

Hurricanes Katrina and Rita

Assessing the Aftermath

The 2005 hurricane season tested the mettle of many Eleventh District communities. In late August, the threat—then the reality—of Hurricane Katrina sent Southeast Louisiana residents to cities and towns out of the storm's path, many of them in the District. Less than a month later, on Sept. 24, Hurricane Rita slammed ashore near Sabine Pass, Texas, carrying winds of over 120 mph and a 15-foot storm surge.

No exact numbers are available on how many people fled Hurricane Katrina to the Eleventh District, but the Texas governor's office estimates that the state has hosted more than 400,000 Katrina evacuees. The Federal Emergency Management Agency (FEMA) estimates that it received 1 million Katrina-relief applications from Louisiana, 640,000 from Texas and 1,200 from New Mexico. Three of the top 10 cities from which applications came are in the District: Houston (304,200), Beaumont (111,000) and Dallas (59,600).

Six months after Hurricane Rita made landfall, FEMA was still operating five recovery centers and had temporarily protected 21,000 Texas homes with plastic sheeting through its Blue Roof program. The agency had inspected over 340,000 homes in the state to determine their eligibility for aid, delivered \$4.6 million in disaster unemployment benefits to residents and approved \$500 million in housing assistance to almost 225,000 applicants.

The Department of Housing and Urban Development (HUD) announced in May that the 29 Texas counties affected by Rita will receive more than \$70 million in Community Development Block Grant funds to meet housing and

infrastructure needs. The money is being divided among four regional planning agencies: the South East Texas Regional Planning Commission, the Deep East Texas Council of Governments, the East Texas Council of Governments and the Houston-Galveston Area Council.

Gov. Rick Perry has requested approximately \$2 billion in federal aid for Texas, including about \$500 million for critical infrastructure, \$320 million for housing repairs, \$150 million for agriculture, \$125 million for social services, \$115 million for workforce training and related services, \$59 million for navigation and waterway repairs, and \$19 million for public safety.

Included in the request is reimbursement for costs already incurred for Katrina evacuees, including \$75 million for health care services. The request also

seeks funds to cover future costs, including \$338 million for a second year of educational funding for a projected 38,000 students displaced by the storm.

Southeast Texas: A Snapshot

The South East Texas Regional Planning Commission (SETRPC) represents Jefferson, Orange and Hardin counties, home to five school districts and a population of 385,000. Port Arthur, Beaumont and Orange are the major cities in the region. According to the commission, 55 percent of the damage in Texas' 22-county disaster area was in the SETRPC region.

The hurricane virtually wiped out Sabine Pass—where the storm made landfall—destroying 170 of its 190 homes. In the three-county region, 18,000



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Residential Real Estate Damage in Southeast Texas

Jefferson County

55,146 homes	\$286,759,200
5,348 rental units	\$27,809,600

Orange County

21,981 homes	\$114,301,200
513 rental units	\$2,667,600

Hardin County

13,245 homes	\$68,874,000
150 rental units	\$780,000

Total **\$501,191,600**

NOTE: Data are estimates for December 2005.

SOURCE: South East Texas Regional Planning Commission.

homes had little or no insurance. FEMA can reimburse up to \$5,200 per household to repair uninsured damage and up to \$10,500 for replacing a primary residence that was destroyed. Because most of the houses need \$15,000 to \$30,000 in repairs, the money will not be nearly enough to help homeowners rebuild.

Housing

The SETRPC sees a housing shortage as the biggest issue the region must

deal with. Contractors occupy many of the area hotel rooms that might otherwise be available for evacuees. Those who repair their houses while their neighbors abandon or fail to fix theirs face devaluation of their property. The smaller tax base that results means lower revenues for school districts and other government entities.

The Texas Department of Housing and Community Affairs' (TDHCA) HOME Program has allocated \$2 million each to Jefferson, Orange and Hardin counties for rehabilitating owner-occupied housing for households at or below 80 percent of median income, and almost \$3 million to nine other counties in East and Southeast Texas. TDHCA has distributed \$3.5 million in Low-Income Housing Tax Credits for multi-family units.

A HUD-HOME-Orange County consortium has approximately \$1.2 million in rehab funds and down-payment assistance available through its regular HOME allocation. Southeast Texas will receive more than half the \$70 million-plus in Community Development Block Grant funds allocated for Texas disaster assistance.

Jefferson County Judge Carl Griffith



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Jr. says his office continues to receive calls daily from disabled, elderly and other individuals unable to repair their homes. In a single month, his office received more than 4,000 calls for assistance.

In a letter to HUD, Griffith wrote: "One disabled gentleman informed me that he and his wife are confined to living in their garage because they cannot afford to repair their mold-infested home. An 82-year-old gentleman lost all of his furniture and personal belongings when his home was damaged to the point of condemnation.... A single mother lost the family home when a tree fell across the bedrooms and the kitchen.... She has been suffering from high blood pressure and hypertension for the past few months. Her nine-year-old son has not been able to focus and is despondent, and he is now failing school."

Griffith explains that his county's resources are stretched especially thin because after Katrina hit, the county sheltered more than 27,000 evacuees and provided them with social services.

The Economy

The SETRPC reports that Hurricane Rita damaged or destroyed about half of



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East Texas' marketable timber, which is used for building materials, cardboard and plywood products. The Deep East Texas Council of Governments is compiling data on the long-term impact of the \$800 million loss to the region's No. 1 industry, but Executive Director Walter Diggles says a diversifying economy is cushioning the impact. The industry realized years ago it was harvesting and clear-cutting faster than trees could regrow, he explains. In response, many lumber companies have sold off property to developers and other investors. While the economy has lost timber-related jobs, the region has been working to attract tourism and retirees to its lake areas. Clearly, Hurricane Rita has made this diversification more critical.

Thousands of jobs will be created in the Port Arthur area in the near future as a result of \$10 billion in refinery expansions and new liquefied natural gas facilities. While the influx of consumer dollars will benefit the economy, the increased demand for housing is pressuring a market already stretched thin. Tremendous building is going on to meet this need, says Greater Beaumont Chamber of Commerce President Jim Rich. "Tax credit projects are in the works, damaged homes are being refurbished, and three or four hotels are going up."

Small businesses face their own challenges. According to the SETRPC, six months after Hurricane Rita hit, an estimated 35 percent of small businesses remained closed and the Small Business Administration (SBA) was still inundated with applications. In a typical year, the agency approves about \$1 billion in disaster loans. The SBA reports that from September 2005 to April 2006, it approved a total of \$7.5 billion in such loans for businesses and residents affected by Katrina and Rita.

The SBA had disbursed only about \$690 million of the \$7.5 billion, in part because money is distributed as work is

completed. Other factors are also at play. Many applicants haven't returned closing documents. They are waiting to see if other homeowners and businesses are returning to their neighborhoods, what new building code requirements will be imposed, how big their insurance settlements will be and when the money will arrive. They're also trying to decide if they want to take on more debt.

To help small businesses stay afloat while waiting for SBA and insurance money, the Greater Beaumont Chamber of Commerce is managing SB Alliance Capital, a regional organization that has had \$1.2 million to use for bridge loans of up to \$15,000 each. The one-year, zero interest rate loans are available in six counties—three in Southeast and three in Deep East Texas.



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Social Services

Hurricane Rita destroyed more than \$1.4 million of nonprofit organizations' vehicles, buildings, computers and other assets in Southeast Texas. Despite this blow, most of the region's recovery funds have come from faith-based and other community groups. These include Lutheran and Mormon churches, Catholic Charities, Christian Aid Ministries, Nehemiah's Vision, Rebuilding Together Southeast Texas, the Southeast Texas Interfaith Group and the United Methodist Committee on Recovery.

In his February state of the region address, SETRPC Executive Director Chester Jourdan said Southeast Texas' future steps toward recovery include the continued participation of faith-based organizations, regional unity, and lobbying for aid at the state and national levels. He concluded that, as the saying goes, "If not us, who? If not now, when?"

Northern Louisiana: A Snapshot

Data on the number of Hurricane Katrina evacuees in northern Louisiana are incomplete. Social service providers report that many evacuees had low-paying service jobs in New Orleans, working in such places as hotels and restaurants. They have often been unable to find jobs in new locations, and because of limited incomes, they had little or nothing saved and depended on families and friends for support.

Many evacuees have not reestablished their lives but are in a holding pattern as their social network remains scattered. They struggle to find living-wage jobs and transportation to them and wait for rebuilding efforts to progress.

Community Development

Louisiana State University AgCenter in Baton Rouge promotes community development through its branch offices

in every parish. Deborah Tootle, associate professor in the Agricultural Economics and Agribusiness Department, is the AgCenter's program leader for community and rural development.

Tootle is working with FEMA teams to help communities create community development plans. She is also seeking additional help from universities and state agencies with educational programming on safe growth, a model that combines the principles of hazard mitigation and smart growth. (*See the box on page 9.*) What she's found is that because people still need so much help meeting immediate housing needs, it is difficult for them to think long term.

Housing

Tootle identifies the lack of safe, affordable housing as one of the biggest problems facing Louisiana's coastal parishes.

"Hurricane season has started, and people are still living in temporary quarters. Many people from the coastal parishes are still living in communities in northern Louisiana. A significant amount of debris has not been picked up, which causes more concern for safety, and a lot of marshland was destroyed. It is possible that the impact of a hurricane could be worse this hurricane season."

Kevin Williams, regional community development manager of AmSouth Bank, reports that Shreveport is experiencing an affordable-housing crisis because skyrocketing demand has increased home prices. Before Katrina, an affordable house ran about \$80,000. Now that same home could cost from \$110,000 to \$120,000. Tight supplies combined with the diversion of labor to disaster areas have driven up construction costs.

The hurricane has not only made home ownership more expensive but put rents out of the reach of many, says William Baker, executive director of Shreveport Urban Renaissance Corp., a community development housing organi-

zation. To address the need for affordable housing, community development corporations and housing organizations are obtaining property from the city of Shreveport, usually by donation or by purchasing it at nominal cost or market value.

Another scenario involves the adjudication process, in which an entity pays a parish to ask delinquent property owners if they will catch up on their three or more years of back taxes. If they decide not to, the court declares the property "adjudicated," and the title is cleared. The nonprofit has the property appraised and then pays the city market value for it.

A Silver Lining

When asked if he had any positive news to share, Greater Shreveport Chamber of Commerce Vice President Jim Mabus noted that Hollywood has shifted much of its New Orleans TV and movie production to the Shreveport area. The city's similar architecture is attracting producers, who are taking advantage of state tax credits.

Alex Schott, executive director of the Governor's Office of Film & Television Development, says the impact of these movies will be significant because about a third of the production budgets, which run \$5 million to \$20 million-plus, will be spent in the local economy for labor, housing, food, transportation and other services. Schott thinks Shreveport and neighboring Bossier City could become increasingly important to Louisiana's film industry because they are close to Dallas, a major source of film equipment, and have housing available for production staff.