
7 address for their own databases.

8 But when I think about that level of  
9 inventory, obviously again, government can't deal with  
10 that all alone. I think this is why whatever we can  
11 do to incentivize the one to four unit private  
12 ownership, that would be great. But there are other  
13 opportunities, whether it's the city or others, can  
14 actively try to do some large-scale redevelopment or  
15 think about more proactive ways of doing neighborhood  
16 planning. Large scale neighborhood planning.

17 In that regard, in terms of immediate hooks,  
18 Bart talked about the economic stimulus package.  
19 There also is the housing mortgage foreclosure crisis.  
20 There is a lot of discussion, I know some folks in  
21 this room are going to be part of a discussion we're  
22 having at Brookings in December, but a lot of folks  
23 think the NFP doesn't go far enough. The whole issue  
24 around stabilizing the financial housing market that  
25 the feds are going to be very focused on is trying to

1 address the issue of stabilizing housing prices.

2 One of the things we know that's unique  
3 about the Gulf Coast is NSP funds are being allocated  
4 to those places based on your percentage of  
5 foreclosures. I think that's too narrow of a  
6 definition for the Gulf Coast. But yet blight and  
7 abandoned property has the same effect on housing  
8 prices as foreclosed properties.

9 So I think there is an opportunity again in  
10 this current debate to think about if there is a live  
11 discussion about what comes next after NSP, because it  
12 was such -- \$4 billion doesn't go far at all when you  
13 think about the scale of the national challenge. How  
14 does this Gulf region take advantage of the moment and  
15 really, again, help the nation address this issue  
16 about housing prices but extend it to blight and  
17 abandoned properties.

18 What we know from NSP is it would give  
19 states and localities the ability to even use the  
20 resources to collect basic data, information about  
21 what they have.

22 I think the funds are flexible enough to be  
23 used for all kinds of things like data collection and  
24 assembly of land, marketing, fixing up properties. I  
25 think there's a real opportunity. I guess what I'm

1 looking for in this room is how do we build off that  
2 momentum for the Gulf Coast?

3 MR. SPELLINGS: We don't have a question of  
4 resources. We don't need more money. It's about  
5 implementation. And really, Mississippi's message,  
6 another \$43 million for NSP, honestly, that's not what  
7 we need.

8 MR. BAPLEY: I'll take it.

9 (Laughter.)

10 MR. SPELLINGS: We need money, obviously I'm  
11 not --

12 MR. O'DELL: I'm going to tell Haley on you.

13 MS. LIU: I think most people would talk  
14 about what comes after NSP isn't about money. Is  
15 there increased flexibility? How do we deal with this  
16 inventory is really the question. I think there's a  
17 lot of folks who are coming together to think through  
18 --

19 MR. O'DELL: My personal opinion, and I've  
20 just recently seen a turning of the corner here.  
21 There was in New Orleans parish, at least, not as much  
22 resolution of attacking blight head on as I think  
23 there should have been. I've seen a new direction  
24 just in the last couple of weeks with the willingness  
25 of the city to take down \$38 million of CDBG to start

1 going after blight. That's, to me, that's one of the  
2 brightest spots that I've seen in my tenure in this  
3 office. It sends the right message. But frankly, \$38  
4 million just scratches the surface in New Orleans.

5 But on the other hand in St. Bernard's  
6 parish undertaking a politically courageous decision,  
7 not uncontroversial, to acquire by various means and  
8 remove 9,000 residences, homes, probably in areas that  
9 never should have been built to begin with. But  
10 that's a whole other story.

11 It's an unlevel situation. I honestly have  
12 not seen what I would describe as widespread blight in  
13 Mississippi.

14 MS. WHITTEN: (Away from microphone.)

15 MR. SPELLINGS: In 2004 we did our books  
16 like this. Now we've got a bunch of slabs. We've got  
17 a bunch of people living doubled up.

18 We've got one other issue that plays into  
19 the blight. We have a handful of houses, I know in  
20 Gulfport particularly, and that's why we want to get  
21 our arms around the exact, is the slab is the unit --  
22 You've got a handful of houses that if they were  
23 damaged beyond 51 percent they must be elevated to be  
24 able to pull a permit and meet codes at the local,  
25 right? Once you hit that threshold and you go take a

1 look at this house, it's a brick veneer, slab on  
2 grade, gutted house that some Americorps kids gutted  
3 for some old lady. She looks at it and says what's it  
4 going to cost me to build this thing back? She does  
5 the numbers and she walks away. So the yard's growing  
6 up and the city of Gulfport doesn't know what to do  
7 with that house. Who's going to elevate a slab on  
8 grade house anyway? That's a problem that we're  
9 trying to get our arms around.

10 MR. ROBERTS: That's where your sweeping  
11 second comes in.

12 MR. O'DELL: But to elevate a slab on grade  
13 brick house, --

14 MR. ROBERTS: Forget it.

15 MR. O'DELL: That's a real trick.

16 Actually some of that has been done in a  
17 couple of areas around the Gulf Coast, but \$90,000  
18 minimum for a 1200 square foot house.

19 MR. ROSENBERG: But isn't the answer to  
20 that, in St. Bernard's parish where we had 27,000  
21 homes, every single home rendered uninhabitable.  
22 We've completely rebuilt 154 houses. There's no way  
23 that every single one of those houses wasn't damaged  
24 more than 51 percent, but it's relationship.

25 What do you do? You work with a building

1 inspector and it's damaged 49 percent. Because it's  
2 an arbitrary thing. At the end of the day it's  
3 arbitrary.

4 MR. SPELLINGS: I would say some of that  
5 hasn't happened already in Mississippi, but somehow or  
6 another we probably got some that were damaged 75  
7 percent and marked at 51. I do know we've got a  
8 handful of standing houses that meet this definition  
9 that I'm concerned about. The lady's not going to  
10 take care of her own property.

11 MR. ROSENBERG: Those have to come down.

12 MR. SPELLINGS: Who's going to pay for it?

13 MR. O'DELL: And history repeats itself.  
14 This is precisely what happened after Camille. Mayor  
15 Skelly from Long Beach, his father was the mayor of  
16 Long Beach in 1969. They dealt with the same problem  
17 for 15 years after Camille. What do we do with all  
18 these flats? And it is very problematic to use  
19 community development block grant money to jack those  
20 slabs up.

21 MS. WOODKA: Kalima, did you have --

22 MS. ROSE: -- what you think is possible to  
23 move in the next month and a half of this remaining  
24 Congress and administration, and what things do you  
25 think are going to go into your report to be dealt

1 with by the next administration?

2 MR. O'DELL: Let me address that.

3 The question, because Kalima is so soft-  
4 spoken, was what do we hope to accomplish in the next  
5 month and a half remaining in this administration and  
6 recommendations to Congress.

7 Remember first and foremost, this was a  
8 charge from the Congress to this office specifically  
9 to address rental housing issues. Work force housing  
10 by another term. We are in a very short timeframe.

11 Specifically in the legislation, no later  
12 than 31st of December. We've told the Congress that  
13 we will report to them on or about the 19th of  
14 December, so we have a lot of writing to do in just  
15 the next couple of days. Once completed, this paper  
16 will circulate through various agencies of the  
17 government for comment and clearance. Like Chief  
18 Conway has already greased the wheels of bureaucracy  
19 and the holiday season and so forth to make sure we  
20 can hit all of our marks. One of our key marks along  
21 the way is to brief Secretary Preston on our findings.  
22 That's one element, the homework piece.

23 One of my key take-aways is the discussion  
24 that Milton and Bart led relative to some things that  
25 need to be done now. The wolf that's not only close

1 to the door, is biting the door knob in terms of the  
2 reimbursement, or refunding of tax credits to further  
3 liquify the market. I think that's something that  
4 we're going to take on outside of our homework  
5 project.

6 I think it's needless to say what our  
7 findings in this paper are going to present to the  
8 Congress are going to be for the benefit of the next  
9 Congress, not the current Congress. Clearly, we've  
10 already had discussions with key leadership on the  
11 Hill and staff, that community development block grant  
12 legislation needs a serious overhaul in terms of its  
13 do's and don'ts for the creation of an entirely  
14 different model to achieve the intended results of the  
15 Congress. At least in respect to disaster recovery  
16 housing issues.

17 The Stafford Act that Ken brought up. The  
18 administration, with our involvement, has already put  
19 forward a lengthy list of recommendations as to how  
20 both the Stafford Act or FEMA regulation needs to be  
21 amended.

22 One of the key elements of that, by the way,  
23 is front loading funds to communities rather than  
24 reimbursing them, to enable their recoveries sooner  
25 rather than later. Particularly in things like

1 architectural engineering work so that we're not three  
2 years into the recovery and still doing A&E on  
3 firehouses, or not even started A&E on firehouses in  
4 some cases.

5 But I will tell you that this is not just  
6 the work of my office. It's my personal commitment to  
7 make sure that every point of view that was brought to  
8 this event today will get heard in that report.

9 Now it was not a charge of the Congress to  
10 achieve consensus, so in our recommendations, though  
11 in our report your thoughts may be heard, it may not  
12 make it in the recommendations. Like the WPA project.  
13 That may be a bridge too far. But that remains to be  
14 seen. I'll have to sit on that egg for a little bit.

15 MR. ROSENBERG: Something akin to that.

16 (Laughter.)

17 MR. O'DELL: The format that I've talked to  
18 Janet and to Chad about, in terms of how we want to  
19 structure this product, the draft of which you have,  
20 however, is really in three major components.

21 What are those policy issues, plus and  
22 minus, that need to be addressed? And of those policy  
23 issues, what require legislative change?

24 Then in regulations, plus and minus. What  
25 may require legislative change?

1           Then, and this is going to be as long a list  
2 as the other two categories, very strong  
3 recommendations to state and local government as to  
4 what we think they should take a look at, and in some  
5 cases have already undertaken, like the amendments,  
6 the restructuring of the small rental program in  
7 Louisiana to make it more user friendly and so forth.

8           That's our intent. We don't expect to  
9 devote long hours -- well, we do expect to devote long  
10 hours in the completion of this. Holidays and so  
11 forth notwithstanding. But we're not doing it for it  
12 to gather dust in the National Archives. I can  
13 guarantee you that. That's not why I came into this  
14 job, and that's not why my staff gets high marks for  
15 working 12 hours a day regularly, or more.

16           So that said, we are within three or four  
17 minutes of our promised completion of these  
18 proceedings. Let me just go around the room and ask  
19 for closing comments. I'll save yours for last, Bart.

20           MR. BAPLEY: I would just encourage the  
21 administration as it's going through its transition to  
22 seize upon low-hanging fruit. Bart and I have had  
23 that discussion. I would rather be an administration  
24 that did that going out, than leaving that opportunity  
25 to an administration coming in.

1                   MR. O'DELL: And that has been my charge  
2 from the President from day one, is get on the low-  
3 hanging fruit. Some of the fruit has changed color,  
4 particularly in the wake of the financial crisis.  
5 We're finding a few worms in the apples at the same  
6 time. We've got a few more tricks up our sleeve, too.  
7 It's not that we've been saving them for a Christmas  
8 surprise or what have you, it's just taken us that  
9 long to get it through the sausage factory.

10                   Jason?

11                   MR. SPELLINGS: I guess I would just  
12 emphasize what several people have touched on today,  
13 the importance of tax credits. In my calculation, I  
14 have a couple of one pagers that show this is our  
15 damage, here's where we want to be, and when that tax  
16 credit number changes it drastically affects our CDBG  
17 budget. So anything we can do to shore up the tax  
18 credit process is a tremendous, significant thing.

19                   And outside of that, it's not a question of  
20 resources for the state of Mississippi, it's a  
21 question of implementation.

22                   MR. O'DELL: We hear you loud and clear.

23                   Buzz?

24                   MR. ROBERTS: I'd stick with that. Three  
25 things to get those moving -- make the tax credits

1 refundable, reform CRA, and extend the deadline.

2 MR. O'DELL: Thank you.

3 MS. ROSE: I would say only about 3,000 of  
4 our hoped for 25,000 units of rental housing have come  
5 through in New Orleans to date. That if you did the  
6 tax credit, solve that problem. And if you got an up-  
7 front dual funding to the small rental program, that  
8 it would close that gap and we would have just -- that  
9 area.

10 MR. ROTHSCHILD: Figure out whatever you can  
11 get properties out of the Louisiana Land Trust and out  
12 of tax debit and into the hands of investors, mom and  
13 pop investors. That's critical.

14 MR. O'DELL: We invite you to have further  
15 conversation with Scott Davis, my policy director, on  
16 some progress we've made there with LLT and NORA,  
17 which really just in the last three months we've made  
18 some enormous leaps. We're not done yet by any means.

19 MR. VIATOR: General O'Dell, we would like  
20 to first thank you for allowing Texas to be able to,  
21 it was not a part of this and we appreciate you  
22 allowing us to be here.

23 MR. O'DELL: An enormous opposition to  
24 overcome.

25 (Laughter.)

1           MR. VIATOR: The tax credits are one. The  
2 second, you know I'll say this, to allow go-zone bonds  
3 and accelerated depreciation for the state of Texas  
4 for the hurricane impacted area.

5           And I ditto your remarks related to HUD.  
6 One of the things that we've seen in our state is that  
7 we have over-compensated on the accountability side  
8 and not been very fast at getting some of the programs  
9 out because of the concern for the accountability. I  
10 think it's because of the concern of the implications  
11 like the HUD.

12           MR. O'DELL: Got it.

13           MS. FOX: We've gotten two new sets of  
14 authorities since Katrina hit in the Stafford Act.  
15 One is -- Chris, I'd like to talk to you about your  
16 program.

17           The other authority we received, which  
18 unfortunately never applied to Katrina damage, was for  
19 rental repairs, a pilot program that we implemented in  
20 Iowa and are working hard to try to implement in  
21 Texas. That authority is set to expire as well the  
22 end of December. So you guys have had some great  
23 ideas and I'd like to take those back as we evaluate  
24 what we might change in legislation for our pilot so  
25 that hopefully going forward, if God forbid a future

1 disaster happens, or if we get authority to do this  
2 for Katrina damage, maybe we can restructure that  
3 program legislatively.

4 So Janet, we'll be going through that  
5 evaluation. We'll work closely with you on that.

6 MR. DAVIS: I'd like to thank everyone for  
7 their time and also for some earlier creative outside  
8 the box thinking today. We didn't just go over ideas  
9 to fix what's broken, but completely new mechanisms  
10 such as pools of contractors and technical assistance  
11 and some really creative things that can be helpful  
12 right down to the local and state level, even though  
13 they don't concern the feds in Congress, and I think  
14 those kinds of ideas and our ability to forge a bond  
15 will really have an impact so we can get some motion  
16 going. So thank you for that.

17 MS. METRAKAS: In addition to what's been  
18 said, one of the bullets up there was there needs to  
19 be a housing demand study. I think that's something  
20 that's important to really look at the demographics of  
21 the population that is currently in the Gulf Coast,  
22 what their needs are if we're going to be looking at  
23 how to solve the problem as it is right now.

24 MR. DAVIS: Before you get to Peter, the  
25 other thing I appreciated about today and I want to

1 not overlook in our report is the connection between  
2 housing and jobs. It was hit on a couple of times  
3 today here and there. We got on and off. But  
4 obviously the issue of affordability is, there's the  
5 cost of housing then there's the ability of somebody  
6 to obtain it. And there's always a tight job/housing  
7 nexus in the organic growth of any city or region, and  
8 it needs to be looked at regionally.

9 So diversifying the economy, workforce  
10 training, all of those things can increase income  
11 levels in the Gulf Coast, are a part of the solution  
12 to affordable housing.

13 MR. DEL TORO: Peter Del Toro at GAO. I  
14 wanted to thank you for the really fascinating  
15 conversation on an important topic. A lot of the  
16 issues we discussed, we're undertaking some reviews of  
17 our own, and this has been helpful validating some  
18 cases, pushing a bit further out other cases, and some  
19 situations that maybe we can't, we can share your  
20 ideas about them in our work. But General, you've  
21 opened it up and let us fit in, we really appreciate  
22 that.

23 MR. O'DELL: You're going to tell the  
24 Counsel General he got his money's worth today, right?

25 MR. DEL TORO: Absolutely.

1 MR. O'DELL: Thank you.

2 MS. WHETTEN: Focus on the tax credit issues  
3 and getting deals close that have been funded and been  
4 waiting to close for a couple of years, number one.

5 Number two, recognizing that the future  
6 development throughout the region is going to be on  
7 in-fill, data sites, properties that are coming  
8 through the state and also through blighted property  
9 programs of cities. So figuring out how to build up  
10 an infrastructure to support development on those  
11 properties is something that's not happening right now  
12 and needs to be looked at.

13 Finally, we didn't discuss modifying the  
14 federal flood insurance program to acknowledge multi-  
15 family buildings. Currently a structure is eligible  
16 for coverage up to the number 250. That could be an  
17 80 unit structure or a single unit structure. So  
18 either recognizing the multi-family buildings as  
19 commercial buildings which gives them a little bit  
20 more coverage, or count each unit as a unit.

21 MR. O'DELL: Thank you. That was a good  
22 catch

23 MR. GAIR: Thank you for inviting me here.  
24 I think a minority of disaster recovery specialists  
25 are here today, but it's good to be here.

1           I served as the federal recovery office rep  
2           at the World Trade Center disaster. Again, it's a  
3           question of scale. That was only a \$20 billion  
4           federal disaster, much smaller than this. But I would  
5           say to you that to me the key to the federal  
6           government in affordable rental housing or anything  
7           else, I think you need a stronger coordination role on  
8           the ground in the Gulf. The low-hanging fruit is  
9           expediting the programs you already have out there,  
10          expediting the money that you already have out there,  
11          increasing the coordination across agencies to  
12          leverage their programs. That's the kind of thing we  
13          can do to help Mississippi. Get some people out  
14          there. We did it in New York when I was put in that  
15          position, I said I need a senior person from each of  
16          the federal agencies on the ground with me to break  
17          through these issues as they come up and solve them.  
18          Not just let them hang, not send them back to  
19          Washington. Solve them on the ground and get them  
20          what they need day in and day out. At the state level  
21          and the local level those problems keep popping up.  
22          If you don't hit them they're going to just keep  
23          rolling right along.

24                   MR. O'DELL: Thank you.

25                   We undertake that to mixed success, I'll put

1 it that way. I spend and many of my staff spend as  
2 much as 60 to 70 percent of our time on the ground in  
3 Louisiana, Mississippi and now Texas as well. And  
4 with FEMA we've got a good working relationship. With  
5 HUD we've got an okay working relationship. That's  
6 partly because their regional office is located in  
7 Jackson, Mississippi which is a little bit off the  
8 beaten path for us. FDA we've got an excellent  
9 working relationship with.

10 But you're absolutely right. It gets done  
11 on the ground.

12 Just a little aside, I was talking to a  
13 report from a Catholic newspaper down there. He said  
14 why do you get down in the weeds? I said well if St.  
15 Patrick had not gotten down in the weeds there would  
16 still be snakes in Ireland. That's just a practical  
17 thing. You have to get down in the weeds.

18 MR. DIXON: First, I want to thank you for  
19 the invitation. I'm neither a disaster recovery  
20 expert nor an affordable housing expert, but I've  
21 learned a lot being here.

22 One thing I really appreciated about this,  
23 when we were doing planning -- and I talked to people  
24 at the federal level, the attitude, frankly, to some  
25 extent was well, they should have learned how to take

1 care of themselves already. This is not our job.

2 I think the fact that we're all here to help  
3 each other is a really much more useful attitude.

4 That said, the three things I would want to  
5 note are, and we've covered them all, is just how  
6 important building local capacity is. We've all  
7 learned what a non-functional housing authority or a  
8 city that isn't able to exercise planning leadership  
9 can't do when times are tough. we just can't let that  
10 situation continue. The more local capacity building  
11 can come from the federal level I think is truly  
12 helpful.

13 Secondly, the whole technical assistance  
14 issue. I think that's been well covered. I don't  
15 think that can be stressed enough. That applies at a  
16 city level, at a CDC level, at a lenders and property  
17 owner levels, who will be affected.

18 Third, something I don't think we got enough  
19 of a chance to talk about, but the message got out is  
20 that NIMBYism is a learned behavior. We're not born  
21 that way. We learn it through the mistakes of others  
22 that we suffer from. I think really good public  
23 education around the quality that affordable rental  
24 housing can take, simply letting people in New Orleans  
25 know -- there are many people in New Orleans who do

1 not believe there is an affordable housing problem at  
2 all. They think they have too much of it and fight  
3 very hard when our master planner says you need more.  
4 So really good public education I think is essential.

5 MR. O'DELL: Okay. Thank you.

6 MR. FORD: On behalf of the National  
7 Association of Homebuilders we welcome and thank all  
8 of you for coming.

9 MR. O'DELL: Thank you for having us.

10 MR. FORD: We view the path to housing, both  
11 through the public and private sector. This meeting  
12 is a good start in our estimation of where things  
13 should go.

14 The three things we want to pass on, one,  
15 there definitely has to be a change in legislation,  
16 federal laws as well as regulations, which will help  
17 promote, we think, the understanding of what each  
18 entity, each stakeholder's roles are and the  
19 infrastructure and how he can best maximize the  
20 potential. Because today I think we all learned that  
21 this group here can do this; this other group can do  
22 that. As we partner together we can create a whole  
23 new entity that goes out of the box of what everything  
24 has happened.

25 Each disaster is different. What we're

1 talking about is just New Orleans but there are going  
2 to be disasters in the future. If we can set a basic  
3 framework by which it can be adaptable to future  
4 events I think this effort today will have been  
5 worthwhile.

6 MR. O'DELL: Thank you.

7 MR. MONFORTON: I also want to say thank you  
8 for including Habitat in the conversation.

9 Just a couple of things, thoughts going  
10 forward. Everybody at this table all said it, let the  
11 recommendations be driven by the empirical information  
12 of understanding the market. I think we need to be  
13 sure that whatever recommendations and what the final  
14 result is, that economic development is hand in hand  
15 with affordable work force housing.

16 Thirdly, we've got to take a strong, strong  
17 look at affordability and not just in the development  
18 of new products. In fact it's going to require design  
19 and durability. Better built homes, more efficient  
20 homes. Some products have been subsidized on the front  
21 end. And affordable loan products so that families  
22 can get into those, or vouchers so they can afford the  
23 rent on it. Those are the three areas. I echo the  
24 same thing about the low income housing tax credits.

25 I would also encourage that we look

1 creatively at the new market tax credits.

2 MR. O'DELL: Thank you. Pam?

3 MS. PATENAUDE: Thank you General O'Dell for  
4 inviting me into this conversation today. I've been  
5 away from this for 15 months now.

6 Two comments. The Secretary of HUD can use  
7 recaptured -- for disaster assistance. I don't know  
8 if there are any left, but that's certainly a source  
9 to look into.

10 Then to expedite any outstanding -- it may  
11 not have made it up to his office.

12 MR. O'DELL: Nobody's asking for a lot of  
13 waivers. They're just asking for expedited service in  
14 some cases; just answer my letter of three months ago.  
15 Or will you change your business process to make it a  
16 little more efficient for us down here at the grass  
17 roots level. We don't have the depth of staff and  
18 where time is of the essence.

19 Thank you.

20 MR. ROSENBERG: General O'Dell, thanks for  
21 having me here. I don't think I have anything to add  
22 that either I or other folks haven't said before, but  
23 I look forward to seeing the --

24 MR. O'DELL: Thank you for coming.

25 MS. LIU: Thank you so much. I've really

1 learned a lot from everybody here. I also really  
2 appreciate finally putting faces to names that I have  
3 read a lot of the work that's being done by folks in  
4 this room.

5 I certainly was looking for things that were  
6 catalytic and didn't require a lot of new dollars, and  
7 I think I've heard a lot of that today and I thought  
8 that was very useful. I think that is the environment  
9 we're going to have to look into in the next six  
10 months or a year.

11 One thing that hasn't been mentioned, I  
12 don't think, it may or may not rank real high. But  
13 sometimes I've heard from some folks locally that have  
14 talked about concerns that some units have vacancies  
15 in them, that they haven't been able to rent. And  
16 because of the importance of neighborhood scale  
17 development, if there's any way to continue to reward  
18 affordable rental housing to be done in a high quality  
19 way in the context of the neighborhood. To reward tax  
20 credits to locations where there are good schools. To  
21 ensure mixed, if it's the new market tax credit,  
22 making sure that retail is done in conjunction with  
23 affordability and housing goals.

24 I think the more we can flex these dollars  
25 or reward the pairing of these dollars, that would be

1 great.

2 MR. O'DELL: Thank you, Amy.

3 MR. RUPPEL: I just want to thank everyone  
4 for participating. If by chance I misconstrued your  
5 policy recommendations or I'm sure you all have a lot  
6 more policy recommendations, I'll still be around  
7 here. It will be good to get everyone's ideas at  
8 least on the table. So if you could come talk to me.

9 I'll also put my e-mail address up there in  
10 a little bit so if you have anything, if I wrote it  
11 wrong or something, let me know.

12 MR. O'DELL: Janet?

13 MS. ROSE: -- submitted on these --

14 (Away from microphone.)

15 MR. HARVEY: Thank you, General O'Dell, and  
16 thank you for going down and taking on this assignment  
17 in the spirit with which you do it. For other people,  
18 like Michelle Whetten, who moved from New York full  
19 time to be down there and establish a Mississippi  
20 office as well, and everyone who's involved around  
21 this table.

22 I would start with the 44,000 people in that  
23 interim housing and the plan to bridge them into  
24 situations that are viable. Not give them false hope,  
25 but really work on how you're going to get them to

1 vouchers, how are you going to get them into housing  
2 over the longer run.

3 I'd start where others did. There's the  
4 8,000 to 10,000 units that are at risk now. You  
5 should, everyone should be knocking themselves out to  
6 make sure that it doesn't happen. That they get  
7 fixed. They are a small part of the whole solution,  
8 but that's years of work that is at risk right now.

9 The small rental scattered sites is the  
10 character of blight. It is what makes New Orleans  
11 attractive and loved b people. It is what allows  
12 people to live all over Mississippi and up and down  
13 that coast. Finding, like Kalima and others, finding  
14 ways to get at this using this tragedy to make sure,  
15 because it will, there will be hurricanes on this  
16 coast again. To find ways to collectively get at the  
17 rural issues and some of the urban issues are critical  
18 and that we ought to keep working at finding those  
19 answers and putting money behind experimental ways  
20 that Zack or others come up with to really look at  
21 that issue. It's a terribly hard issue, always has  
22 been.

23 HUD, of it's really going to do disaster  
24 funding, has to have a better mechanism than the rules  
25 around the block grant that weren't set up for that

1 purpose. So as much feedback on what those are, what  
2 flexibilities, what accountabilities, what ways that  
3 HUD is able to act both accountably and more flexibly  
4 than they can under these regs. Under block grant.  
5 There's pain from this incident, from Andrew, from  
6 others, that ought to be reflected in change for  
7 future disasters.

8 Blighted property and the issue of eminent  
9 domain, how do you get at that blighted property is  
10 critical, hurricane after hurricane, place after  
11 place. There's got to be better answers there. And  
12 insurance, really thinking through the cost side.  
13 Insurance is the first route that flows everyone down.  
14 You can't get it, it's too expensive. It makes the  
15 affordable unaffordable along with everything else  
16 that follows. Lack of supply that takes up rent.  
17 There ought to be better solutions around that as  
18 well.

19 But I really appreciate your work, your  
20 coordinating effort, and hopefully this report can  
21 really get back to generate, at least solve a few  
22 things right away, and generate more ideas on this for  
23 the future.

24 MR. O'DELL: Janet?

25 MS. WOODKA: I'm sure you'll hear my

1 opinions.

2 I just really want to thank everyone not  
3 only for coming today but for all of the courtesy that  
4 you have shown myself and Chad and other people in the  
5 office in bringing us along, sharing your ideas, your  
6 papers, offering up your colleagues and people that  
7 you've worked with so that we could be much better  
8 educated on this. I don't know what I would have done  
9 without Chad. I am going to say many many thanks to  
10 HUD for one thing, which was loaning us Chad.

11 But I will actually be gone after tomorrow  
12 afternoon for a couple of weeks, so I am --

13 MR. O'DELL: The dog ate her homework.

14 MS. WOODKA: I will send everyone an e-mail  
15 with Chad's contact information so that if you have  
16 materials and you're sending them to me or have  
17 further ideas or follow-up, just make sure you cc him  
18 as well. I'll read them when I get back.

19 But again, thank you very very very much.  
20 We will definitely be calling you.

21 MR. O'DELL: Let me echo everything that  
22 Janet had to say.

23 On the subject of papers, several of you  
24 have asked me about the papers we've received from the  
25 group at large. We're going to do our darndest to get

1 those collated papers out to you. We were literally  
2 receiving them as late as six or so last evening,  
3 maybe this morning still. I have actually read most  
4 of them. All of the themes that I saw represented in  
5 those papers were on the table here today. A lot of  
6 poignant, heartfelt commitment to some things that  
7 need to be changed, very soon in some cases.

8 I'm going to make a personal commitment that  
9 I'm going to elevate this right up to the White House  
10 within the next 24 hours in terms of the refunding and  
11 tax credits issue. Because this is the kind of thing  
12 that the President's looking to fix if he can with the  
13 stroke of a pen. And he remains committed to the Gulf  
14 Coast. I think he and Mrs. Bush will be apparent in  
15 their commitment beyond their time in office. That's  
16 just the kind of people they are.

17 I will tell you too, I didn't get hired to  
18 do this job until Christmas. I got paid to do it  
19 right up until noon on the 20th of January. You have  
20 my commitment that this is going to be in the  
21 forefront of my mind and my office's agenda until that  
22 time, and it's going to be a very central part to the  
23 transition as well. Thank you very much.

24 (Whereupon, at 1:52 p.m., the roundtable in  
25 the above-entitled matter was concluded.)

REPORTER'S CERTIFICATE

DOCKET NO.: -----  
CASE TITLE: Affordable Rental Housing Roundtable  
HEARING DATE: November 18, 2008  
LOCATION: Washington, D.C.

I hereby certify that the proceedings and evidence are contained fully and accurately on the tapes and notes reported by me at the hearing in the above case before the United States Department of Homeland Security.

Date: November 18, 2008

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