

Recovering States?

The Gulf Coast Six Months After the Storms

This Oxfam report reveals that poor households are being left behind in the disaster recovery efforts and urges federal and state officials to recommit themselves to inclusive rebuilding plans that address deep and persistent poverty in the region.

Summary

Six months after Hurricane Katrina laid bare the stark social and economic inequities present in the United States, little has changed. Despite the commitments of elected officials to confront deep and persistent poverty with bold action, and despite the investigative reports of the federal systems failure, the same people neglected prior to Hurricane Katrina and abandoned in its aftermath continue to be left behind today.

Disasters, however ‘natural,’ are profoundly discriminatory. Oxfam’s experience has shown that pre-existing structures and social conditions determine how a community will be affected and who will pay the highest price. Poverty creates vulnerability that is particularly evident in disasters.

Mississippi and Louisiana, among the poorest states in the union, are no exception. An estimated 20 percent of the people displaced by the storm in the heavily impacted area lived below the poverty level. Pockets of acute poverty in both states lay directly in the path of the hurricanes. Just as poor households in the region had fewer resources available to deal with the immediate aftermath, their efforts at recovery will be further constrained. Lacking insurance, personal financial resources, or access to credit needed to rebuild, the poorest households may be forced out of their communities altogether as rebuilding proceeds.

Timely and adequate recovery resources must be deployed to assist all in need, focused particularly on the most vulnerable households. This is critical, both to ensure that all hurricane survivors are able to rebuild their lives and to address the systemic poverty that creates profound vulnerability to disasters. Following the massive institutional failure of the emergency preparedness and response system, the severe housing crisis in the Gulf Coast region presents an opportunity and an obligation to initiate an equitable and effective recovery.

The picture for successful housing recovery is not promising. As numerous lawsuits and news reports have determined, Federal Emergency Management Agency assistance and Small Business Association loans have been inaccessible or inadequate for most poor households. Therefore, the state-directed rebuilding assistance is critical for ensuring the recovery of these families. Yet, the parameters for state assistance end up excluding the people with the fewest resources to recover on their own: renters and lowest-income homeowners.

Despite the heavy impact of the storms on low-income people, Mississippi and Louisiana’s plans for billions of dollars in emergency Community Development Block Grant (CDBG) funds contain insurance restrictions that disproportionately penalize homeowners with the fewest resources to rebuild on their own. Studies have shown that more affluent people are more likely to purchase flood and homeowners insurance and purchase greater amounts of insurance than poorer people. Under the Mississippi plan, homeowners who wish to be compensated by the CDBG funds must have had insurance. In the Louisiana plan, homeowners without insurance will be penalized 30 percent of pre-storm value of their homes. These provisions foster a blame-the-victim dynamic that distinguishes between “deserving” and “undeserving” survivors, unfairly penalizing the lowest-income households.

Renters, who tend to have lower income than homeowners, were a significant portion of the people most adversely affected by the hurricanes. However, as currently drafted, only people living in owner-occupied homes are eligible for compensation under the state assistance plans for the emergency CDBG funds. Explicitly not for rental properties, the state plans exclude renters whose homes and property were damaged in the storm and make no provisions for rebuilding the rental units that were lost.

Disasters can be turning points for the regions in which they occur; the very need to rebuild can be an opportunity to address entrenched inequities and foster greater inclusivity. Disasters can also serve to make poor families poorer, sapping the few resources they had prior to the crisis. Government officials must recommit themselves to mobilizing all available resources, to ensure an effective and equitable recovery for the region.

To make this happen, Oxfam America makes the following recommendations:

For Federal Lawmakers

Hold federal agencies and state officials accountable for ensuring that federal disaster recovery funds reach all people in need, particularly the poorest households, thereby demonstrating good stewardship of taxpayer dollars.

Target the housing needs of low-income homeowners and renters by directing a significant portion of the \$9.4 billion in supplemental funds originally requested for FEMA to the Department of Housing and Urban Development (HUD) and US Department of Agriculture (USDA) programs, including \$2 billion to the HOME program for repair and rehabilitation of privately owned housing, including rental units.

Reaffirm commitment to the long rebuilding process, including the need for significant further funding as states and communities identify their needs, to ensure a complete recovery of this important region of the country.

For Governors and State Recovery Authorities

Maximize availability of affordable housing for renters by supporting the use of Low-Income Housing Tax Credits, prioritizing developments that make some help available to renters with incomes below the poverty line.

Increase homeownership opportunities for renters, thereby allowing them to build equity, by using federal rebuilding funds to provide homebuyer counseling, access to non-predatory mortgage financing, and connections to nonprofit housing developers with a stated mission and track record of building affordable single-family housing.

Expand the eligibility criteria for homeowner assistance grants, waiving the requirement of previously maintained homeowner insurance and including homes without flood insurance that were in the flood plain for the households at or below 150% of federal poverty guidelines.

Mitigate the risk associated with future storms for vulnerable households by providing sufficient funds to assist the elderly, disabled, and low-

income residents with rebuilding to more stringent building codes for safer flood- and storm-resistant housing.

1 Introduction

"You've got to learn to survive down here – pick up the pieces and start over. I'm going to stay, because this is home, no matter how you look at it."

- Donna Naquin of Dulac, LA, who supports her family by shrimp fishing with her 71-year-old father

Six months ago, Hurricane Katrina laid bare the stark inequities present in the United States. In its wake, elected officials promised to address poverty in the United States. Congressional committees and White House officials have sought explanations for and published reports about how tens of thousands of people on the Gulf Coast could have been abandoned by the very government agencies charged with protecting them.

Six months later, despite the commitments and reports, little has changed. The same people neglected prior to Hurricane Katrina and abandoned in its aftermath continue to be left behind today, and risk losing out completely in the rebuilding and recovery process.

The scale of the destruction created by Hurricanes Katrina and Rita continues to be staggering: An area the size of the United Kingdom was affected,¹ 750,000 households remain displaced, more than 1,300 individuals were killed and 3,200 people are still missing.² More disturbing is the very real possibility that promises to "build back better" to confront poverty will go unfulfilled and many poor families and communities may end up worse off, permanently losing what little they had on August 28.

The sluggish and incompetent federal response has revealed the strength that binds together communities and families, many of which have had to get by on sheer determination. Inspiring stories of community response and volunteerism abound, from the parishioners of the flooded Main Street Baptist Church who scrounged soup cans from the wreckage of homes and set up a makeshift soup kitchen in the street to feed their neighbors in the weeks before federal help arrived in east Biloxi to the legions of volunteers who arrived from as far as northern Canada to gut and bleach flooded homes so as to ready them for rebuilding.

Fatigue and worry aside, the hard-hit people of the region are not feeling sorry for themselves. Resilience, determination, and cooperation are evident to all who are working on the hurricane recovery effort. As Lorna Bourg, director of the Southern Mutual Help Association noted, "They've been living on low incomes, but

they've been earning them." And that's what she wants from the recovery: "An appropriate response that gets people back living normal lives and earning their own income."

Yet six months after the double disaster of Hurricanes Katrina and Rita, the inadequacy of government recovery efforts raises disturbing questions: Will poor people be able to return to their homes and jobs? Will their neighborhoods again become vibrant places of community, faith, and family? What will become of them if they lose their homes and savings?

Oxfam America, an international humanitarian aid organization, has been responding to the crisis on the Gulf Coast since the week after the storm, having worked with local partners to address poverty in the region for over a decade. Oxfam initiated its first domestic relief effort in response to the massive institutional failure that left the most vulnerable populations without assistance – an abdication of humanitarian practice, which prioritizes the needs of the most vulnerable people. Based on our field work and our advocacy efforts with community leaders at the local, state, and federal levels over the past six months, as well as on our overseas experience responding to almost every global disaster in the past 35 years as part of the Oxfam International consortium, we have serious concerns that the people who need the most help again stand to be completely left behind.

Our extensive experience in prior disasters teaches us that adequate relief and recovery resources must be made available in a timely manner, and that those resources must be deployed to assist all in need, particularly focusing on the most vulnerable households. The adequacy, timeliness and targeting of funds are critical to the region's recovery, both to ensure that all hurricane survivors are able to rebuild their lives and to address the systemic poverty in the region.

The massive housing crisis presents the most pressing challenge, as well an opportunity to address pre-existing inequities. However, the picture, thus far, for successful housing recovery is not promising: The largest portion of the response funds has gone to the Federal Emergency Management Agency (FEMA), the organization that has failed poor households consistently, from its inadequate emergency planning and outreach before the storms hit to its neglectful and inaccessible assistance in its aftermath; Small Business Association (SBA) loans for home reconstruction are not available to the lowest-income households; and the state offices charged with drafting plans for federal rebuilding funds are not casting an inclusive net. In Mississippi, the governor's draft plan places barriers to assistance for lowest-income households, poor senior citizens, and disabled people. Louisiana's plan is likely to contain similar flaws. As yet,

neither governor's plan contains provisions for renters, who make up nearly half of the affected population.

Federal, state, and local officials must recommit themselves in their recovery efforts to working with local communities to address the vulnerabilities created by poverty in order to avoid replicating the same tragic mistakes.

2 Poverty and Vulnerability

"The big challenge right now is the ones with the least have the most to lose and have the least means to replace what they have."

- Rev. Kirby Verret, pastor of Clanton Chapel in Dulac, LA, where nearly 31 percent of the population lives below the poverty line

Oxfam's experience has shown that disasters, however 'natural,' are profoundly discriminatory. Wherever they hit, pre-existing structures and social conditions determine how a community will be affected and who will pay the highest price. Poverty creates vulnerability. With fewer resources, it is more difficult to absorb shocks such as fluctuations in the job market or health crises. This vulnerability is particularly evident in disasters. Poverty often means living in marginal zones, in houses of substandard quality, with livelihoods that offer limited resilience to disasters. Poverty restricts the resources available to deal with the immediate aftermath and further constrains efforts at recovery. This truth is born out in disasters all over the world, including most recently the drought-ravaged plains of Niger and the tsunami-affected coastlines of Indonesia, India, and Sri Lanka, where poor people suffered disproportionately.³

Mississippi and Louisiana are no exception. The states themselves have few resources with which to respond to and recover from disasters. Leading social indicators clearly demonstrate that Louisiana and Mississippi are among the poorest states in the union and lack the necessary resources to fuel a full recovery. According to the 2000 U. S. Census, Mississippi ranked second only to the District of Columbia in its poverty rate, making it the poorest state in the nation. Louisiana is ranked the second-poorest state. Mississippi also ranks 50th in the quality of its health care, while Louisiana ranks 49th.⁴ Both states also share the lowest levels of educational attainment in the country. The Congressional Research Service estimates that 20 percent of the people displaced by the storm in the heavily impacted area lived below the poverty level.⁵

Within these states, there are pockets of acute poverty, many of which lay directly in the path of the hurricanes. New Orleans, as the most visible example of poverty and vulnerability, has the second-highest level of concentrated poverty in the nation (37.7 percent), according to the 2000 U.S. Census. The unemployment rate before the disaster was reported to be around 10.4 percent. Just as significantly, renters constituted 43.4 percent of the population. Though poverty in the region is not limited to African-American communities, they bear a disproportionate burden. This holds true in New Orleans, where 68 percent of the residents are black⁶ and among whom more than a third of the households did not own a car

with which they could have evacuated. In some areas of the city the poverty rates were even higher: More than one-third of residents of the Lower Ninth Ward lived in poverty and unemployment was as high as 14 percent.⁷

Southern Louisiana, where many low-income families relied on farming or fishing for their livelihoods, is also characterized by pockets of acute poverty. Within the parishes heavily impacted by both Hurricanes Katrina and Rita, including Terrebonne, Iberia, St Mary's, and Plaquemines, census tracts reveal communities with poverty rates easily topping 30 percent.⁸

The data on Mississippi paints a similar picture. In the three coastal counties affected by the storm, about two-thirds of the housing units were occupied by households with income below the U.S. median level of approximately \$42,000 in 2000.⁹ Almost 75 percent of the housing units were occupied by households living below the U.S. median income level in Hancock and Harrison Counties alone. About 12 percent of households in the three counties lived below 150 percent of the federal poverty level (FPL) and thus were eligible for various federal assistance programs.¹⁰

As in Louisiana, African-American households in Mississippi are disproportionately impoverished. According to the 2000 U.S. Census, African-American populations have higher poverty rates and lower homeownership rates than white populations in the hurricane-affected areas. (See Table 1 below.) This holds true on the Gulf Coast generally, in rural areas (Jones County), and in five of the hardest hit urban areas – Biloxi, Gulfport, Moss Point, Pascagoula, and Pass Christian. In Pascagoula, where the disparity is particularly stark, the poverty rate for African-American households at 42 percent is almost four times that of white households at 11 percent. Many of the families in these historic African-American communities have lived here for generations.

Racial Disparities in Poverty and Homeownership Rates		
Location	African-American	White
<i>Mississippi Gulf Coast</i>		
Poverty Rate	27.1%	10.4%
Homeownership Rate	49.8%	74.0%
<i>Jones County, MS</i>		
Poverty Rate	36.1%	12.8%
Homeownership Rate	58.6%	83.1%
<i>Biloxi, MS</i>		
Poverty Rate	27.3 %	10.4 %
Homeownership Rate	29.6 %	55.2 %
<i>Gulfport, MS</i>		
Poverty Rate	29.2 %	11.2 %
Homeownership Rate	48.7 %	63.8 %
<i>Moss Point, MS</i>		
Poverty Rate	21.9 %	9.8 %
Homeownership Rate	70.2 %	82.3%
<i>Pascagoula, MS</i>		
Poverty Rate	41.9%	10.8%
Homeownership Rate	25.3%	70.2%
<i>Pass Christian, MS</i>		
Poverty Rate	21.5%	5.9%
Homeownership Rate	61.0%	78.0%

Source: U.S. Census Bureau Census 2000

Additional factors that left communities vulnerable to the storm include age, gender and disability. One-fourth of the residents in the heavily impacted area were children under the age of 18 (183,000) of whom approximately one-third are estimated to be poor. Thirty-eight percent of these children were living in single-mother households.¹¹ This latter fact is particularly disturbing since recent research has shown that women (and women as single heads of households in particular) are often severely disadvantaged and

vulnerable to disaster and its aftermath.¹² In the heavily impacted region, 88,000 people were over the age of 65, nearly half of whom reported suffering from one disability and another quarter of whom suffered from two or more disabilities.¹³

In Mississippi, the Governor's Commission for Recovery, Rebuilding, and Renewal recognized the disproportionate impact of Hurricane Katrina on low-income people in its final report, writing that, "While the hurricane's winds and waters affected everyone in its path, some were affected more dramatically than others. The role of personal assets in enabling people to survive and recover is important, and the presence or absence of assets, and insurance on those assets, will determine who can participate in the long-term rebuilding of South Mississippi. For that reason, strategies for renewal must closely consider approaches that promote asset-building among low-wealth families and communities."¹⁴

Yet, despite this recognition, neither Mississippi nor Louisiana has yet to draft a plan that adequately addresses the needs of these most vulnerable residents, nor has the federal government appropriated funds that are best suited to addressing those needs. As a result, poor people are being left behind, and nowhere is it clearer than in the housing crisis.

3 Housing as an Essential First Step and an Indicator of Success

"This was my mom and dad's house. This has been in the family since 1932. It done happen. But I want to rebuild."

- Derek Pride, Sr., surveying the severe damage to his home in East Biloxi

Hurricanes Katrina and Rita left in their path a massive housing crisis. More than 300,000 houses were destroyed, which is over 10 times the number destroyed in next-most destructive US hurricane, Hurricane Andrew. At least 1,850,000 housing units were damaged. In heavily impacted areas in Louisiana, approximately 112,340 households were without insurance.¹⁵ Of the 50,000 owners in Mississippi who received flood damage to their homes, some 35,000 had no flood insurance.¹⁶

It can be easy to lose sight of what all of these statistics mean, as such numbers can sometimes dehumanize the effects of natural disasters. Losing these homes was traumatic for many hurricane survivors. Homes store the artefacts of our identity -- family photos, diplomas, and the memorabilia of our lives, as well as birth certificates, driver's licenses, marriage certificates, social security cards, and much of what we value.¹⁷ Researchers suggest that dealing with the destruction of a home by flood or fire involves a bereavement process similar to the loss of a loved one.¹⁸ The destruction of a neighborhood and the dislocation of its residents have been described in the same way. As Cindy Garcia Flores of St. Bernard Parish, Louisiana told an Oxfam staff member, "It ain't so much you lost your place, it's your history's gone."

The importance of housing is reflected in the priorities of hurricane survivors. In an ongoing national survey of evacuees' needs, the most prominent and recurring concern they expressed is for housing – even before jobs and other forms of assistance. Many of those interviewed also expressed concern about the lack of housing available, the market value of housing exceeding the housing assistance provided them, or the failure of housing assistance to take family size into account.

Homes are the fundamental building blocks for families and their communities and their reconstruction plays a central role in recovery from catastrophe. The rebuilding of homes and neighborhoods is essential to the mending of the social fabric and the reintroduction of a labor force. A home is an essential first step. Said Kala Willis, who was still living in a tent with her two-year-old daughter, Ashanti, more than a month after Hurricane Katrina, "I just want somewhere to put my kids." With an estimated 750,000 households

still displaced, housing must be available in order for people to return and have a say in how their communities are rebuilt.¹⁹ Houses are also foundations of economic well-being. For homeowners, their houses are the primary means for building personal wealth, and the equity in their homes can be leveraged to cover a medical emergency or put a child through college.

Beyond having devastating impacts on households' personal wealth and well-being, the housing crisis is also inhibiting the revitalization of business and the rebuilding efforts. As Edith Johnson of East Biloxi said, "I'll start looking for a job somewhere. First I got to get a roof over my head." Mississippi Governor Haley Barbour recently noted in a hearing before a U.S. Senate Governmental Affairs and Homeland Security Committee that low-wage positions on the coast were going unfilled. Hospitality businesses, such as hotels and restaurants, are having difficulty staffing their posts, as signs on McDonald's restaurants advertising \$12-an-hour wages with a signing bonus so vividly illustrate. Before these businesses return, the people who work in them must have homes to return to – at a price they can afford.

Housing is also a growing crisis. Currently, hundreds of thousands of households are receiving rental assistance from FEMA and those numbers are growing – as of February 15, 2006, 714,949 households received help, which is 60,000 more than reported in January 2006.²⁰ Further signs of a housing crisis are indicated by a Brookings Institution report that states that in the region, "mortgage delinquency rates skyrocketed between the second and third quarter of the calendar year 2005." Percentages of people who were more than 30 days late on their payments in Louisiana and Mississippi increased from 8.1 percent and 9.4 percent respectively to 25.7 percent and 18 percent.²¹ The next report comes out March 3 and the numbers are expected to worsen.

Such housing problems, compounded by underlying vulnerabilities, have proven to have long-term impacts on recovery efforts. Research on the Northridge Earthquake in 1994 and Hurricane Andrew in 1992, both of which were large-scale, highly destructive and costly natural disasters, has demonstrated that vulnerability and housing issues are directly correlated: Income has been found to be a significant determinant in short-term housing recovery. Studies also show that low-income and minority housing units are often older and more subject to damage than other housing and are therefore also more difficult to insure.²² This is particularly problematic as it has also been determined that one of the most important factors in housing recovery is insurance. Studies indicate that there are marked ethnic and racial inequalities in adequate insurance coverage as well as damage and insurance settlements. Similarly, studies have also

consistently demonstrated that the racial and ethnic composition of neighborhoods is also significant in recovery. For instance, high concentrations of both blacks and Hispanics are correlated with slow housing recovery after a disaster.²³

Evidence abounds of the dangers of neglecting affordable housing. Moreover, housing programs exist with proven track records of reaching low-income households. However, in their current form, the policies for deploying federal housing funds will not help the people who need them most to return and rebuild their homes, communities, and local economies.

Housing is by no means the only important issue - there must be an integrated approach to rebuilding to avoid situations that will weaken the communities in the long-term, such as housing without nearby quality schools or neighborhoods exposed to the serious public health risks associated with environmental contamination. However, given that this is, in the words of Sheila Crowley, President of the National Low Income Housing Coalition, "the most serious housing crisis that has faced our country since the Civil War," this report focuses on the provision of affordable housing as an essential first step and a crucial indicator of the inclusiveness of the rebuilding efforts.

4 Who Is Being Left Behind?

"No one has ever re-planned a city with poor people in it. Suddenly, poor people disappear in the new vision."

- Charles Elsesser, Florida-based expert on long-term affordable housing recovery

Mississippi and Louisiana have been allocated more than \$11 billion is emergency Community Development Block Grant (CDBG) funds, with an additional \$4.2 billion recently requested by President Bush for Louisiana, to begin rebuilding housing. Touted as the most viable solution to the massive housing crisis, the drafts of state plans for using these funds designate the vast majority for assisting homeowners who live outside the federally designated flood plain in homes that were damaged or destroyed by flooding from Hurricanes Katrina and Rita. The parameters for assistance, however, end up excluding the people with the fewest resources to recover on their own: renters and lowest-income homeowners.

Renters

Renters, who tend to have lower income than homeowners, were a significant portion of the people most adversely affected by the hurricanes. In the heavily impacted area as a whole, it is estimated that 45 percent of the approximately 300,000 destroyed homes in the Hurricane Katrina-impacted areas were occupied by renters (as compared with 34 percent nationally).²⁴ In the areas of heaviest flooding in New Orleans and its outlying parishes, this number of renters is significantly higher. There, more than half of the homes in the damaged areas were occupied by renters. In the adjacent Louisiana parishes of Jefferson, Plaquemines, St. Bernard, St. Charles and St. Tammany, households living in the areas of extensive damage were more likely to rent their homes than households living in the less damaged areas.²⁵

The Mississippi Gulf Coast has a higher percentage of renters than the rest of the state and, according to an initial estimate of damage in the affected area, housing units in the catastrophic damage area were twice as likely to be occupied by renters than by owners.²⁶ In low-income communities on the coast, fully half of the residents were renters. African-Americans in those communities are even more likely to be renters, particularly in Gulfport and Moss Point/Pascagoula where the prevalence of renters is 63 percent and 67 percent respectively.

Yet, as currently written, only people living in owner-occupied homes are eligible for compensation under the state homeowner assistance plans for the CDBG funds. Explicitly not for rental properties, the

state plans exclude renters whose homes and property were damaged in the storm and make no provisions for rebuilding the rental units that were lost. In studies of other disasters, researchers have observed a reluctance to rebuild low-income housing.²⁷ Housing shortages after a disaster have a tendency to inflate rents, which adds to the burden of already vulnerable victims' ability to recover at a time when affordable housing is most needed. Renters will have few resources with which to rebuild their lives and few housing options in their communities without assistance and resources dedicated to bringing back affordable rental units.

This failure to address the acute needs of renters and to provide affordable rental housing has larger repercussions. Recent research on the impact of Hurricane Andrew and other disasters suggests that the slower and less-funded reconstruction of rental units places communities with a higher percentage of rental properties at greater risk of failing,²⁸ which could have tremendous consequences for New Orleans and cities on the Mississippi Gulf Coast where so many people are renters.

This neglect of renters in the state plans also fails to take advantage of the billions of dollars in Low-Income Housing Tax Credits (LIHTC) that were part of the Gulf Opportunity Zone Act designed to encourage rebuilding of the region through tax incentives.

According to the Center for Budget and Policy Priorities, "LIHTC funds cannot be used to cover certain costs such as land acquisition and demolition, and there are limits on the percentage of even eligible development costs that the tax credit can cover. Some additional 'gap financing' is typically needed to make tax credit deals work – and without adequate gap funding states could end up losing a substantial share of the added tax credits, or developers could be forced [for economic reasons] to use tax credits in areas where there is less need but development costs are lower."²⁹

A Renter's Family Out in the Cold

Michele Comeaux was a renter in Waveland, Mississippi. The Saturday before the storm hit, Michele, her two sons, and another family of four evacuated to Austin, Texas in her 1989 mini van. When she returned, the home that she had rented for 10 years was leveled.

"When I got back to Waveland and went to my storage shed where I keep my most cherished possessions. Nothing was left but an antique table from my mother," said Comeaux. "I took the table and returned it to Austin where at least it could be safe."

She moved around and stayed with relatives for a while until December when she received her FEMA trailer. However, because she was a renter, FEMA would not place the trailer in Waveland, instead opting for a community lot in D'Iberville. Michele went out and purchased a piece of land in Waveland so that her children can be near their father, friends

and other relatives, but FEMA refuses to move the trailer. Right now, her land sits empty and she commutes back and forth.

"They set me a trailer up in D'Iberville, I have to commute every morning over 30 miles to bring my children to school so that they can have a sense of normalcy," said Comeaux. "I have nothing left and I stay in a 1 bedroom trailer with my 2 teenage sons who are both over 5'10'."

Under the current Mississippi plan for the \$5.1 billion in federal housing rebuilding funds approved in December, Michele would receive no assistance because she is a renter.

Low-Income Homeowners

"I have insurance, but no flood. I've been living here 40 some odd years and it never flooded. I'm 71 years old. I can't start rebuilding.... I never thought I'd have faced everything I owned gone down the drain."

- Roland Suire of Erath, LA

Despite the disproportionate impact of the storms on low-income people, the plans for Mississippi and Louisiana also contain insurance restrictions that unfairly penalize homeowners with the fewest resources to rebuild on their own. Under the Mississippi plan, homeowners who wish to be compensated by the CDBG funds must have had insurance. In the Louisiana plan, homeowners without insurance will be penalized 30 percent of the pre-storm value of their homes.

Legislators justify these restrictions by a wish to avoid the "moral hazard" associated with the government's paying for a perceived "irresponsibility" of people who did not purchase insurance. In reality, these restrictions foster a blame-the-victim dynamic that attempts to distinguish between "deserving" and "undeserving" survivors and disproportionately penalizes the lowest-income households, both in and out of the flood plains. According to the results of a 1999 study, more affluent people are more likely to purchase flood insurance from the National Flood Insurance Program (NFIP) and purchase greater amounts of insurance than poorer people. For this reason, the researchers raised the question of whether or not insurance is actually the best approach to providing disaster protection to the low-income segment of the population, writing, "The low levels of participation in the NFIP and our finding that income matters suggest that perhaps this is not the best approach."³⁰ On the Biloxi peninsula alone, one of the hardest hit areas on the coast, 22 percent of households in the flood plain had an income of less than 150 percent of the federal poverty line.³¹ While there has not yet been a comprehensive assessment of housing needs in the area, reports from community leaders about uninsured homeowners and the prevalence of very low income households in the area raise serious concerns that no alternative provisions have

been made for assisting homeowners in the flood plain that did not have flood insurance.

The relationship between income and insurance is similar with homeowners insurance. A report monitoring public attitudes about homeowners insurance found that the percentages of homeowners with an insurance policy varied by type of home and level of income. Owners of mobile homes were the least likely to carry a policy, and percentages of homeowners with insurance dropped as household incomes decreased.³²

Low-income households are also less likely to have the additional resources needed to bridge the gap between the insured value of their pre-Katrina homes and the cost of rebuilding to the stricter post-Katrina standards. This is especially likely to be true of the low-income elderly and people with disabilities, who will need to build ramps or other special facilities if the new codes require that their rebuilt homes be raised above ground level.³³ Grants will be needed to help lowest-income people build safer and more storm-resistant housing; otherwise they could be excluded altogether from assistance.

By excluding or penalizing homeowners without flood or homeowners insurance from accessing federal recovery funds, and by requiring improved building standards without adequate assistance in reaching those standards, the state plans create barriers to assistance that disproportionately harm households with the fewest resources to rebuild on their own.

Both state and federal officials must reassess their rebuilding plans to ensure that they are focused on reducing poverty rather than exacerbating it. At the federal level, this requires supporting state rebuilding efforts by appropriating funds to explicitly address the needs of low-income communities. Monies for programs such as HOME, a HUD program that more specifically targets low-income households, could be effectively used to help renters and poor homeowners. At the state level, the plans must remove barriers to assistance for the lowest-income households, expanding criteria for homeownership assistance and including significant funding for affordable rental units.

Struggling to Start Over Without Insurance

Among the extended Delahoussaye family, the disaster has meant a lot of juggling for a lot of people—even those not directly affected by the storm. Family members are moving out of their own home temporarily to make room for Dean and Russell Delahoussaye, whose Erath home in southern Louisiana is now gutted.

The couple, who have been married for nearly half a century, spent years pinching and saving on slim salaries to raise three children, pay off the mortgage, and build an addition using found materials. Now, all that hard work lies in a heap at the end of their driveway—one of many piles of wreckage along their street. Though the Delahoussayes had homeowners insurance, they were not covered for flood damage.

“We just couldn’t afford it,” said Dean Delahoussaye. “We were paying almost \$2,000 for the insurance and it would have been \$800 more for flood—and it’s never flooded before.”

This time, 10 inches of water swamped their home. To keep the mold at bay, they have been tearing sheetrock off their walls and yanking up the flooring.

“My husband can’t do much because of a bypass. His heart is out of rhythm and he’s on Coumadin,” said Dean Delahoussaye. “Russell, all he does is fetch and carry. I pick up and pull and put in storage boxes things I can salvage.”

Stacked on a trailer in the driveway were a few saved goods, including a handmade rocking chair that belonged to Russell Delahoussaye’s grandmother—a symbol of the importance family has always played in the lives of the Delahoussayes. They themselves were caring for a granddaughter and a great-grandson when Rita hit.

The storm may have flooded the Delahoussayes’ house, but as with so many others in Erath, Rita hasn’t drowned their sense of home.

“At least we have the frame and walls of a house,” said Russell Delahoussaye.

“We’re going to get through this,” added his wife. “We’ll learn something from this. Life is never what you think it’s going to be.”

5 A Way Forward

"We're going to survive and we'll come back stronger. That's how it's going to be."

- John LeBlanc, a councilman from Erath, Louisiana where only about 50 of the town's 1,000 homes escaped flood damage from Rita

Disasters can be turning points for the regions in which they occur. However terrible the loss and devastation, the very need to rebuild can be an opportunity to address deeply entrenched inequities in ways that foster greater inclusiveness and social change. Disasters can also serve to make poor families poorer and more vulnerable, sapping the few resources they had prior to the crisis. Government officials must recommit themselves to mobilizing all available resources to ensure an effective and equitable recovery for the region.

To make this happen, Oxfam America makes the following recommendations:

For Federal Lawmakers

Hold federal agencies and state officials accountable for ensuring that federal disaster recovery funds reach all people in need, particularly the poorest households, thereby demonstrating good stewardship of taxpayer dollars.

Target the housing needs of low-income homeowners and renters by directing a significant portion of the \$9.4 billion in supplemental funds originally requested for FEMA to the Department of Housing and Urban Development (HUD) and US Department of Agriculture (USDA) programs, including \$2 billion to the HOME program for repair and rehabilitation of privately owned housing, including rental units.

Reaffirm commitment to the long rebuilding process, including the need for significant further funding as states and communities identify their needs, to ensure a complete recovery of this important region of the country.

For Governors and State Recovery Authorities

Maximize availability of affordable housing for renters by supporting the use of Low-Income Housing Tax Credits, prioritizing developments that make some help available to renters with incomes below the poverty line.

Increase homeownership opportunities for renters, thereby allowing them to build equity, by using federal rebuilding funds to provide homebuyer counseling, access to non-predatory mortgage financing, and connections to nonprofit housing developers with a stated

mission and track record of building affordable single-family housing.

Expand the eligibility criteria for homeowner assistance grants, waiving the requirement of previously maintained homeowner insurance and including homes without flood insurance that were in the flood plain for the households at or below 150% of federal poverty guidelines.

Mitigate the risk associated with future storms for vulnerable households by providing sufficient funds to assist the elderly, disabled, and low-income residents with rebuilding to more stringent building codes for safer flood- and storm-resistant housing.

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