



Janet Murguía, President

**National Office**  
Raul Yzaguirre Building  
1126 16th Street, N.W.  
Washington, DC 20036  
Phone: 202.785.1670  
Fax: 202.776.1792  
www.nclr.org

October 11, 2005

U.S. Senate Appropriations Committee Members

U.S. House Appropriations Committee Members

Dear Members:

On behalf of the National Council of La Raza (NCLR), I am writing to express concern for those who lost their homes due to Hurricanes Katrina and Rita and offer recommendations about how to connect these families with vital services. NCLR is the largest national Hispanic civil rights organization in the U.S. dedicated to improving life opportunities for the nation's more than 40 million Hispanics.

In the wake of the natural disasters of Hurricanes Katrina and Rita, thousands of families are struggling to stabilize their home and financial situations. For many Latinos, as for most Americans, homeownership is their only financial safety net and their only means of providing for their children's education and planning their retirement. Facing the loss of hard-earned home equity, many Latino and low- and moderate-income families will spend the next years of their lives restoring their credit and economic stability. To help families regain this kind of stability, NCLR has identified three areas where the need for support services is particularly acute:

- **Access to Assistance:** Many victims remain unaware of the availability of assistance and eligibility requirements. There are many community-based organizations working on the ground now to help these families access emergency assistance such as shelter and temporary housing vouchers. NCLR joins other housing advocates in calling for flexibility and expansion of support services offered through the Community Development Block Grant (CDBG), Low Income Housing Tax Credits, and Section 8.
- **Homeowner Counseling:** Many homeowners are facing devastating losses; many are unaware of whether their home will ever be restored or not. Numerous families are still not receiving the information they need regarding mortgage payments and moratoriums, how to make insurance claims, how to protect their credit and avoid identity theft, and how to contact their lender and servicer if they are not going to be able to make their mortgage payments. In addition, many families are trying to calculate whether it is in their best interest to rebuild their homes or to relocate to a new city. It is clear that many homeowners will not realize the full effects of this disaster until later.

**Regional Offices:** Atlanta, Georgia • Chicago, Illinois • Los Angeles, California • New York, New York  
Phoenix, Arizona • Sacramento, California • San Antonio, Texas • San Juan, Puerto Rico

LA RAZA: The Hispanic People of the New World



- **Financial Counseling:** Most Katrina and Rita victims have to piece their financial histories back together as well as make decisions about how to move forward. Low- and moderate-income families do not have access to the financial planning assistance they need to make decisions about a family budget, buying a new home, and relocation. Such services would help families navigate the financial pitfalls they are likely to encounter as they try to recover from their losses.

In many cities across the country, housing counseling agencies certified by the Department of Housing and Urban Development (HUD) have stepped in to help these families connect with temporary assistance and mortgageors and to find new rental and homeownership opportunities. Since 1997, NCLR has served more than 116,000 families through the NCLR Homeownership Network (NHN), a network of 41 organizations in 19 states providing HUD-certified housing counseling in Latino neighborhoods. HUD-certified counseling agencies are uniquely qualified to support families as they make recovery decisions. They have the experience and capacity to provide the advice and individualized analysis required for families to make these complex decisions. Without such support, many families run the risk of claiming bankruptcy or foreclosing, which are too often the ramifications of financial emergencies.

As you consider upcoming hurricane relief-related legislation and the HUD appropriations bill (H.R. 3058), NCLR urges you to reject proposed cuts to programs that provide vital services, such as housing counseling. Rather, we call on Congress to invest in the financial sustainability of these families. In this spirit, we make the following three recommendations:

- **Provide Emergency Funding.** Congress must authorize HUD to distribute emergency supplemental grants to housing counseling agencies serving Katrina and Rita victims. These organizations are reallocating scarce resources to provide emergency housing services. They need supplemental support that will allow them to serve families evacuated from the Gulf coast region and maintain their services to their own local communities.
- **Invest in Homeowner Services.** Housing counseling agencies will play a pivotal role in helping families navigate the long road to recuperating their homeownership losses. Moreover, HUD-certified housing counseling agencies have both the capacity and the infrastructure to serve these families over a long period of time. Congress must allocate additional funding to the HUD Housing Counseling program budget for organizations serving these families.
- **Support Financial Sustainability.** To best serve the long-term needs of affected families, Congress can enact a demonstration project that will build on either the U.S. Department of Health and Human Services Individual Development Account program or the HUD Housing Counseling Program, both of which have an infrastructure and proven record of helping families build and maintain assets. This demonstration project would provide families with access to individualized financial counseling. NCLR's research shows that targeted, customized, one-on-one financial counseling is the most effective strategy for helping low-income families to achieve and maintain financial stability. A

demonstration project should identify organizations that have the ability to connect one-on-one financial planning with tax preparation assistance and basic financial tools such as checking and savings accounts.

NCLR recommends that Congress create an 800 number for victims to call and find an organization in their area and to connect to free housing and financial counselors. In addition, NCLR calls on its housing and homeownership industry partners to follow the lead of many financial institutions who have instituted 90-day moratoriums on mortgage payments, late fees, and negative reporting to credit bureaus. We urge them to work with housing counseling agencies that have the capacity to provide homeowners with post-purchase and default counseling.

We look forward to working with Congress, our fellow Housing Counseling intermediaries and organizations, and the private sector to rebuild the homes and cities of the Katrina and Rita victims.

Sincerely,

A handwritten signature in black ink that reads "Janet Murguia". The signature is written in a cursive, flowing style.

Janet Murguia  
President and CEO