

RAND STUDY EXAMINES REBUILDING HOUSING ALONG THE MISSISSIPPI COAST

The RAND Gulf States Policy Institute, created in late 2005 to aid in the rebuilding of Mississippi, Louisiana and Alabama after Hurricanes Katrina and Rita, has completed Part I of its study addressing housing needs on the Coast. *Rebuilding Housing Along the Mississippi Coast*, available at www.rand.com, is based on work performed on behalf of the Governor's Commission on Recovery, Rebuilding, and Renewal. It offers suggestions to expedite implementation of recommendations in the Commission's report (available at www.mississippirenewal.com), and provides data on coastal housing pre-Katrina, but the bulk of the study summarizes the current state of knowledge regarding how to ensure an adequate supply of affordable housing after a disaster.

Key points:

- Define the challenge broadly. Develop the capacity to oversee and coordinate the efforts of the public, private and nonprofit sectors. Set specific goals -- for example: aim to provide housing within the area for a target percentage of low- to moderate-income workers employed locally (such as 60%, 90%).
- Reduce the cost of affordable housing. Alternative kinds of housing, including modular housing, are discussed. Several flexible financing plans are presented, as are options for reducing the cost of insurance based on the quality of construction and other factors. Developer set-asides and private finance initiatives are mentioned.
- Support the planning process with accurate information, made available to all involved in the process. What are the geographic distribution, number and characteristics of households requiring assistance? What is the quantity and condition of housing?
- Factor financial need, based on family income and wealth, into the distribution of recovery funds.
- Tap local knowledge, e.g. from nonprofit organizations, to identify needs and channel resources. Learn from best practices nationwide. Train local contractors to compete for affordable housing contracts. Streamline the institutional framework for issuing licenses and permits. Train local workers for construction-related jobs including building inspection.
- Mitigate future damages through appropriate building standards.

Of the points listed above, reducing the cost of affordable housing, and enhancing its supply, receives most of the study's attention.

In the study's conclusion, the authors stress that, while ideally the federal government will play a strong, supportive role in the recovery, in fact Mississippi itself will have the final responsibility. State and local government, private industry, community groups and nonprofit organizations will jointly determine the future of affordable housing on the Coast. New sources of funding must be found, since Federal funds alone will not be sufficient.

State and local housing trust funds are particularly recommended. As of 2005, more than 400 state and local housing trust funds had been established within the U.S., but none of them in Mississippi. These trust funds receive dedicated sources of public funds to support new construction of affordable housing, or related programs, such as rental assistance. Fees and taxes on real estate transfers, charges on developers, municipal hotel and property taxes, fees from landfill activities, sales taxes, lottery taxes, oil severance taxes and bonds are some of the sources of funding for these trusts.