

Congress of the United States

Washington, DC 20515

June 16, 2008

The Honorable David Obey
Chairman
Committee on Appropriations
Room H-218, The Capitol
Washington, D.C. 20515

The Honorable John Olver
Chairman
Appropriations Subcommittee on Transportation,
Housing and Urban Development, and Related Agencies
2358-A Rayburn House Office Building
Washington, D.C. 20515

Dear Chairman Obey and Chairman Olver:

We write to you to request that as you prepare the FY 2009 Transportation, Housing and Urban Development Appropriations bill that you insert language that will prevent the State of Mississippi from using Federally appropriated housing dollars for expansion of the Port of Gulfport.

On May 8, 2008, the Financial Services Housing Subcommittee held a hearing on the use of emergency allocations of Community Development Block Grant (CDBG) funds following the 2005 hurricanes. While money has been slow to get out the door, some of the states are making progress in addressing the unmet housing needs of their states. However, the State of Mississippi has decided to, and HUD has approved its plans to, transfer \$600 million from a housing program to the restoration and expansion of the Port of Gulfport.

This transfer is unreasonable in light of the fact that the State has not met all of its unmet housing needs. Although the State maintains that it has met its unmet housing needs, housing advocates on the ground in Mississippi contend that the State is cherry-picking numbers that are favorable to its plans. The fact that there is so much controversy over these numbers and the question of whether or not the State has come close to meeting its affordable housing needs call into question the State's need to reprogram these funds.

Regardless of the controversy behind quantifying the need, the State has made decisions in designing its housing programs that leave renters and low-income families out in the cold. First, the State has only devoted 55 percent of its CDBG funds for direct housing recovery programs. Second, the State has frequently sought and received waivers of the low- and moderate-income requirement for CDBG funds. Third, the State explicitly excluded wind damage from its homeowner assistance grant program, effectively closing the door for much needed recovery funds on hundreds of thousands of low-income households. Fourth, the State

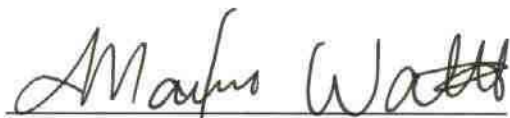
has focused almost exclusively on owner-occupied housing, only dedicating 33 percent of funds to rental housing programs. Finally, as a result of the waivers, the over reliance on owner-occupied housing, and the exclusion of wind damage, there are questions as to whether or not the State's housing plan affirmatively furthered fair housing.

The State could fund the restoration of the Port from other sources; these types of expansion projects are typically funded with revenue bonds. Furthermore, the Port expansion and restoration will not address damage resulting from Hurricane Katrina. The Port only suffered \$50 million in damages as a result of the storm, the costs of which were covered by insurance, FEMA, and Port funds. For example, the Port began Fiscal Year 2008 with an unencumbered cash balance of \$82,353,592. Before Katrina, the Port of Gulfport had a total asset value of approximately \$127 million. It is clear that the State is using a "windfall" in Federal funds to implement a long standing plan to expand the Port of Gulfport. In fact, Mississippi's vision for the Port, which is now being implemented with the use of \$600 million in Federal CDBG funds, was initially conceived in 2003.

In light of the current affordable housing crisis, to allow Mississippi to use Federal CDBG dollars to advance a project that does not even receive General Funds from the State is simply unconscionable. Therefore, we ask that the attached or similar language be inserted into the FY 2009 THUD appropriations bill. This language would prohibit the State from using any emergency CDBG funds for the restoration or expansion of the Port of Gulfport.

Thank you for your consideration of this request. Please contact Charla Ouertatani at extension 6-3070 with any questions.

Sincerely,



MAXINE WATERS
Chairwoman
Subcommittee on Housing and
Community Opportunity



BARNEY FRANK
Chairman
Financial Services Committee



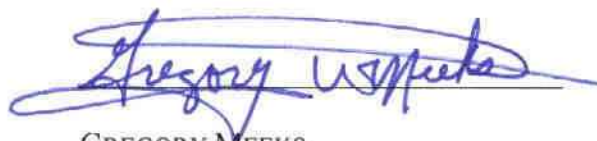
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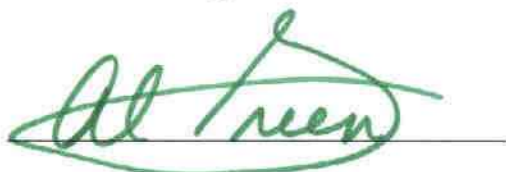
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