

July 2, 2007

Honorable Senator Richard Shelby
110 Hart Senate Office Building
Washington, D.C. 20510-0103

Dear Senator Shelby,

At the Mobile County Commission this past Monday, June 25, the unmet needs of Mobile County Katrina Survivors were illustrated by figures derived from on-site inspections contracted by the Mobile County grant administrator for 726 of the current 1,200 CDBG applications.

It became clear that Alabama's \$16 million share of the second round of CDBG funds cannot even fulfill the unmet needs of Mobile County, much less the other Alabama counties impacted by Katrina. Therefore we ask that you, as the Ranking Member of the Senate Banking, Housing and Urban Affairs Committee, support the proposed Gulf Coast Recovery Act of 2007, S. 1668, and work with your colleagues to include funding for Alabama in this bill.

From the 726 applications, we know that:

- A conservative average cost to repair a home was approximately \$40,000. Moreover, considering the costs for elevation and a septic system for a significant number of houses, we conclude that the County's current CDBG allocation of approximately \$10 million would repair only 15 - 20 % of these homes.
- Even more compelling is the fact that 81 of the 726 inspected Mobile County CDBG applicants had their homes completely destroyed or so severely damaged by Katrina that rebuilding is more cost effective than repair. If each of these applicants received the maximum grant of \$85,000, the total cost would be \$6.89 million, leaving only \$3.12 million for families who need repairs. Moreover, \$85,000 falls far short of the total cost to rebuild a modest two bedroom home given the expenses associated with current housing codes, elevation, a septic system, and insurance.¹

¹ See attached "Estimate and Itemization", compiled by community leaders and advocates last March. It is based on damage estimates provided by Mobile County Public Works and cited in the Woods study, and totaled estimated repair costs for Mobile County at \$370,180,000.

The Mobile County Commission, acting through their grant program administrator, has currently suspended inspections for the remaining 474 applications citing the limited amount of CDBG funds available for housing assistance.

In addition to the current 1,200 CDBG applicants, there are likely hundreds of others who did not make the deadline for the CDBG applications that were distributed in January 2007. Currently about 400 families still exist in FEMA campers in Mobile County, providing shelter for as many as six people -- including children, elders, and the disabled. Many, especially since Katrina hit, also have to now exist at low levels of income. They continue to work hard and, as they have for generations, to provide the backbone of Alabama's vital seafood industry: They need a helping hand, and Alabama cannot afford to watch them pass from Katrina Survivors to Katrina Victims.

Sincerely,

Teresa Bettis, Director, Center for Fair Housing Inc. (Mobile)


Zack Carter, Organizer, Alabama Arise


Commissioner Mike Dean, Mobile County Commission District 3

Jim Fuller, President, South Bay Communities Alliance


Kathy McHugh, Roth McHugh & Associates, LLC / CDBG DRF Grant Program
Administrator under Contract with Mobile County Commission


Paul Nelson, Board Member, South Bay Communities Alliance



Further Details Regarding On-Site Housing Inspections of 726 Applications

- Of the 1,200 Mobile County households who are Katrina Survivors and who have CDBG applications on file with the Mobile County CDBG grant program administrator, 726 of these applications have received on-site housing inspections from qualified inspectors who have provided preliminary cost estimates to make necessary repairs for storm damage and code compliance.

- The Mobile County grant program administrator has determined from the inspection reports that a conservative average repair cost, (excluding elevation and septic systems) for these 726 applications is about \$40,000 per home, for a base total of about \$29.04 million. Conservative estimates for septic and elevation costs indicate: the average septic system costs about \$14,000; average elevation cost is about \$30,000. An undetermined percentage (possibly 33%) of homes needs elevation and septic systems: Thus, the total cost to rehabilitate 726 homes could range up to **\$39.6 million.**
- At the same average of \$40,000 per home, the cost to repair the other 474 would begin at \$18.96 million, and assuming 33% need elevation and septic systems, this repair bill could range up to **\$24.83 million.**
- If the same ratio of houses are totaled among the 474 not yet inspected as found among those already inspected (about 11%), then there could be another 52 homes that need the cap of \$85,000, for a total of **\$4.42 million.** (The Mobile County Commission has currently suspended further inspections due to concerns related to limited funding for housing assistance, i.e., \$10 million.)