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# FEMA'S MANUFACTURED HOUSING PROGRAM: HASTE MAKES WASTE

## HEARING

BEFORE THE

## COMMITTEE ON HOMELAND SECURITY AND GOVERNMENTAL AFFAIRS UNITED STATES SENATE

ONE HUNDRED NINTH CONGRESS

SECOND SESSION

FIELD HEARING IN HOPE, ARKANSAS

APRIL 21, 2006

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# FEMA'S MANUFACTURED HOUSING PROGRAM: HASTE MAKES WASTE

**FRIDAY, APRIL 21, 2006**

U.S. SENATE,
COMMITTEE ON HOMELAND SECURITY
AND GOVERNMENTAL AFFAIRS,
*Hope, Arkansas*

The Committee met, pursuant to notice, at 10:30 a.m., in the Johnny Rapart Auditorium, University of Arkansas Community College at Hope, 2500 South Main, Hope, Arkansas, Hon. Susan Collins, Chairman of the Committee, presiding.

Present: Senators Collins and Pryor.

## OPENING STATEMENT OF CHAIRMAN COLLINS

Chairman COLLINS. I am Susan Collins, Senator from Maine, and I am Chairman of the Senate Homeland Security and Governmental Affairs Committee. I'm very pleased to be here today with my colleague from Arkansas, a very valued Member of the Committee, Senator Mark Pryor.

Today, the Senate Homeland Security and Governmental Affairs Committee continues its investigation into the preparation for and response to Hurricane Katrina by examining the purchase of manufactured homes by FEMA to assist the Gulf Coast region residents displaced by the hurricanes. Instead, however, thousands of these homes are being stored, unused, at the Hope Municipal Airport at a tremendous cost while people remain in dire need of housing.

Let me begin by thanking my distinguished colleague, Senator Pryor, for his diligence in pursuing this important matter and for proposing that I come to Hope in order to conduct this hearing. I also want to thank our very gracious host, the University of Arkansas Community College at Hope, and I want to extend a special welcome to the many students that I see have joined us today. I hope this will give you a greater understanding of how the Senate conducts its oversight hearings, and we welcome you here today. We're very pleased to have you here.

Our Committee's investigation into the preparation for and response to Hurricane Katrina is now approaching its eighth month, and this is our 22nd hearing. I anticipate that it will be the last hearing that we hold as part of our investigation.

During our investigation, we have found failures of planning, preparation, execution, and above all, of leadership that span all levels of government, local, State, and Federal. No aspect of these failures is more infuriating, however, than the waste of scarce resources that should be going to relieve the suffering of hundreds

of thousands of Americans following the greatest natural disaster in our Nation's history.

An early example of this waste surfaced at one of our Committee's very first hearings on Hurricane Katrina last September, and that was the infamous ice shipments to nowhere. Believe it or not, ice that was designated for the victims of Hurricane Katrina ended up in my home State of Maine. Now, bringing ice to Maine is a little bit like bring coal to Newcastle, and this was an early indication to us of the logistics and planning failures that our investigation subsequently went on to verify. As the details of the waste and mismanagement emerged during our investigation, I expressed concern that the ice example was just the tip of the iceberg. We have now found a great deal more of that iceberg: It is right here in Hope, Arkansas.

In order to provide transitional housing for the victims of the Gulf Coast hurricanes, FEMA purchased nearly 25,000 manufactured homes at a cost of more than $850 million. Due to the large number of homes purchased and the need to prepare sites before distributing them, FEMA assigned the U.S. Forest Service the mission of setting up multiple storage sites, including the one here in Hope.

Today, fewer than half of these homes have been put into service. The rest remain in storage, including 10,000 here in Hope. Meanwhile, just a few hundred miles away on the Gulf Coast and nearly 8 months after Hurricane Katrina devastated entire communities, many people still lack safe, temporary housing.

Even more infuriating than the waste itself is the reason it occurred. It turns out that FEMA's own regulations prohibit placing these manufactured homes in floodplains. Yet FEMA went ahead with these purchases, knowing that virtually the entire affected region sits in a floodplain.

I want to commend the work of the Department of Homeland Security's Inspector General, who first brought this matter to the Committee's attention. I'm also told by my colleague that the initial exposure was the result of some very diligent reporting right here in Hope. It is only by shining the bright light of day on fraud, waste, and abuse that we can root it out and ensure that taxpayers' money is spent wisely and appropriately.

I think all of us want to make sure that we're generous with our tax dollars and our private donations in helping the people of the Gulf Region rebuild their lives and their communities, but it is infuriating to all of us when we learn that hundreds of millions of dollars are lost to wasteful spending, fraudulent practices, and inappropriate contracts. I also want to commend the officials and the residents of the City of Hope for all of their efforts to aid in the relief of individuals who evacuated to this area prior to Hurricane Katrina's landfall. I learned also from my colleague, Senator Pryor, that Arkansas took in more people on a per capita basis than virtually any other State.

The wasteful expenditures that we will explore and examine today should prompt a thorough review of FEMA's procurement process and logistics planning. The fact that the 2006 hurricane season begins just a little over a month from now adds special urgency to our task, with forecasters predicting a year even more

brutal than last. It is simply unacceptable that, as we prepare for a new round of disasters, the suffering from a catastrophe 8 months ago persists surrounded by mounting evidence of wasteful spending and missed opportunities. I look forward to hearing all of the testimony from our witnesses today.

Finally, I want to express special thanks to two members of my staff, Trina Tyrer and Jenny Gagnon, who arrived here at 2 a.m. this morning to set up for this hearing. We were in Rhode Island yesterday for another field hearing, and they made tremendous efforts to get here and set up before we arrived. So I just want to thank them publicly for their tremendous efforts as well. Thank you.

It's now my pleasure to call upon Arkansas's own Senator, a wonderful member of our community who contributes greatly to our work, Senator Pryor.

**OPENING STATEMENT OF SENATOR PRYOR**

Senator PRYOR. Thank you, Senator Collins, and it's great to have you here in Arkansas. Let's give her a round of applause.

(Applause.)

Senator PRYOR. This is her first time in the State, and she's not disappointed. The hospitality has been wonderful, and she has given a special thank you to this campus, the students, and Chuck Welch. Chuck, wherever you are, thank you for doing all that you do here on this campus. We appreciate your leadership and all that you do. And of course, Congressman Ross, thank you for being here. And as people in this room know, Congressman Ross, a very pro-active, very effective Congressman in Washington, is a great advocate for the 4th District, so it's great to have you here and have you lead off this morning. And of course, my staff has been fantastic, just working overtime to try to make this work.

But for those of you in the audience today, please understand it's a big deal for the Chairman of this Committee to come all the way to Arkansas to have a hearing on the mobile homes that are in Hope. Obviously, it's an issue of national importance, and we understand that, but for her to travel here and to come here and to have a full Committee hearing here in Hope we think is a first. We'd have to look back at the record and see if any other committees of the Senate have ever met here.

But she's been a great leader on this issue and a number of other issues in the Senate and on the Committee. In fact, a few months ago we traveled down to New Orleans together, again a Committee trip, and also went to the Gulf Coast of Mississippi.

And I think she mentioned this is the 22nd hearing we have had on Hurricane Katrina, so sometimes people back home ask, "What in the world are you doing in Washington about Katrina and all the aftermath, all the mess, after Katrina?" Well, this Senator right here, Senator Susan Collins of Maine, is really taking the leadership role in Washington on that, and she needs to be commended on that.

One of the things that we both talked about today was when we went to New Orleans—we've seen the devastation there. Certainly here in this area we've seen tornados come through, and we know what devastation is like, but if you go to the Gulf Coast of Mis-

sissippi, you see city blocks that are no longer there, you see some neighborhoods that have some serious damage. When you go down to New Orleans, what you see is, you see not just block after block, even neighborhood after neighborhood, but you really see section after section of town that's been devastated by the hurricane.

I know that Hope and this community really want to play a role in that recovery, and I know that when the Mayor and other leaders here worked out the contract with FEMA for the airport it was a win-win for everybody. Certainly it was good for the city and good for the community, but it was going to be great for the victims of the hurricane. And then, as we all know, not very many of those mobile homes left here after they got here.

And so that's why we're here, to talk about that and to try to make sure that we're better prepared for this upcoming hurricane season. As the Chairman said, it looks like the 2006 hurricane season could be worse than 2005. That's what many experts are predicting. So we have our hands full.

The Rand Corporation has estimated that in the Gulf Coast area, after the two hurricanes went through, there were about 300,000 homes that were destroyed. That's an enormous number of homes that were destroyed as part of the hurricane, and certainly FEMA should be there to help as best they can. We have people all over that part of the country that need housing, and we have houses right here in Hope that need people. So we're trying to put those two things together and trying to make sure that we're better prepared for the next time.

Some of the things that we've learned in the Committee hearings that we've had in the aftermath of Hurricane Katrina include the lack of planning and the lack of preparedness. We've talked about how the old FEMA operated when James Lee Witt was running FEMA, versus the FEMA in the last year or two.

That's one of the things that we tried very hard to do on the Committee—and actually this Committee is exemplary for being very non-partisan. We don't get into the blame game; we don't come just to point fingers and say, "It's all your fault," or, "We could have done better." That is real easy to do. The hard thing is to get up and to look at the challenges that are before us and try to come up with solutions that make sense. And so we're trying to do that here, and I want to thank all the people who showed up today, and most of all, I want to thank Senator Collins for taking a day out of her very busy schedule to come to Hope to have this hearing today. Thank you.

Chairman COLLINS. Thank you. I am very pleased to welcome our first witness for the hearing, Congressman Mike Ross. Congressman, we are pleased you could be here. I know you have worked very hard on this issue, and I appreciate your sharing your insights with the Committee. Please proceed with your statement.

## TESTIMONY OF HON. MIKE ROSS,[1] A REPRESENTATIVE IN CONGRESS FROM THE STATE OF ARKANSAS

Representative ROSS. Thank you, Senator Collins, Senator Pryor. I want to thank the Committee and Committee staff for coming to

[1] The prepared statement of Representative Ross appears in the Appendix on page 43.

Hope, Arkansas, one of my home towns. I am a 1979 graduate of Hope High School. You drove by it on the way out here today. And this is a community where I grew up and where I still have a lot of family and friends, and I live just 16 miles down the road now in Prescott, Arkansas.

And quite frankly, up until about—what was it, Mayor?—October of last year, we were known as the birthplace of President Clinton, and since then we've become known as the mobile home capital of America. The Mayor was telling me a few weeks ago he hadn't done this many national press interviews since Bill Clinton won the presidency. And I have certainly become known in Arkansas, as well as among my colleagues in Washington, as the mobile home congressman.

I have to tell you that I have been surprised at the way this has brought Hope to the national stage. I have been here at the Hope airport with CNN and Fox News and NPR and Senator Harry Reid, and now you, Senator Collins, in the Senate hearing today, and yet, FEMA continues to drag its feet, and they continue to perform in ways that I believe are inadequate, and certainly, they need to be held accountable for what they are not doing here at this so-called FEMA staging area in Hope.

Basically, Hope was selected—and the Mayor will talk more about this—as a FEMA staging area primarily because it is an old World War II era airport with all these old inactive runways and tarmacs and taxiways, with the theory being that FEMA would be bringing these manufactured homes in and then taking them out, and they would come in and they would go out, and they would utilize those old tarmacs and old taxiways and old runways for that purpose.

Well, they all came and none of them went, until recently, at least. And so now we find ourselves with well over 10,000 brand-new, fully furnished manufactured homes, 25 percent of which are sitting on these inactive tarmacs, runways, and taxiways, 75 percent of which are sitting in an adjoining hay meadow. I used to call it a cow pasture, and the Mayor got onto me and said, "Mike, there have not been cows out there in a hundred years." But the point is, they are just sitting there on the grass. I promised him I would stop calling it that, and now I call it the hay meadow. And the point is that we've got 75 percent of the brand-new, fully furnished manufactured homes just sitting there in a pasture.

I know at one time the Inspector General had been in an interview on national TV saying they were beginning to sink, and, thank goodness, that's not true. They have not started to sink. But they eventually will if we do not do something.

I always thought the definition of doing something was moving them to the homeless, but FEMA's definition of doing something is spending $4.2 million throwing gravel into the hay meadow. They are literally in the process right now—and you can go out there and look; the gravel trucks are running today—they are spending $4.2 million of our tax money putting gravel on 170 acres.

Now, we have heard a lot of excuses about how we ended up with well over 10,000 brand-new, fully furnished manufactured homes just sitting here at the airport in Hope, Arkansas. FEMA first said,

"Well, the parishes in Louisiana do not want them." That was the first excuse that we heard.

Well, there are at least eight parishes in Louisiana that do want them. And I understand that no community wants 10,000 manufactured homes in their backyard, but over eight parishes do, and it should not be a problem getting them to the people that need them. But it is. It is because those eight parishes are located in a floodplain, and FEMA has decided that they will not place manufactured homes in a floodplain. They will tell you that was the rule before they went out and purchased over 20,000 brand-new, fully furnished manufactured homes.

And why did they purchase them? They purchased them to house temporarily, up to 8 months, the storm victims from Hurricane Katrina. Well, didn't FEMA have enough sense to understand that everybody that lost their home in Hurricane Katrina lived in a floodplain? And yet, they went out and purchased all of these, knowing full well that they could not locate them in a floodplain, and now that is their excuse for having 10,000 brand-new, fully furnished manufactured homes sitting here at the airport in Hope, Arkansas. It makes no sense.

And what about Mississippi? Just recently there were 100 families living in military-style tents in Mississippi. They would love to live in one of these brand-new, fully furnished manufactured homes. Over 10,000 families, at my last count, are living in hotel rooms across the country. Taxpayers are paying for that, and yet we have over 10,000 brand-new, fully furnished manufactured homes sitting out at the airport in Hope, Arkansas.

Senator Pryor and I have legislation filed in the Congress that basically tells FEMA, "You know, if we can put tents in floodplains, if we can put over 70,000 camper trailers in floodplains, it may not be ideal, but you know what? It will probably be OK to locate these brand-new, fully furnished manufactured homes temporarily, for up to 18 months, in a floodplain."

The President talked about this at a press conference a couple of weeks ago. It is real simple. We do not even need the legislation Senator Pryor and I have filed. The President can actually type out one sentence. It does not even need to be two sentences. One sentence, sign his name, at the top you put the words, "Executive Order," and we can start moving these more than 10,000 brand-new, fully furnished manufactured homes from Hope to the people who so desperately need them today.

Now, to me, this is a symbol of what is wrong with FEMA. I mean, you just go out to the airport and see more than 10,000 brand-new, fully furnished manufactured homes just sitting there. That is the symbol of what is wrong with FEMA, and here is what I mean by that: We had a devastating series of tornados in Arkansas just a few weeks ago. The community, the town, the small town of Marmaduke, was basically wiped off the map.

It has taken U.S. Senators, U.S. Congressmen, you would not believe the resources of people that have gone in begging FEMA to move 25 out of these 10,000 brand-new, fully furnished manufactured homes just down the road in the same State to Marmaduke, where people are homeless. It took a minimum of 2 weeks. It took

a minimum of 2 weeks just to get 25 of these brand-new, fully furnished manufactured homes moved.

My point is that when you think of a fire department, you think of immediate response. When you think of FEMA, as a Federal agency, it is one of the few Federal agencies that I always thought of as an immediate response. If it takes them 2 weeks to move 25 mobile homes from Hope to Marmaduke, they still have not learned many of the painful lessons that a lot of us now understand and learned on August 29, 2005.

And finally, let me just say that there has been about 300 approved to be moved to Oklahoma for wildfire victims. I am not sure how many of those have gotten to the people that actually need them. We are still trying to get mobile homes to those that have recently found themselves victims of tornados.

We are still trying to get them to the more than 10,000 people living in hotel rooms all across this country. That is no way to raise a family. And it is not just those that were on government assistance before the hurricanes hit. I mean, Senator—I'm sorry, Congressman Gene Taylor from Mississippi lost his home and everything he owns in the hurricane down there. And he is one of the fortunate people. He's got a job, he's got an income, he has insurance. And yet, the contractor is telling him it will be at least 2 years before they can get around to rebuilding his home. So I mean, there are a lot of people homeless today who had resources, who have money and have insurance, but yet they remain homeless because of the magnitude of this storm.

Now, FEMA is probably going to tell you that they are getting ready to move 3,000 to 5,000 of these manufactured homes. My question for FEMA will be, and will continue to be—I live just down the road, and I'm going to continue to stay on this until not a single manufactured home is left here, as long as we've got people homeless. Once we meet the needs of the homeless from the storms, then I will welcome FEMA using the Hope airport as a permanent staging area, a staging area to store the manufactured homes, refurbish these manufactured homes for future natural disasters. But I'm not going to be quiet about this as long as we've got one fully furnished manufactured home sitting at the airport in Hope, Arkansas, while people remain homeless from a hurricane that occurred last August 29.

So the question for FEMA is when they start moving these 3,000 to 5,000 homes, are they moving them to the homeless or are they moving them to other staging areas to basically get them out of my back yard? That is a question for FEMA that I am going to continue to ask until we know where these homes that are leaving this airport are actually going, are they going to people who so desperately need them.

And finally, let me just say, I grew up here. I know these people. I know many of the people working for FEMA. It's been good for the economy here, there is no doubt about that. And I can tell you, the people I know that work for FEMA, they have to just kind of wink or nod or smile because they are afraid the bigshots at FEMA, if they come down, are going to fire them if they see them doing or saying the wrong things. But I can tell you, I know these people that work for FEMA in Hope, Arkansas, and they are good

people. They are like the people in this community. They have a big heart, and they want to help people.

And these folks didn't go to work for FEMA—including the ones that were transferred in here—they did not go to work for FEMA to babysit 10,000 brand-new, fully furnished manufactured homes sitting in a hay meadow at the Hope airport. They went to work for FEMA because they really want to help people. And that's what the people in this community want to do. They want to be our government's partners, and we want to help people. We do not want to babysit over 10,000 brand-new, fully furnished manufactured homes that are sitting out at the airport, but we want to help people. And we want to help get these homes to the people who remain homeless since August 29 and who so desperately need them.

And with that, I thank you, Senator, for allowing me the opportunity to come and appear before this Senate Committee—I think it's a first for me. I don't think I've ever testified before a Senate committee. Thank you for allowing me the opportunity.

Chairman COLLINS. Thank you, Congressman. You have raised a number of important questions that we will get to with our next panel. I am going to withhold my questions for the next panel, and Senator Pryor will do the same. Thank you.

I would now like to call forward our second panel of witnesses. David Garratt presently serves as the Acting Director of Recovery for FEMA. The Recovery Division is responsible for planning and providing policy and oversight of the Federal Government's recovery efforts, including providing temporary housing. I would note that Mr. Garratt has served in key positions in more than 30 presidentially declared disasters or emergency operations.

Richard Skinner is the Inspector General of the Department of Homeland Security and has been with that office since it was established in 2003. Our Committee had the honor of confirming him for this position, and we work very closely with him. I would note that he also served in the office of Inspector General of FEMA for several years.

Thank you both for appearing today. We will begin with Mr. Garratt.

**TESTIMONY OF DAVID GARRATT,[1] ACTING DIRECTOR OF RECOVERY EFFORTS, FEDERAL EMERGENCY MANAGEMENT AGENCY, U.S. DEPARTMENT OF HOMELAND SECURITY**

Mr. GARRATT. Good morning, Madam Chairman and Senator Pryor. My name is David Garratt. I am the Acting Director of Recovery at FEMA. I am joined by Patricia English, FEMA's chief procurement officer, and Ron Goins, a senior FEMA logistics official. Today we will address the concerns raised regarding the mobile homes that FEMA has staged at this site, as well as discuss the role that these mobile homes will play in support of both ongoing and future disaster support requirements.

I fully appreciate the compelling visual image and intuitive concerns raised by the Hope manufactured housing storage site. Thousands of unused mobile homes sit vacant in Arkansas, even as many Louisiana and Mississippi victims of Hurricane Katrina con-

[1] The prepared statement of Mr. Garratt appears in the Appendix on page 47.

tinue to wait for temporary housing. My goal today is to explain the decisions behind use of this site, as well as to outline FEMA's strategy for making use of each mobile home situated at Hope. However, to place the explanation in context, I would like to briefly outline FEMA's housing program.

FEMA provides housing assistance to disaster victims in accordance with the authorities and guidance in the Robert T. Stafford Disaster Relief and Emergency Assistance Act, as implemented in Agency regulations. The Stafford Act authorizes the Federal Government to provide two types of housing assistance: Financial assistance, in the form of rental subsidies, and direct assistance, in the form of housing units. Both types of assistance are, by law, temporary and generally limited to 18 months. The principal form of assistance to the vast majority of disaster victims, including victims of Hurricanes Katrina and Rita, is financial rental assistance. To date, FEMA has provided rental assistance to over 715,000 Katrina and Rita households. The second form of assistance is direct housing, which FEMA provides when there is insufficient rental or housing stock in an affected area. Such was, and remains, the case along the Gulf Coast.

FEMA recognized, even before Hurricane Katrina made landfall, that a proactive housing strategy would be required in its aftermath. Accordingly, FEMA established, prior to landfall and for the first time, a Housing Area Command, headquartered in Baton Rouge. The initial mission of the Housing Area Command was threefold: To begin identifying housing needs; to identify solutions, including all available candidate group site locations; and to begin mobilizing and moving temporary housing units into the affected areas as quickly as possible.

FEMA established the Housing Area Command because we realized that, after landfall, disaster response efforts would be substantially—and rightly—focused on life-saving and sustaining operations—always our first priority. Nevertheless, recognizing that the scale of the housing mission was likely to be massive, we wanted a dedicated housing component actively pursuing housing options and solutions in parallel, but without pulling assets and resources from immediate response efforts.

We asked the Housing Area Command to lean far forward, to begin aggressively addressing the needs of the victims as quickly as possible. The catastrophic scale of Hurricane Katrina had a devastating impact on housing and apartment stock in the Gulf Coast region, and hundreds of thousands of victims were evacuating to safe havens throughout the country. This greatly complicated the mission of the Housing Area Command as it began to tackle the short and the long-term housing needs and the most appropriate solutions for meeting those needs.

Recognizing that so many evacuees had suffered the loss of their homes, the Housing Area Command ordered tens of thousands of travel trailers and mobile homes. The Housing Area Command also sought to identify other housing options, such as rental units, that may provide a more sustainable environment. Within weeks, FEMA began the process of receiving and installing these units throughout the Gulf Coast region, both on private property sites, as well as on group sites. As of today, this strategy has provided

100,000—and that actually should be 115,000—manufactured housing units ready for occupancy throughout the affected area. We believe this to be quite a logistical feat, as it vastly outstrips any previous temporary housing response and recovery effort in the United States.

These were the strategic considerations that guided our tactical response as we made our initial purchases of mobile homes and travel trailers. We purchased housing units as a temporary measure to replace the tens of thousands of damaged and destroyed homes and to rapidly provide a place for victims to return home.

FEMA and DHS realized immediately that the road to recovery would be difficult. In the absence of detailed information on communities' specific housing needs and priorities, we were still faced with the challenge of how to jump-start housing recovery. One of our temporary housing strategies is to place a travel trailer or a mobile home on a victim's private property, next to their damaged or destroyed home, and thus support the rebuilding effort by allowing the homeowner to remain on his or her property.

FEMA purchased manufactured housing of many types because the broad impact of Katrina had affected families of many sizes and circumstances. As Katrina hit, FEMA placed orders for thousands of manufactured housing units, knowing the housing needs would be unprecedented. Orders to maximize the number of travel trailer suppliers were complemented by orders to mobile home suppliers, though in smaller numbers—to be certain we could meet estimated needs of thousands of households and support State and local government recovery strategies.

With that as a backdrop, let me explain the factors that led to our excess mobile home inventory at Hope, Arkansas. Three principal factors contributed to this situation.

The first factor relates to our evolving temporary housing strategy. Initially, the Housing Area Command envisioned establishing mega group sites consisting of thousands of mobile homes as a rapid means of getting displaced evacuees back into their affected State. However, this strategy, while operationally defensible, was subsequently rejected, for several reasons. One, the sites were not necessarily going to be located in proximity to or populated by victims from nearby communities, and, two, large group sites present social management challenges, particularly at the local level. As a result, FEMA and DHS reoriented the temporary housing strategy to focus on smaller group sites in or in close proximity to communities.

The second factor has been the reluctance of communities to accept mobile homes in group sites. Mobile homes, while larger and more spacious than travel trailers, are regarded with some degree of trepidation by communities and neighborhoods, who often view such temporary unit developments as potentially permanent fixtures. As a result, there has been widespread resistance to allowing such sites in many areas.

The final factor is floodplain restrictions. Placing mobile homes in floodplains is prohibited by executive order and FEMA regulations, unless those units follow a rigorous eight-step mitigation process involving, among other requirements, elevation above the

flood level. This process is both expensive and time-consuming, and has discouraged their use in many areas.

While it would have been ideal to have a better understanding of these limiting factors earlier in the recovery effort and procurement process, prompt action did prevent supply shortages from emerging later in the recovery effort. As a result of these factors, FEMA has more mobile homes, here in Hope, Arkansas, than it expects to employ in the Gulf Region. While FEMA fully expects to draw down another 3,000 mobile homes from Hope for use in Louisiana, we will still have some excess, but we will seek to avoid waste. While all of the mobile homes that were ordered in response to Hurricane Katrina may not ultimately be used in the Gulf Region, many of these units will be used to support other disaster response operations. For example, units from Hope have been deployed to Texas to provide temporary housing to victims of the State's terrible wildfires, and other units will be used to support the victims of recent tornadoes in Arkansas and nearby States.

Additionally, we will be redeploying a portion of this inventory to staging areas in the northern tier of our Nation, where their stability and increased protection from the cold make them a preferable housing alternative over travel trailers. Additional units are programmed to be moved farther west, in support of potential disasters in the Pacific States and our western States. Our goal is to relocate a total of 3,000 units from Hope to other staging areas over the next 4 months.

However, the 2006 hurricane season is less than 2 months away, and a portion of the Hope inventory will play an important role in our readiness. While we intend to reduce the inventory through the uses I've just described, we intend to maintain, at this time, a residual inventory of 5,000 units at Hope to be ready for immediate deployment to the Gulf Region in the event of another hurricane catastrophe. We will re-evaluate the status of this inventory over time as the Gulf Coast rebuilds its supply of permanent housing stock.

Finally, regardless of assertions to the contrary, the mobile homes at our Hope storage facility are being maintained in habitable condition and are ready for deployment. While it has been erroneously reported otherwise, the tires sinking into the mud resulting from a rainstorm does not damage a mobile home. Similarly, it has been suggested that FEMA is using jacks to prop up damaged units. In fact, using jacks is a required storage technique for 70- and 80-foot models to assure appropriate long-term staging and protection of the mobile home. There are approximately 1,500 of these extended models at the Hope site. Bottom line: Despite misinformation otherwise, all mobile homes at Hope are mission ready.

All of us at FEMA and DHS appreciate the keen interest of the Committee in all phases of our disaster response and recovery efforts and stand ready to support you in this fact-finding mission. We are carefully reviewing the full range of reports and recommendations on our disaster housing efforts. FEMA is pursuing a number of initiatives that will incorporate appropriate lessons learned into our planning, guidance, and strategy for ongoing recovery and our response to future events.

Thank you. I and my colleagues will be pleased to answer any questions you may have.

Chairman COLLINS. Thank you. Inspector General Skinner.

**TESTIMONY OF RICHARD L. SKINNER,[1] INSPECTOR GENERAL, U.S. DEPARTMENT OF HOMELAND SECURITY**

Mr. SKINNER. Thank you Senator Collins and Senator Pryor. It's great to be here this morning in the State of Arkansas. As I was saying earlier, this reminds me of my home State of West Virginia with the beautiful, rolling hills. I had the opportunity to drive here from Little Rock yesterday afternoon, and it's a beautiful State.

Today, I'd like to focus my remarks on two questions I think that need to be answered and need to be addressed in the upcoming months. The first question is how did FEMA, the Federal Government, get itself in this predicament, and associated with that, what are we going to do to make sure this does not happen again in the future.

The second question is, now that we are in this situation, what is our exit strategy? What do we need to do to make sure that we use these trailers or dispose of them in the best interest of the Federal taxpayer?

We just initiated, a couple of weeks ago, a follow-up study to address those two questions. And hopefully, we will have a report, not only to the Secretary and to FEMA, but to the Committee sometime late summer or early fall of this year.

What we are learning is that FEMA, in essence, is trying to use traditional solutions to address untraditional events or problems. That is, FEMA did not have, and has never had, a national catastrophic housing strategy or plan. This is not something that is new to FEMA or new to DHS. They were well aware that we never had such a plan, and they were well aware that they needed such a plan. In fact, in early 2003, FEMA actually included or asked for funding so that it can begin working with the States to develop a national catastrophic housing plan, recognizing that, if there was a major terrorist event, a major earthquake in Los Angeles, another earthquake like we had in 1906 in San Francisco where millions of people were displaced, or an event like what we had in New Orleans where we have 300,000 people that have been displaced and cannot go back home, it was not prepared to deal with a large scale displacement of people.

Unfortunately, due to budget constraints and other priorities, the Department never approved FEMA's request to begin working on ways to develop a national housing plan, and that's very unfortunate. However, the Department, using lessons learned from Hurricane Katrina, is now reconsidering that decision. They have, in fact, established a policy group to study what went wrong and to develop action plans so that this will not happen in the future. In fact, our office has been asked to participate with that policy group and provide input as they go through their study.

There's a lot of things that are going to need to be done. This is not something that Homeland Security or FEMA can fix by itself.

[1] The prepared statement of Mr. Skinner with attachments appears in the Appendix on page 57.

It's going to require the collective efforts of other Federal Departments, such as VA and Agriculture, who have housing programs. It is also going to require the participation of the State governments, it is going to require participation from the local governments, it is going to require the participation from the private sector, and it is going to require participation from Congress.

Congress needs to be actively involved in this whole process by looking at what type of legislation is needed, new legislation and revised legislation in regard to the Stafford Act, which gives FEMA the authority to respond to natural disasters after a Presidential declaration. These are not all-inclusive suggestions. These are the types of questions that we are asking. We are going to be working with Congress and working with FEMA. We will be talking with people throughout the country, State and local governments, and the private sector as well. I understand that there will be someone here representing the mobile home industry today, and I think that is wonderful. They need to be part of the solution.

The first thing that Congress, I think, can do is lift the ceiling for minimal repairs. Right now, I think it's—David, is the ceiling established at about $5,000 right now?

Mr. GARRAT. Fifty-two hundred dollars.

Mr. SKINNER. Fifty-two hundred dollars for minimal repairs. That is not sufficient to do minimum repairs in today's market. And as a result, that is forcing people into temporary housing like trailers, mobile homes, or the hotels because they do not have sufficient resources to repair their homes so they can move back in. Fifty-two hundred dollars is not going to get you back in many of these homes.

The second thing Congress might want to consider doing is reinstating the Mortgage and Rental Assistance Act, or program, I should say. That was a program that existed for years and was abolished, I believe in 2003, just subsequent to the September 11 event in New York. That program allowed people who were economically impacted, that is, lost their jobs because of a disaster, to seek assistance to help pay their mortgages. We have a lot of people today, now, who are affected by this, who are unemployed, have large mortgages, and now are unable to make their mortgage payments.

Other things that Congress can do, I think, is to take a look at the restrictions that have been placed on FEMA, HUD, VA, Agriculture, and others that have housing inventories throughout the country. Early on, one of the things that FEMA tried to do is to work with HUD, VA, and Agriculture, recognizing that they have housing inventories out there that we could put victims in; however, we could not use them because these homes would not pass inspection, and FEMA did not have the authority to repair the homes.

Probably, and I think in many cases, if not most cases, FEMA could have repaired these homes at less cost than they are paying right now for temporary housing, for trailers or the mobile homes, something I'll get into later. I'll show you a chart of what it's actually costing us. These are FEMA figures, by the way.

If they had that authority, there was a whole inventory of housing out there that they could have tapped into, and that's still sit-

ting out there, as a matter of fact, which they could still tap into and get people out of trailers and mobiles homes.

Another area that I think that Congress should look into is helping FEMA—or that is the Federal Government—to provide financial incentives to the private sector. There are a lot of landlords out there with a lot of apartment buildings and a large inventory of housing that is destroyed, and they do not have the resources to go back and repair these apartment buildings or to repair those homes that could be rented out.

If FEMA had the authority, that is, if the Federal Government had the authority to provide incentives to these people, such as low-interest loans, tax credits, things of that nature, with a guarantee that, "If you repair your apartment building we can guarantee you tenants," we could take people out of trailers and put them into apartments. Right now, the Federal Government does not have the authority to do that.

The last thing is something we are going to study very carefully and work closely with the Department's housing policy group and with Congress, as well, with your staff, Senator Collins and Senator Pryor. And that is, redefining what we mean by temporary housing. I'm going to show you the costs later, in a couple of minutes.

Regarding the issue of temporary housing versus permanent housing, we are paying hundreds of thousands of dollars to provide temporary housing to individuals when, in fact, we could probably build permanent structures at a lot less cost. But right now, everyone's hands are tied. This is something I think requires further study, further consideration.

Then, of course, there is the obvious thing that we need to do in the future, which is to make sure this doesn't happen again. The use of mobile homes, the use of trailers, I think is a good thing to a certain degree. It should not be our primary method of placing or housing people. But we also could do a better job and do it in a more efficient, effective, and economical way as to how we go about buying trailers and modular homes.

What we did was a knee-jerk reaction. After the disaster, we went out and bought everything on the market. I think we did get discounts from the manufacturers, but when we started buying off the lots, we did not get discounts. We were buying trailers that did not meet specifications, that we cannot use.

After a disaster, we should have standing contracts with manufacturers and retailers in disaster-prone areas. They are what I call call-contracts. In other words, they are no-cost contracts that we can tap into when there is a disaster. We already know what our specifications are, and we do not have to be reacting in an uneconomical way, as we did this time. I think we were very wasteful, and we could have gotten a lot more trailers that we really needed at a lot less cost.

Finally, FEMA, and I think that they are, in fact, doing this—and that is, they definitely need to develop a national catastrophic housing plan. And they need to do that in collaboration with the Federal, State, and private sector. That's one of the things they need to start working on, and they need to start working on it now.

Now, I would like to turn very quickly—and I know I'm running out of time—to the situation we're in now. I brought some charts.[1]

This is where we are at right now, this is a FEMA chart. We now have 11 staging areas across the country. Our housing inventory, I think, is around 16,000—or it is actually about 22,000 mobile homes, modular homes, and travel trailers.

The next chart shows the cost that it is going to cost to maintain these 11 sites.[2] And I understand there are also going to be new sites, for example, Edison, New Jersey, and Mr. Garratt mentioned earlier that we may be opening sites out west. But to maintain these FEMA sites, it is almost $47 million a year. This does not include set-up costs. Marta Metelko, please put up the cost chart.[3]

It is costing us, on an annual basis, just to maintain the Hope site, over $3 million a year. This does not include the $275,000 we have spent to pave the road; it does not include the $4 million for the gravel that we are laying right now. So, as you can see, it is very expensive to maintain these sites.

It is also very expensive to maintain the travel trailers. I have one more chart, if I may.[4] Marta Metelko, could you show the cost just to maintain a travel trailer for the life cycle of the travel? It costs well over $59,000 to maintain one travel trailer for 18 to 36 months.

Now, if you add all of these costs up, we could build permanent housing for these people. Right now our hands are tied, however. Here is where I think we can get Congressional help. By the way, these cossts are on the low end. It can cost as high as $75,000 per trailer. We did not break down the costs for the larger units and the manufactured houses. I suspect it is closer to $75,000 per trailer. It is a very expensive proposition to maintain these things.

In summary, I would just like to say, I know FEMA may be redeploying the trailers to areas across the country, to move 5,000 out of here. I understand they have a plan to reduce the inventory to about 10,000 or 11,000 by September 30.

But my concern is that this is not a plan, it is an assumption. It is ironic. We are hoping we can use the trailers for disasters this summer. In essence, we are hoping for disasters so that we can deplete our inventory. I mean, that is how it sounds to me, and I find that discouraging.

We have to have a better plan than that. If there are disasters, major disasters, fine—the assumption is that there will be. But if there are not, we are going to end up with about 16,000 of these things sitting out here for another year, paying the rates that I just showed you. And the traditional usage rate for travel trailers and mobile homes is at about 2,000 a year, going into a regular, traditional year. If we have a big season, it is about 5,000.

So with the inventory we have right now, it could take us anywhere from 3 to 8 years to deplete the inventory, at considerable cost. I think FEMA needs to sit down and really think this through. Do we want to maintain these trailers here or do we want to find alternative needs? And I am not suggesting that we flood

[1] The chart referred to by Mr. Skinner appears in the Appenxix on page 71.
[2] The chart referred to by Mr. Skinner appears in the Appenxix on page 72.
[3] The chart referred to by Mr. Skinner appears in the Appenxix on page 73.
[4] The chart referred to by Mr. Skinner appears in the Appenxix on page 74.

the market with them, either, and sell them for pennies on the dollar. FEMA should consider working with Congress to obtain the authorization needed to use them elsewhere for the public good.

That concludes my remarks, and I will be happy to answer any questions you may have.

Chairman COLLINS. Thank you very much for your testimony. Mr. Garratt, in your statement you set forth three factors that have contributed to the over-supply and under-use of the manufactured homes at this site, and you said the final factor is floodplain restrictions. Placing mobile homes in floodplains is prohibited by Executive Order and FEMA's regulations unless there is express authority granted after an expensive, rigorous, eight-step mitigation process.

To me, that is a puzzling answer because the same agency that purchased the manufactured homes is the same agency with these regulations. It is not as if these regulations are from another part of the Federal Government and FEMA was unaware of them. These are not new regulations, are they?

Mr. GARRATT. No, ma'am.

Chairman COLLINS. In fact, haven't they been in effect since the late 1970s?

Mr. GARRATT. I am not sure of the exact date of that Executive Order, but it has been in place for some time.

Chairman COLLINS. The Executive Order is dated May 24, 1977, and the regulations, I am told, were issued within the next year or so. So we are talking about regulations that prohibit the use of this kind of housing in floodplains that have been in effect for more than 25 years. Was the person who ordered the manufactured homes unaware of those regulations?

Mr. GARRATT. Not at all, ma'am. And I would like to go back and talk about those three factors. Those three factors did not necessarily exist as factors at one time, but in fact, the factor regarding the use of mobile homes in a floodplain area is a factor now.

Initially, the Housing Area Command, also as identified in the testimony, identified that there was going to be a huge and compelling need for temporary housing assistance, and the initial plan was that we were going to set up these very large mega mobile home communities, outside the floodplain and removed from the affected area, so that we could keep people in the State or bring people back into the State and then begin transitioning them from these large, mega mobile home communities back into the affected communities as rebuilding took place.

That process was subsequently rejected, and we reoriented our strategy to much smaller group sites, much closer to the communities that were affected. These communities were in the floodplain area, or a great majority of these communities were in the floodplain area. As a result, because of that initial strategy, which was a plan to set up these large communities outside the floodplains, we had an excess.

The factors that have come into play since then, which are the resistance to having large mobile home group sites in and around some communities, as well as the floodplain regulations, prevent us now from using that excess to the extent that we would like.

Chairman COLLINS. Well, we have learned that virtually the entire region that was affected by Katrina is in a floodplain. I am curious about your comment and your testimony when you say that you anticipate a residual inventory of 5,000 units at Hope to be ready for immediate deployment to the Gulf Region in the event of another hurricane catastrophe. It is still a floodplain. I do not understand planning to use 5,000 homes for the Gulf Region when your own regulations continue to prohibit that kind of use.

We are not talking about a small area that is the floodplain. It is an enormous area, and people want to be as close to their homes as possible, which was the failure of the first point that you made. So I do not understand your hope that you are going to be able to use some 5,000 units that would be stored here for immediate deployment to the Gulf Region in the event of another hurricane. It sounds to me like you are making the same miscalculation again.

Mr. GARRATT. Madam Chairman, we have already used, and we have people occupying, close to 6,000 mobile homes in the Gulf Coast region of the States of Louisiana and Mississippi right now. And while I will acknowledge that there are great tracts of both States that are within a floodplain, there are also areas within both States that are outside the floodplain. There are also fringe areas of the floodplain where the elevation requirements are extremely modest. It is one thing to elevate a mobile home six feet off the ground, and the costs and effort associated with that; it is another to elevate it one foot off the ground or less, so we have options to employ those mobile homes.

And again, we have executed those options in response to Hurricane Katrina, so we would expect in another catastrophe there will be an opportunity to use those 5,000 mobile homes. And as mentioned in the testimony, we are still planning to use an additional 3,000 mobile homes in the State of Louisiana, and they are still proceeding to move mobile homes into the State of Mississippi.

Chairman COLLINS. Well, Louisiana has not had its housing needs met, and that is a complaint that Senator Pryor and I have received every time we have talked with Louisiana officials. In that case, however, there are some complications which are not attributable to FEMA. I read just recently, for example, that a plan to locate some travel trailers and manufactured homes in the New Orleans area was approved at first by the Mayor, and then that approval was rescinded.

That gets to, I think, the second point that you made, of dealing with the reluctance of communities to accept mobile homes in group sets. How big of a problem is that and how is FEMA taking that into account in its planning for the 2006 hurricane season?

Mr. GARRATT. That is a very good question, Madam Chairman. It is enough of a problem that we still have individuals in hotels and motels in the State of Louisiana. I think we still have, in Louisiana and Mississippi combined, something over a thousand households that are still in hotels and motels. That is out of the tens of thousands that we had in hotels and motels several months ago. The only ones remaining are in Gulf Coast States, and the reason that they are still in hotels and motels is because we have run into some resistance with some of the group sites that we had planned and that we had hoped to have up and running by this time.

We are working around those issues. We are continuing to press on some of those group sites, and we are looking for alternatives for group sites that we cannot pursue. In terms of the 2006 hurricane season, I participated in a couple of after-action and planning conferences very recently, both with the Corps and with our Federal partners. We recognize that this is a key issue and that upfront planning with the localities would go a long way toward helping us overcome these situational issues.

So we will be redoubling our efforts this year, working principally through Gil Jamieson, who is our new Deputy Director for Gulf Coast Recovery, to work with those States to identify in advance those areas that they would establish as group site locations so that we do not need to negotiate these locations after the fact, but have in fact identified several of these locations that we can take immediate action to begin setting up following an event.

Chairman COLLINS. Mr. Skinner, in the testimony that we will hear from Mr. Harper on the next panel, he makes the point that there was existing inventory of manufactured housing at retailers that could have been used to meet some of the needs of the hurricane's victims, but instead FEMA required manufacturers to interrupt their production and produce manufactured housing that met FEMA specifications.

Typically, when the government requires an item to be built to different specifications than is common for the retail version of the item, it increases costs and it also delays delivery. Do you have any comments on that? Was it necessary to go for a unique product or could FEMA have used some of the already available inventory?

Mr. SKINNER. That's a good question. We have not looked at that, at least from that perspective. FEMA does have specifications. We want to be consistent. It creates problems, and I know we have observed this in our work. That is, if one trailer doesn't have the standard equipment and another does, that creates friction among those that want the trailers. And as far as applying for assistance, I think it would be better if we could be as consistent as possible when we do assign trailers to evacuees, or to the homeless, to those that need temporary housing. Did it cause delays? Did it increase manufacturing costs? We have not looked at that.

Chairman COLLINS. OK, thank you. Mr. Garratt, before I yield to my colleague for his first round of questions, let me just ask you one final question for this round, and that is, who was the individual at FEMA who made the decision to purchase nearly $850 million of manufactured housing?

Mr. GARRATT. Madam Chairman, I approved that decision. I believe that the Director of Recovery, at that time Danny Craig, also approved that decision. And we communicated our approval of that decision to our procurement officials.

Chairman COLLINS. Thank you. Senator Pryor.

Senator PRYOR. Thank you, Madam Chairman. Let me follow up on that. So you were involved in the decisionmaking process on the manufactured homes?

Mr. GARRATT. Yes, sir.

Senator PRYOR. And one thing, as I understood, that you said a few minutes ago, was that you set up the Housing Area Command.

Did that system work pretty well and is that something you would replicate in future hurricanes?

Mr. GARRATT. I am not sure that we are going to replicate that plan in future hurricanes. We had a mixed response in terms of how well it worked. My personal opinion, Senator, is that the plan did a bang-up job, for the reasons that I talked about in my testimony, and that they could hit the ground running immediately after landfall without interfering with the immediate life-saving response and recovery efforts and begin scouting and finding candidate group site locations, as well as identifying what was available, so that we could start rolling in resources just as soon as possible. In that regard, I think they did a pretty good job.

Senator PRYOR. I want to ask about that. The Housing Area Command at some point ordered these homes, and you approved that. Who made that recommendation to you?

Mr. GARRATT. The Housing Area Commander.

Senator PRYOR. And who is that?

Mr. GARRATT. His name was Brad Gair.

Senator PRYOR. So he made that recommendation, and you approved it, and then you started ordering homes. If you can just walk the Committee through that process and whether you were working through a contractor or a middleman. Explain to us how that played out.

Mr. GARRATT. I am probably going to have to rely on my Chief Procurement Officer to help me out with this, but I can at least bring it from the field level. Brad Gair is the Housing Area Commander. We asked him to be very aggressive out in the field, to lean far forward to identify what those requirements were and to press hard to start getting the resources into the area to address what we knew was going to be a pretty compelling housing situation. He did begin to identify——

Senator PRYOR. Let me interrupt just for a second. In terms of timing, are we talking about before, during, or after Hurricane Katrina?

Mr. GARRATT. We set them up before Hurricane Katrina and gave him his marching orders before Hurricane Katrina ever hit. What I just described was his mission, essentially, to do that.

So I'm not sure how long, how many days it was after Hurricane Katrina, but I am certain it was a very short period of time after landfall, if not during landfall, that he began communicating what the requirements were, in terms of travel trailers. And at one point, I think it was—said something to the effect of, "We need to order these things, continue rolling these things down here and order them until I say stop."

Senator PRYOR. And are we talking about travel trailers or are you talking about the mobile homes?

Mr. GARRATT. Both.

Senator PRYOR. OK.

Mr. GARRATT. Our strategy is always to maximize use of travel trailers rather than mobile homes. Travel trailers we can put with far more ease on an individual's private property. Mobile homes do not have that capability. Mobile homes are used for group site locations, large families, extended families, and for individuals with

disabilities, for example. So travel trailers are our preferred mobile housing option.

Senator PRYOR. And not to get off track, but what I am really asking about is the process by which they were procured. Did you contact the manufacturers directly? Did you look for an independent contractor? Did you have a series of contractors who had expertise in this? That is what I am asking.

Mr. GARRATT. We worked that through our Chief Procurement Officer, sir. We communicated the requirements to our procurement office, and our procurement office has to use those requirements.

Senator PRYOR. And that procurement office is in Washington?

Mr. GARRATT. Yes, sir.

Senator PRYOR. And what did they do? I know you made the request or made the order, and then what happened? What did they do? I guess I am trying to get a handle on how much control FEMA had of what you received and what you purchased.

Mr. GARRATT. With the permission of the Chairman, I would like to ask Patricia English to join me at the table?

Chairman COLLINS. Certainly.

Mr. GARRATT. Thank you.

Chairman COLLINS. Just for the record, would you state your name and your position, please?

Ms. ENGLISH. My name is Patricia English, and I am Chief Procurement Officer for FEMA. At the time we received the request, we did a couple of things. We initially mobilized——

Senator PRYOR. Did you receive the request before, during, or after the storm?

Ms. ENGLISH. I think we received it—I'm not really sure.

Mr. GARRATT. I think it was immediately afterward.

Ms. ENGLISH. I think it was, too.

Senator PRYOR. All right. Go ahead. I'm sorry, I did not mean to interrupt.

Ms. ENGLISH. After we received the request, we did a couple of things. First of all, we mobilized the FEMA contract specialists to help procure these in a very fast manner.

Senator PRYOR. Now, are those government employees or are those contractors?

Ms. ENGLISH. No, government employees.

Senator PRYOR. OK.

Ms. ENGLISH. All FEMA officials, with the assistance from subcontracting officials from Department of Homeland Security Headquarters Procurement Office. We did two things: One, we had a group of folks that went directly to the manufacturers with our specifications, to secure bids so they could start manufacturing units as fast as possible. In the interim, we had another group of individuals who started calling the dealers to find out what was available on the lots. And dealers started faxing in their specifications, their estimated costs, and so forth.

What we did at that point is we went for the lowest offer and just kept buying off the lot, to the extent that we could, as the manufactured units were coming on-line.

Senator PRYOR. Now, would you call that a competitive bid process?

Ms. ENGLISH. The manufactured units was clearly a competitive bid process.

Senator PRYOR. And how long were the manufacturers given to respond to your request?

Ms. ENGLISH. I don't know the exact time, but I can tell you it was probably around 5 days.

Senator PRYOR. OK.

Ms. ENGLISH. It was a very quick response.

Senator PRYOR. Keep going, I'm sorry.

Ms. ENGLISH. So the manufacturers clearly was a competitive bid. The off-the-lot, although it wasn't what you would call formal competition, we did seek prices, we did try to negotiate discounts, and we did award to vendors offering the lowest prices first.

Senator PRYOR. Maybe I am misunderstanding this, but my understanding is that there was a middleman or contractor or set of contractors involved in the purchasing of these homes. Is that not right?

Ms. ENGLISH. To my knowledge, I am not aware of a middleman. Now, there was a recent purchase that we had in the State of Louisiana where we worked through a middleman, but to my knowledge, we went straight to the manufacturers and to off-the-lot dealers.

Senator PRYOR. Are you familiar with how FEMA used to do its mobile home and trailer purchases under James Lee Witt? Are you familiar with how they did it then?

Mr. SKINNER. Yes.

Senator PRYOR. As I understand it, what they would do is they would solicit the industry long before any storm came, on a competitive basis, and sort of have an open contract. I don't know exactly what they call the process. And then, once the need was identified, they would then contact the manufacturers, is that correct? Do you know how they did it?

Ms. ENGLISH. No, we did not necessarily do it that way under James Lee Witt. What happened was we did do a full, competitive competition, but we did not have contracts sitting on the shelf waiting to use at the time of the hurricane.

Senator PRYOR. Well, how would you do the full, competitive bidding?

Ms. ENGLISH. Very quick, same way we did it this time.

Senator PRYOR. I may have had some wrong information there, and I'd like to get back to you on it.

Let's see, I have another question. If I may, Mr. Garratt, on the question that Congressman Ross asked about the 3,000 or maybe 5,000 houses—where are they going and when will the people who need housing actually get the 3,000 to 5,000 houses over the next few months? Where are they going and what is the time frame on people actually using them?

Mr. GARRATT. Also a very good question, Senator. That is being worked up now between our Deputy Director for Gulf Coast Recovery working with the Joint Field Office in the State and locals to identify that. As I indicated, the plan is to bring these mobile homes into fringe areas within the floodplain where—following the eight-step process would require only a modest amount of elevation, and we can do that in a cost-effective way. What the Dep-

uty Director is doing right now is working with them to identify those sites and locations where they would agree to support that.

Based on initial indications from the field, we think that it can support up to an additional 3,000 mobile homes, but we don't have all of those sites identified at this point. Additionally, another couple of thousand, as indicated, will be rolling out of Hope, going to Edison, New Jersey, to a site we have there and to Cumberland, Maryland, to a site we have there, and hopefully to a site on the West Coast, to support potential disaster operations in different parts of the country.

Senator PRYOR. So as I understand it then, you have a plan to remove them from Hope, but not necessarily to deliver them to the people that need them?

Mr. GARRATT. We will be delivering them to the people that need them when they need them should a disaster occur in a part of the country that we have re-staged these units to. That is except for the 3,000 that we plan to push from Hope down to Louisiana.

Senator PRYOR. That is all I have at this time, Madam Chairman.

Chairman COLLINS. Thank you. Mr. Garratt, I want to clear up an issue where your testimony seems to be in conflict with that of the Inspector General's at a previous hearing that we held which touched on this issue, and that is the condition of the manufactured homes that are being stored here. At a previous hearing, we saw some photographs which seemed to indicate that some of the homes were sinking in the mud in a way that is causing them to warp or causing some structural problems, but your testimony here this morning was very clear that you felt that those reports were erroneous, and you said that every home is "mission ready." I want to try to clear up this issue by asking Mr. Skinner whether he has changed his judgment upon further investigation. Before I do that, if, in fact, the homes are in good shape being stored on this site, why is FEMA spending $4.2 million to lay down gravel?

Mr. GARRATT. A couple of reasons regarding the question we are on. Right now, when it does rain in Hope, we do get pooled water there. A crush and run surface will be more stable. We've got areas on the Hope compound where—to address, for example, the warping or bowing issue. We may have a mobile home that is perched on a rise, and it will, if you drive by that, appear to be bowed, and in fact, it is. It doesn't affect the efficacy of that unit, it is still completely usable, but because we've got an 80-foot unit that is perched on jack stands over that expanse that is uneven, you will see that sort of bowing.

So what we are interested in doing is creating a more environmentally stable environment for those mobile homes since we may be keeping some of these mobile homes here for some period of time. As we have indicated, we want to maintain at least 5,000 of these mobile homes there for the 2006 hurricane season. My hope is that we have no opportunity to use those in the 2006 hurricane season. However, if that in fact does not happen and we have a catastrophe and a requirement to do that, we want those things to be stored in the best way possible. And our logistics folks have told us that providing this crush and run does provide surface stability

for the long-term surface maintenance environment that we want these mobile homes to have.

Chairman COLLINS. Mr. Skinner, is a bowed mobile home mission ready?

Mr. SKINNER. It is my understanding it can be made mission ready, but I am not an expert on the manufactured homes. You may want to ask the expert on the next panel. When we made our initial visit here—we made two visits, I think, in January and February, and it was right after a rainstorm. Like today, we did not plan for a rainstorm. We were out there again this morning. We did observe that they were sitting in open fields, and we took photos where some of the hitches on which the trailers were being stored were beginning to sink into the mud.

We also observed that they were beginning to bow because they were not placed on jacks. If they just bow slightly, that is not going to create a problem. But if we do not store them properly, they could deteriorate and be damaged. That is what we were told.

So we made recommendations: One, if you are going to maintain these things here, then you need to put them on a stable surface, and, two, if you are going to store them for an extended period, you need to store them as recommended by the manufacturer, and that is on jacks. We went out there this morning, and in fact, they are laying gravel as we speak, and they are putting in the jacks as we speak. Not all of them are complete, but they are in that process.

Chairman COLLINS. Mr. Skinner, do you have any concerns about the monitoring of the project that you have just described, laying the gravel bed?

Mr. SKINNER. The actual monitoring?

Chairman COLLINS. Yes.

Mr. SKINNER. No one has brought any problems to our attention.

Chairman COLLINS. Thank you. Finally, Mr. Skinner, the hurricane season, as I mentioned, begins June 1, 2006. How prepared do you think FEMA is for this year's hurricane season?

Mr. SKINNER. I really do not want to speculate. I can say that there is very aggressive action ongoing right now to put us in a position where we are better prepared than we were last year. For example, there is hiring of additional contracting officers and contracting technical representatives. There is some very intense training going on and many exercises going on—in the hurricane regions—so that people will better understand the national response plan, understand the role of the PFO, the Principal Federal Officer, and the FCO, the Federal Coordinating Officer. So there are steps that are being taken in a very fast and aggressive way to help us be better prepared.

However, will we be better prepared to handle another Hurricane Katrina? I would not want to speculate. I can say also that the Department is working very well now with DOD, and that is very important, defining what their role will be if we have something that catastrophic.

Chairman COLLINS. Thank you. Mr. Garratt, one final question for you. Part of being prepared, and part of keeping down costs, is to have in place prior to the hurricane season contracts that have been competitively awarded and that you can take off the shelf and use if need be. Initially, Secretary Chertoff assured me that there

would be competitively awarded national individual assistance contracts in place prior to June 1, 2006, the start of the hurricane season. Does FEMA still intend to meet that goal?

Mr. GARRATT. FEMA still intends to meet the goal of having individual assistance, technical assistance contracts, in place as soon as we can get those in place. I do not believe we are going to meet our target goal of June 1, 2006. The competitive bid process—we have encountered some delays in accelerating that process, and as a result, we are probably looking at some time after July 1 before we are able to award those contracts.

However, in the interim, we recognize that we have a gap, in terms of being able to provide housing assistance or executing a housing mission, so we have coordinated with the U.S. Army Corps of Engineers. The U.S. Army Corps of Engineers has performed this mission for us in the past prior to the use of the IA TACs last year, and the Army Corps of Engineers is prepared to execute that mission and provide any housing support for us in that interim period while we work to complete the awarding of the new IA TAC contracts, which again, we expect to have completed certainly well before the end of the hurricane season, but probably, again, not by June 1, 2006.

Chairman COLLINS. Thank you. Senator Pryor.

Senator PRYOR. Mr. Skinner, you mentioned in your testimony a few moments ago that you hope to have a report prepared by late summer or early fall?

Mr. SKINNER. Yes. In the September time frame is what I was looking at.

Senator PRYOR. And what is that, a set of recommendations?

Mr. SKINNER. We are doing an assessment right now of FEMA's housing plans and its policies and procedures with regard to Hurricane Katrina, Hurricane Rita, Hurricane Wilma, with the objective of identifying the gaps and problems, and making recommendations to address those problems.

Senator PRYOR. All right. Is it consistent or inconsistent in your mind that the Inspector General's office is in the process of doing this report, making recommendations, listing out your findings, but at the same time, and in an uncoordinated fashion it seems to me, FEMA is planning on moving many of these mobile homes from Hope to various parts around the country. Is that inconsistent in your mind or is——

Mr. SKINNER. Well, we have not drawn any conclusions yet, but that particular issue of how would we use some 16,000 mobile homes that are currently in our inventory is something, I think, that requires further study. We have already made some recommendations informally.

Senator PRYOR. And I know that in a few minutes you are going to step down. I would like for you to keep chart 4 handy,[1] because I may use that with another witness here in a few minutes. Are you familiar with the process that was gone through on these mobile homes here in Hope, in terms of the purchase of them?

Mr. SKINNER. Beforehand?

[1] The chart referred to by Mr. Skinner appears in the Appenxix on page 74.

Senator PRYOR. Before they were purchased. To purchase the mobile homes here and deliver them here, are you familiar with that process?

Mr. SKINNER. Not in such detail as Ms. English.

Senator PRYOR. Let me ask about the jacks. You have identified that some of these need jacks. Are those only the units that are over 60 feet?

Mr. SKINNER. Yes.

Senator PRYOR. Just the shorter ones do not need those?

Mr. SKINNER. That is what I am told. That is correct.

Senator PRYOR. And as I understand it, some mobile home parks, etc., do not like these longer mobile homes. Do you know anything about that?

Mr. SKINNER. I'm sorry?

Senator PRYOR. They cannot accommodate the longer mobile homes?

Mr. SKINNER. Most of the traditional mobile home parks cannot accommodate them. We cannot place them on the pads because the cement pads on which they rest are too small.

Senator PRYOR. Right.

Mr. SKINNER. So that is the dilemma that we have, or that FEMA has, how do they place them on the pads, because they require larger pads.

Senator PRYOR. Do you know why FEMA ordered the longer homes that would not fit on the mobile home park pads?

Mr. SKINNER. It is my understanding that the order was given to buy all mobile homes, as many as you can buy. There were a lot of mobile homes, and a lot of travel trailers as well, that were delivered to FEMA that should not have been accepted. And we probably should not have bought those larger mobile homes.

Senator PRYOR. If I may, Mr. Garratt, let me ask you, you mentioned that some of these homes, these 3,000 homes are moving back out to various staging areas around the country. Did you mention some were going to Maryland?

Mr. GARRATT. Cumberland, Maryland.

Senator PRYOR. As I understand it, and maybe I am wrong on this, some of the homes were manufactured in that area and then transported to Hope. Do you know?

Mr. GARRATT. I can't verify that, Senator, but we can certainly find out and get that information to you.

Senator PRYOR. Let me ask this. Do you know how much FEMA pays per mile to move these homes?

Mr. GARRATT. Ask Ron Goins.

Chairman COLLINS. Again, if you could identify yourself so the court reporter has your name, and also your position?

Mr. GOINS. I'm Ron Goins, and I am Chief of Support Services Section for Logistics.

Senator PRYOR. And do you know how much FEMA pays to move these homes—is it paid per mile, or how does that work?

Mr. GOINS. Well, a lot of the transportation costs are rolled up into the purchases, but when we do our own internal moves, or if we have a commercial hauler, it is approximately $1.50 per travel trailer per mile, and approximately $4.50 per mobile home.

Senator PRYOR. Per mile?

Mr. GOINS. Yes, sir.

Senator PRYOR. So if you move them to Maryland, that is about 1,000 miles. That is pretty pricey to move one mobile home that distance. Let me ask this, also, Mr. Garratt, if I may, and that is in your opening statement you mentioned that there are 115,000 manufactured homes, I think you said, that were ready for occupancy in the region already, provided by FEMA? Tell me what you said? What was that 115,000 figure I heard?

Mr. GARRATT. There were 115,000 travel trailers, mobile homes, total, that have been set up in the Gulf Region.

Senator PRYOR. How many are travel trailers and how many mobile homes?

Mr. GARRATT. Let me check and see if I have that.

Senator PRYOR. And people are occupying those right now?

Mr. GARRATT. I think the occupied figures for those are something less than that, in the neighborhood of 110,000.

Mr. SKINNER. We looked at this, at the status, this past Monday. For mobile homes, I think it was closer to 10,000, and I think it was about 79,000 travel trailers that are currently occupied, 17,000 that are ready to be occupied, and I don't have the exact figure, but I think it was 23,000, or something like that, trailers that are ready to be moved and are available for occupancy.

Mr. GARRATT. I'm sorry, Senator, your question to me again was?

Senator PRYOR. Well, I was asking about the 115,000 figure that you had——

Mr. GARRATT. Right.

Senator PRYOR [continuing]. And the question I had was how many are mobile homes and how many are the so-called travel trailers. And it sounds like Mr. Skinner has given me a rough breakdown. Is that consistent with what you have?

Mr. GARRATT. Yes, sir.

Mr. SKINNER. And those are the figures that FEMA gave me last Monday.

Senator PRYOR. But it still sounds like there is a percentage that are not—is that just because of paperwork or is that because we cannot find locations, or what is that?

Mr. GARRATT. It is a combination of issues, sir. For example, when a contractor is establishing a group site and making units available for occupancy on a group site, they may be available for occupancy, but we do not allow anyone on that group site to inhabit any of those trailers until they are all ready for occupancy because of the construction that is going on and because of the safety issues. So we may have multiple ready-for-occupancy units, but it may also be a question if it is being placed on an individual's private property that a contractor will say this is ready for occupancy, but it is awaiting a certification, the City of Hope to come on and make that certification, that it is OK. So a number of different reasons contribute to that, to that delta between ready for occupancy and occupancy.

Senator PRYOR. All right, Mr. Garratt, this is my last question—Congressman Ross and others have talked about how there are apparently many parishes down in Louisiana—I have heard eight, I have heard more—I do not know the exact number, that have done something on a local level to waive any sort of restrictions they

might have on mobile homes to allow your FEMA mobile homes to be placed in those parishes. Senator Collins mentioned some of the issues in New Orleans. Let me ask this: In your opening statement you said that there was "widespread resistance" placing these mobile homes down in the Gulf Coast area, but isn't it true that many of the parishes have waived their restrictions and are allowing these to come in?

Mr. GARRATT. Sir, I am not aware that any parishes have waived the floodplain restrictions for any of the mobile homes.

Senator PRYOR. The floodplain restriction is your restriction.

Mr. GARRATT. That is correct.

Senator PRYOR. Well, I mean they cannot waive that; I am saying they have local ordinances or whatever they may call them in Louisiana, I do not know the State law, but they have ordinances that say no mobile homes in this part of the city or this part of the county, whatever that may be, and apparently, they have taken steps to waive those. Are you familiar with that?

Mr. GARRATT. In some instances, we have had some parishes that have indicated that they are willing to take some of these on. Those form part of that 3,000 that we expect to move from Hope down to Louisiana. In many cases, these are going to require some rather extensive site preparation, but yes, we have made some inroads in some cases. Again, we are also continuing to encounter some resistance in some cases, but that portion that you referred to is calculated into that 3,000 figure that we are working.

Senator PRYOR. What about in the City of New Orleans itself? Are they—New Orleans Parish, are they resistant?

Mr. GARRATT. We have had some issues in New Orleans Parish.

Senator PRYOR. Are some of the homes going into New Orleans Parish?

Mr. GARRATT. Yes, sir. We have begun some site development there, and we have already spent, at least in the case of one site, over $1 million on the site development, and we are at the point of virtually beginning to occupy those trailers, and we have proceeded to do that.

Senator PRYOR. Do you know how many homes have made it into Orleans Parish?

Mr. GARRATT. I can get that number for you, sir. I do not have that.

Senator PRYOR. I believe that is all I have. Thank you, Madam Chairman.

Chairman COLLINS. Thank you. Mr. Garratt, I know I promised that I had asked you the last question, but the question my colleague just asked you gives rise to another one in my mind. The Committee has been told that FEMA has met most of the requests for travel trailers in Mississippi and in Alabama, but that 60 percent of the requests in Louisiana have not been satisfied. Is that an accurate assessment?

Mr. GARRATT. Madam Chairman, I'm not sure what that 60 percent represents. If it represents the number of individuals who are currently in Louisiana, for example, in hotels and motels, living with family and friends, and are waiting for a travel trailer there, I think that figure is probably very much in play there. It represents, perhaps, individuals who are across the United States,

based on wherever they were evacuated to or where they've migrated to, and have indicated that they would like a travel trailer or mobile home. That may be after——

Senator COLLINS. I am trying to figure out why most of the requests from Mississippi have been satisfied and most of the requests from Louisiana, according to the data that I have, have not been. I am trying to determine whether that is the problem we discussed with local officials not allowing the placement of homes in certain areas. But if most of these we are talking about are travel trailers, which are different, obviously, from the manufactured homes, is there a disparity, and if so, why?

Mr. GARRATT. There is a disparity, ma'am, and that disparity is related just to the size of the population that requires housing. Alabama had a much smaller population that required housing than Mississippi, and Mississippi the same for Louisiana. Mississippi's projected needs total were 39,000 travel trailers and mobile homes, and we are virtually there. We've got 39,000. Louisiana's projected total needs were approaching 100,000 travel trailers and mobile homes, so we are not quite there yet. There is still a delta between that, and that is what causes the difference between Louisiana and Mississippi.

Senator COLLINS. I guess you can see our concern, even frustration, when we flew in today and see thousands of manufactured homes ready to go here in Hope and then we keep receiving the pleas for assistance for housing from individuals from Louisiana that FEMA cannot seem to meet. That is the frustration that we are seeing, when here you have the homes that are so desperately needed. What is the barrier?

Mr. GARRATT. The principal barriers right now, as indicated, in employing these mobile homes in Southern Louisiana are the issues of the floodplain restrictions and the issues we have been running into regarding the group sites. But we are attacking those. I mean, we recognize that is an issue. We recognize, as Mr. Skinner indicated, that we need to pursue some outside-the-box solutions to some of these issues, and we are actively doing that.

We have the authority, or may have the authority, to donate these units to States and to locals, providing their use for disaster purposes. And we are actively working with the States to identify methods for potentially donating these mobile homes or—again, provided that they are used for a disaster purpose. That would enable these to be used for purposes other than we are constrained by under the Stafford Act.

Our Deputy Director for Gulf Coast Recovery, Mr. Jamieson, is actively working with the States to determine if there are other potential solutions for the use of mobile homes in both Mississippi and in Louisiana. And we are expecting Mr. Jamieson to come back with some recommendations fairly soon on methods that—that I do not want to necessarily go into at this point because we just have not fleshed these out fully, but I have every reason to believe that we may have an opportunity in the very near future to begin using some of these mobile homes in an innovative way in the affected area.

Chairman COLLINS. I thank you for your testimony and for being here today. I feel, however, as if we have come full circle. We are

back to the floodplain regulations, which raises the question why they were purchased in the first place if they cannot be used in this area. It seems to me that we have to come up with better housing solutions that avoid that problem in the future. It is just a tragedy that nearly 8 months after people have been displaced, we cannot seem to match up victims in need of housing with housing that is here in Hope. We stand ready to work with you to help achieve a solution to this problem and also to ensure it does not happen again in the future.

I would hope as you pursue these innovative approaches that you have alluded to that you will share your thoughts and advice with the Committee. Mr. Skinner, I would like you to do so as well.

Again, I want to thank you both for being here today and for helping to advance our knowledge.

I am now going to call forward our final panel of witnesses. Mayor Dennis Ramsey was first elected to the Board of Directors of the City of Hope in 1978 and has served as Mayor since 1993. J.D. Harper serves as the Executive Directive of the Arkansas Manufactured Housing Association.

Mayor Ramsey, being an elected official has its privileges, and one is that you get to go first.

Mayor RAMSEY. Thank you, Madam Chairman.

Chairman COLLINS. Thank you.

## TESTIMONY OF THE HON. DENNIS RAMSEY,[1] MAYOR, CITY OF HOPE

Mayor RAMSEY. Again, Madam Chairman, I'd like to welcome you and your staff to Arkansas, especially the City of Hope. It has been an honor to have you here.

Chairman COLLINS. Thank you.

Mayor RAMSEY. Of course, Senator Pryor, it is always nice to have you back in Hope, Arkansas.

Senator PRYOR. Thank you, Mayor.

Mayor RAMSEY. Senator Pryor noted a while ago that no Senate hearings at this time have been held at Hope, and I think you are entirely correct. This is our first one, and maybe it will not be our last one, but it is a unique experience for our city. And we appreciate the opportunity to display our college and the work that they have done.

Prior to Hurricane Katrina striking the Gulf Coast, several hundred people evacuated to Hope, Arkansas. When it became evident the devastation to the Coast Region would be significant, as a community we came to the realization that the stay for many of the evacuees would be prolonged. Our community, as many other communities across our State, began a grass roots effort to become a source of strength, both emotionally and financially, for these guests. Funds were raised and distributed; lodging provided; twice daily meals served; job fairs held; and friendships extended. All was done with no concern for reimbursement. It united us as a community and introduced us to many new friends with whom we still correspond. Of course, this continued weeks later with Hurricane Rita.

[1] The prepared statement of Mayor Ramsey appears in the Appendix on page 75.

On or about Saturday, September 24, I receive a phone call from Robert Hoban, who identified himself as a representative of FEMA. He stated that FEMA had let or was in the process of letting contracts to purchase upwards of 20,000 manufactured homes, or mobile homes. The staging and distribution point for these homes was to be Red River Army Depot in Texarkana. However, much of the affected acreage over there contained trees and other vegetation, so the cost of clearing and preparing to store them on this acreage was prohibitive. On this day, he and other individuals had already visited our airport property and thought it would be ideal to store several thousand mobile homes here at our airport temporarily. Mr. Hoban wanted to know how much acreage and if the City would lease the property to FEMA and also about the possibility of closing the entire airport.

I told Mr. Hoban, as Mayor, I did not have that authority to make a decision, and there were several issues that would have to be addressed: Approval of the Federal Aviation Authority, since this is—and still is—an active airport; our visiting with the Arkansas Aeronautics Department; consulting with our Airport Advisory Board and local pilots; obviously, approval by a vote by the Hope City Board of Directors. Closing all runways was not an option as preservation of the airport functions was of primary importance. I contacted City Manager Catherine Cook and told her of our conversation.

On Monday, September 26, 2005, I received a call from a representative of the Government Services Administration, Dorothy Keisler. She wanted to fax a lease for our consideration. I told her essentially the same conversation I had with Mr. Hoban and that it would be premature as I had no authority to negotiate a lease, but I felt confident the City would do all it could to accommodate the request.

The City Manager began contacting our airport engineers, FAA, Arkansas Aeronautics, the City Board members, and local airport groups. We also had ongoing conversations with FEMA representatives, informing them we had approximately 453 acres. Per their calculations, they could place approximately 13,000 mobile homes on the site.

We informed them of the soil conditions present at the airport. This is an old army airport built in 1941 with three runways, two of which are still active. The third one has been closed permanently. The airport was constructed on what was then very fertile farmland. We informed FEMA that, when wet, this soil became very spongy, and during periods of rain, ingress and egress would be very limited, i.e., become stuck in the mud, but no one ever inferred that the mobile homes would sink in the ground.

On Tuesday, October 4, 2005, Mr. Hoban addressed the Hope City Board of Directors and requested leasing the 453 acres of airport property for 2 years with an option to renew for two additional one-year periods. The reason for the two options is that when the units are recovered from the Gulf Coast area by FEMA, they will be returned to Hope for minor refurbishing. The Board recommended a lease price of $25,000 per month.[1]

[1] Supporting documents submitted by Mayor Ramsey appear in the Appendix on page 78.

On October 7, 2005, the lease with the GSA on behalf of FEMA was signed.

During the week of October 9, 2005, mobile homes actually began arriving at the Hope Airport.

On October 21, 2005, at a special called board meeting, Mr. Hoban again addressed the City Board. He stated there were approximately 400 mobile homes housed at the airport on available runway space and that FEMA was interested in establishing a geotech fabric and gravel, called crush and run, in 50-acre parcels to stage additional mobile homes. The Board agreed to the proposal.

By November 1, 2005, there were approximately 1,500 units at the airport, but no crush and run had been laid except for the road at the south end of the property.

Mr. Hoban subsequently stated that FEMA desired to develop 170 acres and possibly up to 290 total acres with Geotech fabric and four to six inches of SB–2/Class 7 crushed stone applied over the fabric. At the meeting, local FEMA personnel thought the amount would only include about 97 acres. The GSA amended this contract from the original 170 plus additional 120 acres. The Board also asked if it would be possible for the crosswind runway to be reopened. This work, to my knowledge, is currently under construction.

To my knowledge, the maximum number of mobile homes staged at the Hope Airport property was 10,777, and currently the number is around 10,000.

FEMA has on several occasions told representatives of the City, as well as members of the House and Senate, on various occasions, there's a real possibility that this site may become a permanent staging area for FEMA.

I'd just like to say in closing the local FEMA representatives, as well as Mr. Hoban, have been cooperative, responsive to our questions and concerns when voiced, and have responded to them promptly when asked.

Thank you, Madam Chairman.

Chairman COLLINS. Thank you. Mr. Harper.

## TESTIMONY OF J.D. HARPER,[2] EXECUTIVE DIRECTOR, ARKANSAS MANUFACTURED HOUSING ASSOCIATION

Mr. HARPER. Good afternoon, Madam Chairman, and welcome to Arkansas.

Chairman COLLINS. Thank you.

Mr. HARPER. Good to see you here. Senator Pryor, it is good to see you. It is a great honor to be invited to testify before this Committee at this hearing today.

My name is J.D. Harper, and I am Executive Director of the Arkansas Manufactured Housing Association. Our trade association represents businesses with an interest in the manufactured home industry: Builders, retailers, transporters, installers, finance and insurance companies, and other businesses. Since our inception in 1967, it has been our goal to provide quality, affordable housing to the people of this State.

[2] The prepared statement of Mr. Harper appears in the Appendix on page 88.

At this time, I would like to make it clear that my testimony reflects the views of the Arkansas Manufactured Housing Association and should not be construed as a statement on behalf of the entire industry. The comments that I am going to pass on to you today are based solely upon the deliberations and discussions of our Board of Directors.

It is my understanding I have been invited to testify on issues related to disaster housing, with manufactured housing units in the forefront, especially the homes staged here at Hope. And the invitation said the things that we were asked to look at were: Procurement, installation, maintenance, future use, and deactivation and/or disposal. I have arranged my comments in this order, and I will do my best to address each issue.

Again, of course, I would like to say that our industry was deeply touched and our thoughts and prayers went out to the people whose lives were forever changed after Hurricane Katrina hit the Gulf Coast, and our thoughts and prayers are with them still today as recovery efforts continue. We also believe that another thing was forever changed; the relief and recovery efforts that you see from Federal, State, and local governments. And it is our sincere hope that the successes that have been seen and the failures that we have had since the recovery effort started are something we can all learn from, and we can create a better response mechanism in the future.

Having said that, I will take a few minutes to talk about the procurement issue. FEMA has long viewed manufactured housing as a resource for emergency housing relief in the aftermath of disasters. Our industry believes that manufactured housing can continue to be a major source and an integral part of an emergency housing plan.

I would like to recognize the efforts of our industry, particularly our manufacturers and our transporters for their efforts and their response to the demand for emergency housing in the wake of the storms. We responded immediately, fulfilling FEMA's requests for thousands of homes built to their exacting specifications and delivering those units to staging areas that were designated by FEMA in a very timely manner. In a number of cases, participating builders found it necessary to suspend their normal production of homes for retail inventory and custom-designed units for waiting home buyers in order to produce FEMA-approved units for disaster relief efforts, creating major disruptions in the normal course of business and in the normal supply of manufactured housing.

In recent history, we believe that FEMA has greatly reduced or eliminated the inventory of manufactured home units being held for such use and has gone with their preference of ordering manufactured homes through GSE-approved third-party contractors or directly from manufacturers for use in disaster-stricken areas on an as-needed basis.

According to Inspector General Skinner's testimony before this Committee on February 13, FEMA purchased 24,967 manufactured homes and 1,295 modular homes for use as emergency disaster housing.

Manufactured home units built for FEMA in 2005 were built to very strict specifications. In a Request for Quotes dated Thursday,

September 8, 2005, producers were given structural design requirements for the houses, including the size—that they would be 60 feet long by 14 feet in width; the floor plan with the number of bedrooms, three, and the number of bathrooms, one; the appliances, all electric, range, refrigerator/freezer; furnishings, they would be fully furnished with a dinette set for six; interior and exterior requirements, including no carpet throughout the unit and vinyl siding on the exterior; roof load, thermal zone, and wind zone requirements; and a structural design requirement that was unique in that the homes were built for multiple installations and removals. Proposals from interested producers were required to be received no later than 3 p.m. the following day, September 9, 2005.

It is our understanding that efforts are currently underway to revise and review the construction specifications that FEMA has used in the past. We support the review and revision of those specifications in order to simplify the procurement process. Our organization would encourage FEMA to revisit its former policy of using stand-by contracts for the purchase and procurement of emergency housing in future disasters.

I have been asked on many occasions if FEMA paid too much for the homes which they ordered for hurricane relief. Most of these questions have included some sort of comparison between the average price of the stock unit that is held in inventory by retailers and average prices of FEMA units, based on dividing the total dollar amount that was spent, the $800 and some odd million, we were told, by the number of homes received by FEMA. I believe it is important to understand that units meeting the specifications that were released on September 8, 2005, did not exist in Arkansas prior to that date. These homes were built specifically for this request, and any comparison to the price of stock units is an unfair comparison. I do believe that if the homes sitting on the airport runway here in Hope are not used for the purpose for which they were ordered or used in some other public interest, then any price paid by the government for these homes was too high.

I also believe the question is not necessarily how much was paid for the homes, but how many homes were ordered. I believe if there were only 500 homes waiting we would not be having this hearing today. In the hours following the hurricanes, between 2004 Hurricane Charlie and 2005 Hurricanes Katrina, Rita, and Wilma, our industry, including my office, was asked to identify available inventory by the Department of Homeland Security and by FEMA for use in the disaster areas. In both instances, FEMA instead elected to order new manufactured houses built to their specifications, rather than purchase manufactured home inventories off the lot, except for a very small percentage of some homes that are here at Hope.

A lot of the testimony you have heard talks about off-the-lot purchases. For the most part, those were travel trailer purchases, not manufactured homes. Inasmuch as I believe our business wants to help in the aftermath of disasters, I do not believe we are going to participate in future efforts to gather that inventory list from our retailers because we have not seen any real instance that FEMA is going to purchase retail inventory. We feel that FEMA is going to continue the process of ordering new product if it is needed.

Federal and State authorities did work together, though, to work out the delivery of the FEMA units. State transportation authorities waived permit requirements and other restrictions to get homes moved very quickly, and we certainly feel like that was an example of a success with the States working together to make it happen. However, we found that when the waivers began to expire and enforcement mechanisms resumed, some of the out-of-state manufacturers were unaware and some of the transporters were unaware. We would encourage those entities to work together to better keep the lines of communication open with our transporters and manufacturers.

The units began arriving at Hope within days. With the industry, the media, and the public focused on the delivery of emergency housing to those people left homeless in the Gulf Coast region, the number of homes delivered to the staging areas, specifically Hope, began to swell into the thousands, with relatively few ever moving on to displaced victims. The aerial photos of manufactured homes sitting on the runways here at Hope became synonymous with failures in FEMA's emergency housing program.

As far as why some of these houses are still here, I think it comes into the installation of these homes, and I group the installation into three basic areas—local restrictions against the placement of manufactured homes, the floodplain issue, and the success of the travel trailer program. I think these have all impacted the reason that only a small number of manufactured homes have been used as emergency housing.

FEMA's own policies state that travel trailers and manufactured homes are used only as a last resort, after all other rental housing options are exhausted. And in the case of manufactured homes, FEMA's policy states that occupancy permits must be obtained and local zoning and building codes must be followed.

As far as local building codes go, and zoning ordinances, many cities use zoning ordinances to restrict the placement of manufactured homes in good times, not only in disaster times, or to limit their placement to mobile home parks within those communities. Before the 2005 hurricanes, FEMA had most recently utilized large numbers of manufactured homes as emergency housing in the aftermath of the Florida hurricanes. FEMA's method of operation there included the acquisition of large tracts of land, the development of streets, utilities, and other infrastructure, and the delivery of hundreds or even thousands of manufactured homes to centralized sites, which I believe Mr. Garratt called "group sites," since known as "Charleyvilles" or "FEMA towns." What had been envisioned as short-term emergency housing soon became longer-term housing solutions for displaced victims.

FEMA's requirements for the development of such "group sites" often recognize that the process does take time. As a matter of fact, a press release on FEMA's website acknowledges such in saying, "The creation of housing facilities is like building a small town from scratch. It may take months."

The scope and the nature of the development of such centralized sites, "group sites" as they have been called, often breeds public resistance, the "not-in-my-back-yard" syndrome, or NIMBY syndrome, and such public resistance only reinforces the prejudices in-

herent to exclusive zoning ordinances that act as barriers to affordable housing.

Our association would respectfully recommend that the Department of Housing and Urban Development, FEMA, and State and local governments review their existing policies, their guidelines, practices, and regulations with the intent of removing barriers that restrict affordable housing, especially in future disaster relief situations.

We have talked a lot about the floodplain issue today. I think the floodplain issue has been a very convenient excuse for why these houses are sitting at Hope. Assertions that manufactured homes cannot be used in a floodplain can be refuted by FEMA's own guidelines. FEMA Publication 85 consists of 247 pages about installing manufactured homes in floodplains, for placement there. Our organization applauds the efforts of Congressman Ross and Senator Pryor for the introduction of the Hope Housing Act of 2006, and I understand it has been reintroduced, with a new bill number, a few days ago. Our organization respectfully encourages the immediate adoption of this much-needed legislation to provide assistance in hurricane areas.

The use of the travel trailer program has also impacted the demand for manufactured homes. According, again, to Inspector General Skinner's report from February, FEMA purchased 114,341 travel trailers. Some 27,000 of those units were purchased off the lot from over 300 retail locations, in many cases without regard to construction specifications. Only, again, a very small percentage of the manufactured homes that were purchased were purchased from retailers, and those were held to exacting specifications by FEMA.

Travel trailers, yes, are more easily transported and installed on temporary sites than manufactured homes, due to their size and their self-contained nature in relation to utilities. Such temporary placement of this emergency housing is often overlooked by local zoning and building code officials because they are seen as temporary. However, also due to their size, travel trailers are less suited for long-term habitation by families. And I am not aware of any installation guidelines for travel trailers in the floodplain from FEMA, or any construction standards, that would mirror the specifications that are set for the manufactured home industry.

As far as our organization's recommendations here, we would encourage FEMA to make better use of local resources, State governments, and State emergency management agencies to maintain open lines of communication with those entities and to identify potential sites, both group and individual sites, for the placement of temporary housing, access to transportation providers, qualified installers and other necessary technicians, and many resources that are here that could help facilitate a faster response.

As far as the maintenance issue goes, our organization was deeply troubled by press accounts from Mr. Skinner's previous testimony before this Committee which characterized the homes as sinking in mud, their frames bending, and being cannibalized for parts.

We certainly applaud FEMA's public affairs staff for opening the facility here to the interested media and quickly dispelling the myth that these homes have deteriorated to the point that they

would be unusable even if they were able to be sent to the Gulf Coast.

We understand that measures are being taken, as the Mayor talked about, to maybe look at a long-term facility here at Hope. And we certainly applaud that and fully support the idea of Hope being used as a permanent or semi-permanent distribution facility for FEMA aid.

As far as the future use of those houses, that is probably our primary concern. We believe that if these homes are given the opportunity, they will fulfill the mission for which they were purchased, and that is temporary housing.

We understand that a number of homes have been sent to Texas and Oklahoma for wildfire relief and that a number of homes are currently being sent to Marmaduke and to Fitzgerald Crossing in Cross County for relief from tornadoes that hit the State earlier this month. And I am certainly encouraged by Mr. Garratt's testimony earlier today about the use of housing in other areas and other disasters, the 3,000/3,000/5,000 numbers that he gave.

Our organization has asked our Congressional Delegation and our Governor's office to seek an organized exit strategy for these houses here at Hope, including the following components: Expedited delivery of as many homes as possible to displaced residents in the affected areas of the Gulf Coast; the possibility for eligibility of temporary housing for displaced residents who choose to locate outside of the States immediately affected by last year's hurricanes; maintenance of a manageable number of homes in FEMA inventory for future disaster use; and finally, plans for disbursement and disposal of excess inventory through the Federal Surplus Property system, with the highest priority being given to other public uses, including public health facilities, police and fire departments, affordable housing applications, and other uses for the public good.

As far as deactivation and disposal, that is probably our highest concern, and biggest fear, in that growing public pressure and political pressure could result in a wholesale auction of homes here at pennies on the dollar to any willing buyer. We feel that would cripple an already struggling market for manufactured housing in Arkansas and the surrounding States.

A number of concerns arise for us if FEMA decides to dispose of these homes in that manner through a GSA auction. And in no particular order, these things relate to: The licensing of sellers; the auction of homes in Arkansas are regulated under State authority; the homes have to be anchored and installed in Arkansas under a cooperative agreement with HUD; they are subject to warranty requirements; they are subject to sales tax; and they are subject to lien and titling issues.

These issues would certainly complicate the disposal of these houses in an open-market auction in Arkansas. We fail, as an industry and as an organization, to see how the Federal Government, if it is unable to override local requirements in Louisiana and other affected areas, will be able to dismiss Arkansas laws and regulations related to the sale and auction of these homes in Arkansas.

And in conclusion, we certainly appreciate your having the hearing here, and your consideration of these issues is very important to our industry. It is our sincere hope that the majority of the

homes purchased by FEMA and the ones here at the Hope airport will be used to provide decent, safe, and sanitary housing for victims of last year's storms and in future disasters.

Again, we hope that all parties involved can learn from successes and failures experienced on all levels in this recovery effort. Our organization looks forward to being part of the solution.

Madam Chairman, that concludes my prepared statement, and I will be glad to try to answer any questions that you or Senator Pryor may have to the best of my ability.

Chairman COLLINS. Thank you, and thank you for your excellent testimony. I think your caution at the end about disposing of some of these manufactured homes is a really important one. Generally, the taxpayer recoups only pennies on the dollar when surplus property is sold, so it is not a very good deal from the taxpayers' perspective. You have also raised a very important point about the fairness to the industry because of the economic impact of flooding the market with these manufactured homes and what the impact would be on the manufacturers who participated in good faith, and I think that is a good caution for all of us.

I just have one question that I want to follow up with you on, and that is the unique specification that FEMA required for the manufactured homes. You mentioned the September 8, 2005, solicitation and that the specifications were different from models provided for the retail marketplace. Given that manufactured homes built for FEMA are designed only for temporary use, would commercially available manufactured homes be a suitable alternative to meeting housing needs in future disasters? I am curious why FEMA came up with a unique set of specifications when you have testified that there was an inventory already available. What is the issue, from your perspective?

Mr. HARPER. And it would strictly be from my perspective.

Chairman COLLINS. I understand.

Mr. HARPER. Our product is built to a Federal standard set and maintained by the U.S. Department of Housing and Urban Development, and within those standards there are thermal zones that are geographically scheduled across the country and wind standards, wind zones that are geographically scheduled, based on your proximity to the Gulf or to the Atlantic Ocean.

In the requirements that FEMA set forth in the request on September 8, 2005, there were some enhancements as far as wind and thermal zones to make the houses—in my opinion this is what they might have been thinking—more suitable for placement within those areas, even though some of the areas where these houses would be placed were not in what HUD had designed as that specific thermal or wind zone, so there is a little bit of confusion—they are not exactly on the same page there, in my opinion.

As far as amenities, I mean the houses that were built have no carpet throughout the unit, they are three bedrooms, one bath. They are something that you would not find in our market, something that we do not generally build, so of course, the factories had to go back and retool and get ready to do what they were able to do with these houses. But I do feel that existing inventory throughout the country could have been used—and again, in two instances we have been asked to survey for existing inventory. Oddly enough,

the first two faxes, I believe, we got, or communications on that, had differing specifications that we were trying to find in retail inventory than what FEMA ended up ordering in the long run.

So I do not think the communication was really there to locate the type of inventory needed. I do feel that something should be done in looking at using the existing inventory first, rather than purchasing new homes built to different specifications, and hopefully save money.

Chairman COLLINS. Well, that is why we asked you about that. In a previous incarnation, in a previous job, I spent 5 years in State government, and I was responsible for not only the regulations, insurance, banking, and securities, but a host of licensing boards, including the Manufactured Housing Board of the State of Maine, so I am aware of the standards. It is odd to me that FEMA came up with different specifications when we already have a department of the Federal Government that issues standards for manufactured housing. It seems yet another example of the right hand not knowing what the left is doing, and it is something that FEMA should take a look at.

Also, in general, when you require a manufacturer to retool, it costs money. Even if the product that you are producing is a lesser product, if you will, in terms of the amenities that are included, the retooling of the manufacturing process is expensive. Stopping a line and making the necessary conversions is expensive. I think these are issues that we need to communicate further with FEMA on, to see whether this is like the infamous chocolate chip cookie many years ago, where the government had specifications that greatly increased the cost and finally switched to buying off-the-shelf chocolate chip cookies and found that they served just fine and were a much more efficient and cheaper way of doing business. So thank you for your testimony on that.

Mayor, just one question for you. I have read a couple of press stories that reported that FEMA was either unable or unwilling to accept manufactured homes that were delivered to Hope that were either damaged en route or did not meet specifications. I would certainly understand why FEMA would not want to take delivery of damaged homes or homes that did not meet the specifications, but these reports have also indicated that in some cases the manufactured homes were stored in rest areas or beside highways until repairs or alterations could be made, clearly not a good situation for the communities involved. Has this been a problem for your community?

Mayor RAMSEY. That is a little bit out of my purview, but what I know about that, they would not accept them on the site until they are "mission ready." And of course, some of these mobile homes came great distances, and coming down Interstates, they lost shingles and they lost siding, so it was the manufacturers that were basically leasing space from private individuals or companies to pre-stage these mobile homes to get them mission ready to accept them onto the site here at Hope. It sort of sprung up as a cottage industry, so to speak, for some of the landowners in about a 50-mile radius of Hope.

Chairman COLLINS. Thank you. Senator Pryor.

Senator PRYOR. Thank you. Mayor, let me just say that I want to thank you for your public service, and I know that you have worked very hard, along with the City, to meet the needs of the Federal Government and FEMA, and you have accommodated them by modifying contracts and meeting them at odd hours and doing all the things that you have done, so we really appreciate that. And I know that the City of Hope and Hempstead County and its communities are very proud to help in the effort to bring relief to hurricane victims.

And I also noticed, thanks to Mike Ross pointing out, a few faces in the crowd. Sheriff Jerry Crane has been here, County Judge Wallace Martin, and Supreme Court Justice Jim Gunter. And so we want to thank them for being here. And of course, Todd Burrow of the Hope *Star,* who kind of helped break this story statewide and nationally, I thank him for being here and covering this hearing as well.

Let me ask, if I may, Mr. Harper, about the standby contracts? Does that ring a bell for you? Can you tell the Committee about standby contracts under the previous FEMA administration?

Mr. HARPER. Probably a question that could have been addressed by Mr. Garratt as well, but it is our understanding from our member manufacturers that under a previous Administration, and previously under FEMA, standby contracts would be solicited prior to the hurricane season coming about, in that FEMA would say, "These are the type of units we want built," solicit the bids from the manufacturers, and hold those bids until such time as the homes were needed.

Senator PRYOR. Is it your understanding that in these hurricanes last year there were brokers and third parties that were being used to do this purchasing?

Mr. HARPER. It is my understanding that FEMA purchased the manufactured housing in two specific ways: Either directly from manufacturers or from the third parties that contracted with the manufacturers for the building of the homes.

Senator PRYOR. And also, do you know, do you have any knowledge of how long the industry was given to try to get information back to FEMA or respond to requests for proposals?

Mr. HARPER. The fax that I have that came from the FEMA purchasing office gave out the specifications for these homes on September 8, 2005, and required the bids to be back on September 9, 2005.

Senator PRYOR. Twenty-four hours?

Mr. HARPER. Less than.

Senator PRYOR. Let me ask, if I may, about the wind protection. I know that one of the FEMA requirements is to make these homes sturdier for wind protection. As I understand it, that is just a matter of adding straps or somehow in the manufacturing process just adding something fairly inexpensive to the homes. Is that right or not?

Mr. HARPER. To a degree, Senator. There is a full section under the HUD standards that deals with wind storm protection. It deals with not only the way that the walls and floors are affixed to each other, but in certain zones it will also bring out different types of

exterior treatments, and also anchoring and installation requirements.

Senator PRYOR. Scott MacConomy, please put up Table 4,[1] which one of the previous witnesses had, and I am sure you saw it a few moments ago when they had this up. This is an estimated cost for the life cycle of a travel trailer. Now, I assume that travel trailer, is that a manufactured home or is that actually the trailer? That is the trailers, OK. Are these figures consistent with a mobile home in terms of how much it is to haul them and install them, how much it is to maintain a mobile home?

Mr. HARPER. This is the first time that I saw these figures, Senator, and I think they came from the Inspector General's office, so I think that question would probably be better posed to him.

Senator PRYOR. And let me ask if you know this. When a typical consumer buys a mobile home, how much does it cost him to have it installed—and I am not talking about the travel because I understand that is going to be a per-mile charge, but to get the site prepped, how much does that actually cost? On average. And I know it is different, but on average.

Mr. HARPER. It is different, based on different sites and based on different conditions and different types of financing that are going to be used. If the home is going to be permanently installed, with a permanent foundation, footings, and those sorts of things, but the average, industry average is going to run somewhere between $4,000 to $6,000.

Senator PRYOR. Per unit?

Mr. HARPER. Per unit.

Senator PRYOR. All right. My last question is just a general mop-up type question in that, you have sat through this entire hearing, heard a lot of things asked and heard a lot of things being said. Before we close here, is there anything you would like to address or you would like to follow up on or clarify from other witnesses' testimony or maybe a question that we missed?

Mr. HARPER. I tried to incorporate some of the things that I heard in the other witnesses' testimony in my review or summary of my comments, and I think everything was pretty well covered, Senator. Again, I did touch on Mr. Garratt's comments about site development, and I think that is something that certainly needs to be addressed in a disaster-preparedness mode. For instance, after the mass exodus of people from the hurricane areas came to Arkansas, we coordinated with the Governor's office here under their Katrina Assistance Relief Effort, or KARE program. And we surveyed our members in the State to find available individual sites in manufactured home communities and parks and available inventory for purchase here. We felt that was a good step in our direction for helping on the local level. We feel that needs to be expanded to other States and other regions. In my conversations with my counterparts in Louisiana, Mississippi, and Alabama, they feel the same, that there needs to be more coordination before the disaster in order to make a better response afterward.

Senator PRYOR. Thank you. Thank you, Madam Chairman.

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[1] Table 4 appears in the Appendix on page 74.

Chairman COLLINS. Thank you. I want to thank this panel of witnesses for their help today, and I want to thank all of our witnesses for giving us a better understanding of the situation with temporary housing. Our intent is not only to find out what went wrong with the response to and recovery from Hurricane Katrina, but also to ensure that we can put in place the necessary reforms as we go forward with the 2006 hurricane season, or respond to other disasters, whether they are natural or man made.

This represents the 22nd hearing that the Committee has held. It has been a very valuable hearing. Our Committee has heard from 85 witnesses. We have formally interviewed 320 other individuals, and we have reviewed some 820,000 pages of documents. This has been a very comprehensive investigation, and I think it is appropriate that our last hearing is not in Washington, DC, but rather out where we can talk to people who have taken in the victims of the storm and who are seeking to assist them.

I very much appreciate all of the cooperation, and I am grateful to Senator Pryor for suggesting this hearing, and I really want to thank our hosts here at the University of Arkansas Community College at Hope for being so gracious and helping us meet all of our many needs today. Thank you again, very much.

This has been my first visit to Arkansas, but I certainly hope that it will not be my last. How appropriate that my first visit is to a city called Hope. Thank you very much for your hospitality. The hearing record will be held open for 5 days for the submission of additional questions or statements or any other materials. Senator Pryor, do you have any concluding comments?

Senator PRYOR. I do not, other than just to thank you again for being here and doing this hearing here. It means a lot to the folks in Hope, and hopefully it will help us be more prepared. Thank you.

Chairman COLLINS. Thank you. This hearing is now adjourned.

[Whereupon, at 1 p.m., the Committee was adjourned.]

# APPENDIX

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**Testimony by Congressman Mike Ross**
**Fourth Congressional District of Arkansas**

**United States Senate**
**Committee on Homeland Security and Governmental Affairs**
**Field Hearing**
**"FEMA's Manufactured Housing Program: Haste Makes Waste"**

**April 21, 2006**

Thank you for having me here today, and I appreciate the opportunity to discuss the Federal Emergency Management Agency (FEMA) and the manufactured homes at the Municipal Airport here in Hope, Arkansas. I would like to thank Chairwoman Susan Collins and Senator Mark Pryor for inviting me to join you today.

Hurricane Katrina devastated the Gulf Coast on August 29th, 2005. Our hearts and prayers go out to all the people that were drastically impacted as a result of this storm, who lost their home and literally everything they owned.

I grew up in this area in Prescott, Emmet and Hope, and graduated in this very city from Hope High School in 1979. It is with great disappointment that I remind you it has been almost eight months since Hurricane Katrina, yet over 10,000 brand-new, fully furnished manufactured homes remain parked in a hay meadow at the Hope Municipal Airport, over 450 miles from the eye of the storm while thousands remain homeless. The situation at the Hope Airport is a symbol of the mishandlings of this disaster by this Administration and by FEMA

Shortly after Hurricane Katrina, FEMA selected the Hope Airport because of the old World War II Army airport facility at this location. They wanted to use the inactive runways, taxiways, and tarmacs as a FEMA staging area. The original purpose was to

store manufactured homes purchased as temporary housing for displaced families before they were sent to the devastated area.

Late last year, these new, 60-and 80-foot-long, 14-foot wide, two and three bedroom fully furnished manufactured homes began arriving at this staging area at the Hope Airport. Until a couple of weeks ago, 10,777 of these manufactured homes arrived at the airport, but never left. These homes were supposed to come in and out of the staging area on a constant basis in order for displaced families to have the opportunity to return their lives to some normalcy.

The problem we are currently facing is that the majority of these 10,777 homes are still at the Hope Municipal Airport and not being used for the reasons they were purchased. FEMA has moved some 300 manufactured homes out of this so called "staging area" and is currently sending another 100 of them to Marmaduke, Arkansas, where a devastating tornado recently left the small town in shambles. I commend FEMA for helping this community, but the bottom line is we still have over 10,000 brand new, fully furnished manufactured homes that remain unoccupied. With thousands of victims from Hurricane Katrina being housed in hotels, it is unacceptable for these homes to sit here unused.

My investigation into why these homes were coming to the staging area but not leaving began when I sent three separate letters to the Acting Director of FEMA, R. David Paulison, dated December 13, 2005; December 15, 2005; and February 1, 2006. I finally received a response from FEMA on February 7, 2006 which stated that FEMA regulations would not allow manufactured homes to be temporarily placed in a flood plain. My question is how FEMA explains spending an estimated $431 million on these

10,777 manufactured homes to house families when they knew most of them lived in a flood plain.

Under a normal situation, I understand placing manufactured homes in a flood plain is not the safest and most efficient way to house people. But this is not a normal situation and the reality is that almost every displaced family that needs a home lived in a flood plain. This problem could be solved with an Executive Order from the President that allows manufactured homes to temporarily be placed in a flood plain, but we continue to let displaced families go without adequate housing and watch as the taxpayer's money is wasted on hotel rooms while these homes remain here in Hope.

FEMA wants to warn us about the vulnerability of placing the manufactured homes in a flood plain, but they have not taken into account the possibilities of tornados in this area. This portion of the state is commonly referred to as "Tornado Alley." One tornado in the right place could destroy all of these unused manufactured homes at once. What is worse? To have these manufactured homes spread over multiple flood plains in Alabama, Mississippi, and Louisiana housing people who need them, or have them sitting at the airport in Hope, where there will likely be many tornado watches and a few tornado warnings over the next few months.

Another dilemma is about 75% of these manufactured homes are stored in the fields surrounding the airport. With the spring rains upon us these manufactured homes could eventually begin to sink, therefore FEMA has decided to lay gravel on 170 acres of this land, costing the taxpayers $4.2 million, so that they can continue to store these manufactured homes currently sitting in the hay meadow.

At a time when our government has an $8 trillion national debt, it is unconscionable how FEMA and this administration can justify spending $431 million on manufactured homes that are just sitting at the Hope Municipal Airport and an additional $4.2 million to gravel the surrounding hay meadows. I doubt there is anyone in this country that would criticize the government for spending this money if it was used to house those who lost everything in the wake of this horrific natural disaster, but this is not happening.

This is an example of why taxpayers are fed up with our Government and most importantly, the lack of accountability in our Government. I believe it is time to exercise some common sense and good judgment and move these manufactured homes out of Hope and to the people who so desperately need them.

Thank you again to Chairwoman Collins and Senator Pryor for your invitation and your attention to this problem we all hope to solve.

# TESTIMONY OF

# DAVID GARRATT

# ACTING DIRECTOR OF RECOVERY

# FEDERAL EMERGENCY MANAGEMENT AGENCY

# DEPARTMENT OF HOMELAND SECURITY

BEFORE THE

SENATE COMMITTEE ON

HOMELAND SECURITY AND GOVERNMENTAL AFFAIRS

UNITED STATES SENATE

HOPE, ARKANSAS

APRIL 27, 2006

GOOD MORNING MADAM CHAIR, SENATOR LIEBERMAN,
AND MEMBERS OF THE COMMITTEE.

MY NAME IS DAVID GARRATT, AND I AM THE ACTING DIRECTOR OF RECOVERY AT FEMA. I'M JOINED BY MS. PATRICIA ENGLISH, FEMA'S CHIEF PROCUREMENT OFFICER, AND MR. RON GOINS, A SENIOR FEMA LOGISTICS OFFICIAL. TODAY WE WILL ADDRESS THE CONCERNS RAISED REGARDING THE MOBILE HOMES THAT FEMA HAS STAGED AT THIS SITE, AS WELL AS DISCUSS THE ROLE THESE MOBILE HOMES WILL PLAY IN SUPPORT OF BOTH ONGOING AND FUTURE DISASTER SUPPORT REQUIREMENTS.

I FULLY APPRECIATE THE COMPELLING VISUAL IMAGE, AND INTUITIVE CONCERNS RAISED, BY THE HOPE MANUFACTURED HOUSING STORAGE SITE. THOUSANDS OF UNUSED MOBILE HOMES SIT VACANT IN ARKANSAS, EVEN AS MANY LOUISIANA AND MISSISSIPPI VICTIMS OF HURRICANE KATRINA CONTINUE TO WAIT FOR TEMPORARY HOUSING. MY GOAL TODAY IS TO EXPLAIN THE DECISIONS BEHIND USE OF THIS SITE, AS WELL AS TO OUTLINE FEMA'S STRATEGY FOR MAKING USE OF EACH MOBILE HOME SITUATED AT HOPE. HOWEVER, TO PLACE THE EXPLANATION IN CONTEXT, I WOULD LIKE TO BRIEFLY OUTLINE FEMA'S HOUSING PROGRAM.

FEMA PROVIDES HOUSING ASSISTANCE TO DISASTER VICTIMS IN ACCORDANCE WITH THE AUTHORITIES AND GUIDANCE IN THE ROBERT T. STAFFORD DISASTER

RELIEF AND EMERGENCY ASSISTANCE ACT, AS IMPLEMENTED IN AGENCY REGULATIONS. THE STAFFORD ACT AUTHORIZES THE FEDERAL GOVERNMENT TO PROVIDE TWO TYPES OF HOUSING ASSISTANCE: FINANCIAL ASSISTANCE, IN THE FORM OF RENTAL SUBSIDIES, AND DIRECT ASSISTANCE, IN THE FORM OF HOUSING UNITS. BOTH TYPES OF ASSISTANCE ARE, BY LAW, TEMPORARY, AND GENERALLY LIMITED TO 18 MONTHS. THE PRINCIPAL FORM OF ASSISTANCE TO THE VAST MAJORITY OF DISASTER VICTIMS, INCLUDING VICTIMS OF HURRICANES KATRINA AND RITA, IS FINANCIAL RENTAL ASSISTANCE. TO DATE, FEMA HAS PROVIDED RENTAL ASSISTANCE TO OVER 715,000 KATRINA AND RITA HOUSEHOLDS. THE SECOND FORM OF ASSISTANCE IS DIRECT HOUSING, WHICH FEMA PROVIDES WHEN THERE IS INSUFFICIENT RENTAL OR HOUSING STOCK IN AN AFFECTED AREA. SUCH WAS, AND REMAINS, THE CASE ALONG THE GULF COAST.

FEMA RECOGNIZED, EVEN BEFORE HURRICANE KATRINA MADE LANDFALL, THAT A PROACTIVE HOUSING STRATEGY WOULD BE REQUIRED IN ITS AFTERMATH. ACCORDINGLY, FEMA ESTABLISHED, PRIOR TO LANDFALL, AND FOR THE FIRST TIME, A HOUSING AREA COMMAND, HEADQUARTERED IN BATON ROUGE. THE INITIAL MISSION OF THE HOUSING AREA COMMAND WAS THREEFOLD: TO BEGIN IDENTIFYING HOUSING NEEDS ; TO IDENTIFY SOLUTIONS INCLUDING ALL AVAILABLE CANDIDATE GROUP SITE LOCATIONS; AND TO BEGIN MOBILIZING AND MOVING TEMPORARY HOUSING UNITS INTO THE AFFECTED AREAS AS QUICKLY AS POSSIBLE.

FEMA ESTABLISHED THE HOUSING AREA COMMAND BECAUSE WE REALIZED THAT, AFTER LANDFALL, DISASTER RESPONSE EFFORTS WOULD BE SUBSTANTIALLY-- AND RIGHTLY-- FOCUSED ON LIFE-SAVING AND SUSTAINING OPERATIONS – ALWAYS OUR FIRST PRIORITY. NEVERTHELESS, RECOGNIZING THAT THE SCALE OF THE HOUSING MISSION WAS LIKELY TO BE MASSIVE, WE WANTED A DEDICATED HOUSING COMPONENT ACTIVELY PURSUING HOUSING OPTIONS AND SOLUTIONS IN PARALLEL, BUT WITHOUT PULLING ASSETS AND RESOURCES FROM IMMEDIATE RESPONSE EFFORTS.

WE ASKED THE HOUSING AREA COMMAND TO LEAN FAR FORWARD, TO BEGIN AGGRESSIVELY ADDRESSING THE NEEDS OF THE VICTIMS AS QUICKLY AS POSSIBLE. THE CATASTROPHIC SCALE OF HURRICANE KATRINA HAD A DEVASTATING IMPACT ON HOUSING AND APARTMENT STOCK IN THE GULF COAST AND HUNDREDS OF THOUSANDS OF VICTIMS WERE EVACUATING TO SAFE HAVENS THROUGHOUT THE COUNTRY. THIS GREATLY COMPLICATED THE MISSION OF THE HOUSING AREA COMMAND AS IT BEGAN TO TACKLE THE SHORT AND LONG-TERM HOUSING NEEDS, AND THE MOST APPROPRIATE SOLUTIONS FOR MEETING THESE NEEDS.

RECOGNIZING THAT SO MANY EVACUEES HAD SUFFERED THE LOSS OF THEIR HOMES, THE HOUSING AREA COMMAND ORDERED TENS OF THOUSANDS OF TRAVEL TRAILERS AND MOBILE HOMES. THE HOUSING AREA COMMAND ALSO

SOUGHT TO IDENTIFY OTHER HOUSING OPTIONS, SUCH AS RENTAL UNITS, THAT PROVIDE A MORE SUSTAINABLE ENVIRONMENT. WITHIN WEEKS, FEMA BEGAN THE PROCESS OF RECEIVING AND INSTALLING THOSE UNITS THROUGHOUT THE GULF COAST REGION, BOTH ON PRIVATE PROPERTY SITES, AS WELL AS ON GROUP SITES. AS OF TODAY, THIS STRATEGY HAS PROVIDED 100,000 MANUFACTURED HOUSING UNITS READY FOR OCCUPANCY THROUGHOUT THE AFFECTED AREA, WE BELIEVE THIS TO BE QUITE A LOGISTICAL FEAT, AS IT VASTLY OUTSTRIPS ANY PREVIOUS TEMPORARY HOUSING RESPONSE AND RECOVERY EFFORT IN THE UNITED STATES.

THESE WERE THE STRATEGIC CONSIDERATIONS THAT GUIDED OUR TACTICAL RESPONSE AS WE MADE OUR INITIAL PURCHASES OF MOBILE HOMES AND TRAVEL TRAILERS. WE PURCHASED HOUSING UNITS AS A TEMPORARY MEASURE TO REPLACE THE TENS OF THOUSANDS OF DAMAGED AND DESTROYED HOMES AND TO RAPIDLY PROVIDE A PLACE FOR VICTIMS TO RETURN HOME.

FEMA AND DHS REALIZED IMMEDIATELY THAT THE ROAD TO RECOVERY WOULD BE DIFFICULT. IN THE ABSENCE OF DETAILED INFORMATION ON COMMUNITIES' SPECIFIC HOUSING NEEDS AND PRIORITIES, WE WERE STILL FACED WITH THE CHALLENGE OF HOW TO JUMP-START HOUSING RECOVERY. ONE OF OUR TEMPORARY HOUSING STRATEGIES IS TO PLACE A TRAVEL TRAILER OR MOBILE HOME ON A VICTIM'S PRIVATE PROPERTY, NEXT TO THEIR

DAMAGED OR DESTROYED HOME, AND THUS SUPPORT THE REBUIDING EFFORT BY ALLOWING THE HOMEOWNER TO REMAIN ON HIS OR HER PROPERTY.

FEMA PURCHASED MANUFACTURED HOUSING OF MANY TYPES BECAUSE THE BROAD IMPACT OF KATRINA HAD AFFECTED FAMILES OF MANY SIZES AND CIRCUMSTANCES. AS KATRINA HIT, FEMA PLACED ORDERS FOR THOUSANDS OF MANUFACTURED HOUSING UNITS, KNOWING THE HOUSING NEEDS WOULD BE UNPRECEDENTED. ORDERS TO MAXIMIZE THE NUMBER OF TRAVEL TRAILER SUPPLIERS WERE COMPLEMENTED BY ORDERS TO MOBILE HOME SUPPLIERS, THOUGH IN SMALLER NUMBERS – TO BE CERTAIN WE COULD MEET ESTIMATED NEEDS OF THOUSANDS OF HOUSEHOLDS, AND SUPPORT STATE AND LOCAL GOVERNMENT RECOVERY STRATEGIES.

WITH THAT AS A BACKDROP, LET ME EXPLAIN THE FACTORS THAT LED TO OUR EXCESS MOBILE HOME INVENTORY AT HOPE, ARKANSAS. THREE PRINCIPAL FACTORS CONTRIBUTED TO THIS SITUATION.

THE FIRST FACTOR RELATES TO OUR EVOLVING TEMPORARY HOUSING STRATEGY. INITIALLY, THE HOUSING AREA COMMAND ENVISIONED ESTABLISHING MEGA GROUP SITES CONSISTING OF THOUSANDS OF MOBILE HOMES AS A RAPID MEANS OF GETTING DISPLACED EVACUEES BACK INTO THEIR AFFECTED STATE. HOWEVER, THIS STRATEGY, WHILE OPERATIONALLY DEFENSIBLE, WAS SUBSEQUENTLY REJECTED, FOR SEVERAL REASONS. ONE,

THE SITES WERE NOT NECESSARILY GOING TO BE LOCATED IN PROXIMITY TO OR POPULATED BY VICTIMS FROM NEARBY COMMUNITIES, AND, TWO, LARGE GROUP SITES PRESENT SOCIAL MANAGEMENT CHALLENGES, PARTICULARLY AT THE LOCAL LEVEL. AS A RESULT, FEMA AND DHS REORIENTED THE TEMPORARY HOUSING STRATEGY TO FOCUS ON SMALLER GROUP SITES, IN OR IN CLOSE PROXIMITY TO COMMUNITIES.

THE SECOND FACTOR HAS BEEN THE RELUCTANCE OF COMMUNITIES TO ACCEPT MOBILE HOMES IN GROUP SITES. MOBILE HOMES, WHILE LARGER AND MORE SPACIOUS THAN TRAVEL TRAILERS, ARE REGARDED WITH SOME DEGREE OF TREPIDATION BY COMMUNITIES AND NEIGHBORHOODS, WHO OFTEN VIEW SUCH TEMPORARY UNIT DEVELOPMENTS AS POTENTIALLY PERMANENT FIXTURES. AS A RESULT, THERE HAS BEEN WIDESPREAD RESISTANCE TO ALLOWING SUCH SITES IN MANY AREAS.

THE FINAL FACTOR IS FLOODPLAIN RESTRICTIONS. PLACING MOBILE HOMES IN FLOODPLAINS IS PROHIBITED BY EXECUTIVE ORDER AND FEMA REGULATIONS, UNLESS THOSE UNITS FOLLOW A RIGOROUS EIGHT-STEP MITIGATION PROCESS INVOLVING, AMONG OTHER REQUIREMENTS, ELEVATION ABOVE THE FLOOD LEVEL. THIS PROCESS IS BOTH EXPENSIVE AND TIME-CONSUMING, AND HAS DISCOURAGED THEIR USE IN MANY AREAS. .

WHILE IT WOULD HAVE BEEN IDEAL TO HAVE A BETTER UNDERSTANDING OF THESE LIMITING FACTORS EARLIER IN THE RECOVERY EFFORT AND PROCUREMENT PROCESS, PROMPT ACTION DID PREVENTED SUPPLY SHORTAGES FROM EMERGING LATER IN THE RECOVERY EFFORT. AS A RESULT OF THESE FACTORS, FEMA HAS MORE MOBILE HOMES, HERE IN HOPE, ARKANSAS, THAN IT EXPECTS TO EMPLOY IN THE GULF REGION. WHILE FEMA FULLY EXPECTS TO DRAW DOWN ANOTHER 3,000 MOBILE HOMES FROM HOPE FOR USE IN LOUISIANA, WE WILL STILL HAVE SOME EXCESS BUT WE WILL SEEK TO AVOID WASTE. WHILE ALL OF THE MOBILE HOMES THAT WERE ORDERED IN RESPONSE TO HURRICANE KATRINA MAY NOT ULTIMATELY BE USED IN THE GULF REGION, MANY OF THESE UNITS WILL BE USED TO SUPPORT OTHER DISASTER RESPONSE OPERATIONS. FOR EXAMPLE, UNITS FROM HOPE HAVE BEEN DEPLOYED TO TEXAS TO PROVIDE TEMPORARY HOUSING TO VICTIMS OF THE STATE'S TERRIBLE WILDFIRES, AND OTHER UNITS WILL BE USED TO SUPPORT THE VICTIMS OF RECENT TORNADOES IN ARKANSAS AND NEARBY STATES.

ADDITIONALLY, WE WILL BE REDEPLOYING A PORTION OF THIS INVENTORY TO STAGING AREAS IN THE NORTHERN TIER OF OUR NATION, WHERE THEIR STABILITY AND INCREASED PROTECTION FROM THE COLD MAKE THEM A PREFERABLE HOUSING ALTERNATIVE OVER TRAVEL TRAILERS. ADDITIONAL UNITS ARE PROGRAMMED TO BE MOVED FARTHER WEST, TO SUPPORT POTENTIAL DISASTERS IN THE PACIFIC STATES AND OUR WESTERN STATES.

OUR GOAL IS TO RELOCATE A TOTAL OF 3,000 UNITS FROM HOPE TO OTHER STAGING AREAS OVER THE NEXT FOUR MONTHS.

HOWEVER, THE 2006 HURRICANE SEASON IS LESS THAN TWO MONTHS AWAY, AND A PORTION OF THE HOPE INVENTORY WILL PLAY AN IMPORTANT ROLE IN OUR READINESS. WHILE WE INTEND TO REDUCE THE INVENTORY THROUGH THE USES I JUST DESCRIBED, WE INTEND TO MAINTAIN, AT THIS TIME, A RESIDUAL INVENTORY OF 5,000 UNITS AT HOPE, TO BE READY FOR IMMEDIATE DEPLOYMENT TO THE GULF REGION IN THE EVENT OF ANOTHER HURRICANE CATASTROPHE. WE WILL RE-EVALUATE THE STATUS OF THIS INVENTORY OVER TIME AS THE GULF COAST REBUILDS ITS SUPPLY OF PERMANENT HOUSING STOCK.

FINALLY, REGARDLESS OF ASSERTIONS TO THE CONTRARY, THE MOBILE HOMES AT OUR HOPE STORAGE FACILITY ARE BEING MAINTAINED IN HABITABLE CONDITION AND ARE READY FOR DEPLOYMENT. WHILE IT HAS BEEN ERRONEOUSLY PORTRAYED OTHERWISE, A TIRE SINKING INTO THE MUD RESULTING FROM A RAINSTORM DOES NOT DAMAGE A MOBILE HOME. SIMILARLY, IT HAS BEEN SUGGESTED THAT FEMA IS USING JACKS TO PROP UP DAMAGED UNITS. IN FACT, USING JACKS IS A REQUIRED STORAGE TECHNIQUE FOR 70 AND 80-FOOT MODELS TO ASSURE APPROPRIATE LONGER-TERM STAGING AND PROTECTION OF THE MOBILE HOME. THERE ARE APPROXIMATELY 1,500 OF THESE EXTENDED MODELS AT THE HOPE SITE. BOTTOM LINE: DESPITE

MISINFORMATION OTHERWISE, ALL MOBILE HOMES AT HOPE ARE MISSION READY.

ALL OF US AT FEMA AND DHS APPRECIATE THE KEEN INTEREST OF THE COMMITTEE IN ALL PHASES OF OUR DISASTER RESPONSE AND RECOVERY EFFORTS, AND STAND READY TO SUPPORT YOU IN THIS FACT-FINDING MISSION. WE ARE CAREFULLY REVIEWING THE FULL RANGE OF REPORTS AND RECOMMENDATIONS ON OUR DISASTER HOUSING EFFORTS. FEMA IS PURSUING A NUMBER OF INITIATIVES THAT WILL INCORPORATE APPROPRIATE "LESSONS LEARNED" INTO OUR PLANNNING, GUIDANCE AND STRATEGY FOR ONGOING RECOVERY AND OUR RESPONSE TO FUTURE EVENTS.

THANK YOU. I AND MY COLLEAGUES WILL BE PLEASED TO ANSWER ANY QUESTIONS YOU MAY HAVE.

**STATEMENT OF RICHARD L. SKINNER**

**INSPECTOR GENERAL**

**U.S. DEPARTMENT OF HOMELAND SECURITY**

**BEFORE THE**

**COMMITTEE ON HOMELAND SECURITY AND GOVERNMENTAL AFFAIRS**

**UNITED STATES SENATE**

**HOPE, ARKANSAS**

**APRIL 21, 2006**

Good morning Madam Chairman and Members of the Committee.

Thank you for the opportunity to be here today to discuss our ongoing and future audit and investigative efforts. I will focus my remarks on the Department of Homeland Security (DHS), Federal Emergency Management Agency's (FEMA) acquisition and oversight of transitional housing, including travel trailers, mobile homes, and modular homes.

The devastation caused by Hurricane Katrina is still being assessed. In the aftermath of a major disaster such as this, the federal government has certain roles and responsibilities: it is obligated to ensure that roads are cleared of debris to allow emergency workers access to affected areas; it is obligated to ensure that immediate steps are taken to shelter and protect the lives of its citizens; and, it is obligated to take measures to mitigate further damage or harm to homes and dwellings. It is also critical that the federal government provide these services quickly and at a reasonable cost.

Today I will discuss how well the federal government addressed its sheltering obligations. The federal government, in particular FEMA, has received widespread criticism for a slow and ineffective response. Unfortunately, as my testimony today articulates, much of the criticism is warranted. These findings are not only emerging from our work, but from that of other federal agencies.

The Government Accountability Office (GAO), Congress, and the Administration are all finding that the federal government fell woefully short in response to this season's Gulf Coast hurricanes. FEMA, in particular, found itself purchasing supplies, commodities, equipment, and other resources to support emergency disaster response efforts, such as travel trailers, and manufactured homes, in large quantities to meet the needs of the hurricane victims. Furthermore, due to severe staffing shortages, contract oversight and monitoring has been inadequate. Consequently, the government has no assurance that it is receiving the goods and services needed to accomplish its missions in a timely manner and at fair and reasonable price.

**Background**

On August 25, 2005, Hurricane Katrina first made landfall in Florida as a Category 1 hurricane, crossed the Gulf of Mexico and grew in intensity before making a second landfall in Louisiana as a Category 3 hurricane on August 29, 2005.[1] As the storm passed

[1] The Saffir-Simpson Hurricane Scale classifies hurricanes by wind intensity in order to predict the damage and flooding the storm will likely cause upon landfall. A Category 3 hurricane has sustained winds of 111–130 miles per hour and a predicted storm surge of 9–12 feet, causing flooding and some structural damage. A Category 4 hurricane has sustained winds of 131–155 miles per hour and a predicted storm surge of 13–18 feet. The most intense hurricane, Category 5, has sustained winds over 156 miles per hour and a predicted storm surge over 19 feet. A Category 5 hurricane can cause complete roof failure, building failure, utility loss, and major flooding damage. Initial reports indicated that Hurricane Katrina made landfall as a Category 4 storm, particularly due to the level of damage left by the storm; however, on

and assistance started moving into the area, the New Orleans' levee system failed and submerged much of the city, exacerbating the disaster.

Hurricane Katrina left damage in catastrophic proportions along the Gulf Coast in Louisiana, Mississippi, and Alabama. The hardest hit communities lost all infrastructure: electricity; water and sewer; roads and bridges; communication systems including telephone lines, cell phone towers, radio capabilities, and many satellite antennae; and, in some instances, basic governmental operations including law enforcement. To add to the calamity, many local first responders were also victims.

Hurricane Katrina caused 1,326 deaths – 1,096 in Louisiana, 228 in Mississippi, and 2 in Alabama.[2] More than 700,000 people were displaced from the Gulf Coast region as a result of Hurricane Katrina. More than 273,000 people were evacuated to shelters. An estimated 300,000 homes were destroyed, or received major or minor damage in Louisiana, Mississippi, and Alabama. In Mississippi alone, 780 homes and 413 mobile homes were reported destroyed; 6,482 homes and 808 mobile homes sustained major damage; and 42,444 homes and 18,243 mobile homes had minor damage as of September 17, 2005.[3] Major disaster declarations covered over 90,000 square miles of the affected Gulf Coast area. While FEMA and other federal, state, and local entities pre-staged commodities and personnel in and around the region, the magnitude of the storm and its catastrophic effects completely overwhelmed all disaster response systems and resources.

**FEMA's Housing Strategy**

FEMA's overall housing strategy for Hurricane Katrina was to use shelters, hotels, motels, cruise ships, tents, and tarping of roofs in order that victims of the hurricane remain in place where possible. FEMA's plans were then to transition victims to travel trailers and mobile homes, and apartments to address longer-term housing needs. In other words, FEMA attempted to use traditional solutions for non-traditional problems. Some components of FEMA's housing strategy were not well planned or coordinated, while other components to address and support the housing needs of displaced disaster victims were not as effective or efficient as FEMA had anticipated.

Because of Hurricane Katrina's devastation, FEMA made immediate housing decisions. For example, on August 31, 2005, it procured 20,000 manufactured housing units, for approximately $1 billion, to address anticipated housing needs and planned to purchase over 100,000 units. It also purchased 30 mobile Disaster Recovery Centers to compliment

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December 20, 2005, the National Hurricane Center reported that aircraft data showed Hurricane Katrina actually made landfall in Louisiana as a high-end Category 3 hurricane.

[2] Data from www.firstgov.gov, Frequently Asked Questions – Hurricane Katrina's effects, accessed April 14, 2006.

[3] Mississippi Defense Coordinating Element Situation Report 17, September 17, 2005. These totals do not include numbers from two of the hardest hit counties in Mississippi.

its existing inventory and 30 office trailers for use in implementing Individual Assistance field operations.

By September 6, 2005, FEMA's priority issues in Louisiana were stabilizing shelter operations and food distribution; in Mississippi it was supporting shelters and the relocating of evacuees as well as identifying emergency group sites for travel trailers; and in Alabama it was coordinating the installation of travel trailers on individual private sites and developing group sites. Staff in FEMA's Housing Area Command said they had identified sufficient sites to address the housing needs of displaced Alabama residents and would redirect resources to address the more affected states of Mississippi and Louisiana. As of that date, in all states, 3,500 manufactured homes and 5,200 travel trailers, in various stages of production, were purchased from dealer lots.

FEMA also began moving approximately 5,000 manufactured homes from its inventory to staging areas, had 60,000 travel trailers being produced at the rate of approximately 120 per day, and awarded a contract for 1,500 modular structures.

By September 10, 2005, staff at FEMA registration call centers began recording information for manufactured homes and travel trailer pre-placement interviews. The first family to be placed in a travel trailer occurred 12 days after the disaster was declared. By September 12, 2005, construction started on a 500- unit travel trailer site in Louisiana with an accelerated occupancy schedule of one week. Within the three affected states, there were 903 travel trailers occupied by September 15, 2005; an additional 1,306, both travel trailers and manufactured homes, were ready for occupancy; and 4,798 were positioned in various staging areas. The following day, only 910 units were occupied: 491 in Louisiana; 107 in Mississippi; and 312 in Alabama.

In Louisiana, the Housing Area Command was working to have 2,405 housing units ready for occupancy by the week of September 17, 2005, and an additional 3,408 units ready the following week. Construction began on a site in Baton Rouge on September 19, 2005, to place 580 travel trailers. The anticipated completion date for this project was September 29, 2005. As of October 1, 2005, only 4,128 units were occupied: 667 in Louisiana, 2,929 in Mississippi, and 532 in Alabama; and, an additional 5,446 units were ready for occupancy.

FEMA, in working with its contractors, experienced difficulty in identifying acceptable sites to place units and was slow in identifying applicants to occupy units. For example, several sites initially identified by FEMA in Louisiana to place multiple units were not well coordinated with local officials, and local officials determined placement was not acceptable. We are reviewing various sites that were rejected, after an estimated total of $8.5 million was spent preparing the sites. Sites were rejected for various reasons; in some cases the sites were withdrawn by the owners or public officials, in other sites contamination was found.

Also, in several states there were problems with leasing existing parks. FEMA can pay only for minimum improvements and some parks required major renovations before being considered suitable for unit placement.

As we continue our review, it has become quite obvious that FEMA has purchased manufactured homes in excess of housing needs. Senior FEMA officials in Washington, D.C. and in the Gulf Coast region authorized these purchases. However, there were two issues that hindered our ability to identify the specific FEMA official(s) who authorized the purchase of the manufactured homes.

First, FEMA's purchasing documents should clearly identify the FEMA official(s) responsible for authorizing the order; however, some requisitions lacked this information. We were told that contracting staff was ordered to process the requisitions and approve the documentation to purchase the homes although the proper documentation, i.e., the responsible FEMA official(s) who authorized the purchase was not clearly identified on the purchasing documents.

Second, FEMA's Housing Area Commander requested a large amount of temporary housing. In an August 30, 2005, email sent by the Housing Area Commander concerning the purchasing of temporary housing, the Commander stated, "Purchase until I say stop…;" however, he did not state what items should be purchased. In a subsequent email from the FEMA Recovery Deputy Director, questions were directed to the Housing Area Commander and the FEMA Recovery Director asking both to clarify the purchasing authority that the FEMA Senior Procurement Executive should have in purchasing temporary housing. We could not locate subsequent e-mails that provided the specific number of temporary housing units to be purchased or who made the final decision to purchase.

Not only did FEMA over-purchase manufactured homes, but they also purchased the wrong type of homes. FEMA regulations prohibit using manufactured homes in flood plains; therefore, the manufactured homes and modular homes cannot be used where most needed, i.e., in parts of Louisiana and Mississippi. Currently, the only use for modular homes has been to house emergency personnel, 50 in Alabama and 50 in Mississippi, and FEMA is considering using some to store supplies at some of FEMA's locations. In early February, FEMA identified the need for 2,600 manufactured homes in Louisiana and 2,000 in Mississippi. FEMA officials have also advised us that they made some of these homes available for victims of the fire declarations in Texas and Oklahoma. They also advised that with hurricane season close at hand, they might use some of the manufactured housing stock in other areas of the country. While there currently is no plan to sell any of the homes, FEMA officials have hired eight out of a projected 15 sales staff personnel to work out of the Cumberland, Maryland, Distribution/Logistics Center in case the homes cannot be used. Needless to say, should FEMA opt to sell the surplus homes, they will be unable to recoup their investment, essentially wasting taxpayer money.

Again, it is unclear how the decision was made; however, we determined that FEMA purchased to date a total of 24,967 manufactured homes at a cost of $862.7 million and 1,295 modular homes at a cost of $40 million. Furthermore, FEMA is now paying to store and maintain manufactured homes at 11 sites throughout the country for an approximate cost of $47 million (see Table 1). This does not include the cost to set up the staging sties. For example to set up the staging site in Hope, Arkansas, FEMA paid $272,000 to construct an access road to the site and pays $58,000 every three months to maintain the road.

**Table 1 – Estimated expense to maintain FEMA Emergency Housing Sites**

| Quarter | Projected Expense |
|---|---|
| First Quarter 2006/ Expended | $ 11,416,093 |
| 2nd Quarter 2006 | $ 11,658,093 |
| 3rd Quarter 2006 | $ 11,766,093 |
| 4th Quarter 2006 | $ 12,051,593 |
| **Total** | **$ 46,891,872** |

[Source: FEMA]

Additionally, FEMA obtained a no cost lease to use facilities at the Starship facility in Anniston, AL, at the former Fort McClellan Army base for a period of two years on August 31, 2005. The facility is owned and operated by the Joint Powers Authority—a non-profit organization. It is co-located with FEMA's Nobel Training Center. In return for the no cost lease, FEMA was required to refurbish the facility in order to make it a suitable housing site for approximately 1,000 evacuees. FEMA spent an estimated $7.9 million in disaster relief funds to refurbish the facility as it was in poor condition after having been mothballed for over six years with mechanical systems and building interiors in poor condition. Most metal surfaces were reportedly corroded and non-metallic surfaces were covered with a black mold. The renovated buildings were adjacent to a firing range that required expensive fencing to minimize risk from unexploded ordinance. Additionally, the contractor performing the work renovated a boiler plant, clinic, resource center, welcome center and started renovations on a gymnasium.

The Starship facility received the first evacuee on September 15, 2005, but was shutdown by FEMA less than two months later on October 25, 2005, as the number of projected evacuees never materialized and facility-operating costs were too high. The Starship facility averaged less than ten evacuees per day during the short time that it was open for business. The contractor performing the work did not receive a formal statement of work until October 25, 2005; the same day the facility was shutdown by FEMA. Between September 15, 2005-October 25, 2005, daily occupancy at the Starship facility ranged between four and 19 evacuees. At the maximum occupancy level, this equates to $416,000 per evacuee. We understand that FEMA terminated the lease and returned the improved property to the Joint Powers Authority. Although FEMA officials at the Alabama Joint Field Office in mid-September tried to stop work on the facility; this does not mitigate the nearly $8 million spent to improve the facility.

**The Case of Hope, Arkansas**

Hope, Arkansas is one of the 11 FEMA emergency housing storage sites. Due to the large number of homes purchased and the need to prepare sites before distribution, FEMA granted three mission assignments to the United States Forest Service to set up these emergency housing storage sites, including the one in Hope. Currently, there are 22,832 mobile homes, and travel trailers being stored at ten of the 11 sites (see Table 2).

**Table 2 – Total number of manufactured homes per FEMA Emergency Housing Site.**

| Location | Mobile Homes | Travel Trailers | Sub-Total |
|---|---|---|---|
| Baton Rouge, LA | 756 | 3,279 | 4,035 |
| Carnes, MS | 568 | | 568 |
| Craig, AL | | | |
| Cumberland, MD | 676 | 542 | 1,218 |
| Hope, AR | 10,167 | | 10,167 |
| Jasper, TX | 4 | 196 | 200 |
| Lake Charles, LA | 184 | 209 | 393 |
| Purvis, MS | 3 | 1,865 | 1,868 |
| Selma, AL | 1,183 | 1,065 | 1,248 |
| Summerdale, AL | 636 | 743 | 709 |
| Texarkana, TX | 1,426 | | 1,426 |
| **Total** | **15,603** | **7,229** | **22,832** |

[Source: FEMA as of April 17, 2006]

As of April 17, 2006, the inventory of manufactured homes in Hope, Arkansas was 10,167. At one point there were as many as 10,770. The approximate cost for the homes is $301.7 million. However, this does not include the cost for storage, maintenance, etc., which adds another overhead cost. The total projected cost to maintain the site at Hope, Arkansas alone is estimated at $3.1 million (Table 3, page 8).

In January 2006, we conducted site visits to evaluate procedures used by FEMA to accept and maintain manufactured homes and modular homes staged at Hope, Arkansas, as well as at Red River Army Depot (RRAD) in Texarkana, Texas. Our objective was to determine whether FEMA established reasonable requirements for these types of housing units and to evaluate the arrangements for staging the units.

In our report, we made several recommendations to FEMA, including:

1. Develop a comprehensive plan that will set forth the most cost effective way to use, or dispose of, the manufactured and modular homes.
2. Continue to monitor all storage sites to ensure that homes are properly maintained to mitigate deterioration. Inventory those that may have already been damaged and make the necessary repairs.

3. Recoup from the manufacturers repair costs for damages that were caused by the manufacturer during delivery.
4. For future disasters, develop written policies, procedures, and plans to govern the acquisition and use of mobile and modular homes. These policies should prohibit the procurement of oversized mobile homes that do not meet FEMA's specifications. Also, FEMA should work with state and local governments to identify prearranged sites that could be used for mobile homes. FEMA should not wait until a disaster strikes to identify possible sites for the homes.

**Table 3 – Estimate of Cost to Maintain Hope, Arkansas site for One Year**

| Item | | Cost |
|---|---|---|
| Rent | $ | 225,000 |
| Security | $ | 2,250,000 |
| Utilities | $ | 2,700 |
| Telephones | $ | 1,710 |
| Sanitation | $ | 27,000 |
| Waste Disposal | $ | 9,000 |
| Maintenance | $ | 53,250 |
| Refurbishing | $ | 525,000 |
| **Total** | **$** | **3,093,660** |

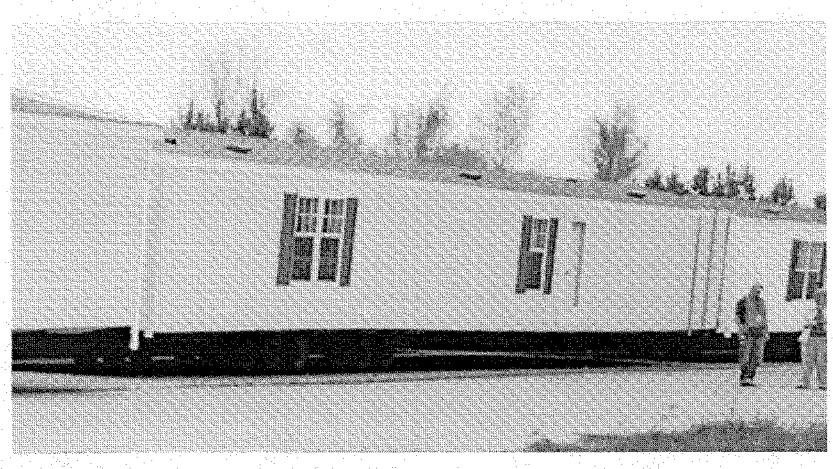
[Source: FEMA]

We visited Hope again earlier this month. We learned that a purchase order was issued from the Baton Rouge Joint Field Office on November 17, 2005, for "crush and run" to be delivered to Hope. The contract was awarded on March 10, 2006, and $4.2 million was obligated, with the option for an additional $2.9 million. "Crush and run," essentially gravel, placed on the open fields would help mitigate deterioration of the homes. Out of the 170 acres to be covered with "crush and run," 17 acres were covered as of April 11, 2006. The project was to be completed within 90 days; however, it is currently estimated that it will take approximately 120 days. The Contracting Officer's Technical Representative (COTR) for the "crush and run" contract has not been to the site. The FEMA site manager is overseeing the work.

FEMA also addressed some of our other concerns. We learned that although two more staff members and 30 local hired have been hired to assist the site manager at Hope, there is still no Accountable Property Officer or COTR. We conducted a site visit at the beginning of April and discovered the grounds dryer than was expected and minimal warping of the frames of the units, but some warping of frames did occur. FEMA officials advised us that they have ordered jack stands to be put under any mobile home over 60 feet long for stabilization. Currently, approximately 83 of the approximate 2,000 mobile homes have been stabilized.

Although FEMA is taking measures to address the concerns we raised in our management advisory in February, the problem is exacerbated because FEMA cannot use any manufactured homes greater than 14 feet wide or 60 feet long, of which they currently have approximately 2,360 in stock, because they do not meet current FEMA specifications. According to FEMA officials, most of the old existing mobile home parks were built to accommodate mobile homes that do not exceed 60 feet in length; therefore, it has become standard FEMA practice to not have mobile homes in excess of this length. FEMA is considering declaring these homes as excess and transferring them to the General Services Administration (GSA) for donation to other federal agencies that may have a need. However, in the interim, we observed that some of the homes were warping since they were not properly stored (Figure 1).

**Figure 1 – Example of warped manufactured home at Hope, Arkansas.**



[Source: Photo taken by DHS/OIG auditors, April 11, 2006]

As of April 11, 2006, approximately 4,000 manufactured homes were ready for occupancy and 3,100 units are currently occupied in Louisiana. FEMA is drawing down as necessary to replenish inventory in Louisiana and Mississippi, placing approximately 35-50 units a day. Units are being placed inside and outside of the floodplain. FEMA ensures us that units placed within the floodplain meet the additional elevation requirements. It is our understanding that units will be transferred to not for profit entities. Under the Stafford Act, not-for-profit entities are eligible to receive mobile homes to be used for the sole purpose of providing temporary housing to disaster victims. FEMA has worked with the Department of Homeland Security's Office of General

Counsel and volunteer agencies to establish policies and procedures for this program. No units have been donated as of April 11, 2006.

To date, FEMA has purchased 114,341 travel trailers at a cost of $1.7 billion. However, the cost does not end with this figure. For the life span of a travel trailer, one must also add the cost to install, maintain, and prepare the site (Table 4).

**Table 4 – Estimated cost for the life cycle of a travel trailer.**

| Item | Description | | ~Cost |
|---|---|---|---|
| Purchase Price | Purchase from Manufacturer = $10,000-$11,000. If purchased from a lot, they can cost from $13,000-$15,000 | $ | 14,000.00 |
| Haul & Install | Haul trailer to staging area and installation includes utility hook-up, building walkways, anchoring and blocking. | $ | 12,000.00 |
| Maintenance | $300/month for the life of a trailer, which is 18 months | $ | 5,400.00 |
| Deactivation | Unhooking, hauling and clean-up, $1,000-$3,000. Does not include cost to refurbish. | $ | 2,000.00 |
| Site | $500-$1,000 for design per unit, i.e.., a 400 unit site could cost up to $300,000. | $ | 750.00 |
| Pad Construction Site preparation | | $ | 25,000.00 |
| **Total:** | | **$** | **59,150.00** |

[Source: FEMA]

Evacuees are using approximately 75,000 travel trailers and another 17,000 are available for delivery to disaster victims. The remainders are being transported to sites or undergoing preparations for use.

As we reported to this committee in February, we are reviewing the entire process for accountability of the trailers from the initial orders, the receipt by FEMA, to final delivery to an evacuee. We have reviewed various reports, all with a different set of numbers, as to what has been ordered, received, and occupied. These discrepancies suggest that FEMA and its contractors do not have sufficient controls or systems in place to account for the trailers and their ultimate disposition.

**Conclusion**

Hurricane Katrina has been a catastrophic event beyond anything in recent experience. We will debate its lessons and calculate its total monetary and economic impact for many years to come. Our oversight efforts are focused on prevention of fraud, waste, and abuse in the expenditure of Katrina related funds, but we also hope to provide lessons for future disasters.

Because of the nature of disasters, we understand that pre-disaster planning cannot address every issue that arises. However, to address disaster operation, the need for an overall catastrophic housing plan is vital. Had the federal government, FEMA in particular, had such a plan, FEMA would not have wasted millions of dollars on unused/unneeded housing.

The issues raised in this hearing relate to the federal government's ability to make needed purchases in response to a disaster in a timely manner, for a fair price, and in quantities needed. In essence, the federal government's ability to put in place a catastrophic housing plan. There were many weaknesses in the federal government's pre-disaster planning. However, we hope that the lessons learned from our findings will help address weaknesses so that we all will be better prepared for future disasters.

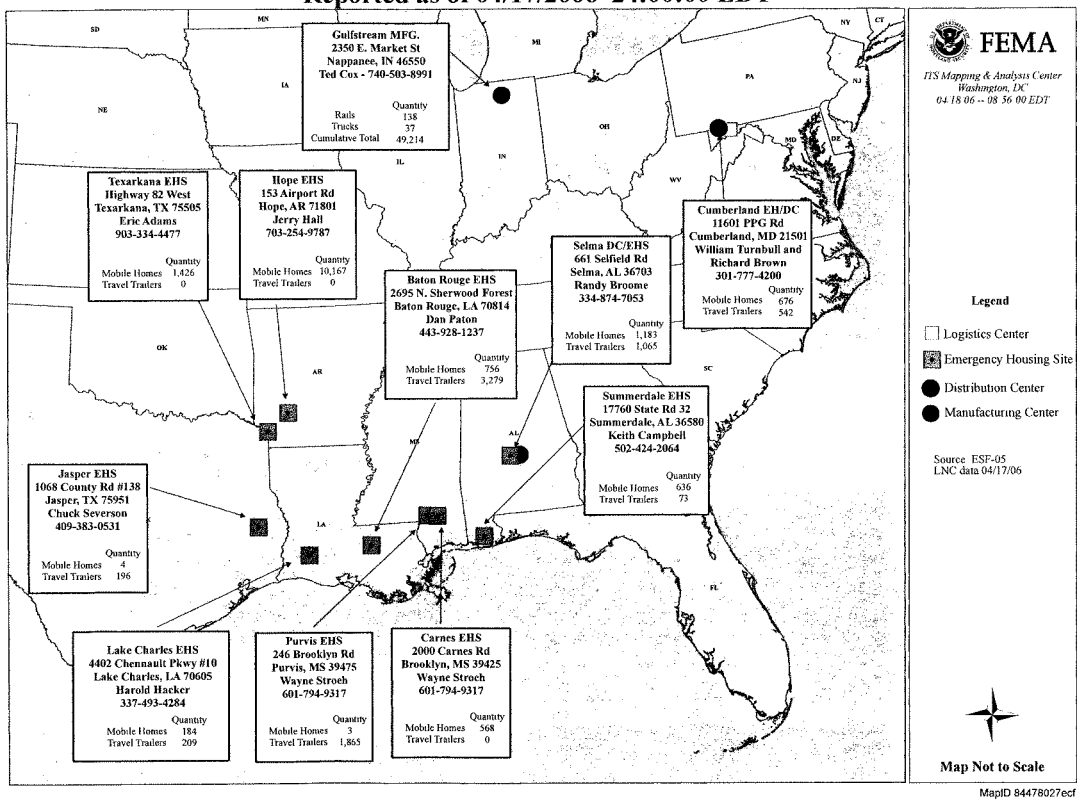
---

Madam Chairman, that concludes my prepared statement. I would be happy to answer any questions you or the members may have.

# # #

[Source: Photo taken by DHS/OIG auditors, April 11, 2006]

# Mobile Homes and Travel Trailers
# Reported as of 04/17/2006 24:00:00 EDT




MapID 84478027ecf

## Table 1 – Estimated expense to maintain FEMA Emergency Housing Sites

| Quarter | Projected Expense |
|---|---|
| First Quarter 2006/Expended | $ 11,416,093 |
| 2nd Quarter 2006 | $ 11,658,093 |
| 3rd Quarter 2006 | $ 11,766,093 |
| 4th Quarter 2006 | $ 12,051,593 |
| **Total** | **$ 46,891,872** |

**Table 3 – Estimated cost to maintain Hope, Arkansas site for one year**

| Item | Cost |
|---|---|
| Rent | $ 225,000 |
| Security | $ 2,250,000 |
| Utilities | $ 2,700 |
| Telephones | $ 1,710 |
| Sanitation | $ 27,000 |
| Waste Disposal | $ 9,000 |
| Maintenance | $ 53,250 |
| Refurbishing | $ 525,000 |
| **Total** | **$ 3,093,660** |

**Table 4 – Estimated cost for the life cycle of a travel trailer**

| Item | Approximate Cost |
|---|---|
| Purchase Price | $ 14,000 |
| Haul & Install | $ 12,000 |
| Maintenance | $ 5,400 |
| Deactivation | $ 2,000 |
| Site Design | $ 750 |
| Pad Construction | $ 25,000 |
| **Total** | **$ 59,150** |

# City of Hope

P. 0. Box 667 .Hope, Arkansas 7 1802-0667 .(870) 777-6701 .Fax (870) 722-2579

April 18, 2006

The Honorable Susan M. Collins, Chairman
Committee on Homeland Security And Governmental Affairs
United State Senate
Washington, DC 205 10-6250

Dear Senator Collins:

I send you greetings from Hope, Arkansas.

Thank you and your committee for extending the opportunity to testify at the field hearing to be held in Hope, Arkansas this Friday, April 21, 2006.

I look forward to the opportunity of meeting you and having you visit our community. I also look forward to testifying before your committee. A copy of my testimony is attached for your review.

Sincerely,

Dennis Ramsey
Mayor

April 18, 2006

Prior to Hurricane Katrina striking the gulf coast, several hundred people evacuated to Hope, Arkansas. When it became evident the devastation to the coast region would be significant, as a community we came to the realization that the stay for many of the evacuees would be prolonged. Our community, as many others across our state, began a grass roots effort to become a source of strength both emotionally and financially for these guest. Funds were raised and distributed; lodging provided; twice daily meals served; job fares held; and friendships extended. All was done with no concern for repayment from the victims or governmental entities. It united us as a community and introduced us to many new friends many with whom we still correspond. Of course this continued with Hurricane Rita weeks later.

On or about Saturday, September 24, 2005, I received a phone call from a Mr. Robert Hoban, who identified himself as a representative of the Federal Emergency Management Agency, FEMA. He stated that FEMA had let or was in the process of letting contracts to purchase upwards of twenty thousand (20,000) manufactured homes (i.e. mobile homes). The staging and distribution point for these homes was to be Red River Army Depot at Hooks Texas. However, much of RRAD contained trees and other vegetation, so the cost of clearing and preparing this land to stage these units would be excessive. On this day he and other individuals had visited our airport property and thought that it would be ideal to store several thousand mobile homes temporarily. Mr. Hoban wanted to know how much acreage, and if the City of Hope would lease the property to FEMA and also the possibility of closing the runways.

I told Mr.Hoban as Mayor, I did not have that authority to make that decision and there were several issues that would have to resolved including:

1. Approval of the Federal Aviation Authority
2. Our visiting with the Arkansas Aeronautics Agency
3. Consulting with our Airport Advisory Board and pilots
4. Approval by a vote of the Hope City Board of Directors
5. Closing all runways was not an option as preservation as Airport Functions was of primary importance

I contacted our City Manager, Catherine Cook, and told her of my conversation.

On Monday, September 26, 2005, I received a call from a representative of the Government Services Administration, Ms. Dorothy Keisler, I believe. She wanted to fax a lease for the City to consider. I told her essentially the same conversation I had had with Mr. Hoban and that it would be premature as I had no authority to negotiate a lease, but that I felt confident the City would do all it could to accommodate the request.

The City Manager began contacting our airport engineers, FAA, Arkansas Aeronautics, City Board members, and local airport groups. We also had on going conversations with FEMA representatives. We informed them we had approximately 453 acres. Per their calculations, they would place approximately 13,000 mobile homes on the site. We informed them of the soil conditions present at the airport. This is an old army airport built in 1941 with three runways; two of which are still active. The third one has been closed permanently. The airport was constructed on what was then very fertile farmland. We informed FEMA that, when wet, this soil became very 'spongy', and during periods rain ingress and egress would be very limited, i.e. become stuck in the mud. No one ever inferred that the mobile homes would begin to 'sink in the mud.'

On Tuesday October 4, 2005, Mr. Robert Hoban, FEMA representative, addressed the Hope City Board of Directors, and requested leasing 453.5 acres of airport property for two years with an option to renew for two additional one-year periods. The reason the two options is that when the units are recovered from the Gulf area by FEMA, they will be returned to Hope for minor refurbishing. The Board recommended a lease price of $25,000.00 per month. A copy of the pertinent minutes of the meeting is attached (exhibit
A).

On October 7, 2005, the lease with the Government Services Administration for the benefit of FEMA was signed. (Exhibit B) A map of the leased area is attached (Exhibit
C).

During the week of October 9, 2005, mobile homes began arriving at the Hope Airport.

On October 21, 2005 at a special called City Board meeting, Mr. Hoban again addressed the City Board. He stated there were approximately four hundred mobile homes housed at the airport on available runway space. He stated that FEMA was interested in placing a geotech fabric and gravel (called 'crush and run') in 50 acre parcels to stage additional mobile homes. The board agreed to the proposal. (Exhibit D)

By November 1, 2005 there were approximately 1500 units at the airport; but no crush and run had been laid except for the road on the south end of the property.

Mr. Hoban subsequently stated that FEMA desired to develop 170 acres and possibly up to 290 total acres with a Geo-tech fabric and four to six inches of SB-2/Class 7 crushed stone applied over the fabric. At the meeting on local FEMA personnel stated the amount would only include about 97 acres (Exhibit E). GSA amended this to the original 170 acres and the Board at the April 4, 2006 meeting passed this. The board along added another amendment that the crosswind runway, #4-22, is to be reopened as soon as possible; and that as it is cleared no additional units would be placed on this runway. FEMA would still have use of the closed permanently closed runway (Exhibits F & G). A map is enclosed showing the acreage to be prepared. This work is currently under construction.

To my knowledge, the maximum number of mobile homes staged at the airport property was 10,777. Currently the number is approximately 10,000.

FEMA has on several occasions told representatives of the City, as well as members of the House and Senate of the United States Congress, the real possibility that this site may become a permanent staging area for FEMA.

The local FEMA representatives as well as Mr. Hoban have been very cooperative and responsive to our questions and concerns when voiced and have responded to them promptly.

**EXHIBIT A**

**CITY OF HOPE**
**BOARD OF DIRECTORS MEETING**
**7:00 PM., TUESDAY, OCTOBER 4, 2005**
**CITY HALL BOARD ROOM**

The City Board of Directors met at 7;00 p.m., Tu~3day, October 4, 2005, with the following present:

Catherine Cook, City Manager
Carol Almond, City Clerk
Joe Short, City Attorney

Directors: Dennis Ramsey, Mayor David Johnson, Vice—Mayor
Doodle Franklin, absent
Willie Walker, absent
Bucky Sharpe
Don Still
Don Hall

Mayor Ramsey called the meeting to order. Director Don Still opened the meeting with prayer.

Minutes of the September 20, 2005 meeting were reviewed and approved on a motion by Don Hall, seconded by Don still. Motion carried with all present voting "Aye."

FEMA Representative Robert Hoban was present to a3k the Board for permission to lease part of the Airport proparty. The reason for this request is that FEMA has purchased mobile homes for the disaster victims from this year's hurricanes. ~t the moment 18,000 16x80 mobile homes and travel trailers are ready to be sent to the Gulf coast but appropriate infrastructure is not yet available in the effected regions for these h~rnes. FEMA has been utilizing space in Texarkana but the cost is becoming prohibitive due to the size of the operation. FEMA pl$_a$ns to keep the travel trailers in Texarkana and bring the mobile homes to Hope, if the Board is agreeable. Also, when :he time comes to recover the trailers, FEMA will need a centralized location for the recovery process.

Mrs. Cook explained that two options for the lease are available. The first' is to lease the area south of AMKO, the closed runway, and area south of the closed runway. The other alternative is to temporarily shut down runway 22—4 and all the property mentioned in the first option. FEMA is proposing a two-year lease with a two—year option to renew.

**EXHIBIT B**

| STANDARD FORM 2<br>FEBRUARY 1965 EDITION<br>GENERAL SERVICES ADMINISTRATION<br>FPR (41 CFR) 1-16 601<br>SF2 FEMA HAC 9 28 05 | **U.S. GOVERNMENT**<br>**LEASE FOR REAL PROPERTY** |
|---|---|
| DATE OF LEASE<br>October 5, 2005 | LEASE NO FEMA-1603-HOPE-AR-LAND#1 |

THIS LEASE, made and entered into this date by and between City of Hope, Arkansas

whose address is P. O. Box 667
Hope, AR 71801-0667

and whose interest in the property hereinafter described is that of Owner

hereinafter called the Lessor, and the UNITED STATES OF AMERICA, hereinafter called the Government:

WITNESSETH: The parties hereto for the consideration hereinafter mentioned, covenant and agree as follows:

1. The Lessor hereby leases to the Government the following described premises (the "Property"):

A part of the Hope Municipal Airport located in Sections 10, 11, 14, and 15 Township 12, South, Range 25 West, containing 453.5 acres and more particularly described as on Exhibit A.

to be used for such purposes as determined by the Federal Emergency Management Agency ("FEMA"), and for those additional purposes by those agencies and entities described in the attached Rider and in accordance with terms as reflected in attached Rider.

2. TO HAVE AND TO HOLD the said premises with their appurtenances for the term OF Twenty Four (24) MONTHS beginning on October 10, 2005 through October 9, 2007 with option to extend two years in one-year increments subject to termination and renewal rights as may be hereinafter set forth.

3. The Government shall pay the Lessor annual rent of $300,000.00 at the rate of $25,000.00 per month in arrears. Rent for a lesser period shall be prorated. Rent payments shall be made by FEMA, payable to:

**City of Hope Airport Fund, P. O. Box 667, Hope, AR 71802-0667**

4. The Government may terminate this lease at any time after twelve (24) months following the effective date of the lease by giving at least sixty (60) days notice in writing to the Lessor and no rental shall accrue after the effective date of termination. Said notice shall be computed commencing with the day after the date of mailing.

5. This lease may be renewed at the option of the Government, for the following terms and at the following rentals:

Two one-year renewal options are included with rates to be negotiated at the time of implementation.

provided notice be given in writing to the Lessor at least sixty (60) days before the end of the original lease term or any renewal term; all other terms and conditions of this lease shall remain the same during any renewal term. Said notice shall be computed commencing with the day after the date of mailing.

6. The following are attached and made a part hereof:
   a. Lease Rider consisting of paragraphs 1 through ____,
   b. GSA Form 3517B, General Clauses, and
   c. GSA Form 3518, Representations and Certifications.

IN WITNESS WHEREOF, the parties hereto have hereunto subscribed their names as of the date first above written.

LESSOR

BY _____ (Signature) _____ (Signature)

IN PRESENCE OF

_____ (Signature) _____ (Address)

UNITED STATES OF AMERICA GENERAL SERVICES ADMINISTRATION

BY _____ (Signature) Contracting Officer (Official title)

STANDARD FORM 2
FEBRUARY 1965 EDITION

EXHIBIT C

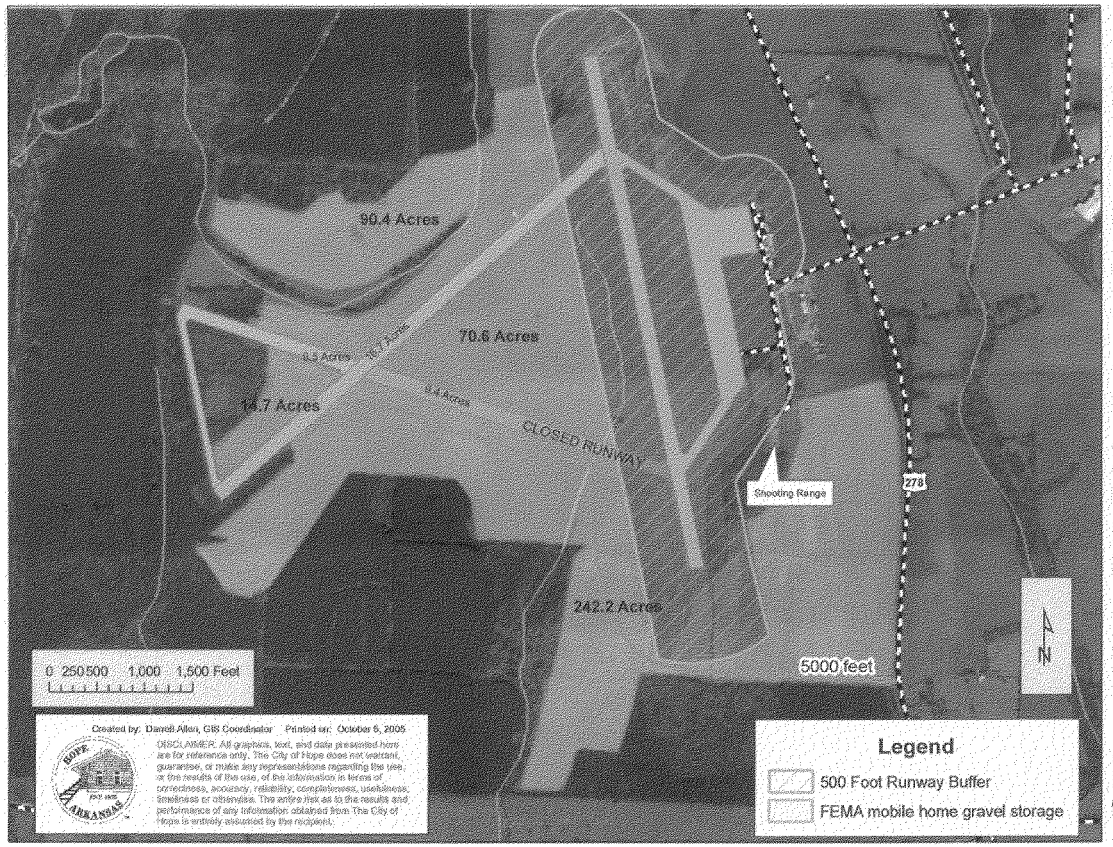

90.4 Acres
70.6 Acres
14.7 Acres
242.2 Acres
CLOSED RUNWAY
Shooting Range
278
5000 feet
N
0 250 500 1,000 1,500 Feet
Created by: Darrell Allen, GIS Coordinator Printed on: October 6, 2005
DISCLAIMER: All graphics, text, and data presented here are for reference only. The City of Hope does not warrant, guarantee, or make any representations regarding the use, or the results of the use, of the information in terms of correctness, accuracy, reliability, completeness, usefulness, timeliness or otherwise. The entire risk as to the results and performance of any information obtained from The City of Hope is entirely assumed by the recipient.
Legend
500 Foot Runway Buffer
FEMA mobile home gravel storage

**EXHIBIT D**

**CITY OF HOPE**
**BOARD OF DIRECTORS MEETING**
**12:00 P.M., FRIDAY, OCTOBER 21, 2005**
**CITY HALL BOARD ROOM**

The City Board of Directors met at 12:00 p.m., Friday, October 21, 2005, with the following present:

Catherine Cook, City Manager
Carol Almond, City Clerk
Joe Short, City Attorney, absent

Directors: Dennis Ramsey, Mayor
David Johnson, Vice—Mayor
Doodle Franklin
Willie Walker, absent
Bucky Sharpe
Don Still
Don Hall

Mayor Ramsey called the meeting to order.

Robert Hoban was present to update the Board on the operations undertaken by FEMA at the Airport. Mr. Hoban told the Board that to date 400 trailers were warehoused at the Airport on the available runway space. Mr. Hoban said that FEMA was now interested in placing crush and run as well as geotech fabric on the areas around the runways in order to stage additional homes on the leased property.

Mr. Haban said they would develop approximately 50-acre parcels of the property at a time. He asked permission from the to begin the crush and run operations.

David Johnson made a motion to grant permission to FEMA to move forward with this plan, seconded by Don Hall. Motion carried with everyone present voting "Aye."

The meeting adjourned at 12:20 p.m.

**CITY OF HOPE**
**BOARD OF DIRECTORS MEETING**
**7:00 P.M., TUESDAY, MARCH 21, 2006**
**CITY HALL BOARD ROOM**

The City Board of Directors met at 7:00 p.m., Tuesday, March 21, 2006, with the following present:

**EXHIBIT E**

Catherine Cook, City Manager
Joe Short, City Attorney
Carol Almond, City Clerk

Directors: Dennis Ramsey, Mayor
David Johnson, Vice—Mayor
Doodle Franklin
Willie Walker
Bucky Sharpe
Don Still
Don Hall

Mayor Ramsey called the meeting to order. Director Don Still opened the meeting with prayer.

Minutes of the March 7 and March 9, 2006 meetings were reviewed and approved on a motion by Don Hall, seconded by Bucky Sharpe. All present voted "Aye." Motion carried.

FEMA requested an amendment of the lease at the Hope Municipal Airport that will allow them the possibility of graveling 170 acres of the leased property.

After some discussion, Joe Short recommended that the amended lease include language stating that as the closed portion of the runway is freed up no additional trailers will be placed in that area.

Bucky Sharpe made a motion to amend the lease as discussed, seconded by Don Hall. All present voted "Aye." Motion carried.

In August 2005, the Board authorized the staff to have Huff Construction tear down condemned property located at 521 S. Walnut. The property had been severely damaged in a fire in late 2003. In September of 2005 the Board of Directors agreed to allow property owners, Alvis and Larry Conway, an additional six-month period of time to repair or remove the property. No work has been completed to date.

After some discussion about the issue with Ms. Conway, Doodle Franklin made a motion to authorize staff to hire Huff to tear down the structure, seconded by Don Still. All present voted "Aye." Motion carried.

Earlier this month the Parks Department published

advertisements for bids in the Arkansas Democrat Gazette on three items: K Park Field Improvements, K Park Lighting, and Soccer Park Lighting. No bids were received on the K Park field improvements and it was agreed to extend the bid date by addendum to March 30, 2006.

Paul Henley detailed the results of the bids on the lighting.

K Park Lighting:

| | |
|---|---|
| Pilgreen Electrical Service | $42,900 |
| Electrique Corporation | 49,900 |

Paul Henley recommended not accepting these bids. Instead he recommended the fixtures and wire should be bid out and the Park and Hope Water & Light install the lighting.

The Board agreed with his recommendation.

Soccer Park Lighting:

| | |
|---|---|
| Pilgreen Electrical Service | $ 189,900 |
| Electrical Corporation | 287,600 |

Paul Henley recommended that the low bid be accepted from Pilgreen with modifications. The City of Hope will do some of the manual labor involved to help reduce the total bid to $166,845.

David Johnson made a motion to accept the modified low bid of $166,845 from Pilgreen Electrical Service, seconded by Don Hall. All present voted "Aye." Motion carried.

At the Board meeting on February 21, 2006 the proposed property maintenance code was placed on first reading, to allow further public comment and also because some of the Board members had to be absent from the meeting.

The Board placed the proposed ordinance on second reading.

Joe Short read the proposed ordinance.

**ORDINANCE NO. 1473**

**"AN ORDINANCE ESTABLISHING MINUMUM STANDARDS FOR PROPERTY MAINTENANCE, RESPONSIBILITIES OF PORPERTY OWNERS, OPERATORS AND TENANTS AND PRESCRIBING CERTAIN REMEDIES FOR VIOLATIONS"**

Doodle Franklin made a motion to suspend the rules, seconded by David Johnson. Roll was called and all answered "Aye." Motion carried. Don Still made a motion to pass the ordinance, seconded by Willie Walker. Roll was called and all present answered "Aye." Motion carried.

Ms. Cook announced that garbage bags are to be passed out on Wednesday, March 22, 2006 on the South side of town and Wednesday, March 29, 2006 on the North side of town.

Ms. Cook also told everyone the street program for 2006 was in the process of being compiled.

Ms. Cook asked the Board to consider allowing Mr. Gene Robinson to hook up to the city sewer system without pre-annexing. Ms. Cook explained that normally she would not approach the Board for this type of request but Mr. Robinson had work with the City during the Black Branch Interceptor Program and had cooperated fully as the sewer lines had been placed across his property.

Doodle Franklin made a motion to allow Mr. Robinson to hook up to the City sewer without pre-annexing, seconded by David Johnson. All present voted "Aye." Motion carried.

Meeting adjourned at 8:15 p.m.

_____
Dennis Ramsey, Mayor

_____
Carol Almond, City Clerk

**EXHIBIT F**

| GENERAL SERVICE ADMINISTRATION<br>PUBLIC BUILDING SERVICE<br>SUPPLEMENTAL LEASE AGREEMENT | SUPPLEMENTAL AGREEMENT<br>NO. 1 | DATE<br>April 5, 2006 |
|---|---|---|
| | TO LEASE NO:<br>GS-07B-15858 | |

ADDRESS OF PREMISES: Hope Municipal Airport
153 Airport Road, Hope, AR 71802

THIS AGREEMENT, made and entered into this date by and between City of Hope, Arkansas

whose address is P. O. Box 667
Hope, AR 71802-0667

hereinafter called the Lessor and UNITED STATES OF AMERICA, hereafter call the Government

WHEREAS, the parties hereto desire to amend the above lease.

**NOW THEREFORE**, These parties for the consideration hereinafter mentioned covenant and agree that the said Lease is amended, effective April 5, 2006, as follows:

The Government will provide improvements as reflected in exhibit A.
The Lessor hereby waives and forever relinquishes any right to make a claim against the Government for waste, damages, or restoration arising from or related to alterations as reflected in Exhibit A by the Government during the term of this lease or any extensions. Alterations will be contracted by the Government. At the Government's sole discretion, any improvements as reflected in Exhibit A will become the property of the Lessor and upon vacating the lease, the Government is not required to restore the property to the condition before the improvements as reflected in Exhibit A are installed.

All other items and conditions of the lease shall remain force and effect.
IN WITNESS WHEREOF, the parties subscribed there names as of the above date.

LESSOR:

BY _____ _____
(Signature) (Title)

IN PRESENCE OF

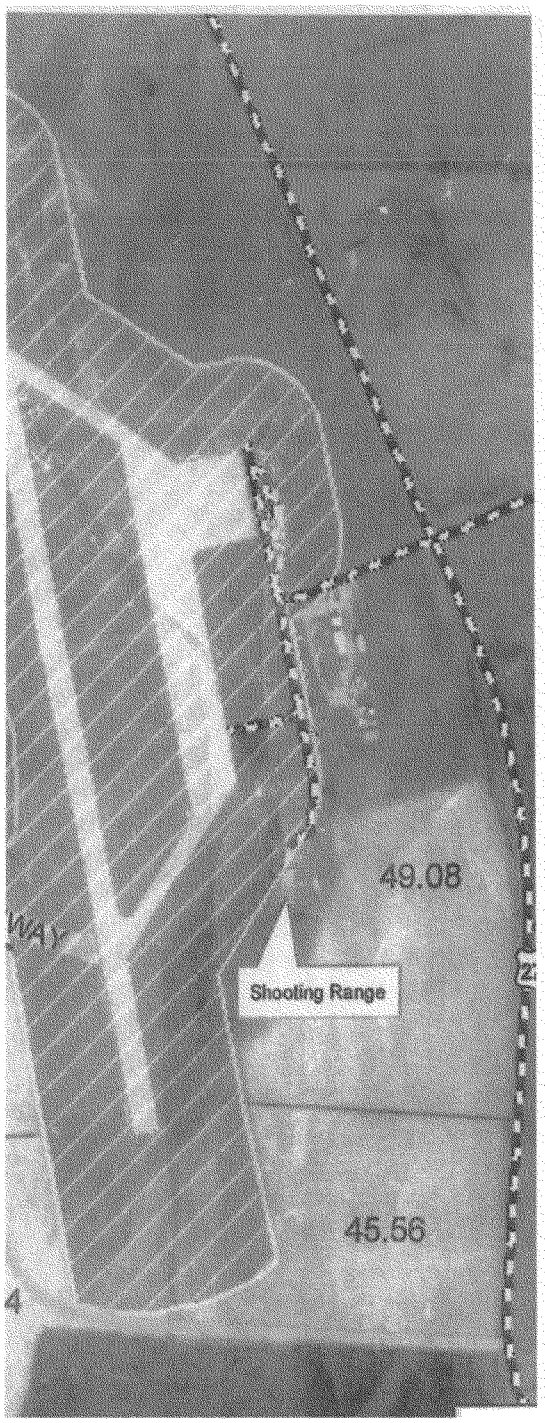
_____ _____
(Signature) (Title)

UNITED STATE OF AMERICA

_____ CONTRACTING OFFICER
(Signature) GENERAL SERVICES ADMINISTRATION
(Official Title)

GSA FORM 276 (JULY 67)

EXHIBIT G



**TESTIMONY OF**

**J.D. HARPER, EXECUTIVE DIRECTOR**

**ARKANSAS MANUFACTURED HOUSING ASSOCIATION**

**BEFORE THE**

**COMMITTEE ON HOMELAND SECURITY AND GOVERNMENTAL AFFAIRS**

**UNITED STATES SENATE**

**FIELD HEARING ON FEMA'S MANUFACTURED HOUSING PROGRAM**

**APRIL 21, 2006**

**HOPE, ARKANSAS**

## ***INTRODUCTION***

Good morning Madam Chairman, and "Welcome to Arkansas". Good morning, Senator Pryor. It is a great honor to be invited to testify at this hearing today.

My name is J.D. Harper, and I am executive director of the Arkansas Manufactured Housing Association. Our organization is the trade association for the manufactured housing industry in the state. Our members include all facets of the factory-built housing business: builders, retailers, transporters, installers, suppliers, finance and insurance providers and other businesses affiliated with the manufactured home industry. Since its inception in 1967, the Association has been dedicated to providing quality, affordable housing to the people of Arkansas.

At this time, I would like to make it clear that my testimony reflects the views of the Arkansas Manufactured Housing Association and its Board of Directors - and should not be taken as a statement on behalf of the entire manufactured home industry. The comments that I will deliver today are based solely upon the discussions and deliberations of our state Association's governing body, and have been communicated with members of the Arkansas Congressional Delegation and the Governor's Office.

It is my understanding that I have been invited to testify on issues related to disaster-relief housing - particularly manufactured home units - currently staged by the Federal Emergency Management Agency (FEMA) here at Hope, Arkansas. The invitation to testify specifically addressed five areas of interest to the members of the Committee:

- ***Procurement***
- ***Installation***
- ***Maintenance***
- ***Future Use***
- ***Deactivation and/or Disposal***

I have arranged my comments in this order, and I will attempt to address each issue to the best of my ability.

To begin, I would like to take this opportunity to say that our organization recognizes that last year's hurricanes have forever changed the Gulf Coast and the lives of thousands of families who lost loved ones, communities, jobs and property to the high winds and flood waters. Our thoughts and prayers were with these Americans then - and are with them today as recovery efforts continue. We also believe that the response and relief efforts of Federal, state and local governments have been forever changed by the successes and failures seen since the hurricanes made landfall. It is our sincere hope that we all can learn from these successes and failures - to be better prepared to respond to future disasters.

***PROCUREMENT***

FEMA has long viewed manufactured housing as a resource for immediate housing relief in the aftermath of natural disasters. Our industry believes that manufactured housing can continue to be an integral part of FEMA's emergency housing program in the future.

I would like to recognize the efforts of the manufactured home industry - particularly manufacturers and transportation providers - for their response to the demand for emergency housing in the wake of the storms. The industry responded immediately - fulfilling FEMA's requests for thousands of homes built to exacting specifications, and delivering the units to staging areas in a timely manner. In a number of cases, participating builders found it necessary to suspend their normal production of units for retail inventory and custom-designed homes for waiting homebuyers in order to mass-produce the Spartan, FEMA-approved units at a moment's notice - creating major disruptions in the supply of manufactured homes for purchase by potential homebuyers outside the areas directly impacted by the hurricanes.

In recent history, FEMA has greatly reduced or eliminated its inventory of manufactured home units for such use - preferring to order homes through GSE-approved third-party contractors or directly from manufacturers for use in disaster-stricken areas on an "as needed" basis.

According to the testimony of Richard Skinner, Inspector General for the Department of Homeland Security, before this Committee on February 13th, 2006 - FEMA purchased 24,967 'manufactured homes' and 1,295 'modular homes' for use as emergency housing for disaster victims.

Manufactured home units built for FEMA in 2005 met strict specifications. In a Request for Quotations from FEMA dated Thursday, September 8, 2005 - producers were given structural design requirements for the units, including: size (60 foot length x 14 foot width); floorplan - with number of bedrooms (3), number of bathrooms (1); appliances (all electric - range, refrigerator/freezer, microwave); furnishings (fully furnished with dinette set for six); interior and exterior requirements (no carpet, vinyl siding); roof load, thermal zone and wind zone requirements; and a structural design requirement that the homes be built for multiple installations and removals. Proposals from interested producers were required to be received by FEMA no later than 3:00 p.m. the following day - Friday, September 9, 2005.

It is our understanding that efforts are currently underway to review, and possibly revise, the construction specifications for FEMA units that may be ordered for future emergency housing. The Arkansas Manufactured Housing Association supports the review and revision of these specifications in an effort to simplify and streamline the procurement process. Our organization would encourage FEMA to revisit its former policy of 'stand-by contracts' for the procurement of temporary housing in future disaster relief efforts.

I have been asked on several occasions if FEMA paid too much for the manufactured homes that it ordered for hurricane relief. Most of these questions included a comparison between advertised prices of 'stock units' held in inventory by retailers and 'average prices' for

FEMA units derived by dividing the reported total dollar expenditure by the number of homes received. I believe that it is important to understand that units meeting the specifications required by FEMA did not exist in Arkansas prior to the Request for Quotations issued by FEMA in September 2005. These homes were manufactured specifically for this request, and any comparison to the price of 'stock units' built in compliance with the Federal Manufactured Home Construction and Safety Standards for retail sale is an unfair comparison. However, I do believe that if the homes sitting on the Hope Airport runway are not used for the purpose for which they were procured or for other uses in the public interest - then, any price paid is too high.

In the hours following devastating hurricanes in 2004 and 2005, the manufactured home industry - including the Arkansas Manufactured Housing Association - was asked to identify available inventory for purchase by FEMA for use in the disaster areas. Our organization quickly surveyed its membership, and identified hundreds of units available for immediate use. In both instances, FEMA elected to order new manufactured homes - built to FEMA specifications for use in the effected areas - rather than to purchase existing inventories "off the lot", as in the case of many of the travel trailers purchased by FEMA for temporary housing. Inasmuch as Arkansas businesses would like to help in the aftermath of a natural disaster, I do not believe that our organization will participate in such efforts to identify existing inventories in the future - unless FEMA establishes a policy encouraging the use of existing inventory in disaster relief efforts.

Federal and state authorities worked together to expedite the delivery of FEMA units for use in the hurricane-damaged areas. State transportation authorities were asked to waive permit requirements and other restrictions to facilitate the delivery of units to staging areas. We believe that the cooperative spirit shown by the Arkansas Highway and Transportation Department and other state transportation authorities was just one small example of a "success" in disaster relief efforts. However, when these waivers began to expire or be lifted, interstate transporters were sometimes unaware of renewed enforcement of permitting requirements, curfews and escort regulations. Our organization would recommend that these entities better coordinate their communications with manufacturers and transportation providers in the future.

Manufactured home units began arriving at Hope and other FEMA staging areas within days - with the industry, the media and the public focused on the delivery of emergency housing to those left homeless throughout the Gulf Coast region. But as the number of homes being delivered to staging areas, particularly Hope, swelled into the thousands - with relatively few being shipped on to deserving victims - the aerial photos of manufactured homes sitting on the runways of the Hope Airport became synonymous with "failures" in FEMA's emergency housing program.

## ***INSTALLATION***

A number of reasons were publicly cited for delays in the delivery of manufactured home units to Gulf Coast residents left homeless by the hurricanes. Local restrictions against the placement of manufactured homes, floodplain issues, and the use of 'travel trailers' have been cited as reasons that only a small number of manufactured homes have been used for emergency housing.

FEMA's own policies state that travel trailers and manufactured homes are used "as a last resort - only after all other rental housing options are exhausted". In the case of manufactured homes, FEMA' policy states that "occupancy permits must be obtained and local zoning and building codes must be followed."

***Local Restrictions***

Many cities use zoning ordinances to prohibit or unreasonably restrict the placement of manufactured homes on individual home sites within their boundaries, or to limit their placement to leased-land sites in "mobile home parks". Before the 2005 hurricanes, FEMA had most recently utilized large numbers of manufactured homes in an emergency housing role in the aftermath of hurricanes in Florida. FEMA's method of operation there included the acquisition of large tracts of land; the development of streets, utilities and other infrastructure; and the delivery of hundreds or thousands of manufactured homes to centralized sites - since deemed "Charleyvilles" or "FEMA Towns". What had been envisioned as short-term emergency housing soon became longer-term housing solutions for displaced families.

FEMA's requirements for the development of such "group sites" recognize that the process takes time. A press release from FEMA's website acknowledges that "Creation of such housing facilities is like building a small town from scratch: it may take several months..."

The scope and nature of the development of such centralized cites often breed public resistance - the "Not In My Back Yard" or NIMBY Syndrome. And such public resistance only reinforces the prejudices inherent to exclusive zoning ordinances - and acts as a barrier to affordable housing.

The Arkansas Manufactured Housing Association would respectfully recommend that the Department of Housing and Urban Development, FEMA, and state and local governments review their existing policies, practices and regulations with the intent of eliminating barriers or restrictions that impede the provision of temporary housing relief in future disaster situations.

***Floodplain***

The "floodplain issue" has been a convenient excuse. Assertions that manufactured homes cannot be used in a floodplain can be refuted by FEMA's own guidelines (FEMA Publication 85) for placement of manufactured homes in floodplains. Our organization applauds the efforts of the Arkansas Congressional Delegation - particularly Senator Pryor and Congressman Ross - to waive the floodplain restrictions in disaster relief situations, with the introduction of "The Hope Housing Act of 2006". Our organization respectfully encourages the immediate adoption of this much-needed legislation.

***Travel Trailers***

The use of 'travel trailers' for emergency housing has also impacted the demand for manufactured homes in the hurricane-damaged Gulf Coast region. Again, according to Inspector General Skinner's February 13 report to this Committee, FEMA purchased 114,341 travel

trailers for use by evacuees. Some 27,000 of these units were purchased "off the lot" from over 300 retail locations - in many cases, without regard to exacting construction specifications.

Travel trailers are more easily transported and installed on temporary sites than manufactured homes, due to their size and their 'self-contained' nature in relation to utilities. Such temporary placement of travel trailers as emergency housing is often overlooked in local zoning ordinances and building codes. However, also due to their size, travel trailers are less suited for longer-term habitation by families. I am not aware of FEMA's 'installation guidelines' for travel trailers, or any construction standards for such units that would mirror the specifications set by FEMA for manufactured homes purchased for the same purpose.

As far as our organization's recommendations for installation-related concerns, we would encourage FEMA to make better use of local resources. State governments, state emergency management agencies, local governments and other public and private entities should be encouraged to create and maintain open lines of communication - and should identify potential sites for the placement of temporary housing, transportation providers, qualified installers and other necessary technicians, and other resources that could create a faster response to help those left homeless by future storms.

## ***MAINTENANCE***

Our organization was deeply troubled by press accounts of Inspector General Skinner's previous testimony before this Committee that characterized the homes in inventory here at Hope as "sinking in the mud" with their frames "bending" and being "cannibalized" for parts.

We applaud FEMA's public affairs staff for opening the facility to inspection by interested media - quickly dispelling the myth that the homes would deteriorate to the point that they would be unusable before they could be shipped to the Gulf Coast.

We understand that other measures are being taken to ensure that the homes are stored properly, including investments in infrastructure at the Hope Airport. We are encouraged by - and fully support - plans for the Hope Airport to be used as a permanent FEMA distribution facility - not only for manufactured housing, but for other disaster relief supplies as well.

## ***FUTURE USE***

It is our organization's strong contention that, given the opportunity, the manufactured homes staged at the Hope Airport will fulfill the mission for which they were acquired - temporary housing for disaster victims.

We understand that a number of manufactured homes purchased for hurricane relief have been approved for use by residents left homeless by recent wildfires in Texas and Oklahoma. We are pleased that a number of homes are currently being sent to the Arkansas communities of Marmaduke (Greene County) and Fitzgerald Crossing (Cross County) to provide temporary

housing for Arkansans left homeless by tornadoes that devastated parts of eight counties on April 2nd.

The Arkansas Manufactured Housing Association has asked our Congressional Delegation and the Governor's office to seek an organized 'exit strategy' for the homes staged at Hope, including the following components:

1) ***Expedited delivery of as many homes as possible to displaced residents in the affected areas;***

2) ***Eligibility for temporary housing for displaced residents who choose to re-locate to states outside the area directly impacted by the hurricanes;***

3) ***Maintenance of a manageable number of the homes in inventory by FEMA for future disaster assistance; and***

4) ***Plans for disbursement and disposal of excess inventory units through the Federal Surplus Property system - with highest priority given to public uses, including public health facilities, police and fire departments, affordable housing applications and other uses for the public good.***

***DEACTIVATION / DISPOSAL***

The Arkansas Manufactured Housing Association and its members are seriously concerned that growing public and political pressure on FEMA will result in a wholesale disposal of unused manufactured home units at public auction. The introduction of thousands of these most basic units at 'pennies on the dollar' to any willing buyer would cripple an already struggling market for factory-built homes in Arkansas and surrounding states.

A number of concerns arise should FEMA plan to dispose of these units through a series of GSA auctions similar to those held in Florida and other states to reduce travel trailer and manufactured home inventories following Hurricane Charley. In no particular order, these concerns include:

1) ***State law and regulation require the licensing of sellers of manufactured homes;***

2) ***Auctions of homes to the public are regulated under state authority;***

3) ***Homes sold for occupancy in Arkansas are required to be installed and anchored to state specifications under a cooperative agreement with HUD;***

4) ***Homes sold and installed for the first time are subject to warranty requirements from the manufacturer;***

5) ***State law specifies the procedure for the collection and remittance of sales tax on the first-time sale of a manufactured home in Arkansas; and***

6) ***State law specifies a procedure for the perfection of liens and the issuance of titles on manufactured homes sold in the state.***

These issues will certainly complicate the disposal of unused FEMA inventory within the state. We fail to see how the Federal Government - if it is unable to override local zoning restrictions against manufactured housing in other states - will be able to dismiss Arkansas laws and regulations pertaining to the sale, auction, installation, warranty, taxation and titling of manufactured homes disposed of at public auction.

## ***CONCLUSION***

We appreciate your consideration of these issues of great importance to the Arkansas Manufactured Housing Association. It is our sincere hope that the majority of the homes staged at the Hope Airport will be used to provide decent, safe and sanitary housing for those families left homeless by last year's storms and future disasters.

Again, we hope that all parties can learn from the successes and failures experienced on all levels in the relief and recovery efforts since last year's storms. Our organization looks forward to being an active partner in this relationship - working with you toward the resolution of these matters.

Madam Chairman, that concludes my prepared statement. I will be glad to answer any questions that you or Senator Pryor may have to the best of my ability.