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DISASTER ASSISTANCE

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

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

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

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

Source: GAO.

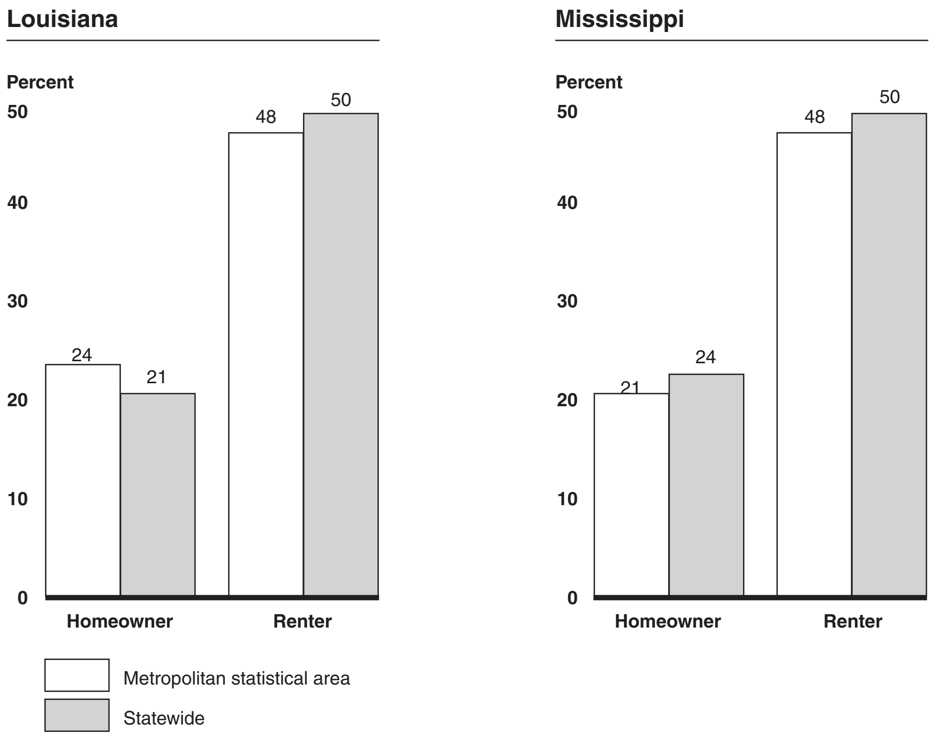
Note: See apps. II through VI for summaries of each program.

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

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

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

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



Source: GAO analysis of Census Bureau data.

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

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

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

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

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

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

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

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

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

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

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

Source: GAO.

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

[a]Potential households served.

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

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

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

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

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

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

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

State Agencies Administered the Majority of Available Funds

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

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

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

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

Source: GAO.

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

[a]Potential households served.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

[16] Pub. L. 109-234.

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

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

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

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

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

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

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

Other Assistance Was Made Available through Existing Programs and Processes

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

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

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

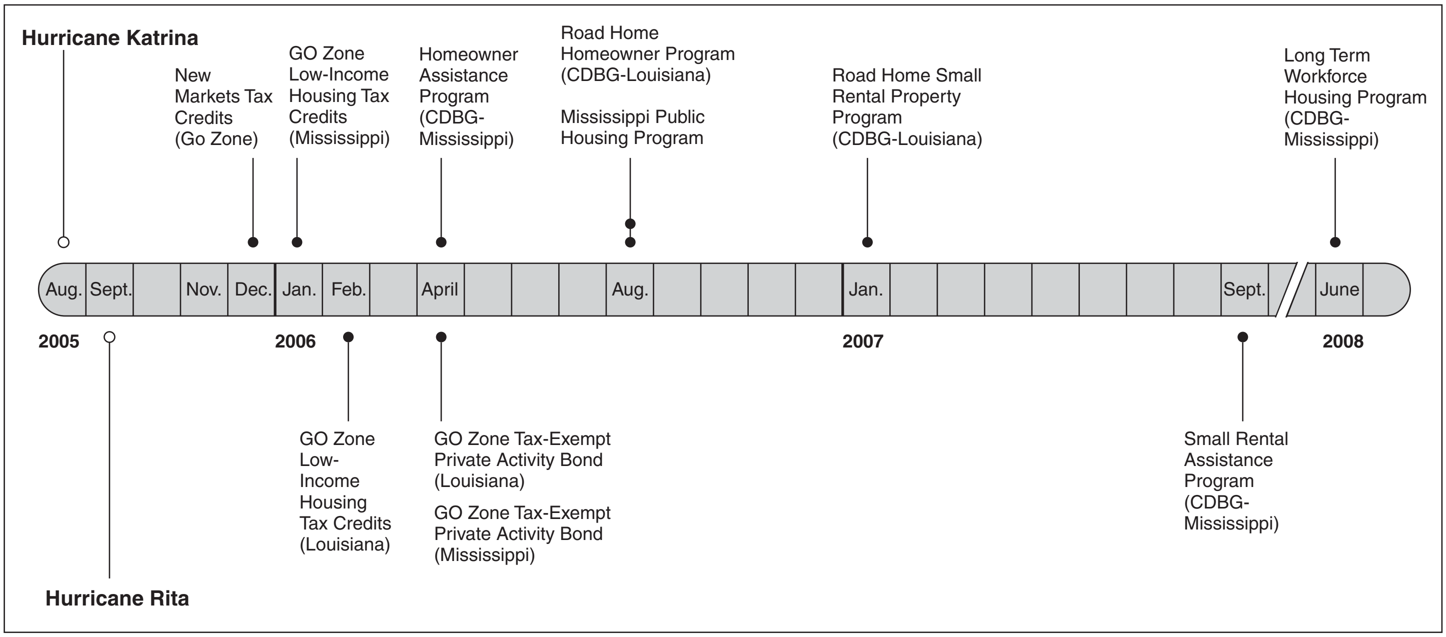
[21] GAO, *Small Business Administration: Actions Needed to Provide More Timely Disaster Assistance*, GAO-06-860 (Washington, D.C.: July 28, 2006).

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

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

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

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



Source: GAO.

Notes:

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

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

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

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

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

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

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

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

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

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

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

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

Source: GAO analysis of program data from program administrators.

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

[a]Potential households served.

[b]Data are as of July 2009.

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

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

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

[f]Data reflect activities undertaken through December 2008.

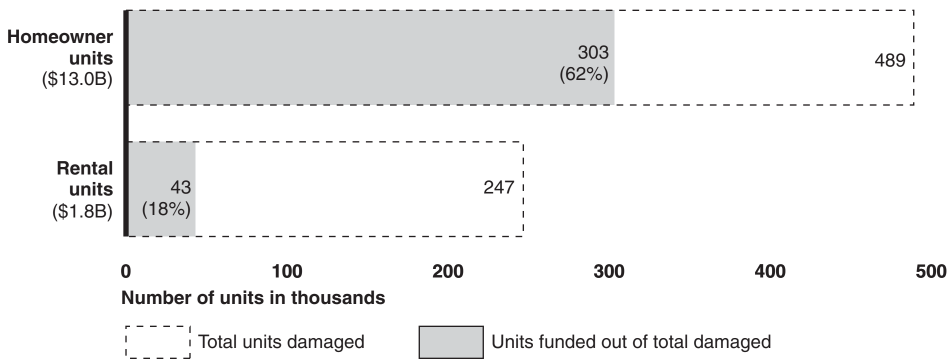
[g]Data for Mississippi are as of August 2009.

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

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

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

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



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

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

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

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

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

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

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

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

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

Source: GAO analysis of program data from program administrators.

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

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

[b]Potential households served.

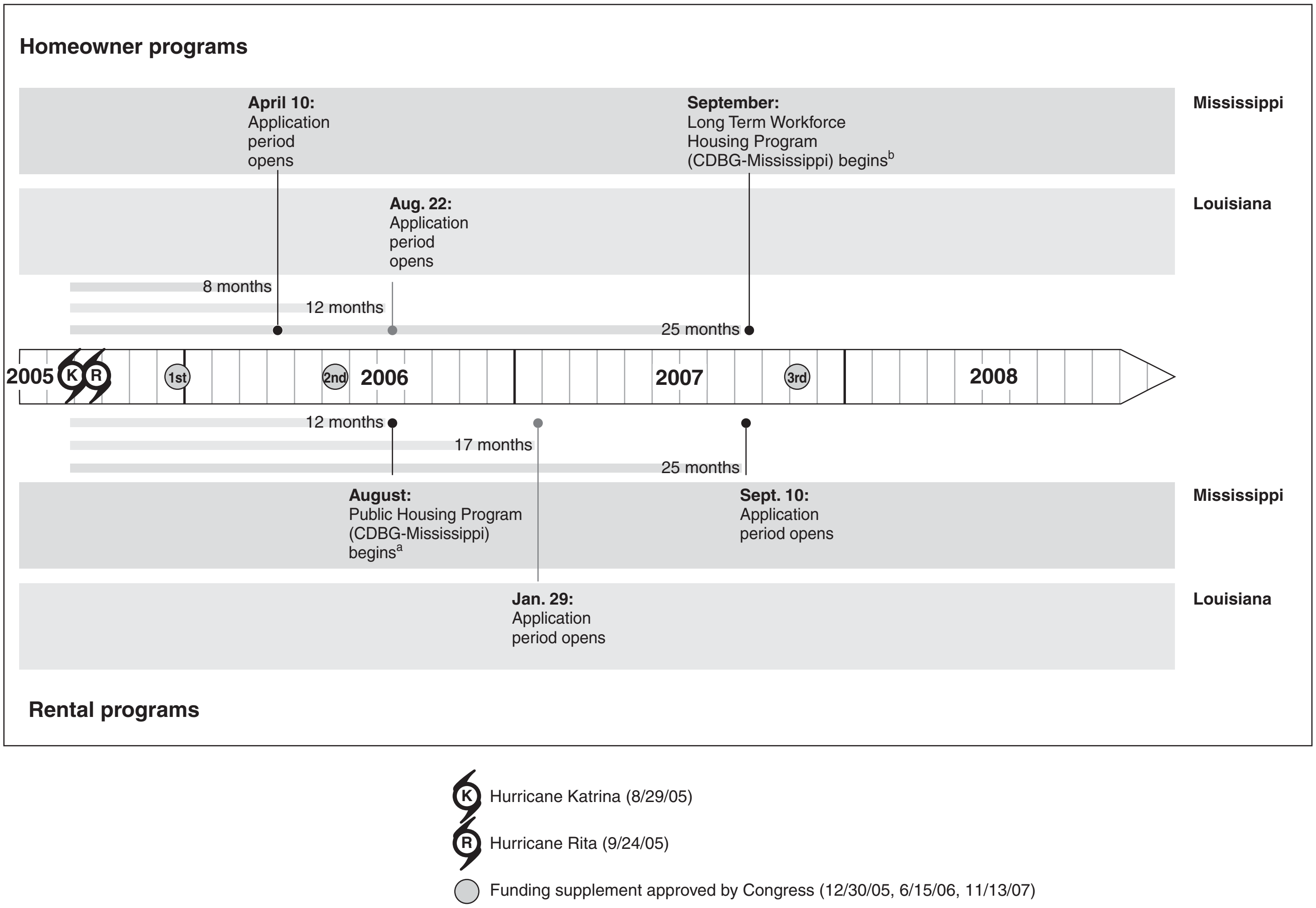
[c]Data are as of July 2009.

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

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

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

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



Source: GAO.

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

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

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

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

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

Road Home Homeowner Program (Louisiana)

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

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

Homeowner Assistance Program (Mississippi)

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

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

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

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

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

Road Home Small Rental Property Program (Louisiana)

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

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

Small Rental Assistance Program (Mississippi)

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

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

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

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

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

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

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

Appendix IV: Programs Funded through Tax Incentives

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

GO Zone Low-Income Housing Tax Credits

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

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

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

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

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

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

GO Zone Tax-Exempt Private Activity Bonds

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

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

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

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

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

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

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

New Markets Tax Credits for the GO Zone

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

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

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

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

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

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

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

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

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

Appendix V: Home Disaster and Physical Disaster Business Loan Programs

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

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

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

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

Appendix VI: Other Programs Reviewed

Capital Fund Emergency/Natural Disaster Funding

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

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

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

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

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

Hazard Mitigation Grant Program

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

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

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

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

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

Source: GAO analysis of FEMA HMGP data.

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

Individuals and Households Program: Repair or Replacement Assistance

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

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

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

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

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

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

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

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

Public Housing Program (Mississippi)

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

Appendix VII: Rental Units Funded and Completed

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

Source: GAO analysis of program data.

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

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

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