

## Ensuring NAHMA Members Receive the Latest News and Analysis of Breaking Issues in Affordable Housing

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### Hurricane Katrina: Housing Relief Frequently Asked Questions

#### Background

Many NAHMA members are anxiously trying to assist the survivors of Hurricane Katrina. While the greatest impact of the natural disaster was felt in the Gulf Coast regions of Louisiana, Mississippi and Alabama, evacuees from these regions are spread out across the country. Members are receiving vague and sometimes conflicting information from government relief officials in different regions. This NAHMAanalysis is intended to help clarify some of the questions members have raised in seeking to house the evacuees.

Information used to answer these questions comes from formal disaster-related guidance issued by FEMA, HUD, IRS and RHS, informal communications NAHMA has had with agency officials, and the U.S. Government's Official web portal, [www.FirstGov.gov](http://www.FirstGov.gov). Members are advised to review this subject matter with their compliance personnel, as this NAHMAanalysis is not intended as legal advice.

These FAQs will be updated as new information becomes available.

#### **1. What disaster relief programs are available to Hurricane Katrina survivors?**

Federal programs include the Disaster and Housing Program (Dept. of Homeland Security-FEMA), Disaster Unemployment Assistance (Dept. of Labor), Noninsured Crop Disaster Assistance Program (USDA), Physical Disaster Loans (Small Business Administration), and Farm Emergency Loans (USDA).

This NAHMAanalysis will focus on housing assistance. For information on the other programs, please see [www.govbenefits.gov](http://www.govbenefits.gov). A description of the [Disaster and Housing Program](#) follows:

“The Disaster Housing Program provides housing assistance in the form of a grant to individuals whose homes sustained damage as a result of a Presidentially declared disaster. To qualify for assistance, the damaged home must be your primary residence, and be located in the disaster-declared area. If insured, a claim should be filed. This program provides grants for lodging expense reimbursement, minimal home repairs,

rental assistance and Mortgage and Rental Assistance. A determination of the types of housing assistance you are eligible to receive will be made if you apply.”

Source: [www.govbenefits.gov](http://www.govbenefits.gov), accessed through the FAQs for Hurricane Katrina Recovery on [www.FirstGov.gov](http://www.FirstGov.gov).

**2. What immediate assistance is available to the Hurricane Katrina evacuees? Is the \$2000 evacuees are receiving via debit card / check the only assistance they will get from FEMA? Or, is the \$2000 an initial relief effort which will be followed by longer-term temporary relief?**

In many cases, the Red Cross provides stop-gap assistance until FEMA’s temporary assistance is available. (Victims must apply for FEMA assistance.) HUD, IRS, RHS have issued guidance on the circumstances under which evacuees can be housed in affordable properties

The FAQs on [www.FirstGov.gov](http://www.FirstGov.gov) describes immediate assistance offered to survivors through FEMA:

“Currently, the amount of money being distributed through the expedited assistance program is \$2,000 per household. This emergency assistance is provided to help with disaster needs such as transportation, clothing, rental housing, other housing accommodations, and food, and is included in the calculation of total benefits for which survivors are eligible.

Once individuals register with FEMA for assistance, funds will be made available either through the use of electronic transfer to put funds directly in individuals' bank accounts, or by check that can be delivered directly to individuals through the US Postal Service. The US Postal Service and FEMA have been coordinating to be sure mail is able to be forwarded and delivered to individuals staying in shelters.

The FEMA debit card program has been completed. The debit cards were issued to survivors in three different shelters in Texas. However, all eligible survivors will be given expedited assistance. Each survivor will be given \$2,000 for immediate needs, such as hotel bills, or buying food and clothing.

The expedited assistance being made available to individuals will only be a portion of the total assistance many people may need, and normal eligibility determinations will result in subsequent payments of assistance in the future. The maximum assistance, through FEMA, is \$26,200 per household.”

Source: FAQs for Hurricane Katrina Recovery on [www.FirstGov.gov](http://www.FirstGov.gov).

**3. How exactly does FEMA’s housing assistance work? Do evacuees receive a housing assistance voucher similar to HUD’s Section 8 voucher? Is it a lump sum payment—or staggered over a period of months?**

The first step is for each individual or household to register with FEMA for assistance, either online at [www.fema.gov](http://www.fema.gov) or by calling 800-621-FEMA (3362), or at 800-462-7585 for the hearing impaired. Phone lines are extremely busy and online registration is recommended when possible. Applications can also be made at a FEMA Disaster Recovery Center.

Disaster assistance from FEMA comes in two forms; Financial (grants) and Direct (FEMA owned manufactured housing, direct lease of existing housing resources). The vast majority of Housing Assistance is awarded through financial grants for rental, reimbursement of transient accommodations and home repair.

As described above, evacuees are receiving \$2000 in immediate assistance; it will take time for FEMA to process applications and make final determinations on the amount of assistance the evacuees will receive. The assistance is typically dispersed as a lump sum.

**4. Does FEMA tell disaster victims where they can live?**

NO. FEMA does not generally tell disaster victims where they must live, but they might make a list of possible options available. Only when housing individuals in FEMA owned or leased assets is there restriction on where disaster victims live, primarily due to logistical concerns for placement of these assets.

**5. What is FEMA giving prospective applicants to verify that they are eligible for a preference? Supposedly there is a letter, but we don't know what it looks like.**

FEMA does not give a preference. They determine if an applicant is eligible for FEMA assistance. Applicants receive a FEMA registration number followed by a certification letter.

**6. Will the FEMA letter state the rent and security deposit amounts that can be charged to the applicant?**

NO.

**7. Does FEMA pay the evacuee's rent?**

NO. The applicant tells FEMA what their expenses, or anticipated expenses, and FEMA gives them a letter telling them how much they are eligible for and for what other help/services they can get. Evacuees receiving temporary financial housing assistance from FEMA find their own housing and pay their own expenses. If FEMA does not allow enough the tenant must make up the difference.

**8. If a current resident wants to house an evacuee as a guest for 90 days, do we have the ability to run a criminal background check on the guest?**

YES, you can run a criminal check if you do it for all under a uniform policy.

**9. Is it advisable that the Owner set a written guest policy to allow background checks if a guest will stay for longer than a certain number of days?**

YES. However, HUD encourages owners to be understanding of the evacuee's situation.

**10. Is FEMA running background checks on displaced victims as part of their certification process?**

NO.

**11. Is there a time limit given for a displaced person to obtain replacement documents (SS cards, driver's license, birth certificates)? Or does the FEMA letter serve as support for the person and family members showing up for housing?**

FEMA certifies they are eligible.

**12. How long will applicants be deemed as "temporarily displaced"? Or maybe the question is, how is notice given that a certain county is no longer deemed a natural disaster, therefore the resident is no longer eligible for temporary housing? Due to the massive devastation, is it possible that FEMA will say it will take too long to rebuild, and certain displaced persons will need to find permanent housing elsewhere?**

According to HUD staff, usually until they can return to the unit they were displaced from, or they find alternative housing. Usually FEMA allows sufficient time as long as the displacee is making a reasonable effort to return to permanent housing. At some point they will start to certify eligibility every so often. Remember some displacees are homeowners and may be rebuilding.

**13. If an applicant moves in under a Regulatory or Statutory Preference (thus providing for temporary housing), then states they want to live at the property on a permanent basis, must they be put back on the waiting list for permanent housing and wait their turn (while still enjoying their temp status as long as the disaster declaration is in effect)?**

Yes. But remember, if they are temporarily housed they are paying market rent. So there is no incentive for them to stay as a temp. They can however request permanent housing if they are otherwise eligible and not go to the bottom of the list.

**14. What if the evacuee does not have their certification letter from FEMA?**

HUD's guidance issued on September 9, 2005 acknowledges the difficulty many Katrina evacuees are having in getting an eligibility determination from FEMA and advises:

“In lieu of the FEMA certification, until further notice from Headquarters, the owners should require documented identification that the applicant lived in the declared county AT THE TIME of the disaster. The disaster county listing is available on the FEMA Website at <http://www.fema.gov/news/disasters.fema>. The documentation should include one or more of the following:

- A drivers license or other picture ID with an address;
- Utility bills;
- In lieu of the above, tenants may have received an application number from FEMA, but have not yet received a letter of eligibility from FEMA; or
- The property owner should get verification of address, date of birth information, etc. from a credit agency.

...While we prefer having the FEMA determination of eligibility, the owners can use their judgment until further notice from Headquarters.”

**15. Members assume that evacuees cannot receive HUD project based Section 8 and FEMA rental assistance at the same time. Is this assumption correct, and how is so-called “double-dipping” to be avoided?**

Section 8 is paid on behalf of the tenant to the owner, so if they are vouchering through October and the displacee is receiving rental assistance from FEMA, they are technically receiving double assistance. If the tenant is now permanently housed (not temporarily) FEMA will stop housing assistance, but the eligible person may be able to receive other types of FEMA assistance.

**16. Will owners whose properties were damaged or destroyed by Katrina receive HAP payments?**

HUD intends to pay HAPs through October. More guidance will follow at a later date, according to HUD.

**17. Can evacuees who are seeking temporary housing in Section 8 units take priority on the waiting list over applicants who are already on the list?**

YES.

**18. Can LIHTC FIRST YEAR units be used for temporary housing of displaced victims of Hurricane Katrina?**

*YES, with state housing credit agency approval.* IRS Notice 2005-69 reads, “A displaced individual temporarily occupying a unit during the first year of the credit period under Section 42(f)(1) will be deemed a qualified low-income tenant for purposes of determining the project’s qualified basis under Section 42(c)(1), and for meeting the project’s 20-50 test or 40-60 test as elected by the project owner under Section 42(g)(1). After the end of the temporary housing period established by the state housing credit agency (not to extend beyond September 30, 2006), a displaced individual will no longer be deemed a qualified low-income tenant.”

**19. Are all LIHTC requirements suspended in order to temporarily house the evacuees?**

NO. The IRS has temporarily suspended income limitations and non-transient requirements for LIHTC projects approved by the state housing credit agencies in which vacant units are being rented to Katrina evacuees. The agency also clarified the status of the low-income and market rate units vacant units rented to evacuees during the temporary housing period established by state agencies in the first year of the credit period (see FAQ 18) and after the first year credit period (unit status remains the same as before the evacuee moved in). All other Section 42 requirement remain in effect.

And remember—you must receive approval from your state housing credit agency in order for these suspensions to be applicable to your property.

## 20. Are there rent restrictions for LIHTC units housing evacuees?

Per the IRS notice, “Rents for the low-income units housing displaced individuals must not exceed the existing rent-restricted rates for the low-income units established under Section 42(g)(2).”

## 21. There is some ambiguity of sites financed with tax-exempt bonds. Would this affect the ability to take in evacuees?

Yes. NAHMA has and continues to urge IRS to issue guidance for bond-financed properties as a companion to the LIHTC guidance. We are aware of at least one HFA who is allowing evacuees into bond-financed properties (GA). Check with the state HFA, but be aware that IRS has not given its blessing to housing evacuees in bond-financed developments.

## 22. What resources are available to information on housing-related issues for Hurricane Katrina victims?

These links are provided on NAHMA’s website homepage, at [www.nahma.org](http://www.nahma.org):

- \*Hurricane Katrina Recovery webpage, FirstGov.gov web portal:  
[http://www.firstgov.gov/Citizen/Topics/PublicSafety/Hurricane\\_Katrina\\_Recovery.shtml](http://www.firstgov.gov/Citizen/Topics/PublicSafety/Hurricane_Katrina_Recovery.shtml)
- \*HUD [disaster guidance](#) (Notice H 04-22)
- \* HUD [clarification of Notice H 04-22](#) and additional guidance
- \* HUD Hurricane Katrina [webpage](#)
- \* HUD Southeast disaster help [webpage](#)
- \* HUD emergency phone number 888-297-8685 (for any displaced individual)
- \* HUD emergency phone number 800-955-2232 (for Section 8 voucher holders and public housing residents)
- \* IRS disaster guidance [webpage](#)
- \* IRS issues guidance on suspending certain Section 42 requirements ([Notice 2005-69](#))
- \* IRS [guidance](#) for casualty losses in federal disaster area
- \* IRS toll-free number for use by taxpayers affected by Hurricane Katrina 866-562-5227
- \* USDA multifamily rural housing [guidance](#)
- \* USDA-RD toll-free number to assist homeowners, renters and others in need of housing assistance: 800-414-1226.
- \* FEMA and Dept. of Homeland Security Emergency Resource [Registry](#) (please post listings of your available vacant units here; first time users should click on “Click Here to Sign Up” at the top of the Registry webpage)
- \* [WWW.HurricaneHousing.net](http://WWW.HurricaneHousing.net), an additional website for listing vacant units available in LA, MS, AL, FL, TX, AR, and GA
- \* FEMA [website](#) and disaster assistance [guidance](#)