ENSURING SAFE AND EFFECTIVE HOUSING PROGRAMS IN THE WAKE OF DISASTERS

HEARING

BEFORE THE

COMMITTEE ON HOMELAND SECURITY
HOUSE OF REPRESENTATIVES

ONE HUNDRED TENTH CONGRESS

SECOND SESSION

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ENSURING SAFE AND EFFECTIVE HOUSING PROGRAMS IN THE WAKE OF DISASTERS

Tuesday, January 29, 2008

U.S. HOUSE OF REPRESENTATIVES,
COMMITTEE ON HOMELAND SECURITY,
Washington, DC.

The committee met, pursuant to call, at 2:06 p.m., in Room 311, Cannon House Office Building, Hon. Bennie G. Thompson [Chairman of the committee] presiding.

Present: Representatives Thompson, Sanchez, Dicks, Norton, Jackson Lee, Christensen, Etheridge, Cuellar, Carney, Clarke, Green, Pascrell, King, Souder, and Davis of Tennessee.

Chairman THOMPSON. The Committee on Homeland Security will come to order.

Good afternoon.

First, on behalf of Members of our committee, let me welcome our panel.

The purpose of this hearing is to examine the broad range of issues surrounding how our Nation provides housing for disaster victims. Specifically, this hearing will provide Members of the committee with the opportunity to discuss the unprecedented challenges facing Federal, State and local governments in their efforts to house the victims of Hurricanes Katrina and Rita, access to safety and effectiveness of current emergency housing programs, and examining the plans being developed to ensure that our Nation will better prepare to meet the future housing needs of disaster victims.

Nearly 2½ years after Hurricanes Katrina and Rita struck, the people along the Gulf Coast are still coping with its aftermath and struggling to recover. In order for our Nation to truly be resilient, the lessons we have learned from this catastrophe cannot be ignored.

One of the most striking lessons we learned was this country was ill-prepared to provide emergency housing to victims of a major catastrophe. To house the number of individuals who lost their homes during Katrina and Rita, FEMA was forced to immediately purchase thousands of travel trailers. By the time the dust settled, FEMA had purchased over 100,000 of these units.

However, as months and years passed, it became clear that travel trailers may not have been the best option. As early as April 2006, concerns were raised publicly about high levels of formaldehyde in many of the travel trailers provided by FEMA. Medical experts have stated that the negative health effects from prolonged exposure to high levels of formaldehyde can range anywhere from respiratory irritation to cancer.

After pressure from Congress, health experts and community organizations, FEMA announced that they would enter into an agreement with the CDC to test the trailers for formaldehyde and to study what associated health impacts may have been encountered. However, it was not until December 21, 2007, that the CDC actually began testing formaldehyde levels in travel trailers and mobile home. That is over a year-and-a-half after first reports of high formaldehyde surfaced. This delay is unacceptable. I look forward to getting a clear explanation from both FEMA and CDC as to why testing was delayed so long.

Even more troubling is a recent discovery that FEMA directed the CDC to not investigate or communicate the health effects associated with prolonged exposure to formaldehyde. The committee recently came into possession of internal CDC e-mails which show that, despite the efforts of CDC professionals to bring these health risks to the public's attention, those concerns were thwarted by CDC leadership for roughly 8 months. I hope that our witnesses can shed some light on this issue by explaining why FEMA directed the CDC to exclude discussion of the long-term health risk and why the CDC complied.

In addition, while I am pleased that the testing of air quality has finally commenced, I worry that the damage may have already been done. I look forward to hearing about FEMA and the CDC's plan to monitor and treat the long-term health effects of people who have lived in FEMA trailers or mobile homes in the Gulf.

While we can't turn back the clock to prevent this debacle, we can make certain that this problem will not be encountered on future disasters. That is why I, along with some of my colleagues on this committee, introduced the Safe and Healthy Emergency Housing Act to protect disaster victims by requiring that any emergency housing units provided by FEMA meet HUD regulations limiting formaldehyde emissions.

Finally, in the aftermath of Hurricanes Katrina and Rita, Congress allocated billions of dollars through the Community Development Block Grant program to the Gulf Coast States to address the housing and infrastructure needs. I look forward to hearing how the funding is being allocated by HUD and how effective the States have been in using the money to help the victims of these disasters. Specifically, I am interested in learning why HUD has yet again waived the low-income regulations associated with the Community Development Block Grant program so that the State of Mississippi approved a diversion of nearly $600 million intended for housing relief to go to a port improvement project.

I want to thank the witnesses again for their testimony.

[The statement of Chairman Thompson follows:]

PREPARED STATEMENT OF CHAIRMAN BENNIE G. THOMPSON

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In order for our Nation to truly be resilient, the lessons we have learned from this catastrophe cannot be ignored.

One of the most striking lessons we learned was that this country was ill-prepared to provide emergency housing to victims of a major catastrophe. To house the number of individuals who lost their homes during Katrina and Rita, FEMA was forced to immediately purchase thousands of travel trailers.

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However, as months and years passed, it became clear that travel trailers may not have been the best option. As early as April 2006, concerns were raised publicly about high levels of formaldehyde in many of the travel trailers provided by FEMA.

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However, it was not until December 21, 2007, that the CDC actually began testing formaldehyde levels in travel trailers and mobile homes.

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I look forward to hearing how that funding is being allocated by HUD and how effective the States have been in using that money to help victims of those disasters.

Specifically, I am interested in learning why HUD has yet again waived the low-income regulations associated with the CDBG program for the State of Mississippi and approved a diversion of nearly $600 million intended for housing relief to a port improvement project.

Chairman THOMPSON. The Chair now recognizes the Ranking minority Member of the committee, the gentleman from New York, Mr. King, for any opening statement he may have.

Mr. KING. Thank you, Mr. Chairman. Thank you for yielding. Thank you for calling the hearing.

Mr. Chairman, at the outset of today's hearing it is important to note that a number of the issues that you have outlined in your opening statement I believe also are traceable, at least in part, to the fact that there is such a multiplicity of jurisdictions in the Congress. There have been at least three other committees and subcommittees in the House of Representatives that have held nearly

a half-dozen hearings on disaster housing over the last several years. This, again, to me, underscores the point that we have to be doing much more to consolidate jurisdiction in one committee, ideally this committee. That certainly is in keeping with the congressional charter. So we have to, I think, dedicate ourselves to doing more to get that jurisdiction consolidated so that the duplications we see here, the lack of consistency, can be better addressed.

Also, Mr. Chairman, I would like to take this opportunity not to start off the year on an unharmonious note but to underscore the fact that we have learned on our side that you do not intend to pursue an authorization bill this year. Since this is the first hearing of the year, I think it is appropriate to make our point clear at this time that we think that is a serious mistake for the committee. We think it is a serious mistake, as we attempt to consolidate our position in the House, your decision not to pursue an authorization bill. We had one in 2005. We had one in 2006. We had one in 2007. We think it would be a serious mistake not to do it this year.

We realize that there are crowded schedules. Certainly we faced that in 2006, where we addressed a lot of issues but still did find time to do the authorization bill. Whether or not the Senate does it—I don't think we should be just concerned by what the Senate does. I think we have a message to send to Members of our own body here in the House.

That is why I would ask you to reconsider that, as the year goes along. As you recall, last year in 2007 when you were the Chairman and did a fine job as Chairman, we actually worked very well together on an authorization bill. My memory is that it passed either on a voice vote or by a unanimous vote. I thought it sent a very strong and clear message to the House. So I would urge you to reconsider that as we go forward this year.

With that, I look forward to the hearing today. I yield back.

Chairman THOMPSON. Thank you very much. I assure the Ranking Member that, as we go forward, time permitting, we will have a discussion, and you might be pleasantly surprised.

Mr. KING. I look forward to such discussions with the Chairman.

Chairman THOMPSON. Before we introduce our panel, I would like to ask unanimous consent to submit four documents for the record.

The first is an e-mail from Dr. Chris De Rosa, a former director of toxicology at CDC, to high-ranking CDC officials, citing concerns about a February 2007 health consultation prepared at the request of FEMA.

The second document is a June 2007 e-mail from Dr. De Rosa, again raising concerns regarding the lack of discussion about long-term health risks.

The third document is CDC's October 2007 updated health consultation.* This report addressed many of Dr. De Rosa's concerns, but it has been given very little attention in public health settings when discussing the health risk of formaldehyde exposure.

The fourth document is a letter I sent, along with Chairman Waxman of the House Committee on Oversight and Government

* Due to volume, document has been retained in committee files.

Reform, to FEMA in April 2007, raising concerns about the health risks posed to individuals who choose to purchase travel trailers.

[The information follows:]

Jan. 10. 2008 5:19PM No. 3265 P. 8/30

De Rosa, Christopher (Chris) (ATSDR/DTEM/OD)

From:	De Rosa, Christopher (Chris) (ATSDR/DTEM/OD)
Sent:	Tuesday, February 27, 2007 7:22 PM
To:	Frumkin, Howard (ATSDR/OA/OD); Sinks, Tom (ATSDR/OA/OD)
Cc:	Holler, James S. (Jim) (ATSDR/DTEM/PRMSB); Murray, Ed (ATSDR/DTEM/ATB)
Subject:	FW: Draft Letter
Attachments:	Patrick Edward Preston.doc

Howie and Tom,

This is the issue that I discussed w/ you Tom this afternoon. The letter captures some of my concerns on this consult which I saw for the first time today. In my discussions w/ staff, regarding why I was not in the loop, I was informed that they were working on this under the directions of your office. I now have a clearer picture of this and have reaffirmed our SOP's that have been in place for many years. I regret this breakdown and have addressed this issue w/ our staff.

I have no intention of pursuing this any further until I have direction from your office.

Chris

Christopher T. De Rosa, M.S., Ph.D.
Director, Division of Toxicology and Environmental Medicine
Agency for Toxic Substances and Disease Registry
1600 Clifton Road - Mailstop F32
Atlanta, GA 30333
(770) 488-7003

Patrick Edward Preston.doc (30...

A-4-4

February 27, 2007

Patrick Edward Preston, Trial Attorney
Office of Chief Counsel
Federal Emergency Management Agency
US Department of Homeland Security
500 C Street, SW
Washington, DC 20472
(202) 646-4536

Dear Mr. Preston:

It has just come to my attention that the Health Consultation "Formaldehyde Sampling at FEMA Temporary Housing Units" has been completed without a policy review by our senior technical staff. I am concerned that this health consultation is incomplete and perhaps misleading.

Formaldehyde is classified as "reasonably anticipated to be a human carcinogen. As such, there is no recognized "safe level" of exposure. Thus, any level of exposure to formaldehyde may pose a cancer risk, regardless of duration. Failure to communicate this issue is possibly misleading, and a threat to public health. I had discussed this issue several months ago in a review of the public statement derived from Toxicological Profile that FEMA proposed. I specified at that time that this statement contained no mention of the cancer risk and that should be a public health concern.

Thank you for your consideration of this issue and please feel free to contact me. Failure to speak to the long-term cancer risk regarding formaldehyde exposure irrespective of duration is of particular concern.

Christopher T. De Rosa, M.S., Ph.D.
Director, Division of Toxicology and Environmental Medicine
Agency for Toxic Substances and Disease Registry

A-3-3

Cc: De Rosa, Christopher (Chris) (ATSDR/DTEM/OD)
Subject: Draft Letter to FEMA
Importance: High

Howie and Tom,

I am resending the previous email (below) which describes my concerns regarding the formaldehyde health consultation. If I receive no objections from you, I will send the attached letter to FEMA by C.O.B Friday, March 9.

Chris

From: De Rosa, Christopher (Chris) (ATSDR/DTEM/OD)
Sent: Tuesday, February 27, 2007 7:22 PM
To: Frumkin, Howard (ATSDR/OA/OD); Sinks, Tom (ATSDR/OA/OD)
Cc: Holler, James S. (Jim) (ATSDR/DTEM/PRMSB); Murray, Ed (ATSDR/DTEM/ATB)
Subject: FW: Draft Letter

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This is the issue that i discussed w/ you Tom this afternoon. The letter captures some of my concerns on this consult which I saw for the first time today. In my discussions w/ staff, regarding why I was not in the loop, I was informed that they were working on this under the directions of your office. I now have a clearer picture of this and have reaffirmed our SOP's that have been in place for many years. I regret this breakdown and have addressed this issue w/ our staff.

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Chris

Christopher T. De Rosa, M.S., Ph.D.
Director, Division of Toxicology and Environmental Medicine
Agency for Toxic Substances and Disease Registry
1600 Clifton Road - Mailstop F32
Atlanta, GA 30333
(770) 488-7003

<< File: Patrick Edward Preston.doc >>

A-4-6

De Rosa, Christopher (Chris) (ATSDR/DTEM/OD)

From: De Rosa, Christopher (Chris) (ATSDR/DTEM/OD)
Sent: Friday, March 09, 2007 1:58 PM
To: Frumkin, Howard (ATSDR/OA/OD); Sinks, Tom (ATSDR/OA/OD)
Subject: RE: Draft Letter to FEMA

The consultation was developed, sent forward, and signed by our DTEM staff. They indicated to me that they had been directed to not share the information further and not to address longer term health effects. That's why IARC was cited repeatedly without reference to cancer and was not included in the literature cited.

FEMA's initial contact came directly to me nine months ago on this issue. I reviewed the proposed statement and specified that they had neglected to address longer term risk including cancer.

FEMA then came back through our COPTER office with the same request and this was then assigned to DTEM staff. After completion of the consultation our staff sent their signed consultation directly to COPTER who sent out the letter.

By separate email I have shared this proposed response with Mark Keim. If you wish for him to send it out that's fine. Otherwise I will send it out at your direction. Either way is fine with me.

Christopher T. De Rosa, M.S., Ph.D.
Director, Division of Toxicology and Environmental Medicine
Agency for Toxic Substances and Disease Registry
1600 Clifton Road - Mailstop F32
Atlanta, GA 30333
(770) 488-7003

From: Frumkin, Howard (ATSDR/OA/OD)
Sent: Friday, March 09, 2007 1:23 PM
To: De Rosa, Christopher (Chris) (ATSDR/DTEM/OD); Sinks, Tom (ATSDR/OA/OD)
Subject: RE: Draft Letter to FEMA

OK, I've read your letter Chris. I agree with your concern and I agree that we need to amend our Health Consultation with information on cancer risk. However, I don't think a separate letter from a different location in our agency than originated the initial consultation is the right way to go. It would be better to have the author of the health assessment send an amendment, so we speak with a single voice. Did this come out of Bill Cibulas's shop?

Howard Frumkin, M.D., Dr.P.H., Director
National Center for Environmental Health /
Agency for Toxic Substances and Disease Registry
Centers for Disease Control and Prevention
1600 Clifton Road, MS E-28
Atlanta, GA 30333
Tel 404-498-0004
Fax 404-498-0083
E-mail hfrumkin@cdc.gov
FedEx deliveries:
1825 Century Boulevard
Atlanta, GA 30345

From: De Rosa, Christopher (Chris) (ATSDR/DTEM/OD)
Sent: Thursday, March 08, 2007 9:34 AM
To: Frumkin, Howard (ATSDR/OA/OD); Sinks, Tom (ATSDR/OA/OD)

A-4-5

De Rosa, Christopher (Chris) (ATSDR/DTEM/OD)

To: Frumkin, Howard (ATSDR/OA/OD); Sinks, Tom (ATSDR/OA/OD); 'Melburg.Stan@epamail.epa.gov'; Deitchman, Scott (CDC/CCEHIP/NCEH); Allred, Phillip M. (Mike) (CDC/CCEHIP/NCEH)

Cc: Fowler, Bruce (ATSDR/DTEM/OD); Murray, Ed (ATSDR/DTEM/ATB); Orloff, Ken L. (OIG); Osterloh, John (CDC/CCEHIP/NCEH)

Subject: FW: Indoor air formaldehyde

Howie and et. al.,

We should be very cautious about the use of the word "safe" in reference to formaldehyde. Since it is a carcinogen it is a matter of science policy that there is no "safe" level of exposure. DHHS has classified formaldehyde as "reasonably anticipated" to be a human carcinogen." IARC has determined that formaledhyde is "probably carcinogenic to humans" while EPA has determined that formaldehyde is "a probable human carcinogen."

In addition to cancer formaldehyde has been shown to be a reproductive/developmental toxicant and is a skin sensitizer as is evidenced by the reported symptoms of the children in the trailers in Mississippi. These overt symptoms will propably trigger sensitization in some proportion to varying degrees in children.

Nevertheless, there are acute, intermediate and chronic inhaliation MRLs in our toxicological profile as well as intermediate and chronic oral MRLs for non-cancer end points. Since these values have been peer and publically reviewed, I would suggest that they be used as a point of departure for any deliberative process.

Also, please note that it has been demonstrated that formaldehyde potentiates the effects of the triazide monomer found in melamine which is currently a dietary concern being addressed by FDA in consultation with a number of different agencies including CDC/NCEH and ATSDR.

To my knowledge this represents the third time that FEMA has approached NCEH/ATSDR requesting that we specify safe levels of exposure to formaldehyde. In two instances they specifically requested that we limit the scope of our response to short term exposures. Last fall, I was contacted by FEMA in region 4 requesting that I review and approve a modified version of our ToxFaqs sheet. More recently we were contacted through OPTER again requesting guidance for short term exposures only.

For these reasons we should be very cautious in making a public health call on this issue.

Chris

Christopher T. De Rosa, M.S., Ph.D.
Director, Division of Toxicology and Environmental Medicine Agency for Toxic Substances and Disease Registry 1600 Clifton Road - Mailstop F32 Atlanta, GA 30333
(770) 488-7003

-----Original Message-----
From: Murray, Ed (ATSDR/DTEM/ATB)
Sent: Friday, June 01, 2007 4:31 PM
To: De Rosa, Christopher (Chris) (ATSDR/DTEM/OD)
Subject: FW: Indoor air formaldehyde

fyi

Ed

-----Original Message-----
From: Fowler, Bruce (ATSDR/DTEM/OD)
Sent: Friday, June 01, 2007 2:27 PM
To: Orloff, Kenneth G. (ATSDR/DHAC/OD); Murray, Ed (ATSDR/DTEM/ATB)
Subject: Re: Indoor air formaldehyde

A-4-7

Hi Ken: I am sure we can help out. I am copying Ed Murray on this and will ask him to forward the name of our SME on formaldehyde to you. I will also voluinteer if needed. I thought they had stopped using the foam insulation in mobile homes long ago. Wow-lowest bidder.
Best,
Bruce

Sent from my BlackBerry Wireless Device

-----Original Message-----
From: Orloff, Kenneth G. (ATSDR/DHAC/OD)
To: Fowler, Bruce (ATSDR/DTEM/OD)
CC: Cibulas, William (ATSDR/DHAC/OD); Williams-Fleetwood, Sharon O. (ATSDR/DHAC/OD)
Sent: Fri Jun 01 14:00:13 2007
Subject: Indoor air formaldehyde

Bruce,

FEMA and the Department of Homeland Security have requested assistance from NCEH in investigating reported respiratory illness in children who are living in trailers provided by FEMA for families displaced by Hurricane Katrina. As you are probably aware, Scott Wright and Joe Little have written a health consultation that assesses the impact of various ventilation methods on indoor air levels of formaldehyde in these trailers.

As part of its investigation, NCEH has asked DHAC to recommend indoor air levels of formaldehyde that would be safe for residents of FEMA trailers (there are no EPA or federal standards). To respond to this request, I will be chairing a small ad hoc work group of toxicologists and health assessors. I would appreciate DTEM's participation in this workgroup, and I am requesting 1 or 2 DTEM staff to participate in the discussions. This is a fast-track request, and I hope to get a recommendation out in 30-days.

Please indicate if DTEM can participate.

Thanks, Ken

A-48

Congress of the United States
Washington, DC 20515

April 19, 2007

Mr. R. David Paulison
Federal Emergency Management Agency
Department of Homeland Security
500 C St. SW
Washington, D.C. 20472

Dear Director Paulison,

We are writing to you regarding the Federal Emergency Management Agency's (FEMA) decision to sell travel trailers to the general public through auctions sponsored by the General Services Administration (GSA).

As you know, media reports have indicated that travel trailer occupants have reported nosebleeds, sinus infections, asthma attacks, and other respiratory related illnesses. Tests conducted in 2006 found that the formaldehyde levels in most of the trailers tested exceeded the Environmental Protection Agency's recommended limit. While we understand that formaldehyde is commonly used in the fabricated wood and particle board in travel trailers, it should be noted that the International Agency for Research on Cancer classifies formaldehyde as a carcinogen.

Therefore, we would like to know whether FEMA has instructed GSA to issue appropriate disclaimers to potential buyers informing them that past occupants expressed adverse health affects potentially associated with their occupancy in these trailers. Although we are aware that FEMA has tested these claims, it is our understanding that the agency did urge occupants of the trailers to take certain precautionary steps to reduce the risk of exposure, such as assuring appropriate ventilation and employing measures to reduce humidity.

Thus, as these trailers enter the stream of commerce, we are concerned that potential buyers should have the necessary information which will enable them to make responsible decisions. Therefore, we would appreciate your response to the following questions:

1) Has FEMA taken any actions to inform potential buyers of the adverse health consequences reported by trailer occupants?

2) What future actions will FEMA take to ensure that potential buyers of trailers are fully informed of past allegations and the associated health risks?

Pursuant to Rule X (3)(g) and Rule XI of the Rules of the House of Representatives, we request a response in writing no later than May 18, 2007. Should you have any questions, please contact Cherri Branson, Chief Oversight Counsel, Committee on Homeland Security, at (202) 226-2616. Thank you for you consideration in this important matter.

PRINTED ON RECYCLED PAPER

April 19, 2007
Page2

Sincerely,

Bennie G. Thompson
Chairman
House Committee on Homeland Security

Henry A. Waxman
Chairman
House Committee on Oversight and Government Reform

Mr. KING. Mr. Chairman, reserving the right to object. I am not going to object; obviously there is no need to start off a hearing on that note.

But I just would ask—obviously this has been mainly handled at the staff level, but I believe we were first notified of your intentions to do this last evening. This hearing has been in preparation for many weeks now. I just would ask, to the extent it can be done in the future, that we be given more notice on these issues. Obviously these documents go back quite a few months. I would ask for, in the interest of having a more coherent hearing and for us to be able to prepare better for it, that we receive, whenever possible, more adequate notice in the future.

With that, I withdraw my reservation.

Mr. SOUDER. Mr. Chairman.

Chairman THOMPSON. Yes.

Mr. SOUDER. Oh, I am sorry. Do you want to respond to Mr. King first?

Chairman THOMPSON. Sounds like a reasonable request. I would say to the Ranking Member, as soon as we get the documents and if it is deemed that we will use them in a hearing, we will be more than happy to provide them.

Mr. SOUDER. Mr. Chairman.

Chairman THOMPSON. Yes.

Mr. SOUDER. Reserving the right to object, which I won't; this is a controversial opinion, not necessarily a mainstream opinion even, and would like the opportunity to insert, after the hearing, additional items into the record.

Chairman THOMPSON. Without objection. Please, if you provide the information, get it to us, we will include it.

[The information follows:]

LETTER FROM HONORABLE ALCEE L. HASTINGS

AUGUST 7, 2007.

The Honorable David Paulison,
Director of the Federal Emergency Management Agency, 500 C Street SW, Washington, DC 20472.

DEAR DIRECTOR PAULISON: I write to thank you and the Federal Emergency Management Agency (FEMA) for your efforts to address the recent formaldehyde-related health concerns for individuals residing in the FEMA travel trailers in the Gulf States.

I appreciate FEMA's efforts to swiftly facilitate public health and safety Nationwide. FEMA has taken significant steps to raise awareness and address this problem such as conducting a study on air quality conditions in the FEMA-purchased housing units, providing outreach on formaldehyde to the occupants of each FEMA travel trailer, and setting up a Toll-Free Help Line to serve affected individuals. Importantly, FEMA has decided to temporarily suspend the installation, sale, transfer or donation of travel trailers or park model recreational vehicles currently in its inventory, including 500 in my State of Florida.

I am thankful that out of the 20,000 units that were utilized across the State of Florida for all the storms that required a housing mission from 2004–2005 (Charley, Frances, Ivan, Jeanne, Dennis and Wilma), it appears that there was only one incident relating to formaldehyde health concerns. However, I remain concerned about the future health problems this substance might pose to individuals living in these travel trailers.

Unfortunately, the national concerns over the air quality in FEMA travel trailers arise during the middle of an actively predicted hurricane season. As you know, by law, FEMA can not sell mobile homes if they are to be located in floodways or in coastal high hazard areas unless they meet the specific criteria under 44 CFR part 9, Floodplain Management and Protection of Wetlands, and the regulations under 44 CFR part 10, Environmental Considerations.

Since significant portions of my district and several other areas in Florida are located in floodways, no other temporary housing solution exists beyond using travel trailers. To that end, I respectfully request that FEMA conduct its investigation of the travel trailers or park model recreational vehicles thoroughly and expeditiously so the travel trailers may become available for future Florida disasters. I would also appreciate a detailed report on the status of such trailers in Florida and FEMA's preparedness to supply Floridians with safe trailers should they become needed in the future.

Thank you for considering this very important request. Please do not hesitate to contact me should you have any questions or wish to discuss this any further. I look forward to your expeditious response.

Sincerely,

ALCEE L. HASTINGS,
Member of Congress.

Chairman THOMPSON. At this point, statements submitted by other Members of the committee will also be included for the record.

PREPARED STATEMENT OF HONORABLE SHEILA JACKSON LEE

I thank Chairman Thompson and Ranking Member King for agreeing to convene this extremely important hearing on the issue of ensuring that safe and effective housing programs in the wake of disasters are provided in an expeditious manner. In October of 2007, the Texas State Auditor released an audit report on hurricane recovery funds administered by the Texas Department of Housing and Community Affairs (TDHCA) and the Office of Rural Community Affairs. This report found that TDHCA had expended only $1.1 million of the Community Development Block Grants (CDBG) despite the fact that Congress had appropriated and HUD had awarded Texas $74.5 million in May of 2006 and an additional $428.6 million in October 2006. This $1.1 million expended by the Texas is only ¼ of 1 percent that we in Congress had worked hard to appropriate. I was very concerned by this audit report and media reports which detailed problems with the distribution of Federal funds to hurricane victims in my home city of Houston, I thank Chairman Thompson for agreeing to my request that a hearing be held investigating this issue. As we have commenced the 3-year anniversary of one of the most devastating hurricanes in our Nation's history and reflect upon the Federal Government's untimely response, I think it is a very appropriate time to critically re-examine our response and re-evaluate how she should adequately prepare for future disasters.

I welcome our distinguished panel, Mr. Carlos Castillo, Assistant Administrator for the Disaster Assistance Directorate of FEMA; Dr. Henry Falk, Director of Coordinating Center for Environmental Health and Injury Prevention, Center for Disease Control and Prevention, Department of Health and Human Services; Mr. Nelson Bregón, General Deputy Assistant Secretary, Office of Community Planning and Development, Department of Housing and Urban Development; Mr. David Tipson, Interim Director, Community Development, Project Lawyers' Committee for Civil Rights Under Law; and Mr. Michael Gerber, Executive Director, Texas Department of Housing and Community Affairs.

I look forward to the insightful testimonies from the witnesses about important issues regarding safe and effective housing programs for disaster victims. We need to hear from them because we cannot only rely on private solutions to public harms. The government should not abrogate its responsibility over the general welfare of its citizens, and all levels of government (Federal, State, and local) must do a better job of coordinating and ensuing that relief is delivered in a timely and efficient manner.

The consequences of Hurricanes Katrina and Rita caused extraordinary damage; they were without precedent in recent American history. The magnitude of the hurricanes' actual impact was rivaled only by the catastrophic failure of the Federal Government to adequately respond to the resulting suffering in a manner befitting our great Nation. Although our past disaster prevention, preparedness, and relief mechanisms and agencies are woefully inadequately, this hearing will confront the unprecedented challenges facing Federal, State, and local governments in their efforts to house the victims of Hurricanes Katrina and Rita, and evaluate the safety and effectiveness of current emergency housing programs.

In May 2006, the State of Texas received only $74.5 million in Community Development Block Grant (CDBG) funds appropriated by Congress, but received an additional $428.6 million in April 2007. In addition, Texas decided to allot $40.3 million for housing, which sustained most of the damage, and $30.2 million allotted for infrastructure. The State of Texas directs its funds to repair and restoration, unlike neighbors Louisiana and Mississippi, which channeled the funds they received to individual and family compensation. Although I understand that Texas chose a repair and restoration method in order to prevent fraud, waste, abuse, and a duplication of benefits, the staggering delays are intolerable. About 18 months had passed since Texans received the initial $74.5 million in CDBG grants, and 6 months had passed since Texans received an additional $428.6 million, when the Texas State Auditor's office revealed that only $1.1 million of the $500 million had been spent on rebuilding homes. This represents less than ¼ of 1 percent.

The communities hardest hit by the 2005 hurricanes did not receive proportionate shares of the allotment. Helena Saunders from Sabine Pass (where the storm made landfall) recently appeared on CNN complaining of not receiving assistance after her application for State aid was submitted in December 2006. Although Texas asserts that at least $12 million in relief has been set aside for Sabine Pass, I would like to know how many of these funds have been spent. The impediments identified by Texas include regulations restricting a duplication of benefits, historic preservation, environmental studies, and building in floodplains.

Hurricane Rita devastated Texas and Louisiana in September 2005. This storm caused an estimated $9.4 billion in damages, and thousands of properties in Texas were destroyed. The State of Texas, according to an audit, has received nearly $500 million in Federal funds for housing and infrastructure repair, and, according to reports, only $1.1 million, or less than ¼ of 1 percent, has been spent on rebuilding homes. Thousands of Texans affected by Hurricane Rita are still waiting for this money to be distributed by the State.

According to media reports, the audit indicates that a significant portion of the funds spent was used to cover administrative costs, rather than to serve the victims of these natural disasters. The people of Texas are not receiving the funds they desperately need. Of the 4,300 Texan applicants for housing assistance, only 13 had received homes as of September 2007.

Mr. Chairman, it is critical that this committee investigate the expenditure of these Federal funds, and establish the reasons why the funds have not been spent. Today's hearing must investigate these issues, which are of the utmost importance. Due to the severity of Hurricanes Katrina and Rita, there are an unprecedented number of individuals still requiring housing. FEMA is determining how many operational [sic].

Section 403 of the Robert T. Stafford Disaster Relief and Emergency Assistance Act authorized FEMA to provide temporary housing and other assistance during the response and recovery phases of a disaster. To date, over 730,000 households have received $2.5 billion in rental assistance, and as of January 11, 2008, there are 40,865 families still living in temporary housing units such as travel trailers or mobile homes. Although FEMA has provided over $7.7 billion to over 1.4 million households through the Individuals and Households Program, it is obviously irregular that numerous inhabitants of these shelters have exhibited a "set of unique symptoms." Dr. Needle, a pediatrician in the St. Louis, Mississippi region, noticed in April 2006 that many of these symptoms were shown in children living in FEMA travel trailers.

Consequently, the Sierra Club began testing for levels of formaldehyde in 2006, and found that 94% of the tests in Mississippi and 83% in Alabama and Louisiana

were over OSHA's standards. After incessant scrutiny from Congress and the media, FEMA committed to test formaldehyde levels in travel trailers beginning in Fall 2007; however, FEMA postponed action by canceling all tests until finally relenting in December 2007, over 18 months after the concerning tests conducted by the Sierra Club.

Mr. Chairman, there is a blatant ongoing alternative housing crisis in the Gulf. Formaldehyde can be toxic, allergenic, and carcinogenic, and the citizens of America who are compelled to a state of Government dependency due to the aftermath of a natural disaster should not be involuntarily eligible for inhumane housing conditions. FEMA's rush to manufacture the housing units produced and delivered unsafe and hazardous units. This prompted over 500 Gulf Coast residents to file a lawsuit against FEMA and the trailer manufacturers.

Those of us in Louisiana's neighboring State of Texas have experienced the impact of Hurricane Katrina as we continue to provide assistance for the thousands of our neighbors who were displaced. In my home district in Houston, homelessness remains a significant problem. Houston's homeless population increased to approximately 14,000 in 2005, before Hurricanes Katrina and Rita, and hurricane evacuees remaining in the Houston area could result in the homeless population increasing by some 23,000.

Mr. Chairman, across the States hit by Hurricanes Katrina and Rita, there are men, women, and children who lost everything to flood waters and storm winds. I have been proud to stand up on their behalf here in Congress countless times over the past few years, but I find it inexcusable that these housing problems persist. We must work together to speed up the process of housing assistance.

Thank you, Mr. Chairman. I look forward to the testimony of today's distinguished panel, and I hope to hear of progress from TDHCA in particular and DHS more generally. I yield back the balance of my time.

Chairman THOMPSON. Now I welcome our panel.

We are pleased to have the assistant administrator for disaster assistance from FEMA, Mr. Carlos Castillo, here to testify. Mr. Castillo came to FEMA in July 2007 after more than 25 years as a firefighter and local emergency manager.

The second witness is Dr. Henry Falk. Dr. Falk is director of the Coordinating Center for Environmental Health and Injury Prevention at the Centers for Disease Control and Prevention.

Our third witness is Mr. Nelson Bregón. Mr. Bregón is the general deputy assistant secretary for the Office of Community Planning and Development within the Department of Housing and Urban Development.

Our fourth witness is Mr. Michael Gerber, who is executive director of the Texas Department of Housing and Community Affairs.

Our fifth witness is Mr. David Tipson. Mr. Tipson is an interim director of the Community Development Project for the Lawyers' Committee for Civil Rights Under Law.

Without objection, the witnesses' full statement will be inserted in the record.

Now I ask Mr. Castillo to summarize his statement for 5 minutes.

STATEMENT OF CARLOS J. CASTILLO, ASSISTANT ADMINISTRATOR, DISASTER ASSISTANCE DIRECTORATE, FEDERAL EMERGENCY MANAGEMENT AGENCY, DEPARTMENT OF HOMELAND SECURITY

Mr. CASTILLO. Thank you. Good afternoon, Chairman Thompson, Ranking Member King and Members of the committee. I am Carlos Castillo, the assistant administrator for disaster assistance in FEMA. I have proudly served in this role since July 2007. I am pleased to be here today to discuss our continued efforts to provide

assistance to those residents and communities still faced with difficult challenges as a result of the 2005 hurricane season.

In light of recent news developments, I would like to address and clarify FEMA's role and actions concerning testing for manufactured housing. First, I would like to begin by addressing some issues that have arisen.

I want to be very clear about this: The health and safety of disaster victims is our top priority at all times. At no time did FEMA ever, or would FEMA ever, condone misleading anyone in connection with the health and safety of the people we are dedicated to helping. Any and all allegations that FEMA ignored or manipulated formaldehyde-related research are unfounded and false. Such activities are completely contrary to our mission and our commitment to victims of disaster.

When FEMA first began to receive reports about formaldehyde concerns from occupants of travel trailers, the agency responded immediately to each one. However, as the number of complaints began to increase, the agency started to realize the potential scope of the problem. Since that time, FEMA has developed and is implementing a multifaceted approach that focuses on helping occupants move to more appropriate housing.

While nearly 2½ years have passed since the devastation of Hurricanes Katrina and Rita, FEMA continues to aggressively honor the administration's commitment to help rebuild the Gulf Coast.

We have faced innumerable challenges along the way, challenges that have tested capabilities and, in many cases, have served as an impetus to shape and improve how we deliver assistance.

In response to Hurricanes Katrina and Rita, FEMA conducted the largest temporary housing operation in the history of this Nation, providing temporary housing units at peak to more than 143,000 families across the Gulf Coast. While most of these families have transitioned to self-sufficiency, we continue to support the remaining more than 43,000 households in temporary housing units as they find and transition into longer-term and more stable housing solutions.

I have submitted my written testimony for the record, and it outlines a number of FEMA programs aimed at assisting Gulf Coast communities and disaster victims. I will summarize them briefly.

First, the Gulf Coast housing strategy action plans. We are committed to providing suitable, long-term housing solutions to families impacted by these hurricanes. Led by FEMA's Gulf Coast Recovery Office, GCRO, FEMA continues to work with applicants to ensure they have access to any and every available housing resource that can help speed their recovery.

We are pleased that nearly 70 percent of the households that received temporary housing units following Hurricanes Katrina and Rita have now moved out of these units and back into some form of permanent housing. The work of transitioning the remaining residents present many challenges as we try to balance available resources with the support needs of the families that reach beyond basic housing but are often just as critical to an individual's ability to return to self-sufficiency.

On July 26, 2007, FEMA and Housing and Urban Development executed an interagency agreement establishing the Disaster Hous-

ing Assistance Program, a temporary housing rental assistance and case management program for eligible individuals and households displaced by Hurricanes Katrina and Rita. The program is currently being administered through HUD's existing infrastructure of public housing agencies. Ultimately, over 40,000 eligible households displaced by the 2005 Gulf Coast hurricanes will continue to have their rent paid through this partnership with HUD.

Recognizing that mobile homes and trailers are not ideal housing solutions, Congress provided $400 million for FEMA to conduct an Alternative Housing Pilot Program to identify and evaluate alternatives to travel trailers and mobile homes. The project includes state-of-the-art engineering standards designed to maximize energy efficiency with environmentally sound materials. Once tested and proven, these alternatives could potentially be used in response to future disasters. After a competitive process, pilot projects in Alabama, Mississippi, Louisiana and Texas were selected grant awards.

In September 2006, FEMA established a Joint Housing Solutions Group, whose purpose is to develop a systematic process to evaluate and rate various disaster housing options, identify viable alternatives to travel trailers and manufactured homes, and recommend improvements for conducting housing operations. After the issuance of the July 31, 2007, interim direction suspending the use of travel trailers and park models, FEMA tasked this Joint Housing Solutions Group to identify and evaluate potentially viable forms of alternative housing on an accelerated timeline.

I am aware that the Chairman has introduced legislation, the Safe and Healthy Emergency Housing Act of 2007, which requires FEMA-provided housing to comply with HUD regulations. I am pleased to report that all manufactured housing, also known as mobile homes, purchased by FEMA before and after Hurricane Katrina met the regulatory standards enforced by HUD. While HUD does not regulate formaldehyde emission levels of construction materials for park models or travel trailers, FEMA has incorporated this HUD standard for construction materials for any purchases of temporary housing units. We will continue to meet with Federal agencies, industry leaders and health experts to incorporate measures into all units purchased by FEMA to ensure safe and secure housing.

In summary, our recovery efforts continue. FEMA has learned from our experiences. We have a commitment to disaster victims that has never wavered. We are looking ahead. We have embraced a new philosophy.

Thank you for the opportunity to testify. I would be pleased to answer any questions you may have.

[The statement of Mr. Castillo follows:]

PREPARED STATEMENT CARLOS J. CASTILLO

JANUARY 29, 2008

Good morning Chairman Thompson, Ranking Member King, and Members of the committee. I am Carlos J. Castillo, the Assistant Administrator of the Disaster Assistance Directorate in the Department of Homeland Security's Federal Emergency Management Agency. I have proudly served in this role since July 2007. I am pleased to be here today to represent the Department and FEMA, and to discuss

our continued efforts to provide assistance to those residents and communities still faced with difficult challenges as a result of the 2005 hurricane season.

While nearly 2½ years have passed since the devastation of Hurricanes Katrina and Rita, FEMA continues to aggressively honor the administration's commitment to help rebuild the Gulf Coast. We have faced innumerable challenges along the way, challenges that have tested capabilities and, in many cases, have served as an impetus to reshape and improve how we deliver assistance.

FEMA remains committed to confront each and every challenge that remains. I want to make clear that FEMA and our Federal, State, local government partners and private sector and voluntary agency partners, as well as Congress, have provided an unprecedented level of support and assistance to the people and communities of the Gulf Coast. Our sheltering and housing programs have reached and assisted millions of disaster victims, and provided or facilitated the means for hundreds of thousands of displaced evacuees to successfully find and move into long-term housing.

Over $7.7 billion has been provided to more than 1.4 million households through FEMA's Individual and Households Program (IHP). This includes nearly $5.6 billion in Housing Assistance, and over $2.1 billion in Other Needs Assistance. Nearly $2.5 billion of rental assistance has been distributed to over 730,000 households. FEMA has provided over $437 million in home repair payments, helping make more than 185,000 homes habitable across the Gulf Region following Katrina and Rita. In addition, FEMA has provided more than $345 million to over 34,000 households to assist them toward the purchase of replacement housing.

In response to Hurricanes Katrina and Rita, FEMA conducted the largest temporary housing operation in the history of the country, providing temporary housing units, at peak, to more than 143,000 families across the Gulf Coast. While most of these families have transitioned to self-sufficiency, we continue to support the remaining 43,864 households in temporary housing units as they find and transition into longer-term and more stable housing solutions.

In my testimony today, I will be discussing a number of our programs aimed at assisting Gulf Coast communities and disaster victims. Specifically, these programs include our Gulf Coast Housing Strategy and Action Plans, the Disaster Housing Assistance Program, the Alternative Housing Pilot Program, our Joint Housing Solutions Group, formaldehyde testing and our mitigation assistance efforts which are being used to help Gulf Coast applicants rebuild and recover.

FORWARD PROGRESS—GULF COAST HOUSING STRATEGY ACTION PLANS

FEMA is committed to providing suitable long-term housing solutions to families impacted by Hurricanes Katrina and Rita who still reside in temporary housing units. While helping disaster victims find housing is among FEMA's top priorities in any disaster, FEMA has recognized that temporary disaster housing units should only be used as a last resort. FEMA only provides temporary housing units to eligible disaster applicants when no other housing resources, such as apartments, are available within reasonable proximity of the affected household's home, and when the victim specifically requests such assistance. Temporary housing units allow households to remain in or near their home communities, where they can reconnect with friends and family, return to their jobs and their children can return to their schools. Most often, these units are placed on the site of the household's damaged or destroyed dwelling, allowing the victims to protect their property and supervise the rebuilding of their homes. This form of temporary housing has proven enormously successful in many smaller-scale disasters, where the duration of occupation typically does not extend beyond 18 months. However, while many forms of traditional manufactured housing may prove invaluable to disaster victims anticipating a short occupation period, they were never designed for long-term occupation.

Led by FEMA's Gulf Coast Recovery Office (GCRO), FEMA continues to work with remaining temporary housing occupants to ensure they have access to any and every available housing resource that can help speed their recovery. We are pleased that nearly 70 percent of the households that received temporary housing units following hurricanes Katrina and Rita have now moved out of those units and back into some form of permanent housing. The work of transitioning the remaining residents presents many challenges as we try to balance available resources with support needs of the families that reach beyond basic housing, but are often just as critical to the individuals' ability to return to self-sufficiency. FEMA has been and continues to work aggressively with Federal partners as well as the States, local governments, and voluntary organizations to transition the remaining residents in FEMA temporary housing to more permanent, long-term housing, and to facilitate the support of other needs whenever possible. The FEMA GCRO developed a formal

housing strategy in early 2007 to ensure a comprehensive approach to transitioning occupants to more suitable long-term housing and closing travel trailer group sites.

To support the Gulf Coast Housing Strategy, each FEMA Transitional Recovery Office (TRO) developed a Housing Action Plan to detail specific goals, metrics, and tools for accomplishing this mission. Over the past several months, the FEMA GCRO and the TROs have refined the strategy and action plans based on new policy tools, ideas, and more targeted goals and metrics. The FEMA GCRO prepares detailed weekly progress reports to monitor and report progress in each State.

FEMA developed job-specific training for our housing caseworkers to assist them in communicating with applicants. All FEMA field caseworkers in the Gulf Coast region have received this new training. FEMA also is implementing a Quality Assurance/Quality Control (QA/QC) process to ensure that our field staff are working and communicating effectively.

In November 2007, FEMA announced plans to close group, industrial, and commercial housing sites in Louisiana and Mississippi. While our intention is to close these sites as families are transitioned into permanent housing, it is not, nor has it been, our intention to evict any individual or family currently living in a housing unit provided by FEMA or leave them homeless. The closure dates of all group and commercial sites have been communicated to all local governmental agencies, the States, and media for awareness and preparation. FEMA also keeps occupants informed by distributing a newsletter advising them of the dates that will affect them and informing them of activities regarding the mobile home and travel trailer sites. All sites that FEMA has closed thus far were due to parish or county mandates, landlord requests, or lease expiration dates. The group site closures are consistent with the goals and objectives that we established in our Gulf Coast Housing Strategy and Action Plans. The FEMA GCRO is working to close the travel trailer group sites by June 1, 2008, the official start of the 2008 hurricane season. The site closures are scheduled after considering the heavily impacted and damaged areas, the availability of rental resources, and the ability to convert FEMA sites into donated mobile home sites. The sites in heavily impacted areas are scheduled to close last, in late spring 2008. Sites that are in areas with minimal or no rental resources are also not scheduled to close until the final months of this closure process.

FEMA applicants living in our group sites are provided housing case managers who work with each occupant directly. Sixty days prior to the date of a site closure, notices are provided to each occupant, and case managers begin to work extensively with the applicants to assist and ensure that each family locates and secures suitable alternate housing. As more housing resources continue to become available along the Gulf Coast, we are working to relocate households out of group sites and into safer, more suitable long-term housing, such as apartments. FEMA field staff is working each day to find additional rental units and other housing resources into which families may relocate. Based on our current projections, there should be adequate rental stock available to accommodate households moving out of group sites as part of our closure efforts.

Applicants are provided with the following options and are subject to some conditions:

- Rental units such as a house, apartment, or condo anywhere in the United States, provided the landlord signs up for direct payments through the contract with Corporate Lodging Consultants (CLC), FEMA's agent in securing rental properties.
- FEMA caseworkers will provide the applicant with specific rental units for consideration.
- The rent must be within 150 percent of Fair Market Rent (FMR) to be fully reimbursed by FEMA. If the rental amount is over the 150 percent of FMR, the applicant is responsible for difference.
- Rental housing with direct subsidy payments to the applicant.
- These payments are only made if the applicant has remaining funds under their maximum grant allocation ($26,200 for Hurricane Katrina) for the Individuals and Households Program (IHP).
- Individuals who transition to rental units, and receive rental assistance either from CLC or FEMA directly, will subsequently be transitioned to the Disaster Housing Assistance Program (DHAP), which I will address in more detail later in my testimony.
- Reimbursements to cover relocations greater than 50 miles from the applicant's current residence if the applicant's assistance is below the maximum Individual and Households Program grant amount.
- If the applicant is unable to find adequate housing, the applicant can be relocated to a mobile home located in a commercial site, if available.

With these resources, and in partnership with their assigned housing caseworker, the majority of individuals and households are able to secure adequate housing options in or in close proximity to the areas they are from or wish to move. FEMA will continue to provide housing to all eligible applicants with a continued need for housing, and case managers will continue to work with applicants until the applicant finds alternate housing.

Applicants who are ineligible for FEMA housing assistance and are located in sites that are closing are provided with 30 days of hotel assistance so that they can secure alternate housing. Their case managers continue to work with these individuals and families through referrals of rental resources and referrals to Voluntary Agency Liaisons for assistance. The liaisons work in-depth with the ineligible applicants and their contacts with non-profit organizations and State programs.

FEMA is also actively working to increase the rental resources that are provided to the applicants in the affected sites that are closing by utilizing the following resources:

- HUD's National Housing Locator System;
- Internet sites;
- Newspaper classified ads;
- Realtor associations;
- Real estate magazines;
- Local governments and agencies, such as City Halls and Chambers of Commerce;
- Word of mouth;
- Landlord housing fairs.

Affordable housing, particularly rental units, is limited in many areas along the Gulf Coast. However, FEMA has taken steps to increase the amount of available rental units and reduce the other barriers that may slow the process for an applicant. FEMA redefined the current Corporate Lodging Consultants (CLC) contract on August 24, 2007 to improve landlord participation and the expanding the universe of rental properties by adding lease provisions to include the following:

- Authorizing payment of rental assistance above the current Fair Market Rate;
- Payment to landlords for utilities if included in the rent payment;
- Payment to landlords for repairs to property damage made by disaster applicants;
- Payment of security deposits, and processing fees for background checks required by some landlords; and,
- Assistance with locating furniture and other necessities to meet basic living needs.

In addition, in October 2007, FEMA reinstituted and expanded a reimbursement program that provides relocation assistance to disaster victims displaced by Hurricanes Katrina and Rita. This program reimburses relocation expenses up to $4,000 for applicants returning to their pre-disaster States. For those families that are already living in their pre-disaster State in FEMA-provided temporary housing, FEMA will pay moving expenses to a FEMA-funded rental resource anywhere in the continental United States, if the new location is greater than 50 miles from the applicant's current location in the State. Relocation assistance is limited to travel costs, furniture transportation expenses, and moving services, and is subject to the overall maximum amount of assistance that applicants can receive under the IHP program.

DISASTER HOUSING ASSISTANCE PROGRAM

One of our biggest challenges has been, and continues to be, helping families displaced by Hurricanes Katrina and Rita transition to secure long-term housing. While progress has been slow, it has also been steady, aided in no small measure by our ability to effectively marshal and focus the resources, efforts and expertise of the Federal and voluntary communities on the persistent needs of those for whom recovery remains a continuing challenge. The Department of Housing and Urban Development (HUD), with its recognized expertise in providing long-term housing programs, has been a particularly important partner.

On July 26, 2007, FEMA and HUD executed an Interagency Agreement (IAA) establishing the Disaster Housing Assistance Program (DHAP), a temporary housing rental assistance and case management program for eligible individuals and households displaced by Hurricanes Katrina and Rita. The program is currently being administered through HUD's existing infrastructure of Public Housing Agencies (PHAs). Local PHAs were awarded grants to provide rent subsidies to eligible individuals and households for a period not to exceed 15 months beginning December 1, 2007 and ending March 1, 2009. The designated PHAs will also provide case man-

agement services, which will include a needs assessment and individual development plan (IDP) for each family. The objective of the case management services is to promote self-sufficiency for the participating individuals and households. Ultimately, over 40,000 eligible residents displaced by the 2005 Gulf Coast hurricanes will continue to have their rent paid through this partnership with HUD.

Since this partnership began, HUD and FEMA have been working together to transfer information about tenants and their housing situation to ensure that the transition from one agency to another is as smooth as possible. In addition, HUD and PHAs have been aggressively reaching out to families eligible for assistance, sending letters, knocking on doors and calling households to verify information and ensure that no individual falls through the cracks. HUD has also deployed staff members to those cities where the largest numbers of displaced families are currently living.

This is the first time the Federal Government has ever carried out such a program. As you may imagine, there are many challenges associated with such a transition. Understanding and clarifying the authorities of each agency, ensuring the right mix of skills and expertise to manage the caseload, and exchanging large amounts of complex data have been among the challenges that FEMA and HUD have faced and resolved, and both agencies are committed to continue to work together to make this new program work.

ALTERNATIVE HOUSING PILOT PROGRAM

Recognizing that mobile homes and trailers are not ideal housing solutions, Congress provided $400 million for FEMA to conduct an Alternative Housing Pilot Program (AHPP) to identify and evaluate alternatives to travel trailers and mobile homes. The projects include state-of-the-art engineering standards, designed to maximize energy efficiency with environmentally sound materials. Once tested and proven, these alternatives could potentially be used in response to future disasters. The AHPP sites will also include recreational areas for both children and adults, community spaces, and support services for disaster-affected households.

After a competitive process, pilot projects in Alabama, Mississippi, Louisiana and Texas were selected for grant awards. Consistent with other Federal grants, following their selection, applicant States were required to provide additional supporting information, including detailed project and budget information, prior to award of the grant funds. In April 2007, FEMA awarded $275,427,730 to the State of Mississippi for the Park Model and Mississippi Cottage project. Mississippi is in the process of installing these units and has already begun moving families into the new housing alternatives. As of January 9, 2008, Mississippi has a total of 1,301 units installed and 1,195 of those units are occupied.

In August 2007, FEMA awarded $15,667,293 to the State of Alabama for the city of Bayou La Batre project. In September, 2007, FEMA awarded $74,542,370 to the State of Louisiana to fund the Louisiana Katrina Cottage and Carpet Cottage project. In December, 2007 FEMA awarded $16,471,725 to the State of Texas for the Heston Homes project. FEMA expects a total of 4,160 units as a result of these projects. The expected total production of units is as follows: Texas: 60; Mississippi: 3,500; Louisiana: 500; Alabama: 100.

We look forward to learning from these pilot projects, and are hopeful they will provide valuable and viable housing options for use in future disasters.

JOINT HOUSING SOLUTIONS GROUP

In September, 2006, FEMA established the Joint Housing Solutions Group, whose purpose is to develop a systematic process to evaluate and rate various disaster housing options, identify viable alternatives to travel trailers and manufactured homes, and recommend improvements for conducting disaster housing operations. After the issuance of FEMA's July 31, 2007 Interim Direction suspending the use of travel trailers and park models, FEMA tasked the Joint Housing Solutions Group to identify and evaluate potentially viable forms of alternative housing on an accelerated timeline. The Joint Housing Solutions Group identified several promising forms of alternative housing that FEMA may pilot test in field conditions in future disasters. In the mean time, the Joint Housing Solutions Group will continue to identify and assess the relative merits of additional prospective forms of alternative housing.

FORMALDEHYDE TESTING

FEMA's top priority is the safety of disaster victims, particularly those occupying temporary disaster housing. As you know, FEMA has been taking positive steps to

address concerns regarding formaldehyde and the air quality in these temporary housing units.

Formaldehyde is a biological compound frequently encountered in the environment as a product of combustion or other common chemical reactions. It is also present in low levels in the human body as a by-product of biological processes. At higher levels in air, especially indoors, formaldehyde can be irritating to the respiratory system, and the International Agency for Research on Cancer has determined that formaldehyde may reasonably be anticipated to be a human carcinogen. Although scientists have studied the health effects of formaldehyde exposure for over 30 years, no Federal agency has yet determined a safe or unsafe level in residential indoor air. Even in "occupational" settings, estimates of "safe" levels are widely divergent.

FEMA field staff became aware of the first reported concerns of formaldehyde by a Gulf Coast travel trailer occupant in March 2006. FEMA continued to monitor the number of formaldehyde reports, and in May 2006 as they began to increase, indicating that the concerns might not be isolated occurrences, FEMA began consulting with the Environmental Protection Agency (EPA), the Agency for Toxic Substances and Disease Registry (ATSDR) within the Department of Health and Human Services (HHS) and the mobile home industry to gather information about the presence and effects of formaldehyde.

We also began widespread distribution of information to travel trailer occupants across the Gulf Coast identifying potential sources of formaldehyde. Flyers with information about mitigation techniques, such as proper ventilation, were distributed to all travel trailer occupants in July 2006.

In September 2006, FEMA modified an interagency agreement with the EPA to begin testing for formaldehyde in travel trailers. The EPA testing involved collecting air samples from a sample of new, unused travel trailers during the months of September and October at a staging area in Baton Rouge, LA. Test results were then forwarded to ATSDR in November 2006 for evaluation. These results showed that ventilation could reduce the formaldehyde levels in trailers. In February 2007, the results of the testing performed by the EPA, with initial analysis by ATSDR, were released, and information and guidance based on the results of the study were provided to the residents of the travel trailers.

In July 2007, FEMA distributed a formaldehyde and housing fact sheet to the occupants of every FEMA trailer across the Gulf Coast (70,000 flyers), as well as throughout the rest of the country. The fact sheet provided basic information about formaldehyde, including possible medical effects, ventilation techniques, and contact information for assistance. FEMA also set up call centers for applicants living on group/commercial or private sites who have concerns, questions or request information about formaldehyde. In October 2007, ATSDR released its subsequent analysis of the results, including clarifications of its initial analyses.

Secretary Chertoff and Administrator Paulison have each made it clear that anyone who wants to move out of their temporary housing unit because of formaldehyde concerns will be offered alternative housing. Every person who has called FEMA's formaldehyde call centers with concerns has been offered an immediate move to a hotel or motel until alternative housing is located. Three hundred forty-six applicants have accepted the offer of a hotel/motel. As of early January 2008, all of the 4,609 applicants who requested alternate housing have been offered alternative housing options. Of those, 2,252 have moved to another housing option. Five hundred fifty-seven applicants have refused all housing alternatives. (Note: Data as of December 28, 2007.) FEMA continues to provide case management services to remaining applicants while they make final decisions about their relocation alternatives.

In addition to providing alternative housing to applicants, FEMA asked the DHS Office of Health Affairs (OHA) and the Chief Medical Officer to work with CDC to determine the best scientifically valid approach to address this issue. In August 2007, FEMA and CDC entered into an Inter-Agency Agreement to initiate and complete testing occupied units and to provide technical assistance and public health guidance to FEMA to evaluate the indoor environmental air quality in temporary housing units and the associated health effects to residents. Though the process has been time-consuming, it was imperative that testing be conducted appropriately and intelligently so that it will yield scientifically valid and accurate results.

The testing, to have originally begun in early November, was temporarily delayed to provide FEMA an opportunity to coordinate with CDC and other Federal entities, on the development of procedures and guidance for providing meaningful, risk-informed results to trailer residents and the public. This protocol was necessary to have a basis to explain to the occupants what the test results mean. FEMA wanted to make sure that the results of that testing will help occupants make informed de-

cisions about their health concerns and permanent housing needs. CDC began indoor air sampling in December 2007 to determine formaldehyde levels inside a representative sample of 500 occupied trailers in Mississippi and Louisiana. We expect to have the results in February 2008.

I am aware that the Chairman has introduced legislation, "The Safe and Healthy Emergency Housing Act of 2007," which requires housing provided by FEMA to comply with HUD regulations. I am pleased to let you know that all manufactured housing (also known as "mobile homes") purchased by FEMA before and after Hurricane Katrina met the regulatory standards enforced by HUD. While HUD does not regulate formaldehyde emission levels of construction materials for park models or travel trailers, FEMA has incorporated this HUD standard for construction materials for any new purchases of temporary housing units. FEMA has met and will continue to meet with Federal agencies, industry leaders and health experts to incorporate measures into all units purchased by FEMA to ensure safe and secure housing. We are currently purchasing accessible park models which exceed HUD construction material standards and each unit includes a valid emissions certificate provided by an approved testing entity.

MITIGATION

FEMA has also worked with States and local communities to help them rebuild smarter, safer and stronger. As the region rebuilds, it must do so in a way that makes it less vulnerable to damage from future hazard events. FEMA's Hazard Mitigation Grant Program (HMGP) provides funds to State and local governments to help them implement long-term hazard mitigation measures following a major disaster declaration. The mitigation measures are designed to reduce the loss of life and property in future disaster events, and reduce the costs to citizens, communities, States and the Federal Government in responding to and recovering from future events. Individual States are responsible for managing their HMGP funds, and it is up to each State to determine what their mitigation priorities will be. However, HMGP funds may be used to flood-proof or elevate existing properties, acquire and relocate homes from hazard-prone areas, and implement minor flood control measures, among other eligible activities.

The HMGP is one of the best institutional measures available to help ensure that when the next disaster hits the Gulf Coast, States and local communities have taken action to reduce their vulnerabilities. The administration and the Department are committed to ensuring this happens. In October 2007, the Office of Management and Budget (OMB) granted a waiver, requested by FEMA, from requirements of OMB Circular A–87, which pertain to pre-award costs of HMGP grants. This waiver permits FEMA to establish a limited exception for retroactive approvals of post-disaster HMGP grants for properties damaged by Hurricanes Katrina and Rita in Mississippi and Louisiana, where mitigation work has already begun or been completed. Such retroactive approvals normally would be prohibited by Federal requirements. The limited exception will allow the costs of such actions to count toward the States' required non-Federal match under the HMGP or, in some cases, will allow property owners to be partially reimbursed for mitigation actions taken while repairing or rebuilding. Eligible activities include structural elevation, mitigation reconstruction, retrofitting the structure for hazard protection, and demolition of a damaged residential or commercial structure where prospective open space acquisition or mitigation reconstruction is proposed; however, each State will determine to what extent they will implement the authorities provided by FEMA under the limited exception.

In Louisiana, $1.47 billion is available under the HMGP for Hurricanes Katrina and Rita. As of January 2, 2008, FEMA has obligated over $77.2 million in Federal funds for HMGP projects and State management costs in Louisiana, and FEMA is currently reviewing an additional $18.9 million in applications submitted by the State. Louisiana has until March 1, 2008 to submit applications for the remaining HMGP funds. In late December 2007, Louisiana requested an extension of this deadline and FEMA is currently reviewing this request.

In Mississippi, $433 million is available under the HMGP for Hurricane Katrina. As of January 2, 2008, FEMA has received applications totaling $49 million, and has obligated $41.1 million in HMGP funds to Mississippi. FEMA is currently reviewing applications for $7.4 million. Mississippi has until March 2, 2008 to submit applications for the remaining $384 million. Mississippi has submitted a preliminary request to extend this deadline and is compiling additional information to support this request. FEMA will review this request when the supporting information is provided.

FEMA's Transitional Recovery offices are also working with Alabama and Texas to implement mitigation projects. Seventy-one million dollars are available in Ala-

bama for HMGP, of which $18.1 million has been obligated and $37 million in additional applications are currently in review. Alabama has until February 24, 2008 to submit additional applications and FEMA is currently reviewing a request from the State of Alabama to extend this deadline. One hundred three million dollars are available in Texas for HMGP as a result of Hurricane Rita. Texas has submitted applications for the full amount of funding available and, as of January 2, 2008, $67.1 million has been obligated.

Through October 2007, the National Flood Insurance Program (NFIP) has paid out over $16.6 billion in NFIP claims in the Gulf Coast, including $13.4 billion on over 187,000 claims in Louisiana alone. Over 99 percent of all claims filed have been closed.

Through both the HMGP and the NFIP, the Gulf Coast is getting assistance to enable States, communities and property owners to rebuild safer and stronger and to take steps to reduce their vulnerability to future hazards.

SUMMARY

In summary, our recovery efforts continue. FEMA and our State partners have been confronted by a number of unanticipated challenges and obstacles, yet FEMA remains committed to utilizing the new resources and authorities provided by Congress to assist communities and victims of this disaster to effect a full recovery. That said, we still have much work to do. Nevertheless, we expect and look forward to continued close collaboration and cooperation with Congress, as well as with our Federal, State and local government and private sector and voluntary agency partners. Thank you for the opportunity to testify. I would be pleased to answer any questions you may have.

Chairman THOMPSON. Thank you for your testimony.

I now recognize Dr. Falk to summarize his statement for 5 minutes.

STATEMENT OF HENRY FALK, MD, MPH, DIRECTOR, COORDINATING CENTER FOR ENVIRONMENTAL HEALTH AND INJURY PREVENTION, CENTERS FOR DISEASE CONTROL AND PREVENTION, DEPARTMENT OF HEALTH AND HUMAN SERVICES

Dr. FALK. Good afternoon, Chairman Thompson, Ranking Member King and other distinguished Members of the committee. My name is Henry Falk, and I very much appreciate the opportunity to testify and provide an update on the CDC activities related to evaluating formaldehyde exposure and health concerns in travel trailers and mobile homes. We are very much committed to doing this work and committed to doing it very openly and transparently.

CDC is currently completing the field work on study of formaldehyde levels in approximately 500 travel trailers and mobile homes. As you know, we briefed congressional staff, the public and others before the field work began in early December. We hope to do the same as soon as the results are ready, to brief everybody, do it very openly, in late February, if all goes well. We will similarly provide a detailed briefing to this committee and others.

In addition to the study on the occupied trailers, this is one of a number of studies that are detailed in a written statement. I will try not to go into all of those right now, but I will be happy to answer questions on all of them. We are also looking at unoccupied trailers and engage in studies—in developing studies to look at the health of children who have been exposed to formaldehyde. All of this is in response to a letter from Administrator Paulison to Dr. Gerberding on July 13, 2007, requesting assistance and joint effort working on this.

In view of much of the public discussion over the past day, I want to recognize that this hearing takes place in the context of that earlier work. I would like to comment on this, express my willingness today and in follow-up to this hearing to help the committee address the full range of issues related to this.

I have worked at CDC and ATSDR for 36 years. Any time there are questions raised about the independence of our work, this is a great concern to me. So I would like to address briefly this prior ATSDR health consultation, as I will refer it to, and recognize, you know, that there were issues related to that, talk about the key lessons that we have learned and the important steps going forward. I think that the lessons learned are certainly reflected in work that we are currently doing.

Very briefly, that work relates to a request that came through the Office of General Counsel at FEMA to staff scientists at CDC requesting an evaluation of data that had been collected by another agency in 96 unoccupied trailers. There was a report that was—health consultations released in early February. There were clarifications given afterwards and then ultimately a revised health consultation issued in October. I would like to contrast in terms of my own understanding of this situation between what we are doing currently to the prior health consultation.

The current effort resulted from a letter, a request from Administrator Paulison to Dr. Gerberding for assistance. It engaged senior staff. It asked for a broad look at the issues, involved CDC design of studies, involved briefings and, I trust, transparency in what we are doing. The prior effort resulted from what I think was a narrowly construed request from Office of General Counsel to nonsupervisory staff which persisted in a narrow context for sometime later on. It engaged senior staff and involved some of the correspondence which you had noted. Attempts were made to correct any misimpressions related to that. But I think it is very different than the current effort.

I would like to say what we have learned from that prior ATSDR consultation that we are utilizing in the current effort. We are fully cooperating with all congressional inquiries. We have looked at our own internal efforts within the agency, in terms of management of clearance procedures and supervisory procedures.

We were concerned about direct requests from Office of General Counsel to staff, and I wrote to Administrator Paulison about that. I felt those kinds of requests should go through CDC general counsel.

We have undertaken affirmative outreach to the community, Congress and the public and others on all the work that we are doing, and feel that we must maintain a broad view of our responsibilities and address the holistic concerns.

So I hope that we have reasserted the kind of important role the CDC ATSDR can play in designing and executing studies in an open and transparent way and applying this experience in our current effort. We have only one interest going forward, and that is to do the best possible job, working closely with you, the public and the travel trailer residents in a very open and transparent way, doing whatever we can to evaluate the formaldehyde exposures and

help people in decision-making and prevent any potential for health concerns.

Thank you.

[The statement of Dr. Falk follows:]

PREPARED STATEMENT OF HENRY FALK, MD, MPH

JANUARY 29, 2008

INTRODUCTION

Good afternoon Chairman Thompson and other distinguished Members of the committee. Thank you for the opportunity to provide an update on the Centers for Disease Control and Prevention (CDC) activities evaluating health concerns related to trailers and mobile homes used by the Federal Emergency Management Agency (FEMA) as temporary housing.

BACKGROUND

FEMA officially requested CDC assistance in answering questions related to indoor air quality of the trailers and mobile homes, and the health of the occupants of those temporary housing units, in a letter to CDC Director Dr. Julie Gerberding dated July 13, 2007. Following discussions with FEMA and the Department of Homeland Security, CDC identified four areas for its work: (1) Expert panel review; (2) indoor air quality assessments (for occupied and unoccupied travel trailers and manufactured housing (mobile homes)); (3) child health study; and, (4) health communication.

Much of the on-going health concern that residents of FEMA-provided temporary housing units have communicated to FEMA relates to possible formaldehyde exposure. Formaldehyde is a colorless, flammable gas that has a distinct, pungent smell. It is used in the production of fertilizer, paper, plywood, and urea-formaldehyde resins. It also is used as a preservative in some foods and in many products used around the house. Low levels of formaldehyde can cause irritation of the eyes, nose, throat, and skin. The International Agency for Research on Cancer has determined that formaldehyde may reasonably be anticipated to be a carcinogen.

EXPERT PANEL REVIEW

On September 18, 2007, CDC convened an independent panel of experts to obtain the best scientific knowledge about indoor air quality in travel trailers and mobile homes used by FEMA as emergency temporary housing. The panel members looked at issues related to, but not limited to, formaldehyde, and individually provided scientific input to CDC in the design of the indoor air quality assessments and the child health study.

The expert panel provided a draft report to CDC on October 19, 2007. CDC reviewed the draft and requested clarification of certain comments and recommendations contained in the report. CDC received a final version of the report on December 3, 2007, a summary of which is posted on the CDC Web site at: *http://www.cdc.gov/nceh/ehhe/trailerstudy/pdfs/FEMAExpertPanelSummary.pdf.*

CDC will reconvene the expert panel later this year to discuss the results of the indoor air quality assessments and the revised child health study protocol.

Two major recommendations in the panel report are:

- Travel trailers were not designed for long-term housing for families and efforts should be made to limit the use of these units to short-term emergency housing only.
- CDC should use similar methodologies in each of the sampling plans for occupied and unoccupied travel trailers and mobile homes, and for the children's health study. The report also provides support for the evaluation of indoor air quality in travel trailers and mobile homes used by FEMA as temporary housing and guidance on epidemiological issues for the children's health study.

INDOOR AIR QUALITY ASSESSMENTS

In discussions with FEMA, CDC identified two important issues with respect to air quality—and formaldehyde levels—in travel trailers and mobile homes. First, there is a need to understand what air quality issues exist under actual living conditions in the units; and second, it is important to identify practical means of reducing indoor air levels of formaldehyde. To address these issues, CDC determined that it would be necessary to test both occupied and unoccupied units.

Occupied Units

CDC's testing of occupied units involves a representative sample of approximately 500 occupied travel trailers and mobile homes in Mississippi and Louisiana purchased by FEMA to provide temporary housing. These tests will determine formaldehyde levels under actual living conditions. The temporary housing units that were tested are representative of the various manufacturers and models being used in substantial numbers in the two States.

CDC originally had a contract in place that could have resulted in testing in early November. On review of the testing plan, however, a joint interagency panel determined that before testing should be done, there needed to be an understanding of how various results could be interpreted and actions that would need to be taken based on these results. These analyses were completed during the month of November, a new contract was awarded on December 11, 2007, and field work began on December 21, 2007.

In addition to collecting formaldehyde samples, there was also a brief questionnaire and a walk-through of the units to identify other visible problems such as mold.

As of January 23, 2008, CDC completed sampling of occupied units. The contractor is expected to provide CDC a database, which will include formaldehyde levels, the week of February 4, 2008. Participants will be notified of their results in person by approximately 25 teams that will include representatives from both the Department of Health and Human Services (HHS) and FEMA. The notification visits are expected to begin the week of February 18 and be completed as expeditiously as possible, within approximately 3 weeks or less. In addition, CDC plans to offer informational sessions at which the public, including residents of units that were not tested, will have the opportunity to ask questions about CDC's findings.

Unoccupied Units

CDC is assessing formaldehyde levels across different models and classes of unoccupied travel trailers and mobile homes used by FEMA as temporary housing. The purpose of this sampling is to identify the factors that may predict high exposure scenarios inside the units, and to investigate cost-effective solutions to reduce the formaldehyde concentrations. Components of travel trailers and mobile homes are being tested for off-gassing of formaldehyde. FEMA is providing the units to be tested.

CDC began initial field work to assist in protocol development in late July, 2007. From September 25–27, CDC sampled more than 50 unoccupied travel trailers and mobile homes stored in Mississippi to determine the range of formaldehyde levels in the various units. CDC collected samples of travel trailer and mobile home components from November 14–16 for testing at Lawrence Berkeley National Laboratory under an interagency agreement. In addition, CDC is working with NASA to evaluate photocatalytic oxidation air cleaning technologies. Other potential methods will also be tested, including ventilation and treatment of the travel trailers.

CHILD HEALTH INVESTIGATIONS

The possibility of health effects associated with living in FEMA-provided travel trailers and mobile homes was first brought to the public's attention by pediatricians in Mississippi and Louisiana who observed respiratory and skin symptoms in their patients that they thought might be associated with living in the trailers. Investigating the possible relationship between residing in these units and children's health is an important component of CDC's overall investigation.

The goal of the children's health investigations is to determine if there is an association between living in a FEMA-provided travel trailer or mobile home in a storm damaged region of the U.S. Gulf Coast, and adverse health effects such as respiratory illness and dermal reactions in children. Below are descriptions of two health investigations, one well underway, and the other in development:

- A chart review of medical records of children who were treated for respiratory illness, skin conditions, or gastrointestinal illnesses in Hancock County, Mississippi. Field work was conducted in November 2007 with all pediatric health care providers in the county. Data analysis and follow-up interviews are currently being conducted. Analysis is expected to be completed in February 2008.
- A cohort study of children who lived in trailers in areas of Texas, Louisiana, Mississippi, and Alabama, and were affected by Hurricanes Katrina and Rita. Children will be recruited from FEMA aid lists. Participating children will be followed for approximately 5 years. CDC is currently preparing a protocol for the study and expects to apply for Institutional Review Board (IRB) approval in February 2008.

HEALTH COMMUNICATION

The goal of CDC's health communication program is to provide residents with information to help them make decisions on where to live, and how to reduce risks. CDC has worked closely with FEMA to develop key messages and communications strategies related to FEMA-provided trailers and mobile homes and health concerns of residents.

Teams of communication specialists from CDC have spent time in Louisiana and Mississippi meeting with focus groups comprised of residents, community leaders, and health care providers to identify the particular health information needs of residents living in FEMA-provided travel trailers and mobile homes.

The teams also worked with members of the community to develop the best means of reaching this specific segment of the public. The teams learned that, while television often is a useful way of disseminating health guidance, many of the people most in need of the information do not have televisions. Community suggestions led to the use of other mechanisms through which information could reach the largest number of temporary housing residents.

CDC has developed a series of printed materials, in multiple languages, aimed at residents and health care providers. Materials provide information on formaldehyde as well as other indoor air quality issues, and help residents assess their level of risk and how to reduce it. CDC also has developed messages for radio and other audio distribution. These materials are available online at *http://www.cdc.gov/nceh/ehhe/trailerstudy/default.htm.*

In addition, as noted above, residents whose units were tested will be notified of their results by a team comprised of representatives from HHS and FEMA. And, CDC continues to respond to inquiries from the public and the news media about health concerns related to FEMA provided travel trailers and mobile homes.

CONCLUSION

CDC has responded to a request from FEMA for assistance in assessing health concerns related to travel trailers and mobile homes used as temporary housing. CDC began work in July 2007, following receipt of the request, and devised a multiple-part approach to assess actual exposures, determine if feasible methods exist to reduce formaldehyde levels, develop knowledge and understanding of health effects in vulnerable populations, and provide residents and health care providers with health information to recognize and reduce health effects potentially related to indoor air quality issues.

It is important to note that formaldehyde is not the only potential health issue related to living in temporary housing units. Other potential health issues relate to mold and moisture, safety concerns, mental health issues, and disruption of day-to-day lives. CDC has attempted to consider the range of health issues to ensure that we do not focus entirely on formaldehyde and overlook other issues that are important to public health.

We agree with FEMA that the long-term goal is to move displaced residents into more permanent housing instead of travel trailers. CDC's goal is to help residents reduce risks to their health until then, and protect their health during the process of relocating to permanent housing.

Thank you for the opportunity to provide this testimony on CDC's activities related to health concerns and FEMA temporary housing units. I would be happy to answer any questions you may have.

Chairman THOMPSON. Thank you for your testimony.

I now recognize Mr. Bregón to summarize his statement for 5 minutes.

STATEMENT OF NELSON R. BREGÓN, GENERAL DEPUTY ASSISTANT SECRETARY, OFFICE OF COMMUNITY PLANNING AND DEVELOPMENT, DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT

Mr. BREGÓN. Good afternoon, Chairman Thompson, Ranking Member King, distinguished Members of this committee. My name is Nelson Bregón. I am the general deputy assistant secretary in the Office of Community Planning and Development with the Department of Housing and Urban Development.

I will specifically discuss how the five States in the Gulf Coast are addressing their housing needs and the programs they have proposed to ensure safe and effective housing for residents impacted by Hurricanes Katrina, Rita and Wilma.

In response to the disasters, the President signed three supplemental spending under the CDBG funds. The first CDBG supplemental provided $11.5 billion, and this supplemental appropriation was signed on December 30, 2005. Within 1 month, Secretary Jackson allocated these funds based on the areas of highest needs and with the greatest concentration of destruction. In June 2006, the President signed the second CDBG supplemental, providing an additional $5.2 billion. Secretary Jackson again promptly allocated these funds to the affected States. The third supplemental, most recent, was signed in November 2007, and this supplemental provided an additional $3 billion, specifically for the State of Louisiana's Road Home homeowner assistance program.

To date, almost $20 billion has been appropriated for CDBG grants to assist the States of Alabama, Florida, Louisiana, Mississippi and Texas, the five Gulf States impacted by Hurricanes Katrina, Rita and Wilma. Of these amounts, States have proposed housing programs totaling about $15 billion, or approximately 75 percent of the total amount appropriated. In a little over 2 years since the first supplemental appropriations, the States have expended over $8.3 billion of CDBG recovery activities, and over $7.5 billion of which has been for housing assistance activities.

The first two CDBG supplemental appropriations acts passed by Congress were very clear in their intent and extraordinary in the flexibility provided to the States, far beyond the traditional nature of such supplemental block grants funding. Congress directed HUD that we shall waive all regulations and statutes which act as barriers for the implementation of the Governors' proposed action plans. Only four areas could not be waived by the Secretary. These were fair housing, environmental, civil rights and Davis-Bacon labor standards.

HUD's primary role was to provide technical assistance on the Federal program requirements and thereafter monitor the use of funds, but not to dictate uses of funds or the amounts to be set aside for each individual activity unless otherwise specified by Congress. The eligible States would have complete flexibility in determining the design, establishing funding levels and carrying out activities to achieve their goals. This approach has allowed each of the five States to tailor its recovery programs to best address the needs of the citizens of its State.

The State of Louisiana and Mississippi elected to implement a homeowner compensation program. The compensation model provides eligible homeowners with a grant for uncompensated property losses to the primary residents. In consideration for such assistance, homeowners would agree to covenants on their property that would require any new or rehabilitated structure to meet modern building codes and FEMA requirements. Mississippi has assisted over 15,000 homeowners, and the State of Louisiana has assisted over 93,000 homeowners under these compensation programs.

As stated previously, each State was given the flexibility to adopt its own recovery plans. The States of Alabama and Florida went with more conventional—implementing a more traditional, conventional program. They distributed the moneys to the local units of government, and these units of local government then did the housing rehabilitation or infrastructure projects.

The State of Texas, from the first $74.5 million that they received from the first supplemental, they decided to undertake a housing rehabilitation through its councils of governments. That program would assist approximately 452 homeowners. From the larger second CDBG supplemental of $428 million, the State of Texas is running its primary homeowner housing rehabilitation assistance program. Under this program, Texas proposes to assist an additional 15,000 lower-income homeowners.

One factor influencing the choice of whether a State does a compensation program or a rehabilitation program is the trade-off between time constraints of the environmental review requirement versus greater control of the undertaking. The State of Texas decided to have a greater control over its program and decided to do a rehabilitation program, which entails the State working directly with homeowners through its local units of government doing housing inspections, doing specifications, contracting with local contractors, looking at the inspection, approving the certificate of occupancy, which is more time-consuming. However, it is a program that provides more accountability.

Chairman THOMPSON. We will get on with your testimony during questions.

Mr. BREGÓN. Yes, sir. Well, I will open it for questions then, and we will submit our written testimony. I thank you.

[The statement of Mr. Bregón follows:]

PREPARED STATEMENT OF NELSON R. BREGÓN

JANUARY 29, 2008

Chairman Thompson, Ranking Member King, distinguished Members of the committee: I am Nelson Bregón, the General Deputy Assistant Secretary for the Office of Community Planning and Development at the U.S. Department of Housing and Urban Development. On behalf of Secretary Alphonso Jackson, I am honored to have the opportunity to discuss the results and experiences the Gulf Coast States have had in addressing their disaster recovery needs through the Community Development Block Grant (CDBG) program. I will specifically discuss how they are addressing their housing needs and the programs they have proposed to ensure safe and effective housing for residents impacted by hurricanes Katrina, Rita, and Wilma.

In response to the disasters, the President signed three supplemental spending bills in which CDBG funds were appropriated. The first CDBG supplemental provided $11.5 billion in CDBG disaster recovery funding on December 30, 2005. Within 1 month, Secretary Jackson allocated these funds based on areas of highest need and with greatest concentration of destruction. In June 2006, the President signed the second CDBG supplemental providing an additional $5.2 billion and Secretary Jackson promptly allocated these funds to the affected States. The third supplemental was signed in November 2007, providing an additional $3 billion specifically for the State of Louisiana's "Road Home" homeowner assistance program.

To date a total of $19.673 billion has been appropriated for Community Development Block Grants to the five Gulf States impacted by hurricanes Katrina, Rita, and Wilma. Of this amount, States have proposed housing programs totaling over $14.8 billion, or 75.3 percent of the amounts appropriated. In a little over 2 years since the first supplemental appropriation, the States have expended over $8.3 billion for CDBG recovery activities, over $7.5 billion of which has been for housing assistance activities.

The first two CDBG supplemental appropriations acts passed by Congress were clear in their intent and extraordinary in the flexibility provided to the States, far beyond the traditional nature of such supplemental block grant funding. Congress directed that HUD shall waive all regulations or statutes which act as a barrier to implementation of the Governor's plan. Only four areas could not be waived: Fair housing, environmental, civil rights and the Davis-Bacon Act's related prevailing wage requirement. HUD's primary role was to provide technical assistance on the Federal program requirements and monitor the use of funds, but not dictate uses of funds or the amounts to be set aside for each activity unless otherwise specified by Congress. The eligible States would have complete flexibility in determining design, establishing funding levels, and carrying out the activities to achieve their goals. This approach has allowed each of the five States to tailor their recovery programs to best address the needs of the citizens of their States.

The States of Louisiana and Mississippi elected to implement a homeowner compensation program as the primary model. The compensation model provides eligible homeowners with a grant for uncompensated property losses to their primary residence. In consideration for assistance, homeowners would agree to covenants on their property that would require any new or rehabilitated structure to meet new building code requirements and FEMA elevation requirements if applicable. The goal of the compensation model was to ensure that any rebuilt properties would be safe from future hurricanes. Mississippi has assisted over 15,000 homeowners and the Louisiana Road Home program has assisted approximately 93,000 homeowners.

As I stated previously, each State was given flexibility to adopt their own recovery plans. The States of Alabama and Florida are implementing more traditional CDBG housing programs by a method of distribution to local governments for housing activities with jurisdictions in Alabama and Florida undertaking different combinations of housing rehabilitation, relocation, and reconstruction. The State of Texas is undertaking rehabilitation through its council of governments with funds from the first supplemental and will assist approximately 452 homeowners. Texas' primary homeowner assistance program is a housing rehabilitation program. This program is being funded through the second CDBG supplemental as there were not enough funds for that scale of a program originally. Texas proposes to assist approximately 15,000 lower income homeowners.

One factor influencing the choice of the compensation program model over the housing rehabilitation model was the lack of an environmental review requirement on individual home sites. The environmental requirement was one of the four statutory areas that the supplemental appropriations did not allow the Secretary to waive. A housing rehabilitation program requires a site-specific environmental review. Other factors influencing program design choices were the additional operational requirements a housing rehabilitation program would require, such as work write-ups and specifications, progress payments and inspections. Upon completion of these programs, HUD expects to undertake a study of the results of these different approaches.

Homeowner assistance is not the only housing need in the Gulf Coast. There is also a need for renters assistance. Louisiana, Mississippi, and Texas have all identified renter assistance programs as well as assistance for public housing. These programs are financially more complicated because multiple sources of funding and ownership take longer to implement compared to the homeownership model. Both Louisiana and Mississippi have completed their small renter program design and have solicited applications and should be able to demonstrate visible progress in the near future. Approximately $1.9 billion has been programmed for affordable rental and assisted housing.

With regard to new construction housing assistance, an additional hurdle exists when locating projects to areas not currently served by existing water and sewer facilities. Mississippi proposes to relocate such facilities and new housing north of Interstate 10 away from flood hazard areas. Housing contingent upon these improvements require a longer-term planning and execution in order to complete engineering and facility construction.

Thank you for the opportunity to testify before you today. We look forward to working with Congress on which recovery strategies work best to ensure safe and effective housing recovery. I welcome your questions.

Chairman THOMPSON. Thank you.

We will now hear now from Mr. Tipson and then to Mr. Gerber for a statement for 5 minutes.

STATEMENT OF DAVID F. TIPSON, INTERIM DIRECTOR, COMMUNITY DEVELOPMENT PROJECT, LAWYERS' COMMITTEE FOR CIVIL RIGHTS UNDER LAW

Mr. TIPSON. Good afternoon. I am David Tipson, an attorney with the Lawyers' Committee for Civil Rights Under Law. I would like to thank Chairman Thompson, Ranking Member King and the Members of the committee for holding this important hearing on post-disaster housing programs and for allowing the Lawyers' Committee to testify.

The Lawyers' Committee is a nonpartisan, nonprofit, civil rights legal organization that has been in existence for nearly 45 years. The Lawyers' Committee and its local affiliate, the Mississippi Center for Justice, have organized volunteer attorneys from around the country and held over 50 free legal clinics to provide assistance to thousands of individuals in Mississippi unable to access the FEMA benefits to which they were entitled.

Hurricane Katrina damaged or destroyed over 85,000 housing units in Mississippi. Homes owned and rented by families of low and moderate income suffered a significant and disproportionate share of the devastation. Today, many of these low-income families remain in FEMA trailers with nowhere to go. There are 13,022 Mississippi households currently in FEMA temporary housing programs, of which 11,641 are in travel trailers. These figures represent approximately 35,000 displaced individuals, as of January 16. The sheer loss of affordable housing caused by Hurricane Katrina threatens to create an entire new homeless population in Mississippi.

This committee is already familiar with many of the problems in FEMA's administration of emergency housing programs on the Gulf Coast. We thank the Chairman for his bill to require that temporary housing units comply with HUD standards for formaldehyde emissions. My testimony will focus, therefore, on two recent issues.

First, I want to discuss FEMA's failure of coordination with local governments. In the last 9 months, FEMA's ability to provide direct housing assistance to hurricane survivors has been compromised by the actions of local jurisdictions. Beginning in May 2007, the cities of Pascagoula, Gulfport, Ocean Springs and Bay St. Louis have taken local action to eliminate FEMA trailer parks and even single FEMA trailers on private property. Even though FEMA has committed to providing direct housing assistance through March 2009, these local governments have refused to extend local permits accordingly. At the same time, local jurisdictions continue to receive financial assistance from FEMA through its public assistance program.

These local governments often cite a need for trailer residents to become self-sufficient. The reality is that most residents could have no greater incentive to move than a FEMA trailer itself. Cramped, uncomfortable, toxic with formaldehyde and utterly vulnerable to the next hurricane, FEMA trailers are places that people live only when they have nowhere to go.

FEMA was not prepared for this foreseeable set of circumstances and has failed to take proactive steps to address this growing problem.

The second issue I want to discuss is the rocky transition to the Disaster Housing Assistance Program, or DHAP, administered by HUD. This fall, FEMA began transferring responsibility for rental assistance for Katrina victims to HUD under DHAP. The program is scheduled to begin assisting FEMA trailer residents this month.

From the beginning, the transition from FEMA rental assistance to DHAP has been troubled. In a shocking number of cases, HUD officials discovered that FEMA's data on eligible households are outdated, incomplete, inaccurate or just missing altogether. We have heard accounts of landlords receiving DHAP subsidy checks from tenants who had moved. Many landlords who are willing to accept checks from FEMA-eligible households are not willing to participate in DHAP. Many families who are receiving FEMA rental assistance find that their current apartment will not pass DHAP's inspection requirement.

At the same time, landlords who initially agree to participate in the program are becoming frustrated with late rent checks and other bureaucratic hassles. Tragically, many families who found an acceptable apartment, convinced the landlord to participate in the program and successfully entered DHAP are now receiving notices to vacate from their landlords because the local housing authority was late with January rent.

This gives rise to a particularly unfortunate situation. If the landlord is unwilling to release a family from the original lease, the family will become ineligible for further DHAP assistance. One woman came to our workshop whose landlord decided not to participate but also refuses to let her out of her lease, which has onerous early termination penalties. As a result, she cannot move to a different rental property, and this woman is now at risk of losing her assistance, her only means of paying for housing.

One of the reasons landlords are wary of participating in DHAP is inherent in the structure of DHAP itself. Beginning 1 month from now, rental assistance provided by DHAP will be reduced by $50 each month until it is eliminated altogether. This reduction schedule treats rental assistance as a form of dependence from which recipients need to be gradually weaned and bears no relation to the financial realities of Katrina survivors living in disaster areas.

In conclusion, we urge FEMA and Congress to explore ways to address the shortcomings identified in this testimony.

Mr. Chairman and Members of the committee, thank you, again, for the opportunity to testify. I look forward to answering any questions.

[The statement of Mr. Tipson follows:]

PREPARED STATEMENT OF DAVID F. TIPSON

JANUARY 29, 2008

I. INTRODUCTION

Good afternoon. I am David Tipson, a community-development attorney with the Lawyers' Committee for Civil Rights Under Law ("Lawyers' Committee"). I would first like to thank Chairman Thompson, Ranking Member King, and the Members of the committee for holding this important hearing on post-disaster housing programs and, in particular, for providing the Lawyers' Committee with the opportunity to participate.

The Lawyers' Committee is a nonpartisan, nonprofit civil rights legal organization that has been in existence for over 40 years. It was formed in 1963 at the request of President John F. Kennedy to involve the private bar in providing legal services to address racial discrimination. The mission of the Lawyers' Committee is to secure, through the rule of law, equal justice under the law. For 45 years, the Lawyers' Committee has advanced racial and gender equality through a highly effective and comprehensive program involving educational opportunities, fair employment and business opportunities, community development, fair housing, environmental justice, and meaningful participation in the electoral process.

The ongoing humanitarian crisis on the Gulf Coast we call Hurricane Katrina is well into its third year. Since the day the storm made landfall, the Lawyers' Committee and its local affiliate, the Mississippi Center for Justice, have organized volunteer attorneys from around the country and held over 30 free legal clinics to provide assistance to thousands of individuals unable to access the FEMA housing benefits to which they are entitled. Over the last 2½ years, we have observed first-hand the struggles—and the suffering—of thousands on the Gulf Coast. I am honored to provide this testimony on behalf of my fellow citizens on the Mississippi Gulf Coast whose needs for adequate housing assistance remain unmet. In fact, it is our belief that the situation for low-income residents of Mississippi is only getting more desperate and frightening. Although my remarks concern the situation in Mississippi, the problems I will describe are shared across the region affected by Hurricanes Katrina and Rita. By sharing the experiences of Mississippi residents with you, I hope to encourage a renewed commitment to the improvement of FEMA programs not only for the Gulf Coast, but for victims of future disasters as well.

The committee is already familiar with many of the problems in FEMA's administration of emergency housing programs on the Gulf Coast. (Indeed, Chairman Thompson has introduced a bill to require emergency housing provided by FEMA to meet the health standards and formaldehyde-emission levels set by the Department of Housing and Urban Development [HUD] for permanent, manufactured housing). This testimony will focus, therefore, on two recently observed issues: the failure of coordination with local governments and the rocky transition to the Disaster Housing Assistance Program administered by HUD. Before I begin a discussion of these issues, however, I want to review the devastating impact of Hurricane Katrina in Mississippi on low-income families.

II. THE IMPACT OF KATRINA

Most Americans have emblazoned in their memory an image of a category five hurricane roaring across the Gulf Coast of Louisiana, Mississippi and Alabama, hurling casinos in the air, crumbling century-old buildings, and devastating thousands of homes—and even more lives—under a massive tidal surge. When Katrina made landfall, it instantly became the worst natural disaster in over 200 years.

Katrina drove a massive wall of water over barrier islands and into the Mississippi Gulf Coast. With heights approaching 28 feet in some places, this storm surge, along with catastrophic winds, damaged or destroyed over 85,000 housing units.[1] Homes owned by families of low- and moderate-income suffered a significant and disproportionate share of the devastation. Sixty-five percent of the housing units damaged by the storm surge in Harrison, Hancock, and Jackson Counties were occupied by households earning less than the U.S. median income level.[2] In East Biloxi, about 95 percent of households earned below Federal median income before Katrina, and 87 percent of these households suffered extensive or catastrophic damage.[3] Over 40 percent of the households in water-front census blocks in Gulfport and Biloxi had incomes below 80 percent of the area median income.[4]

Low-income renters were hit especially hard. According to a July, 2006 HUD/FEMA damage report, 52 percent of rental housing stock (37,105 out of 71,616) damaged by the hurricane was rented to persons of very low income (less than 50 percent of area median income).[5] Within this segment, about one-third of the units (11,914 out of 37,105) were severely damaged or destroyed. The Mississippi Regional

[1] Reilly Morse, "Environmental Justice Through the Eye of Katrina," citing Richard D. Knabb, Jamie R. Rhome, and Daniel P. Brown, "Tropical Cyclone Report: Hurricane Katrina" (December 20, 2005), 8–9, *http://www.nhc.noaa.gov/pdf/TCR-AL122005_Katrina.pdf.*

[2] Governor's Commission Report on Recovery, Rebuilding and Renewal (December 31, 2005), 54.

[3] Governor's Commission Report, 54.

[4] Morse, 29.

[5] FEMA Housing Unit Damage Estimates, July 12, 2007, p. 6.

Housing Authority for Region VIII reported that 80 percent of subsidized housing in coastal Mississippi was damaged or completely destroyed.[6]

Today many of these low-income families remain in FEMA trailers or other emergency shelter with nowhere to go.[7] The State of Mississippi also has 13,022 households currently in FEMA temporary housing programs, of which 11,641 (or 89 percent) are still occupying travel trailers. These figures cumulatively represent approximately 35,159 displaced individuals as of January 16, 2008.[8] Of those receiving Direct Housing Assistance (i.e., trailers), 81 percent of households report low to moderate incomes (80 percent below the Area Median Income), yet only 1.3 percent of those who still remain in trailers ever received Federal housing assistance prior to Katrina.[9] Nearly half (47 percent) of this population were renters prior to the storm and 36 percent of these residents are over the age of 60 and/or have a disability.[10]

Ninety-three percent of the 1,381 households receiving rental subsidy assistance report low to moderate incomes. FEMA also reports that 88 percent currently receiving subsidies were renters prior to Katrina. That stated, only 7 percent received any Federal housing assistance prior to the 2005 disaster. Eleven percent of these households include elderly and/or persons with disabilities.[11]

The sheer loss of affordable housing caused by Hurricane Katrina threatens to create an entire new homeless population in Mississippi, one of the poorest States in the Nation. In addition to causing emotional and physical devastation, the storm left behind myriad legal hurdles for Katrina survivors. Over the last 2½ years, the Lawyers' Committee has organized dozens of legal assistance workshops for the seemingly endless needs of individuals who did not receive the FEMA assistance to which they were entitled. Again and again we saw examples where FEMA: (1) Undercompensated storm victims and then threatened them to return the little they received; (2) misapplied its own rules and sought recoupment from individuals for its errors; (3) wrote checks from the wrong account; and (4) failed to inform recipients of substantive restrictions on the use of the funds. All of these mistakes resulted in devastating recoupment actions against terrified individuals whose only mistake was to rely on the competency of FEMA. These residents were punished for FEMA's failures to apply and communicate its own rules.

The inability to communicate rules and policies clearly, poor management of information, bureaucratic rigidity, passivity to local conditions, and assistance programs poorly tailored to the needs of disaster victims are themes we have observed repeatedly in FEMA's post-Katrina response. Attorneys at the Lawyers' Committee discussed these issues in an article entitled "The Continuing Storm: How Disaster Recovery Excludes Those Most in Need," which is attached to this testimony.[12] In order to help decipher many of the confusing and conflicting messages from FEMA, the Lawyers' Committee produced "Your Risks, Your Rights," a document that has been distributed to hundreds of residents. In the process of preparing this document, we discovered for ourselves the complete absence of clarity surrounding basic questions about FEMA's programs and policies. These themes have also surfaced in the rocky and, for many residents, traumatic, transition from FEMA assistance to the Disaster Housing Assistance Program administered by HUD.

III. TRANSITION TO DHAP

This fall, FEMA began transferring responsibility for rental assistance for Katrina victims to HUD under the Disaster Housing Assistance Program or DHAP. Under the program, local public housing authorities are supposed to provide rental sub-

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[6] Michael Kunzelman, "Unhabitable Habitats: Tenants Living in Squalor," *SunHerald* (Biloxi), April 16, 2006, A19.

[7] For a first-hand look at the housing crisis through the eyes of FEMA trailer residents, please view a short documentary prepared by the Lawyers' Committee at *http://www.lawyerscommittee.org/2005website/home/katrina3.mp4.*

[8] FEMA, Mississippi 1604, GCRO, IA Global Report No. 23.0, Report Date: 01/16/08: *http://www.fema.gov/pdf/hazard/hurricane/2005katrina/ms_iag.pdf*: Note: The aggregate number reported uses FEMA's standardized formula of: [No. of households x 2.7 (average MS household size) = total aggregate population].

[9] Ibid.

[10] Ibid.

[11] Ibid.

[12] Miller, Trisha B., and Jonathan P. Hooks. *The Continuing Storm, How Disaster Recovery Excludes Those Most in Need.* California Western Law Review. Vol 43. 2006.

sidies to the landlords of eligible households. The program was also scheduled to begin assisting FEMA trailer residents this month.[13]

From the beginning, the transition from FEMA rental assistance to DHAP has been troubled. In a shocking number of cases, HUD officials discovered that FEMA's data on eligible households was outdated, incomplete, inaccurate, or just missing altogether. We have heard accounts of landlords receiving DHAP subsidy checks for tenants who have moved. Many landlords who were willing to accept checks from FEMA are not willing to participate in DHAP. Many families who were receiving FEMA rental assistance find that their current apartment will not pass DHAP's inspection requirement. At the same time, landlords who initially agreed to participate in the program are becoming frustrated with late rent checks and other bureaucratic hassles. Tragically, many families who successfully entered the DHAP program, found an acceptable apartment, and convinced a landlord to participate are now receiving notices to vacate because the local housing authority was late with January rent. A photocopy of one such notice is attached to this testimony.

As a result, an increasing number of households who have been recipients of FEMA rental assistance are facing 30-day notices to vacate their apartments unless they are able to pay the entire (above) market-rate rent for the same apartment in the same complex. These families are now on the brink of homelessness, with no other affordable housing alternatives.

I would like to offer the true story of a person I will call Helen to illustrate the harrowing ordeals that have accompanied the transition to DHAP for many storm survivors. Helen's landlord alerted her to his decision not to participate in DHAP on November 8 and told her that, after November 14, she would be responsible for paying her rent. Helen's lease expires in April, and she cannot afford to pay rent without the assistance. Recently, Helen received a letter from HUD saying that her landlord had elected not to participate in DHAP and that, if she wished to participate, she must get out of her current lease and relocate to a unit with a participating landlord. It also stated that DHAP could not void a binding lease, and, if she had entered into a binding lease, she would be ineligible for assistance." This is precisely Helen's situation; her landlord refuses to release her from the lease, which has onerous early termination penalties. As a result, she cannot move to a different rental property. Helen is now at risk of losing her assistance, her only means of paying for housing, because of an uncooperative landlord and a rigid and opaque DHAP policy.

One of the reasons landlords are wary of participating in DHAP is inherent in the structure of DHAP itself. Beginning 1 month from now, rental assistance provided by DHAP will be reduced by $50 each month until it is eliminated altogether.[14] This reduction schedule treats rental assistance as a form of dependence from which recipients need to be gradually weaned and bears no relation to the financial realities of Katrina survivors living in disaster areas. Given the extreme difficulty of finding apartments—let alone inspection-ready apartments with cooperative landlords—we are concerned that many families experienced financial setbacks in having to relocate to new areas far from employment opportunities. Landlords are understandably skeptical that many families will not be able to keep up with the subsidy reductions. Since DHAP is undergoing continual modification to accommodate the realities of Federal administration, we recommend other adjustments to accommodate families whose financial situations do not correspond to DHAP's linear reduction program.

In future disasters, it is critical that HUD is engaged immediately to assist in providing long-term housing assistance for survivors—preferably through its existing housing voucher programs. As we have seen, a Federal disaster management agency is ill equipped for the challenges of providing housing assistance on an extended basis. Moreover, for disaster survivors with nerves already worn thin, the difficulties of a mid-crisis transition between Federal assistance programs are manifest.

It remains unclear how DHAP will affect those living in FEMA trailers, since there is a significant gap between the need for affordable housing and availability of housing. Many housing advocates still do not understand how trailer residents should begin the transition to DHAP. This question has particular urgency for FEMA trailer residents living in cities that have acted to prohibit FEMA trailers within their jurisdictions.

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[13] Department of Housing and Urban Development. "Disaster Housing Assistance Program (DHAP): Fact Sheet: HUD to administer Continued Rental Housing Assistance For Residents Affected by Gulf Coast Hurricanes." October 24, 2007. *http://www.hud.gov/news/dhap.cfm*.

[14] Ibid.

IV. FEMA AND LOCAL GOVERNMENT

As described above, the problem of finding alternate, affordable housing is particularly severe for low-income households currently surviving with FEMA assistance. In the last 9 months, however, FEMA's ability to provide direct housing assistance to Hurricane survivors has been compromised by the actions of local jurisdictions along the Mississippi Gulf Coast. Affordable rental housing is largely unavailable on today's Gulf Coast. When faced with the choice of homelessness or living in toxic trailers, trailer residents have no choice but to provide some form of shelter for themselves and their families.

Beginning in May 2007, however, the Cities of Pascagoula, Gulfport, Ocean Springs, and Bay St. Louis have taken local action to eliminate FEMA trailer parks and even single FEMA trailers on private property. Even though FEMA has committed to providing direct housing assistance through its trailers and mobile units through March 2009, these local governments have refused to extend local permits accordingly. Moreover, these local governments continue to receive financial assistance from FEMA through its Public Assistance Program. The Lawyers' Committee represents residents of three trailer parks in Pascagoula in an appeal of that city's decision.[15]

When pushing to expel FEMA trailers from their jurisdictions, these local governments often cite a need for trailer residents to become self-sufficient without any explanation of how they can achieve this goal. The reality is that most residents could have no greater incentive to move than the FEMA trailer itself. Cramped, uncomfortable, toxic with formaldehyde, and utterly vulnerable to the next hurricane, FEMA trailers are places that people live only when they have nowhere else to go.

I want to share the story of a man named Harold to illustrate the effects of such local government actions on people. Harold is an African-American man of 57 years, who is hearing impaired. Back Bay Mission, one of the Lawyers' Committee's local partners, has been assisting Harold for several years. He has been on a fixed income from SSI for over 10 years and he lost his rental home and all of his possessions in the storm. After being temporarily homeless for a few months, Harold received a FEMA trailer located on a commercial site in Biloxi, MS.

In December, 2007 Back Bay Mission was contacted by FEMA and was told that Harold needed to be informed that he would no longer be able to reside in his trailer in Biloxi as the site was scheduled for closure in mid-January. On December 28, 2007 FEMA informed Back Bay Mission caseworkers that they would be moving Harold's trailer within 5 to 7 days (if not sooner) from the East Biloxi site to another site in Gulfport.

Without notice of a specific date or time, Harold's trailer was moved a week later to the Gulfport site. Almost immediately, Back Bay Mission was further informed to instruct Harold that he was to place all utilities (electricity and water) for the trailer at its new location in his name, and further, that he must do so within 1 week or face removal of his trailer.

In order for Harold to place the utilities in his name, he must pay deposits for those connections: $150.00 for electricity and $90.00 for water. When questioned by caseworkers as to why FEMA was discontinuing utility assistance, the FEMA worker replied that as trailer parks get shut down and clients move to either another trailer or a rental paid for by FEMA, clients must pay for deposits and any other expenses associated with the transition.

Harold is presently not able to meet these demands on his own. Due to the temporary loss of SSI payments, he lacks resources for even basic necessities of life. He has been displaced yet again by the move from his informal support network in East Biloxi (his home) to Gulfport and lacks a car or funds for public transportation. In order to stay on top of his situation, Harold visits Back Bay Mission at least two to three times a week, walking to East Biloxi from Gulfport, leaving his house at 6 a.m. to get to Back Bay Mission by 9 a.m.

Harold's story is one of thousands. The testimony of other trailer residents can be viewed on the Lawyers' Committee's Web site: *http://www.lawyerscommittee.org/2005website/home/katrina3.mp4.*

Local government closures of FEMA trailer parks have thwarted FEMA's ability to guide a strategic and comprehensive recovery program along the Mississippi Gulf Coast. Rather than provide the coordinated leadership we expect from a Federal agency, FEMA has scrambled to adapt its programs to the dictates of municipalities. See, for example, an October 2007 news release entitled, "FEMA Temporary Housing Sites Closing; Meeting Local Deadlines," in which FEMA lists cooperation with

[15] *Mitchell, et al v. City of Pascagoula,* No. 2007–00125 filed in the Circuit Court of Jackson County.

local governments as a top priority and in which the role of the Federal disaster agency appears to be reduced to accommodating local officials.[16] "We want to help [local governments] accomplish what they feel is best for their residents," the release states.[17]

Attached to this testimony is a notice from FEMA announcing that three more trailer parks will close by March 31.[18] The only guidance for trailer residents in this notice is a promise of assistance with finding rental resources and a reference to the relocation assistance program scheduled to end in exactly 1 month. With each locally driven trailer-park closure, FEMA has had to expend its limited resources to relocate families and even trailers from one place to another. In some cases, families who continue to remain eligible for FEMA assistance fall out of the system altogether during these transitions. FEMA was not prepared for this foreseeable set of circumstances and has failed to take proactive steps to address this growing problem.

At the same time, local governments have not welcomed alternative housing solutions to FEMA trailers even as they prohibit these trailers within their jurisdictions. Instead, we have seen local governments place hurdles—and sometimes barriers—to housing solutions that would provide an alternative to FEMA trailers. For example, 2,777 Mississippi Alternative Housing Program (MAHP) units, a.k.a. Katrina or Mississippi Cottages, sit in pastures throughout South Mississippi unable to be placed in service or in any manner become occupied by those who require more permanent, safe and healthy homes. A major reason for this situation is that local governments have often resisted the placement of these cottages.[19] Local government reception of affordable housing has been similarly cold.

On the Gulf Coast, FEMA needs to demonstrate leadership by proposing forward-thinking strategies for providing direct housing assistance to all those who require it through March 2009. FEMA representatives need to work closely and proactively with local officials to alleviate many of the concerns that lead to trailer prohibitions before these decisions are made. When local governments cannot be persuaded, FEMA must identify alternative sites in commercial trailer parks or nearby jurisdictions so that trailer residents can continue to live near existing jobs and social networks. Such continuity represents the only possible avenue to the self-sufficiency that we all want to see for trailer residents.

In future disasters, local governments that benefit from participation in FEMA's National Flood Insurance Program and receive funds through FEMA's Public Assistance Program must be held accountable for their part in facilitating emergency housing for disaster victims. We encourage FEMA to work with local governments on emergency-housing contingency plans before disasters occur. These plans could be adopted in conjunction with local floodplain management standards required by the National Flood Insurance Program. In any case, FEMA must avoid locating emergency housing pursuant to local temporary use permits entirely subject to local discretion. Such permits must have reasonable renewal provisions correlated to the magnitude of the disaster and the pace of recovery.

Local cooperation in emergency housing programs must be tied to the receipt of funds through FEMA's Public Assistance Program. Local governments that wish to prohibit FEMA trailers and trailer parks within their jurisdiction must take proactive steps to facilitate alternative housing opportunities. Many of the towns that accept FEMA Public Assistance are not embracing the construction of affordable housing and the permanent placement of Mississippi Cottages under the Mississippi Alternative Housing Program.

V. RELOCATION ASSISTANCE

Another problem is that FEMA's Relocation Assistance Program will end shortly despite the magnitude of the Katrina disaster or the unavailability of housing on the Gulf Coast. Currently, FEMA provides up to $4,000 of actual costs for eligible displaced people moving back to the Gulf Coast. This allows families to afford reasonable travel and moving expenses, often a significant barrier to returning home. However, the new relocation assistance policy was announced only last fall and is slated to end 1 month from today. FEMA's Disaster Assistance Directorates on relocation assistance have stated that the deadline may be extended "when it is determined that doing so would be in the public interest."[20]

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[16] *http://www.fema.gov/news/newsrelease.fema?id=41376.*
[17] Ibid.
[18] *http://www.fema.gov/news/newsrelease.fema?published=1&id=42363.*
[19] J.R. Welsh, "Council Fights Katrina Cottages," *SunHerald*, Oct. 27, 2007.
[20] FEMA Disaster Assistance Directorate, Issued July 21, 2008.

Currently thousands of former Gulf Coast residents are unable to return home even though they would like to. A major barrier for these families is the lack of affordable housing. Many working poor, elderly, disabled, and middle-class families trying to return to the Gulf Coast will not be able to return without relocation assistance. We urge FEMA to extend the availability of such assistance past February 29, 2008. Any extension should be open-ended, dependant upon the availability of housing, and widely publicized.

VI. CONCLUSION

We urge FEMA and Congress to explore ways to address the shortcomings identified in this testimony, because the problems and missteps of our post-Katrina housing-assistance programs have real consequences. By way of conclusion, I would like to share some statistics from Back Bay Mission. In 2007, Back Bay Mission's Emergency Assistance Program recorded 2,488 visits from members of households located in the lower three counties of MS. Through this program, a total of 5,235 residents were served through assistance in paying rent/mortgage payments, utilities, prescription medications, transportation, and incidentals. Back Bay Mission has witnessed a 58 percent increase from 2006 in the number of individuals served through this program. The average median income of households served in 2007 was $338.00/month, with over 30 percent of those reporting fixed-incomes, almost half of whom had never sought assistance from BBM prior to 2007. Similarly Back Bay Mission's Home at Last Program reported no vacancies in apartments and lengthy waiting lists for 2007. In addition, the year-end report revealed a 35 percent increase in the number of homeless persons served through outreach (by providing tents, sleeping bags, bus passes, clothes, shoes, and hygiene items) from 2006 to 2007.[21] For these newly impoverished and homeless individuals, the worst of Hurricane Katrina has yet to come.

Mr. Chairman and Members of the committee, thank you again for the opportunity to testify on this important subject. I look forward to answering any questions from the committee.

EXHIBITS

- 30-day notice from property manager.
- J.R. Welsh, "Council Fights Katrina Cottages," *SunHerald*, Oct. 27, 2007.
- "FEMA closing three trailer parks," *SunHerald*, Jan. 23, 2008.
- FEMA Press Release: "FEMA Temporary Housing Sites Closing; Meeting Local Deadlines."

[21] These statistics are kept by Back Bay Mission, Biloxi, Mississippi.

December 27, 2007

Palm Isle Apartments
251 Eisenhower Drive
Biloxi, MS 39531
228-388-1392

[redacted]
251 Eisenhower Drive [redacted]
Biloxi, MS 39531

RE: FEMA/DHAP program

Dear [redacted]

Palm Isle has elected not to participate in the DHAP program. It is my understanding that DHAP will pay January's rent regardless of our participation decision. Please be sure to follow up with your case worker to confirm that they will be paying your January's rent and that things have not changed. Beginning February 1st, it will be the resident's responsibility to pay rent.

If you wish to move to a property that is participating in the DHAP program, management will allow you out of your lease with a 30-day notice and no penalties for early termination. If you wish to continue your lease with Palm Isle please note that you will be responsible to pay February's rent on or before the 4th of the month to avoid late fees.

If you have any questions concerning this matter please feel free to contact the office.

Sincerely,

Danielle Pietz

Danielle Pietz
Manager

SunHerald•com
Posted on Sat, Oct. 27, 2007

Council fights Katrina cottages

By J.R. WELSH
jrwelsh@sunherald.com

BAY ST. LOUIS -- Members of political boards have their disagreements. But if a majority of Bay St. Louis City Council members agree on one thing, it's their intense dislike for Katrina cottages.

Since the small, modular homes wheeled their way into the scene, they have been the bane of council members, who must decide who can have one and who can't. So far, the latter dominates.

With federal dollars funneled through the state, a program has been giving hundreds of selected Coast hurricane victims the chance to escape FEMA trailers and move into the small, more stable houses. State officials say Katrina cottages will give families a healthier, if only slightly roomier, environment. They are apparently formaldehyde free, and meet Bay St. Louis building code requirements.

But councilmen wince at the very mention of the cottages, which they say will batter property values. They also express impatience with some FEMA trailer residents, saying they have no intention of rebuilding.

And they openly doubt that the Mississippi Emergency Management Agency will have them removed by March 2009 as promised.

"We're going to have a hard time getting rid of these cottages," Councilman Doug Seal said this week. "They're going to be there for 30 years."

Now, councilmen hope a new procedure will slow the growing flood of citizens coming before them who want to live in Katrina cottages.

'It's horrible'

Waveland and Hancock County also formed policies over Katrina cottages, but the issue seems to be especially thorny for Bay St. Louis.

Initially, councilmen allowed cottages only in commercially zoned trailer parks. Since the city has only two such parks, the decision all but banned Katrina cottages.

The City Council then changed the policy to allow cottages in most areas, provided the recipient had previously been living in a FEMA trailer, owned the property and was actively planning to rebuild.

That made cottage occupancy impossible for many. The out-of-luck included people who had been renters, others who don't own land but have permission to place cottages on property, and still others who expect to own their land at some point, but don't yet have the deed.

Soon, the cottage issue began dominating Council meetings. At the Oct. 9 meeting, 12 requests filled the agenda.

"I feel like we're spending an inordinate amount of time doing this at every meeting," said frustrated Councilman Bill Taylor. He made a motion to change the policy again and allow cottages for just about any applicant who had been in a FEMA trailer.

Taylor soon rescinded his own motion. Councilman Bobby Compretta became the Council's low-key champion of the cottages, saying all kinds of citizens - not just property owners - need relief in the post-hurricane environment.

"The conditions that we live in now... it's horrible," Compretta said.

Request denied

If there were a poster family symbolizing how harsh the city's cottage policy may seem to some, it could be Stacey Loftin and her three children, ages 6, 11 and 14.

A 33-year-old working single mother, Loftin rented an apartment that was destroyed by Katrina. The family lives in a typical, cramped FEMA trailer.

Loftin's trailer is crammed into her mother's front yard, barely off the street. When MEMA offered her a Katrina cottage, she saw a light at the end of the tunnel.

Her mother agreed to allow a Katrina cottage tucked into the back yard. Although still crowded, it would be a vast improvement for Loftin and the children. But she needed the Council's blessing.

Loftin attended the Council meeting Oct. 9, her heart in her throat. She delivered a well-spoken argument for her request.

Compretta made a motion to approve the request, and Councilman Jeffery Reed seconded. Taylor, Seal, and Council President Jim Thriffiley voted to deny. They also turned down a number of other applications.

Out of sight

Now, councilmen have a new procedure. Citizens wanting Katrina cottages can't get directly on the Council agenda. They must go to the building department and a submit a form.

They must prove ownership of their land and show placement plans for a cottage and new permanent home. They also must disclose whether or not they have building plans, a building permit and a flood elevation certificate, if necessary.

If those conditions are met, applicants can then be approved for a cottage. The problem has been moved from a political to a bureaucratic arena. For non-qualifying city residents who want cottages, their problems haven't been solved. But from now on at Council meetings, they will be out of sight.

Loftin's perspective is that councilmen are turning their backs on desperate citizens.

This week, Loftin attended another Council meeting and spoke.

She said she and many others are still struggling.

"These are hard workers," she said. "We aren't trying to beat the system. What are we supposed to do?"

Councilmen said various things in response. But none of them had an answer.

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FEMA closing three trailer parks

FEMA announced Tuesday that three housing sites will close March 31.

Tenants must be moved out 30 days before the scheduled closure of the park.

The parks that are scheduled for the March closure are at Howard Avenue in Biloxi, Church Avenue in Pass Christian and Ingalls-Wright in Pascagoula.

According to a news release, FEMA Individual Assistance caseworkers will work with occupants to assist them with finding available rental resources. Additional assistance for eligible FEMA temporary housing occupants includes FEMA's relocation assistance program launched in August 2007.

Occupants who have questions regarding the closure of these housing sites can call the Mississippi Applicant Support Call Center at 1-866-877-6075.

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FEMA

FEMA Temporary Housing Sites Closing; Meeting Local Deadlines

Release Date: October 18, 2007
Release Number: 1604-603

» More Information on Mississippi Hurricane Katrina

BILOXI, Miss. -- Approximately 15 temporary housing sites constructed in the aftermath of Hurricane Katrina throughout Mississippi have closed and seven additional sites will close by the end of Jan. 2008. The Federal Emergency Management Agency (FEMA) built 43 sites, known as emergency group or group sites, with cooperation from local governments and the Mississippi Emergency Management Agency (MEMA) that met the housing need of more than 3,000 displaced residents.

Occupants were placed in group sites if they did not have private property to place a unit or if their property could not sustain a temporary housing unit.

The table below identifies sites scheduled to close. Site occupants will be moved out of their units thirty days prior to the scheduled close date. FEMA Individual Assistance caseworkers will work with occupants to assist them to available rental resources. If occupants have questions, they can call the Mississippi Applicant Support Call Center at 1-866-877-6075. Call Center representatives are available 24 hours, seven days a week.

SITE NAME	COUNTY	CITY	NUMBER OF UNITS	CLOSE DATE
Rusty Durham	Harrison	Gulfport	38	11/30/2007
Milner Stadium	Harrison	Gulfport	56	11/30/2007
Ocean Springs Civic Center	Jackson	Ocean Springs	43	12/30/2007
Kennedy	Harrison	Biloxi	36	12/31/2007
TSA	Harrison	Gulfport	25	1/30/2008
Bay Village	Hancock	Bay St. Louis	123	1/31/2008
Desporte's	Harrison	D'Iberville	44	1/31/2008

Although available housing is a limited along the Mississippi Gulf Coast, the park closings mark steady progress in the recovery effort and resilience on behalf of Mississippians determined to move forward.

Cooperation with local governments on our housing sites is one of our top priorities. We want to help them accomplish what they feel is best for their residents, said Sid Melton, director of the FEMA Mississippi Transitional Recovery Office (TRO). Were here to help move Mississippis recovery forward. We know housing remains an issue and were working with the state to resolve it.

The Mississippi Alternative Housing Program, administered by MEMA, has moved more than 300 families to Mississippi Park Models or Cottages but these units are temporary as well. The experimental program is designed to develop and produce a viable option to current disaster housing.

Approximately 14,902 families currently occupy temporary housing units across Mississippi. More than 11,000 of those units are located in the three coastal counties.

FEMA coordinates the federal governments role in preparing for, preventing, mitigating the effects of, responding to, and recovering from all domestic disasters, whether natural or man-made, including acts of terror.

Disaster recovery assistance is available without regard to race, color, sex, religion, national origin, age, disability, economic status or retaliation. If you or someone you know has been discriminated against, you should call FEMA toll-free at 1-800-621-FEMA (3362) or contact your State Office of Equal rights. If suspicious of any abuse of FEMA programs, please contact the fraud hotline at 1-800-323-8603.

Chairman THOMPSON. Thank you very much.

Mr. Gerber, obviously we have been looking forward to your testimony. Please.

STATEMENT OF MICHAEL G. GERBER, EXECUTIVE DIRECTOR, TEXAS DEPARTMENT OF HOUSING AND COMMUNITY AFFAIRS

Mr. GERBER. Thank you, Mr. Chairman and Ranking Member King.

I would also like to acknowledge Congressman Cuellar and Congressman Green and certainly Congresswoman Jackson Lee for their leadership in trying to secure funds for the State of Texas to help those survivors of Hurricane Katrina who are living in Texas as well as those who are dealing with the physical destruction of Hurricane Rita.

My name is Michael Gerber. I am the executive director of the Texas Department of Housing and Community Affairs. TDHCA has been designated by Governor Rick Perry as the lead agency in Texas responsible for Hurricane Rita recovery. Thank you for inviting me to update you on these efforts.

I would like to start by saying that TDHCA is clearly not a first-responder agency. Rather, we are Texas's lead agency responsible for affordable housing, community and energy assistance programs. The disaster recovery program was assigned to TDHCA by the Governor because local communities and officials identified housing as the overwhelming need after Hurricanes Rita and Katrina impacted Texas.

With the first allotment in the federally appropriated funds made available to Texas in May 2006, which was $74.5 million, we worked closely with and listened to local elected officials, community leaders and faith-based organizations. We clearly heard the message that, because the funds were so limited, local governments wanted to be directly involved with the distributions so they could maximize these dollars.

TDHCA utilized local councils of government, which are organizations made up of local elected officials and key staff that serve as regional planning boards. There are three councils of government in southeast Texas that we contracted with in July 2006 for the distribution $40.3 million in housing funds, which came from the $74.5 million appropriation.

These councils of government are responsible for identifying and qualifying eligible families for help and then hiring contractors to make emergency repairs or rebuild a home or replace a manufactured home. The balance of the $74.5 million is being used for infrastructure repairs throughout southeast Texas, including fixing water and wastewater systems.

Given the funds available at the time, we believe that working through the councils of government would allow local governments to weigh the needs of all the residents of the region and provide the greatest impact. In all instances, the intended beneficiaries of these funds are the lowest-income Texans, those that are well below the 80 percent of the median family income. We have given priority to seniors and persons with disabilities and other vulnerable populations.

It is important to note that Texas identified over $2 billion in need in the region from both Hurricane Rita direct-hit damage and Hurricane Katrina needs with the flood of over 400,000 evacuees that Texas welcomed with open arms. That is why we also welcomed the second appropriation of funds by Congress, which raised our total allocation of disaster funds from $74.5 million to a total of $503 million. That gave the State about $0.25 on every dollar of documented need. However, that second round of funding, $428.6 million, was not fully available to Texas until just 10 months ago.

The State has had to make tough choices about how to help communities recover. Again, after much discussion with local officials, community groups and faith-based organizations, we chose to continue on the path of assisting individuals and communities by focusing on recovery of the tax base and people's lives by focusing on actual housing and infrastructure construction.

Building a home, repairing a home and replacing a manufactured housing unit takes a greater amount of time than qualifying someone and issuing a check to cover their storm damage. Again, Texas chose, because we have limited funds, to do a rebuilding program and not a compensation program, which other States have opted to do because of their more generous allocations from the Department of Housing and Urban Development.

Also, because of limited funds available, we had to tell people who had already rebuilt that we were going to assign first priority to those who could not rebuild without Government help.

The decision to undertake a rebuilding program caused us to move more slowly than we had wished in qualifying residents and ensuring that they were eligible for the program. Qualifying residents has been a challenging process, but you should know that the State of Texas has added no additional requirements. The factors causing many of the delays—environmental clearances, historic preservation requirements, floodplain requirements, and duplication of benefit restrictions—are all requirements of Federal law or HUD rules. We have received tremendous assistance from Assistant Secretary Bregón and his staff to navigate some of those issues.

I expect that we will have all housing funds from that first round of $74.5 million distributed and homes built by Labor Day. Most of the work we are doing are full rebuilds of homes, and we expect that for the $40.3 million in housing funds, we will rebuild or replace about 500 homes. For critical infrastructure in round one, again, mostly water and wastewater repair projects, these projects will be completed and all funds drawn down by October.

For the second round of funds, the $428.6 million that we received with the authority to draw down on in April 2007, TDHCA has awarded all of this $428.6 million. It took some time because several of the programs were competitively run. They required communities to submit applications and to be judged on the number of low-income persons who could benefit or be helped.

In the case of the homeowner assistance program, for which $222 million has been dedicated, TDHCA used a competitive bid process to select a group of contractors to help the State to expedite the delivery of funds to qualified homeowners and to build homes and make repairs. We expect the second pot of money, since we have navigated the minefields on first round, to move more quickly.

In the interest of time, let me say that we certainly welcome the committee exploring the capacity of first responders to a major disaster and asking tough questions about who should have ultimate responsibility for the inevitable longer-term recovery.

In Texas, we have done some things very well. When you look back at our program, I believe that you will find strong accountability and controls that the assistant secretary alluded to and no instances of the widespread fraud, waste and abuse that have plagued other disaster recovery programs as has been reported in the press. You will also find our program actually built homes and repaired infrastructure for those whom the program was intended: our lowest-income Texans, seniors, persons with a disability, and the very poor.

I thank you for this opportunity and would be pleased to respond to any questions.

[The statement of Mr. Gerber follows:]

PREPARED STATEMENT OF MICHAEL G. GERBER

JANUARY 29, 2008

Chairman Thompson, Ranking Member King, and Members of the committee: My name is Michael Gerber and I am Executive Director of the Texas Department of Housing and Community Affairs (TDHCA). TDHCA has been designated by Governor Rick Perry as the lead agency in Texas responsible for Hurricane Rita recovery. Thank you for inviting me to update you on these efforts.

I would like to start by saying that TDHCA is clearly not a first-responder agency. Rather, we are Texas' lead agency responsible for affordable housing, community and energy assistance programs, and colonia housing activities. The Department annually administers funds in excess of $400 million, the majority of which is derived from Federal grants, Federal tax credits, and mortgage revenue bond financing.

Our enabling legislation allows the Governor to assign additional programs not contemplated in statute, which is how we became active in the disaster recovery business. The disaster recovery program was assigned to TDHCA because local communities and officials identified housing as the overwhelming need after Hurricanes Rita and Katrina impacted Texas.

Primary among the missions TDHCA statutorily serves is to assist local communities in overcoming financial, social and environmental problems to help put housing on the ground. Another legislative charge is to contribute to the preservation, development and redevelopment of neighborhoods and communities.

We have an excellent track record in accomplishing these goals and we like to think that is one of the reasons we were asked to take on the disaster recovery program that impacted individuals and entire neighborhoods throughout Southeast Texas.

With the first allotment of federally appropriated funds, $74.5 million, we worked closely with and listened to local elected officials, community leaders and faith-based organizations. We clearly heard the message that because the funds were so limited, local governments wanted to be directly involved with their distribution so that they could maximize these funds. TDHCA utilized local Councils of Government, organizations made up of local elected officials and key staff that serve as a regional planning board. There are three Councils of Government in Southeast Texas that we contracted with in July 2006 for the distribution of $40.3 million in housing funds, which came from the $74.5 million appropriation.

These Councils of Government are responsible for identifying and qualifying eligible families for help, and then hiring contractors to make emergency repairs or rebuild a home, or to replace a manufactured housing unit. The balance of the $74.5 million is being used for infrastructure repair throughout Southeast Texas, including fixing water and wastewater systems.

Given the funds available at the time, we believed that working through the Councils of Government would allow local governments to weigh the needs of all the residents of the region and provide the greatest impact. In all instances, the intended beneficiaries of these funds are the lowest-income Texans, those at well below 80 percent Area Median Family Income, and we've given priority to seniors, persons with disabilities, and other vulnerable populations.

This process took some time to get up and running because of the complexities of the Community Development Block Grant program, and the overriding desire to rebuild communities restoring both the region's tax base and people's lives—and to not just simply issue checks providing only temporary relief.

It is important to note that Texas identified over $2 billion dollars in need in the region from both Hurricane Rita direct damage and Hurricane Katrina needs with the flood of over 400,000 evacuees that Texas welcomed with open arms. That is why we also welcomed the second appropriation of funds by Congress which raised our total allocation of disaster recovery funds from $74.5 million to $503 million. That gave the State about 25 cents for every dollar of documented need. However, that second round of funding, $428.6 million, was not fully available to Texas until just 10 months ago.

This is not to say that we are not grateful for the efforts of Congress to assist our communities with the funds we did receive. Our Texas congressional delegation did an outstanding job understanding the rebuilding needs of the region and securing these funds. However, the State still had to make tough choices about how to help communities recover.

After much public discussion again with local officials, community groups and faith-based organizations, Texas chose to continue on the path of assisting individuals and communities by focusing on actual housing and infrastructure construction. Building a home, repairing a home, or replacing a manufactured housing unit takes a greater amount of time than qualifying someone and simply issuing a check to cover their storm damage. Again, Texas chose because of our limited funds to do a rebuilding program and not a compensation program that other States have opted to do because of their more generous allocations from HUD. Also, because of the limited funds available, we had to tell people who had already rebuilt that we were going to assign first priority to those who could not rebuild without Government assistance.

The decision to undertake a rebuilding program caused us to move more slowly than we wished in qualifying residents and ensuring that they were eligible for the program. Qualifying residents has been a challenging process, but you should know that the State of Texas has added no additional requirements. The factors causing many of the delays—environmental clearance, historic preservation requirements, floodplain limitations, and duplication of benefits restrictions—are all requirements of Federal law or HUD rules. The only limitation Texas has regards the amount of funds an individual may receive so as to distribute disaster help as broadly as possible. I would also like to note that HUD is also an agency not typically in the disaster recovery business; yet, we have received tremendous technical assistance from career staff at HUD to navigate these complicated issues.

I expect that we will have all housing funds from the first round of $74.5 million distributed and homes built by Labor Day. Most of the work we are doing are full rebuilds of homes, and we expect that for the $40.3 million in housing funds, we will rebuild or replace nearly 550 homes. For critical infrastructure in round one—again, mostly water and wastewater repair projects—these projects will be completed and all funds drawn down by October.

For the second round of funds—$428.6 million—Congress approved this appropriation in the summer of 2006. We received approval from HUD of our action plan on how to best use these funds for the second round in April 2007.

TDHCA awarded all $428.6 million in funds by September 2007. It took some time because several of the programs were competitively run, and required communities to submit applications and to be judged on the number of low-income persons who would benefit or be helped. In the case of the Homeowner Assistance Program, for which $222 million has been dedicated, TDHCA used a competitive bid process to selected a group of contractors to help the State to expedite the delivery of funds to qualified homeowners and to build homes and make repairs.

The contractor team has already been working on the delivery process and has held meetings in Southeast Texas to take over existing applications that remain unfunded from round one.

On a separate track, we have also been working with FEMA as part of their alternative housing pilot program to look for new ways to assist disaster victims with alternatives to trailers. The program FEMA selected for Texas to work on involves the HESTON Group and will provide rapidly assembled housing that can be built and disassembled and stored quickly.

Texas will use these funds from FEMA—$16 million—to relocate residents currently living in temporary housing, including trailers. Some of the models will ultimately be disassembled to determine how the program works for short-term disaster housing, but the vast majority of the homes will be used as part of a set of options for disaster victims to provide permanent, safe, and decent housing. We expect to

have all of the pilot homes—approximately 150 to 180—built and deployed by the end of 2008.

On a final note, we also know that starting over in a new community is difficult. That is why the State has dedicated $60 million of the $428.6 million in round two to the city of Houston and Harris County to assist and provide services for evacuees from Hurricane Katrina.

For the entire disaster recovery program in Texas, we believe that we have turned the corner from the planning stage and have moved fully into building and reconstruction throughout the region. We expect that all funds—all $503 million—will be fully used within the next 2½ years.

We welcome the committee exploring the capacity of first responders to a major disaster and asking tough questions about who should have ultimate responsibility for the inevitable longer-term recovery. In Texas, we have done some things very well. When you look back at our program, I believe you will find strong accountability and controls and no instances of the widespread fraud, waste and abuse that have plagued other disaster recovery programs as has been reported in the press. You will also find that our program actually built homes and repaired infrastructure for those whom the program was intended—our lowest-income Texans, seniors, and persons with disabilities.

Again, I thank you for this opportunity and I would be pleased to respond to any questions you may have.

ATTACHMENTS

TEXAS DEPARTMENT OF HOUSING AND COMMUNITY AFFAIRS—REBUILDING TEXAS: DISASTER RECOVERY FROM HURRICANE RITA FIRST SUPPLEMENTAL UPDATE

TIMELINE

- *September 24, 2005*.—Hurricane Rita makes landfall near Sabine Pass approximately 1 month after Hurricane Katrina sends 400,000 evacuees into Texas.
- *December 30, 2005*.—Congress appropriates $11.5 billion in Community Development Block Grant funds for disaster recovery. Texas has identified more than $2 billion in needed assistance.
- *February 2006*.—HUD announces availability of $74.5 million in CDBG funds for Texas from congressionally appropriated funds.
- *February–May 2006*.—TDHCA produces draft plan and obtains significant public comment on proposed State of Texas Action Plan (application for CDBG funds) and holds public hearing where the TDHCA Governing Board approves the plan representing the comments of the public.
- *May 2006*.—Texas submits Action Plan; HUD approves Plan and awards $74.5 million to Texas, some 9 months after hurricane hits State but less than 4 months since funds made available.
- *May–July 2006*.—Office of Governor coordinates with TDHCA and COGs to determine funding amounts for each community to be represented by their COG based on most severe impacts.
- *July 2006*.—TDHCA Governing Board awards funds to Councils of Governments (COGs) at first available meeting.
- *August 2006*.—Contracts are developed and signed and COGs begin intake of applications and planning for other elements of process.
- *October 2007*.—Intake completed having reached more than the number of applicants who could be funded.
- *November 2007–present*.—Applicant certification process, manufactured home replacement process, and, bid and construction process for conventional homes.
- *September 2008*.—All construction, home replacement projected to be complete.

STATUS OF HOUSING FUNDS—$40.3 MILLION

Key Accomplishments

- Sixty-six percent (355 of 538 applicants) of eligible Texas families have completed necessary paperwork to receive funding, additional applicants are in process and nearing completion. All applicants that have filed applications but have not yet been approved will be forwarded to next round of funding.
- Eighty nine (89) homes have either been completed or are near completion.
- Eighty eight (88) additional homes are ready to begin construction.
- Bid packages are being developed for all additional applications that have been approved.

Key Projection

- Eighty (80) homes will be completed/constructed in each month between February 2008 and June 2008.

INFRASTRUCTURE: STATUS OF INFRASTRUCTURE FUNDS—$30.2 MILLION

	Current Budget	Amount Drawn To Date	Projects Awarded
ETCOG	$2,049,997	$42,064	14
DETCOG	$12,178,209	$3,372,108	88
SETRPC	$12,450,000	$3,894,314	74
H–GAC	$3,616,156	$246,227	17
Totals	$30,294,362	$7,554,713	193

TEXAS DEPARTMENT OF HOUSING AND COMMUNITY AFFAIRS—REBUILDING TEXAS: DISASTER RECOVERY FROM HURRICANE RITA SECOND SUPPLEMENTAL UPDATE

TIMELINE

- *September 24, 2005*.—Hurricane Rita makes landfall near Sabine Pass while Texas is working to help over 400,000 refugees displaced from Hurricane Katrina.
- *June 15, 2006*.—Congress appropriates a second round of CDBG funds for disaster recovery after Texas has identified $2 billion in need and received $74 million from the initial funding.
- *October 30, 2006*.—HUD announces availability of $428.6 million for Texas.
- *October through December 2006*.—Governor Perry meets with leaders of affected communities to determine how to divide funds to help the largest number of impact people from both Hurricanes Katrina and Rita.
- *December 2006–January 2007*.—Using a comprehensive plan worked out with community leaders, TDHCA drafts an action plan and holds public hearing throughout the region to solicit and receives significant public comment on proposed State of Texas Action Plan (application for CDBG funds).
- *February 2007*.—TDHCA Board approves plan and State submits plan to HUD at it first available meeting after the public comment is incorporated.
- *April 2007*.—HUD awards $428.6 million in Community Development Block Grant funds to State of Texas for disaster recovery to help Texans rebuild their homes which have gotten worse with homes damaged in the fall of 2005 having been subjected to almost 100 inches of additional rain.
- *April–August 2007*.—Working with experienced Federal contracting attorneys at Vinson & Elkins, TDHCA issues a Request for Proposals for third-party administrator to oversee housing assistance program; collects and evaluates proposals; and, selects top proposal and analyzes the submitted information to determine the best proposal and conducts initial clean-up of the top proposal to make certain they can perform the work before making a recommendation.
- *August 2007*.—TDHCA Board approves the selection of the nationally recognized ACS State and Local Solutions, Inc. team that includes Katrina-experienced consultants Reznick Company and Shaw Engineering, as the third-party administrator who will manage $232 million in funds to repair or rebuild homes in the region thereby assuring the money will go toward rebuilding communities and providing safe affordable housing.
- *August 2007*.—TDHCA awards $6 million to Memorial Hermann Baptist Orange Hospital to replace damaged equipment in Orange County deemed by the community to be the most important medical resource in the area.
- *September 2007*.—TDHCA Governing Board also award $82 million in rental housing stock restoration, the full amount mandated in the application to rebuild safe affordable rental housing for the communities.
- *October 2007*.—TDHCA awards $10 million to Hardin County for timber and debris removal to help stop additional flooding that has isolated neighborhoods and caused additional home loss because of "natural damming" of the local rivers.
- *October 2007*.—TDHCA executes contract with city of Houston for $40 million based on a plan to specifically help Hurricane Katrina victims who are relocating to Texas.
- *November 2007*.—TDHCA executes contract with Harris County for $20 million; total of $60 million for the city of Houston and Harris County Public Service

and Community Development Program to provide much-needed support to Katrina refugees now residing in Harris County.

- *November 2007*.—TDHCA awards $26 million in non-housing (infrastructure) funding and prioritizes an additional $48.6 million amount of need in the region if funds become available.
- *December 2007*.—TDHCA awards $3.8 million to Bridge City to repair water treatment facility and all funds are now awarded to administrators under the second round of funding 8 months after funding was made available to Texas.
- *December 2007*.—State and ACS reach an agreement on how to protect Texans and still provide safe affordable housing to victims of Hurricane Rita that have been waiting for assistance. The contract allows for significant expediting of approving existing applications that were collected but not funded in Round 1 and calls for contracts with local builders to provide cost-efficient reconstruction or manufactured home replacement where necessary by local builders thereby assuring a commitment to the home by the builder and helping the local economy.
- *December 2007*.—All funds are allocated as State of Texas/TDHCA finalizes contract with ACS.

FUNDING BREAKDOWN

Activity	Available Funding for Activity
Homeowner Assistance Program ("HAP")	$210,371,273
Sabine Pass Restoration Program ("SPRP")	12,000,000
Rental Housing Stock Restoration Program ("Rental")	82,866,984
City of Houston and Harris County Public Service and Community Development Program ("Houston/Harris")	60,000,000
Restoration of Critical Infrastructure Program (Infrastructure)	42,000,000
State Administration Funds (Used to Administer Funding)	21,433,592
Total Plan Funding	428,671,849

EXECUTION OF CONTRACT WITH ACS STATE & LOCAL SOLUTIONS, INC.

TDHCA will partner with ACS State & Local Solutions, Inc., to administer the $222 million Housing Assistance Program and Sabine Pass Restoration Program. TDHCA executed terms of the contract in December 2007 and chose ACS due to its extensive experience in disaster recovery work. The ACS Team includes nationally recognized Shaw Environmental & Infrastructure, Inc., and The Reznick Group. The Department will maintain close oversight of the ACS Team as terms of the contract as well as milestones are met.

TEXAS DEPARTMENT OF HOUSING AND COMMUNITY AFFAIRS—DISASTER RECOVERY FROM 2005 HURRICANES ALTERNATIVE HOUSING PILOT PROGRAM UPDATE AS OF JANUARY 24, 2008

EXECUTION OF THE GRANT AWARD FROM FEMA FOR THE ALTERNATIVE HOUSING PILOT PROGRAM (AHPP)

- The purpose of the AHPP is to demonstrate an alternative housing solution to the FEMA trailer in the areas affected by the 2005 hurricanes for a time period of 24 months. The Heston Group was selected by pilot a pre-fabricated, panelized solution which can be deployed quickly and built to accommodate a diverse population.
- The Heston Group will be the administrator of the portion of AHPP that relates to the private sites in East Texas as well as providing the actual units to be distributed to applicants. The Heston Group has extensive knowledge in the quick deployment of the Heston Homes due to the work that they have done and continue to do for the Department of Defense.
- TDHCA is working with The Harris County Housing Authority (HCHA) to possibly appoint HCHA as administrator of the group site portion of the AHPP; HCHA is capable of handling this task due to their experience operating a large and complex Housing Authority as well as numerous additional development activities.
- It is anticipated that there will be up to 20 units for the Harris County group site, and between 100–150 units in East Texas on private sites.

- Once the sites have been established and units have been deployed, the HCHA will own both the units and the land that the group site is located on and the households participating in the program in East Texas will own the units they receive from the program.

AHPP Milestone	Start Date	End Date
Using FEMA data, TDHCA identifies anticipated East Texas sites for Priority 1 households and the eligible Priority 1 households for Harris County group site. TDHCA will provide anticipated East Texas sites to Heston Group for preliminary budget analysis.	.....	01/28/08
TDHCA and Heston kick-off meeting in Austin to execute contract.	.....	01/30/08
TDHCA, Heston, and Harris County kick-off meeting to discuss the program roll-out and schedule (including site selection, household selection procedures, and other program requirements).	.....	02/01/08
TDHCA, FEMA, Heston, FEMA, and HUD AHPP kick-off meeting to discuss the program roll-out and schedule. TDHCA to provide draft selection procedures for Harris County and East Texas set-asides, and East Texas preliminary sites for FEMA approval.	.....	Early February 2008
TDHCA contacts all Priority 1 households in East Texas to determine if households agree to program. Once households agree, TDHCA will provide required information to FEMA to begin environmental clearances. Also, TDHCA executes contract with Harris County to administer the program.	.....	Mid-late February 2008
Harris County deadline for final group site selection and purchase. FEMA to start environmental review of site as soon as possible for selected Harris County site.	.....	Late February 2008
Harris County Lease sent to FEMA General Counsel for approval.	.....	03/18/08
FEMA completes all Priority 1 environmental and historical clearances for Harris County and East Texas Sites.	.....	03/28/08
Groundbreaking for Harris County and first East Texas homes.	.....	Early April 2008
Infrastructure complete for Harris County group site.	.....	06/30/08
All East Texas and Harris County units are deployed and ownership transferred to households or Harris County.	.....	08/01/08
All Harris County units leased up	.....	09/01/08
Harris County units demobilized and returned to storage.	.....	09/01/10
AHPP period of performance ends	.....	12/31/11

Chairman THOMPSON. Thank you very much.

I thank all the witnesses for their testimony.

I remind each Member that he or she will have 5 minutes to question the witnesses. It is the intention of the Chair to do questions from the Chairman and Ranking Member before we adjourn for about 20 minutes for votes on the floor, and we will reconvene after that.

Is that all right?

Mr. KING. Yes, sir.

Chairman THOMPSON. Thank you very much.

Mr. Castillo, please tell the committee whether or not FEMA asked for short-term and long-term health consequences relative to the issue of formaldehyde in the trailers.

Mr. CASTILLO. Sir, when we first approached CDC, what we had asked for was what were the short-term implications of formaldehyde and what could be done to mitigate that. That is what the initial report was, and that was the initial request.

Chairman THOMPSON. I will continue. Can you tell me why that came from the general counsel office and not the Disaster Assistance Directorate?

Mr. CASTILLO. Sir, I don't know why that—where it came from at that point. Although, that was before I was there, but I really can't answer why it came——

Chairman THOMPSON. Can you get it for us?

Mr. CASTILLO. I will. I will. Yes, sir.

Chairman THOMPSON. Just for the record, I would like to say FEMA Administrator Paulison was before this committee on May 15, 2007. The question to him was relative to formaldehyde, and I quote, Mr. Paulison said that, "We have been told that the formaldehyde does not present a health hazard." That was what we were told before this committee. Obviously, there is a difference of opinion at this point.

So, is it your testimony before this committee that, based on what you received, that formaldehyde is a health hazard to the citizens who may live in them?

Mr. CASTILLO. Yes, sir. I have to preface this by saying that FEMA is not a public health agency. We are an emergency management agency, and our role is to coordinate that assistance.

But we went to the experts, and, yes, after we realized the magnitude and the scope of this problem—which, to be clear, when there was a report from a pediatrician, I believe in Mississippi, in the Gulf Coast, who noticed trends in his patients, the day after we learned of that, we reached out to our Office of Health Affairs in Department of Homeland Security and went to aggressively working toward resolving this issue.

Chairman THOMPSON. Thank you.

What I want you to do for the committee is to provide us with a time line from the initial point that FEMA was put on notice, officially, unofficially, about formaldehyde in trailers, and what you did do.

Dr. Falk, can you provide the committee with any other additional information relative to formaldehyde in trailers?

Dr. FALK. Certainly formaldehyde in trailers may be a health concern. I think ATSDR produces toxicology profiles, and they discuss acute risk levels, intermediate risk levels and long-term risk levels. So I think there are certainly understanding of those effects.

I think, as I stated before, in terms of that initial consultation, the focus appeared to the people who worked on it to be on the mitigation factors and whether air conditioning and ventilation, in particular, seemed to be effective. I think that is what they focused on there. I don't think that was meant to be a definitive statement about the potential for long-term health effects.

Chairman THOMPSON. Well——

Mr. DICKS. Mr. Chairman, just briefly?

Chairman THOMPSON. Go ahead.

Mr. DICKS. This has been known for years and years and years, that formaldehyde in these trailers was a problem. This is not something new. I can remember back in the 1960's and the 1970's, this was brought to our attention that this was a problem.

Chairman THOMPSON. Dr. Falk, is it a problem?

Dr. FALK. I think that is correct. I think perhaps many people did not perceive the protracted nature of length of stay in the trailers immediately and the depth of the issues related to Hurricane Katrina and the fact that there would be long-term stay in the trailers so that there was potential for long-term exposure.

Chairman THOMPSON. Did the CDC say to FEMA that the long-term health implications of staying in travel trailers is something that you should not even entertain for victims of any disaster?

Dr. FALK. I think the difficult part for me and probably many looking at that original health consultation is that, as construed, the request narrowly responded to the mitigation issue, said it was not addressing the long-term issues, did not address them. It probably would have been a lot better, at that point, to have been very explicit. Unfortunately, it focused narrowly on the question at hand.

Chairman THOMPSON. So are you saying FEMA didn't ask the right question?

Dr. FALK. I am saying I think the people who worked on it, for whatever reason—and I can't speak to this totally, but that is the way it was interpreted and construed. They understood they were being asked about the impact of factors such as ventilation and air conditioning, and I think they didn't—they responded to interpreting the data that they were presented with on the effects of ventilation and air conditioning. I don't think they responded broadly to the broad questions in that initial effort. That led to some of the subsequent correspondence and revisions to highlight when they understood the limitations, the importance of——

Chairman THOMPSON. I am out of time, and we might get another round in after this.

Ranking Member King.

Mr. KING. Thank you, Mr. Chairman. I realize we are coming down to a vote, so I will cut my questions short.

But, Dr. Falk, you said you had been with CDC for 36 years. From your perspective, did anyone at FEMA try to inappropriately influence the outcome of this report?

Dr. FALK. As near as I can tell, there was a request to review this information, to look at the data, to analyze it, and the group that responded to that interpreted that, in such a fashion that they were, that they thought they were responding to the request that was presented to them. I don't see obvious manipulation or any attempt, you know, based on the requests as I see them. But, you know, I think it is really probably important for all of us to fully evaluate those questions and assure ourselves on that.

But my understanding, as I look at this so far, would be that the request was interpreted in a way that it was fairly narrow. Don't forget, the group that had been handling this request, had been since the time of Hurricane Katrina reviewing many such requests to look at data from EPA related to chemical exposures post-

Katrina, related to exposures through the debris, and I think they were in that mode, functioning that way, and so thought about the request in those kind of terms.

Mr. KING. I am not trying to influence your testimony at all, but, to me, it would be a very serious charge if FEMA was trying to inappropriately influence CDC. Do you believe it was inappropriate? Were they trying to influence it? Or was this an honest attempt to get an answer?

Dr. FALK. I understand that would be a very serious charge. I can only say that, for me, I can look at this from the CDC perspective and what the CDC people did, and I think they were trying to, in their terms, respond to what they thought was a very specific request.

I don't think I can speak, personally, to the intent of FEMA requests and so on. That would be for other colleagues to address. But that is how I view what the CDC people did.

Mr. KING. Mr. Castillo, let me ask you, did FEMA ever attempt to improperly influence the outcome of this report?

Mr. CASTILLO. Sir, FEMA did not and would not attempt to unknowingly or knowingly influence the outcome of any report or any direction or any manipulation of scientific information.

Mr. KING. Did you ever receive any information that anyone at CDC was pushing back and thought there was improper influence coming from FEMA?

Mr. CASTILLO. No, sir.

Mr. KING. There was never any complaint or any statement made back to FEMA by anyone at CDC that there was improper influence?

Mr. CASTILLO. No, sir. This came up yesterday when we received the letter from another committee to look into looking—with other information included, was when we first heard of that, when I first heard of that. Although, as an agency, like I said, we are not—it is not our mission, it is not our purpose or our intent to ever try to influence, unduly or otherwise, any report.

Mr. KING. Thank you.

Thank you, Mr. Chairman.

Chairman THOMPSON. Thank you very much.

Mr. Castillo, when people ask questions, if it is convenient to say "I wasn't around," you do. When they ask another question, you answer it during that same time frame. So I want you to be mindful of the time frame that we are talking about.

We are going to recess the meeting subject to the two votes, and we apologize to the witnesses. We will reconvene right after that. Thank you.

[Recess.]

Chairman THOMPSON. We would like to reconvene our hearing. At this point Mr. Souder of Indiana is recognized for 5 minutes.

Mr. SOUDER. Thank you, Mr. Chairman. I actually have two subjects I want to touch on. I hope I will have additional time. Let me just point out for the record so there is no question, in Elkhart County is where approximately 58 percent of the trailers are made in America. Joe Donnelly and I represent that district.

I first wanted to briefly make a couple of comments about FEMA disaster declaration that failed to occur in my district. Mr. Castillo

and I had a long conversation. I know I was a bit testy. I appreciate him putting up with that. But I feel very defensive for the people in my district. I briefly want to read into the record. The town of Nappanee had approximately 10 percent of its town destroyed in a tornado, were twice denied by FEMA aid. This type of letter, which actually comes from a resident in a nearby bigger city says, Nappanee residents are proud, hard-working, self-sufficient, and God-fearing people who have not spent their lives learning to solicit Government funding. Besides that, there is not enough votes in Nappanee to interest those people who give out such freebies.

Nothing new here, just 21st century America. The challenge that we have is in FEMA's denial to this small town; it was stated that they had sufficient resources. The fact is is that the town sustained $942,000 in expenses in a town of 5,000, of which they had $469,000 covered by insurance. FEMA's position in our discussion was that the State should pick this up. The State had never done this before. It was kind of a new challenge. But they put in $198,000, which left the town with $285,000. The community residents came together, but this has nothing to do with actually low-income people who lost their homes or who don't have services. That left the city short about $300,000 in this small town, plus the people not served. But the town people came together in the region and raised $600,000. Now had they sat back in the FEMA denial, it said that they had sufficient resources. This is a below-average-income town. They have sufficient resources because they gave themselves and they insured themselves. I want to talk further at another point about how we deal with small towns.

Ten percent of the homes were destroyed in southern California between Santa Barbara and Los Angeles, California, the statistics that you gave me and were in the news, that you had 3,000 homes compared to 300 destroyed in an area with possibly 15 million people that certainly had far more resources to take care of it than the people of Indiana or that community. Somehow we have in our policy, I believe, built in a prejudice that makes it very hard for small towns to meet FEMA emergency standards, particularly small towns that are aggressive and don't wait around for the Government to come in a couple days later and make assessments. It is a policy question in addition to I am just outraged to what happened to this town. It spread to Fort Wayne, to South Bend because nobody understands and they all have had FEMA declaration questions.

We have lots of flooding in Indiana. We have occasional tornadoes. It is a huge challenge. While it is not the subject of today's hearing, it is indirectly related. Then ironically, this same town that has been hammered by the tornado, that had a downtown fire 2 weekends ago that is arson, is the No. 1 manufacturer of the trailers that went to FEMA for Katrina. I sat through the Government Reform hearings. Quite frankly, they were extraordinary entertainment. But I was totally unimpressed with the science. It was all hoopla, all hat and no cowboy so to speak. There wasn't any science. The fact is is that I would like to insert into the record, Mr. Chairman, an article from Florida in the Palm Coast, if I may ask unanimous consent to do so.

Chairman THOMPSON. Without objection.

[The information follows:]

NEWS ARTICLE SUBMITTED BY HONORABLE MARK E. SOUDER

REP. HASTINGS URGES FEMA TO SPEED ITS HEALTH REVIEW OF TRAVEL TRAILERS USED AS EMERGENCY HOUSING

By Tyler Treadway, Thursday, August 16, 2007.

With Tropical Storm Dean looming in the Atlantic Ocean, South Florida congressmen are getting involved in the effort to make the Federal Emergency Management Agency travel trailers available as emergency housing.

U.S. Rep. Alcee Hastings sent a letter to FEMA Director David Paulison asking that the agency quickly complete its investigation of possible formaldehyde contamination of the trailers so they "may become available for future Florida disasters."

Also, St. Lucie County Administrator Doug Anderson is asking U.S. Rep. Tim Mahoney, a Democrat from Palm Beach Gardens whose 16th Congressional District includes parts of St. Lucie, Martin, Charlotte, Glades, Hendry, Highlands, Martin, Okeechobee and Palm Beach counties, to get involved.

FEMA announced earlier this month that it temporarily was suspending the deployment of travel trailers as emergency housing, citing possible health problems caused by excessive formaldehyde levels in units sent to the Gulf Coast for victims of Hurricane Katrina.

Anderson said that Tuesday evening he asked Sherry McCorkle, Mahoney's district director at the congressman's Stuart office, to find out the status of the suspension and how it affects the roughly 220 travel trailers FEMA has stored at the St. Lucie County Fairgrounds.

"We've been told that those trailers would have to tested for formaldehyde before they can be used in an emergency," Anderson said. "But we haven't been told who's going to test them and when. We've also been told that FEMA isn't going to allow any trailers to be brought in if there's an emergency. If that's the case, we've got a problem. After (hurricanes) Frances and Jeanne, those trailers were our salvation as far as temporary housing . . . There's a storm out there now (Tropical Storm Dean) that may not hit us, but there may be another one next week."

McCorkle said late Wednesday that Mahoney's office is "working with FEMA to get (Anderson) an answer."

Hastings, a Democrat from Miramar in Palm Beach County, whose 23rd Congressional District includes parts of Martin, St. Lucie, Palm Beach, Broward and Hendry counties, noted in his Aug. 7 letter to Paulison that "no other temporary housing solution exists beyond using travel trailers."

Aaron Walker, national spokesman for FEMA, said he was not sure of the timeline that the Federal Environmental Protection Agency and the Centers for Disease Control have set for testing the trailers, but he didn't expect the process to being sooner than the next 30 to 60 days.

"We recognize the time frame," Walker said, "that we're in the middle of hurricane season. But we have to make sure the travel trailers are safe, and trailers in Florida are no more or no less safe than those in Louisiana and Mississippi."

Mr. SOUDER. That Representative Alcee Hastings says that he is concerned that this investigation is slowing down the potential to respond to Florida. Out of 20,000 of these trailers that went there, there was one complaint. The housing standard that was put into these trailers was HUD standard, .4 formaldehyde, that in the study it has to go beyond just what happened in Katrina and Mississippi because there may be localized effects. But we have been assassinating an industry here and a question of whether formaldehyde can be used. Formaldehyde is actually in your body. You would die without formaldehyde. When we get into these debates, it is like formaldehyde is always wrong. We want to make sure people don't get sick in housing. We all share that. We also want to make sure that housing is affordable, that it can get there in emergencies and it is a tough balance. We have a .4. They are trying to look to how to build to the California standard, which is a little higher. But to say it has to be a zero tolerance is quite nonsensical,

quite frankly. That we have to look at a broader question here beyond just Katrina. Why aren't the statistics coming in from Florida?

Congressman Dicks raised this has been a long battle. Is it a long battle in regular housing? Formaldehyde is in regular housing. They are meeting the HUD standards for regular housing in these particular trailers that were made. So why aren't the employees at the companies getting sick? Somewhere around 1 in 10 people in America have been in these trailers and either own them or have leased them in America. We don't have these kind of reports.

Now, there is a question of length of time. Well, if there is a length of time in ventilation, that ought to be looked at beyond just what happened in Katrina here before an entire industry gets changed because, quite frankly, many seniors travel around in these trailers all over the country. There is no evidence that the question, bluntly put, is, has this been ripped up? Because the people that we had in front of us at Government Reform had multiple possible explanations beyond just the trailers. It also could be the season, the dampness, there was something else that interacted that wasn't fundamental to the percent of formaldehyde in a normal trailer that was aggravated in those situations. I would urge you to be very careful about the science here because thousands and thousands of people's jobs are dependent. Affordable housing is dependent. If you make these up, quite frankly, there are people who would like to make this type of housing more higher-priced so that they can compete. Whenever you make these changes—also the question is, how else are you going to do this? How are you going to help people who are in an emergency if you don't have something?

Now certainly there are legitimate questions about whether or not people were kept in them too long and all those kind of questions. But I urge you and the Centers for Disease Control to make sure that this is precise because it affects multiple categories, employees, people who live in emergency handling and affordable housing. Thank you.

Chairman THOMPSON. Thank you very much. I don't think we need a response to that. The gentleman will obviously have additional time for questions. We now recognize the gentleman from Texas for 5 minutes, Mr. Green.

Mr. GREEN. Thank you, Mr. Chairman. I thank the witnesses for testifying today. Let me start with Mr. Falk. Mr. Falk, sir, you indicated that there was a narrow question posed. Is that correct?

Dr. FALK. I pointed out initially that that was the case. In the current effort, we are actually doing a number of——

Mr. GREEN. You also indicated that because the question was narrow, the answer was designed to accommodate the question.

Dr. FALK. I think the answer was designed to answer the question.

Mr. GREEN. Yes. Well, is this one of those questions where a person knew or should have known that by asking a narrow question you would get a narrow answer?

Dr. FALK. I think—the way I would phrase it in terms of the ATSDR folks, they are used to getting a number of very specific questions about mitigation efforts, a specific practice, for example,

after Hurricane Katrina related to debris or what a specific set of—levels of chemicals in soil might mean. I think they, the people that dealt with this—dealt with this problem as they have been dealing with problems and so they focused very specifically on the question at hand.

Mr. GREEN. By focusing on the specific question at hand, they overlooked an entire universe of additional knowledge that would have been beneficial?

Dr. FALK. I think—I would agree with you. I think the earlier one would have introduced the broad discussion about the potential for long-term effects. Maybe that would have advanced. I can't disagree with you on that. That did come up for a very full discussion when Admiral Paulson wrote to Dr. Gerberding.

Mr. GREEN. Now let's talk about the person who received the question. Should that person, having received a question regarding what is a potential health hazard, should that person have known that this would necessitate a broader answer than the one that was accorded?

Dr. FALK. I think they were focused on an issue that in their mind was unoccupied trailers. They saw this as a very specific question about practices and how that related to formaldehyde levels generically in trailers. I think they were very focused on specific mitigation efforts on things like the use of air conditioning and different ways of ventilating the trailers. I think they were trying to respond very specifically to those questions. That is how they construed the issue to them.

Mr. GREEN. If I may, Doctor, how did they conclude that this was unoccupied, the trailer was unoccupied?

Dr. FALK. The data that was given in that original ATSDR health consult was very clearly from 96 unoccupied trailers. The formaldehyde levels had been collected in those trailers by EPA. The data was then transferred from FEMA to ATSDR. Can you look at this data? It was very clearly identified as levels in unoccupied trailers. They had looked at it over multiple days and circumstances.

Mr. GREEN. The recipient of the letter knew that the response was going to be one that would relate to persons who were living in trailers, trailers that were occupied. Is this correct?

Dr. FALK. I am sure they had to have some sense that this kind of information would have been helpful to anybody wanting to address some issues in occupied trailers.

Chairman THOMPSON. Would the gentleman yield?

Mr. GREEN. Yes.

Chairman THOMPSON. What purpose would getting this information for an unoccupied trailer, how would that help in this situation?

Dr. FALK. Well, if, for example, one looks at the data in that original consult, the issue was, does air conditioning, turning the air conditioning on lower the formaldehyde levels? The other item that was tested was whether ventilation, opening windows, vents and so on. There actually was a very—there was a real difference. So the air conditioning did not lower the levels nearly as much as the opening of windows and the vents. So that is kind of useful in-

formation to know in terms of what kinds of practices actually change the formaldehyde levels. And so——

Chairman THOMPSON. That is the short-term answer?

Dr. FALK. I think that is for any term. The question was, will it lower, you know, formaldehyde levels? The issue in terms of long term is, can it lower levels sufficiently to be fully protective of long-term effects? This consult noted—it didn't actually speak to that. It spoke to the fact that they thought that the ventilation lowered the levels to the kind of a level that is related to acute effects in people who have been sensitized. They said they weren't addressing the long-term impact.

Chairman THOMPSON. Who said they weren't addressing the long-term impact?

Dr. FALK. The people who wrote it. They said they weren't trying to establish a safe——

Chairman THOMPSON. Just for the record, who are these people so we will be clear?

Dr. FALK. These are the individuals at ATSDR who wrote the consult.

Chairman THOMPSON. At CDC?

Dr. FALK. Well, ATSDR is a very related agency to CDC.

Chairman THOMPSON. We want to be sure the record is complete.

Dr. FALK. It is the ATSDR health consultation exactly.

Chairman THOMPSON. I have taken the gentleman's time. But I think the question is from CDC's standpoint, if you know there are potential health hazards for people who live in the trailers, is it not, from your perspective, the right thing to do is to tell FEMA even though you didn't ask us we want to make sure you are aware of the long-term health consequences of people living in trailers based on our review?

Dr. FALK. I think you are absolutely correct. I think that was the reason that other senior scientists tried to correct that in letters to FEMA to identify that the issue of whether these were fully protective of long-term effects had not been addressed in that document. That is why it was reissued and tried to actually say that more explicitly.

Chairman THOMPSON. So I guess the question now is, is FEMA in custody of this information?

Dr. FALK. Well, there were two letters that were forwarded, one in late February and one I believe on March 17.

Chairman THOMPSON. So it is to your recollection FEMA is in possession of these letters?

Dr. FALK. They have been sent, yes.

Chairman THOMPSON. Mr. Castillo, are you aware of these letters?

Mr. CASTILLO. Yes, sir. Again, what the letters and what Dr. Falk is saying, having to do with whether there is any long-term effects, we are aware of that. When this came to our attention, as I said earlier, when it came to our attention following the trends that were noticed, we realized that this was an issue that needed to be addressed. That is when we began to take action. So we don't question whether there is a long-term or a short-term effect. We understand, we have been told that there is potential harmful effects from being in formaldehyde, especially to people who are sen-

sitive to it. So we don't question that. Once we realized that, we began with a 24/7 call center for people who had concerns to—and the vast majority had questions that were referred to CDC—but the people who had concerns about being in the trailers were offered immediately either hotel or motel in the immediate or given other options so they can move out.

Chairman THOMPSON. So how did you notify the people living in the trailers?

Mr. CASTILLO. We have went out—hand-delivered flyers. There has been media announcements.

Chairman THOMPSON. Every trailer?

Mr. CASTILLO. Yes, sir, in the Gulf Coast. Through our Gulf Coast, through our transitional recovery offices that we have in every State. We went out to every trailer and handed out flyers, have posted them, have announcements on, I believe television but I know radio, that this is the process. These are the numbers to call. Now these folks know the number to call because that is the number they called to get in.

Chairman THOMPSON. Thank you. If we have a disaster tomorrow, would we have people in these same trailers?

Mr. CASTILLO. The people who are in there now?

Chairman THOMPSON. No. Obviously not the people in there now. If we go to Ohio with the disaster.

Mr. CASTILLO. Well, sir, the trailers, travel trailers, first of all, we have—in the direction from Secretary Chertoff and Administrator Paulson is that we will not use travel trailers.

Chairman THOMPSON. What will we use? I am just trying——

Mr. CASTILLO. I am sorry.

Chairman THOMPSON. I am just trying to get to the point, if we have a problem with the trailers and FEMA is charged with temporary housing, shifting it to HUD at some point, what is the temporary housing plan if you have deemed travel trailers to be insufficient given their health consequences?

Mr. CASTILLO. That is correct. In any case, travel trailers were a last resort. We looked to place people in temporary housing, in apartments that may be available, and depending on the magnitude that may be available locally, maybe a little further away. But the point is we looked to place them in temporary housing, meaning working toward a more permanent solutions, but apartments.

Chairman THOMPSON. Thank you. The gentleman from Indiana, would you like to——

Mr. GREEN. Mr. Chairman, if I may? Thank you. Sir, Mr. Castillo, were there children in these trailers?

Mr. CASTILLO. Yes, sir.

Mr. GREEN. Were these children in these trailers for months, some of them?

Mr. CASTILLO. We are talking about the trailers that are currently in the Gulf Coast?

Mr. GREEN. The trailers with the formaldehyde.

Mr. CASTILLO. With families, yes.

Mr. GREEN. Have the children been examined so as to ascertain whether or not there has been some adverse impact on the children?

Mr. CASTILLO. Sir, I don't know. I don't know the answer to that at all.

Mr. GREEN. We do not have a program in place to assist persons who have been in the trailers, a health—not a notice, not just a simple document saying you have been in this circumstance. But are we actually taking affirmative action to examine people, especially children?

Mr. CASTILLO. Yes, sir. I will defer to my colleague from CDC. But there is the Help line that families can call if they have concerns that are then given direct information——

Mr. GREEN. I understand. But sometimes people don't always call as promptly as they should. So, Doctor, would you care to please explain?

Dr. FALK. Let me mention several things. First, that is a very important issue. Children. We recognize that it is a real concern. Very much keeping cognizant of that. One of the things we have——

Mr. GREEN. Doctor, I am going to have to interrupt you because my time is almost up. So please now, I am not trying to be rude. Listen, do we have a program that involves the examination of children who were in these trailers? A program.

Dr. FALK. There are two efforts under way. One is to evaluate what happened to children.

Mr. GREEN. What does under way mean? Is that something you thought of just now? Or is it something that has been codified that is on-going?

Dr. FALK. One is on-going and one is being planned to start——

Mr. GREEN. How many children have been examined?

Dr. FALK. We are—currently the effort is underway.

Mr. GREEN. How many? How many children?

Dr. FALK. We are actually reviewing the records of several hundred—we are reviewing the records of several hundred children who were treated by physicians in Hancock County, Mississippi to evaluate those records.

Mr. GREEN. Were those children taken to the physician specifically because of the conditions in the trailers?

Dr. FALK. Yes.

Mr. GREEN. So you have several hundred children who have been examined?

Dr. FALK. They have been examined in Mississippi, and we are reviewing the records to review the health effects that have been reported and to try to analyze that. That is well under way, and we hope to be able to report on that I believe in a coming month or 2.

Mr. GREEN. Doctor, it seems to me that this would be a circumstance that would necessitate immediate action, if not sooner. To say that we are looking at records from children who were examined at some earlier time, it seems that we are not acting expeditiously, not to my satisfaction, given that we have children who have suffered under these conditions. Why is it taking so long?

Dr. FALK. We also have worked on developing a protocol to look at a much larger number of children which hopefully can be under way in the near future. That is designed to actually look at these children over time for a period of maybe—of up to 5 years to ascer-

tain whether there were impacts from having been exposed or sensitized. That is a protocol that is being developed and hopefully will be under way in the near future.

Mr. GREEN. Why is that protocol not in place? This is not something that happened within the last month. Does it take this amount of time to develop a protocol?

Dr. FALK. A study protocol, yes. Because you want to be able to analyze that and be able to provide, you know, good information.

Mr. GREEN. Thank you, Mr. Chairman. I will wait for the second round.

Chairman THOMPSON. Thank you. The gentleman from Indiana.

Mr. SOUDER. I appreciate the Chairman's indulgence. We clearly have two things occurring here and I am worried that they are overlapping. One is that serving the people in Katrina who clearly have felt there has been an inappropriate response certainly from the early days on. It has gotten involved in a very contentious question and needs to be an urgent question related to the Government. But then I was very disturbed to hear that based on assertions and lawsuits, not facts at this point on Katrina, that you are going to ban travel trailers for everybody else when in fact no evidence exists of similar phenomena. In Florida where out of 20,000, one case. These things are used all over the United States.

I would also like to comment about that because—I mentioned that earlier to Mr. Falk. But then Mr. Bregón, my understanding is I mean, the trailers were built to .4. That is the HUD standard. What does this precisely mean? Does it mean that—you have formaldehyde in so-called site-built recreational vehicles, isn't formaldehyde fairly common in homes, and isn't there a standard?

Mr. BREGÓN. The Department of Housing and Urban Development's Office of Housing has a division which is the insured housing. We have an office that insures prefabricated homes. So when we are talking about trailers and prefabricated homes or modular homes, they are two things. We do test for materials that are used in the construction of modular homes or prefabricated homes. But we do not test trailers or the ones being used by FEMA. Our studies indicate that the materials that are used in the modular homes that the Department of Housing and Urban Development regulates as part of its insurance programs, you are correct, sir. What we are looking at is .4.

Mr. SOUDER. And .4, Dr. Falk, when you look at that, are you looking at variations? Because an isolated study in Katrina is one thing. But it is not like this is a known or an unknown quantity in housing.

Dr. FALK. One of the studies that was addressed in my written testimony, and we would be able happy to provide additional information on that, is that in addition to the occupied trailers, we have several investigations under way to evaluate unoccupied trailers and understand as best we can where the formaldehyde comes from and what potential ways there are to mitigate that and understand where the source is and could that be done without—so, for example, you are looking at formaldehyde levels under different conditions in the unoccupied trailers. We are taking apart a significant numbers of trailers, looking at all the furnishings and trying to identify what are the specific low sides for the release of form-

aldehyde. We will also be working—planning to do this with NASA to look at some specific mitigation techniques that could actually address whether you could actually lower those formaldehyde levels in the trailers.

So we are trying to look in a very thorough way as to whether specific aspects of the construction of the trailer that contribute to the formaldehyde and is there a way of mitigating that. That is separate from the study of the occupied trailers. I believe the recreational vehicle industry is aware of these. They have commented on those study protocols. So we are trying to actually pinpoint, see whether specific issues that could be addressed.

Mr. SOUDER. Why do you believe this question never came up in an extensive way before Katrina?

Dr. FALK. I think Katrina in my mind, in my time at CDC, and I am not a housing expert. But you know I was in Louisiana after Katrina, approximately 1 week later. The numbers of individuals displaced, the numbers of housing units that were needed are just so much larger, I think, than in previous——

Mr. SOUDER. But wouldn't you have seen statistical anomalies with 20,000 in Florida? I mean, it is not like we haven't done thousands, tens of thousands of these and not noticed statistical anomalies.

Dr. FALK. I think in terms of the questions that have been raised about long-term effects, you would notice the short-term effects. People would have nasal irritation, eye irritation, coughing, exacerbation of asthma. You would not notice if there was a potential for long-term effects, say cancer, in the long term. You would not be seeing anything. The issue is whether one can get the formaldehyde levels down to the point where people are not concerned about the long-term effects. So that is what we are actually trying to see, whether you can actually study the problem over the next several months and identify the source of the formaldehyde and if there is something remediable about that or fixable about that.

Mr. SOUDER. Thank you. Mr. Chairman, thank you. I do want to point out that what we are talking about mostly in Katrina are short-term effects. They are also looking at long-term effects which would also affect the study lengths too. But the Katrina stories we heard over in Government Reform and the cases were mostly short-term because there were no long-term yet.

Chairman THOMPSON. Thank you. The gentlelady from the Virgin Islands for 5 minutes.

Mrs. CHRISTENSEN. Thank you. Our colleague, Ms. Sheila Jackson Lee, has to leave for a meeting. So if it is all right, I will switch my time with her.

Chairman THOMPSON. The gentlelady yields her time.

Mrs. CHRISTENSEN. Will I be able to reclaim her time?

Chairman THOMPSON. Yes, which is a little further down.

Ms. JACKSON LEE. Mr. Chairman, let me thank you very much. I would like to answer a number of the points that my good friend from Indiana has made. I want to thank the Chairman for what I consider to be an enormously important hearing and to try to focus on the crux of why we are where we are.

There is long-term damage on this question of formaldehyde because we have a situation where individuals are in trailers for now

more than 3 years. That is the plight that we find ourselves in. I know that this has been offered into the record, but I do want to acknowledge Dr. Christopher DeRose—DeRoss, who—it looks like it is Dr. DeRosa, who offered his concern February 27 about the formaldehyde situation and the lack of action by CDC. I think he is a whistleblower and I want to acknowledge that. Mr. Chairman, I also would like to hope that we will be able to view the video, the news video that really framed the crux of why we are here. The problem that we have is that the idea that Congress had to solve quick response to disaster housing is a complete failure, and HUD and FEMA are wrapped around this failure. Except for the fact that I will acknowledge that HUD, the language waived all its rules and I understand that and I appreciate it. But it obviously disconnected to the States; in particular, if I might, Texas and Mississippi.

Mr. Gerber, let me thank you and all of your hard workers. I understand that you were implementing this program through your leadership in the State. But the State of Texas has failed. Plain and simple. I want to put on the record—and I am sorry that the Governor is not here because he made these determinations to have us—in a situation where we had $428 million that was rendered to Texas, $210 in southeast Texas, $60 million in Houston, $42 million, critical infrastructure, $21 million to be used for administration. We spent $1 billion out.

So let me go to Mr. Castillo and Mr. Bregón. You are the holders of this failure because Congress came and said, how do we help these people in the immediacy of their dilemma and their crisis? This is the face of people living in trailers now since 2005 who are not getting out of these trailers any time soon. Why? Because where is the oversight by the administration on the Governor of Texas? The Governor of Mississippi is now using his moneys for infrastructure building. So people are left homeless again. The reason why formaldehyde is an issue is because you have them in these trailers for longer than 6 months, 7 months, 8 months. When Texas took the freedom of saying they will use the comm as opposed to direct compensation, why were there not benchmarks, that you begin to ask the Governors what are you doing with the money? Why hasn't the money been spent?

Mr. Castillo, is this working? What can we do better to ensure that we do not have the collapse that we have now between the Federal Government and the State? Mr. Bregón, I would like you to answer as well.

Formaldehyde is cancerous. This is the face of a person living in a cancerous condition, and there is no dispute of that. Mr. Castillo.

Mr. CASTILLO. Congresswoman, I want to tell you from FEMA's perspective, we are doing everything we can to get people out of travel trailers and out of mobile homes into more permanent housing. I believe what you are referring to has to do with the CDBG funds that are used, and that is not something within our——

Ms. JACKSON LEE. Mr. Castillo, don't push the button. We formulate this process to move you and HUD together so that there could be a transition. Right. So my question is, what relationship do you have to HUD? You got these trailers there.

Mr. CASTILLO. Yes.

Ms. JACKSON LEE. It doesn't mean because we created a pathway that you were supposed to drop the ball. Did you assess what was happening to people that were in your trailers as to whether or not they got out of your trailers after the money was distributed, after you transitioned to Mr. Bregón? Don't you think you had a responsibility, since these are FEMA trailers, to wonder where people are or whether or not you need to go move the trailer off of the land because people are out of the trailers?

Mr. CASTILLO. The number of people that were transferred to HUD under the DHAP program were approximately 28,000 households.

Ms. JACKSON LEE. Did they live in trailers?

Mr. CASTILLO. Not all, no.

Ms. JACKSON LEE. Some did? Some are in your trailers?

Mr. CASTILLO. Yes. But the trailer, as we move people out in the trailers, they ideally—and I believe there would be about 8,000 more families that were moved, transitioned from trailers, usually going from trailer to an apartment——

Ms. JACKSON LEE. I understand that. Do you have people living in trailers in southeast Texas, to your knowledge? The trailers that you put on the ground, are they your FEMA trailers?

Mr. CASTILLO. Yes. They were purchased——

Ms. JACKSON LEE. Mr. Bregón, that is the question. Mr. Castillo. You still have people living in a trailer. We created the seam. The seam didn't work. My question is, why isn't FEMA, DHS connecting to ask, why are people still in trailers, based on the instructions of Congress? Mr. Bregón, again, people are in trailers in southeast Texas with a $428 million disbursement to the State of Texas. Where is the accountability in HUD? Why are these people in trailers that are subject to formaldehyde?

Mr. BREGÓN. Thank you for your question, Congresswoman Jackson Lee. There are two different things we are talking about here. We are talking about the supplemental Community Development Block Grant, which the State of Texas received under the first appropriation supplemental appropriation, about $75 million, and the second supplemental appropriation which the State received, roughly about $423 million. That money is the money that Mr. Gerber's agency is working with for the homeowners' rehabilitation program.

The trailers, the disaster housing assistance demonstration program is a separate program. That is a demonstration program in which FEMA came to HUD and said, HUD, you have an infrastructure of public housing authorities and partners in the private sector that can provide, identify——

Ms. JACKSON LEE. If I may, Mr. Bregón, you have people in trailers in southeast Texas with Federal funds. The question is—let me finish. The question is, the question is, where is HUD's oversight for the utilization of those funds? My understanding is that there are people in southeast Texas who are victims of Hurricane Rita. They are in FEMA trailers. FEMA transitioned to HUD because of Congress, wanted to quickly get someone who understood housing. The simple question I ask you is, why are people still in trailers as of 2008?

Mr. BREGÓN. Yes, madam. The agreement we have with FEMA is that it is FEMA's responsibilities to get those families and individuals out of the trailers and then HUD takes over. So HUD is not in the business of relocating or finding people homes or units that are living in trailers. That is FEMA's responsibility.

Ms. JACKSON LEE. Didn't you give money to the State of Texas to be able to help these people's houses be rehabilitated? Then why are they still in the trailers in 2008? Did you have oversight over Texas and the Governor of the State of Texas, Governor Perry, to ask why the moneys have not been expended?

Mr. BREGÓN. Yes, ma'am.

Ms. JACKSON LEE. What was Governor Perry's answer?

Mr. BREGÓN. We have decided to run a rehabilitation program that takes a little longer than the compensation program question.

Ms. JACKSON LEE. That is the question. Should you have concerns that we now have individuals in trailers in 2008 and there is no movement? I don't know whether or not it is a staffing issue but no movement on the basis of a crisis that the State, that the Federal Government perceived. We perceived a crisis, we said, how do we make it work? FEMA and HUD got together and you relied on the State, which obviously is not concerned about the urgency of now. The Governor of the State of Texas, the Governor of the State of Mississippi is using his for infrastructure work and parties and whatever else can go on. But the question is, what is happening to the people who are still in trailers?

Mr. BREGÓN. Now the State of Texas has moved forward with the first of the—of the $75 million they would show that they have dispersible $13 million, not the $1 million that I heard before. On the second supplement, my understanding is that there are a lot of cases in the pipeline that they will be processing shortly. Perhaps Mr. Gerber can give you a better update as to where they are. But, Madam, you are correct, there are still people residing in trailers that should not be residing in trailers. HUD's mission is to work with the State to make sure that homeowners or renters that are living in trailers will move to safe, sanitary, decent homes. We are working with the State on that. As it relates to the DHAP and FEMA, we need FEMA to work with us and get those folks out of trailers, and then we will find units that are safe, decent and sanitary under the HUD programs to ascertain that we are not moving these people from a trailer and putting them in a housing condition that perhaps could be worse than a trailer.

So we are doing our due diligence and making sure that the landlords that participate with our DHAP programs have units that are decent, safe and sanitary.

Ms. JACKSON LEE. I thank the Chairman.

Chairman THOMPSON. Thank you very much. Madam gentlelady, we will follow up with some more questions that have been raised along this issue.

Ms. JACKSON LEE. I will be back for that.

Chairman THOMPSON. The gentleman from North Carolina, Mr. Etheridge.

Mr. ETHERIDGE. Thank you, Mr. Chairman, for holding this question. Let me just ask each of you just a yes or no because I think

some of us represent areas that produce prefabs, modular homes. You are talking about travel trailers, correct?

Mr. CASTILLO. Yes, sir.

Dr. FALK. Yes.

Mr. ETHERIDGE. Travel trailers?

Mr. BREGÓN. Yes.

Mr. ETHERIDGE. I want to make sure that is a part of the record because I think we sort of use that interchangeably and I think it is unfair to an industry if you don't get that on the record. Mr. Chairman, I think that is important.

Mr. Castillo, let me ask you a question. North Carolina, a State that I happen to represent, is sort of known as a State that has for years been in the bulls-eye of major disasters from hurricanes. Unfortunately, with the drought for the last several years, some of the folks are making the analogy, we would like to have one just to get the water. That is not the point I want to make today. My point is this, should one strike our State, I am certain that our State responders, our local responders, they are ready to respond. They have practiced, they are ready, they have done a good job. They have done a lot of practice unfortunately. But based on the challenges following Hurricane Katrina and others and what I am hearing today, I am not totally convinced that FEMA is ready. My question to you is, is this whole issue of a major hit puts tremendous pressure on housing. You now have entered into an alternative housing pilot program. Can you share with this committee and with me what you are learning from this, what solutions have you found? Where will you be able to apply those should a major disaster hit? Is that now prepared? What have you learned?

Please, quickly, so I can get to other questions.

Mr. CASTILLO. Yes. I appreciate your comment on representing a State that is in the bulls-eye because I come from Florida and it perhaps gets hit as much as North Carolina if not more. Two things: No. 1, the alternative housing pilot program that I talked about earlier in my opening statement, the four States that have competed for and received funds that are building units that will hopefully be used in the future to replace travel trailers.

Mr. ETHERIDGE. Yeah. What have you learned?

Mr. CASTILLO. Well, that is in the process.

Mr. ETHERIDGE. When will it be ready?

Mr. CASTILLO. They are being evaluated over the next few months. We have also got the Joint Housing Solutions Group that is looking at a lot of other options as well.

Mr. ETHERIDGE. I am sorry, but I don't have a lot of time. What is the time line?

Mr. CASTILLO. Joint Housing Solutions, probably within the next few months we will move to the next step of going——

Mr. ETHERIDGE. When will it be ready?

Mr. CASTILLO. Sir, it is impossible. I don't know the answer to that.

Mr. ETHERIDGE. Can we get that information?

Mr. CASTILLO. Yes, I will get that.

Mr. ETHERIDGE. Thank you. I don't mean to cut you off but I want to get some other questions in. Let me follow up with one additional question. In July 2006, FEMA produced a job hazard anal-

ysis that one, one, FEMA employees are the potential injuries associated with travel trailers. The analysis said, cancer was a concern and required FEMA employees to undergo formaldehyde awareness training. If FEMA knew that there was health risks associated with the use of travel trailers, why were they deployed? Why were the vulnerable displaced disaster victims not warned of the risk during 2006? What efforts did FEMA undertake to protect the health of travel trailer occupants? I mean that was 2 years ago now.

Mr. CASTILLO. Sir, I am not familiar with the analysis that you mentioned. But when we became aware that it was a problem was when—I believe in May 2007, when there was the trend reported by the pediatrician that I spoke of earlier. The next day we employed the Office of Health Affairs of the DHS.

Mr. ETHERIDGE. I don't mean to cut you off because I want to get one more question. I am running out of time. Let me ask you to do this, go back and look at the record and if you would submit that in writing, I would be grateful for the 2006 material and submit that in writing. That would be great.

Chairman THOMPSON. If the gentleman would yield. We had asked for a time line similar to what you are asking that would reflect that information also for the committee.

Mr. ETHERIDGE. Thank you, Mr. Chairman. Dr. Falk, as you mentioned, the CDC has identified health risks associated with travel trailers. Do you believe the travel trailer occupants have a right to know about any and all potential health concerns? No. 2, do you think you should inform the occupants? We have talked about that already today. It bothers me as others have—and I think it is a concern because we are really talking about children and others in it. What would you like to say to them today? I would like to give you an opportunity just in the next minute, what would you like to say to them about where we are and what we are going to move to do to try to mitigate this problem?

Dr. FALK. We have a very active program currently to provide information to occupants of trailers. One of the things that I have said on a number of occasions is that the issue of children is very important. Even though the formaldehyde level, a single formaldehyde level is helpful in understanding the risk, there are other issues that are much more—that can be much more important, such as whether children are in the trailers, elderly are in the trailers, people with chronic diseases are in the trailers, people with asthma, that one really has to pay attention to the need for alternative housing when there are high-risk or vulnerable individuals in the trailer. So we actually highlight that in the information we provide.

Mr. ETHERIDGE. Mr. Chairman, thank you. Let me just take 30 seconds. I know you have indulged me so far. We had a substantial flood in North Carolina in 1999. FEMA came in. We had travel trailers. I really hope we can get the information because some of these people may have been affected. But to the credit of FEMA at that time, they moved from mitigation and we really helped people move into permanent housing. I recognize it was not at the level nor was the magnitude of it as big as Katrina and Rita. But the Rocky Mountain Project is a model for the country now. We really

ought to look at some of the models that have been successful where we did move some people out. I don't know how long some were in the trailers or whether or not there was any lasting effect. I would hope we would go back and look at those if we have had people exposed for a long period of time because I think it would be appropriate.

Mr. SOUDER. I have a parliamentary inquiry.

Chairman THOMPSON. Sure. The gentleman from Indiana.

Mr. SOUDER. I agree with Mr. Etheridge's question of why would FEMA employees be treated differently than the poor. I would like to supplement his question with, on what grounds did FEMA make that memorandum to their employees? Were there any facts?

Chairman THOMPSON. Whether or not it has been circulated at all.

Mr. SOUDER. One would be yes. If they circulated it, whether they had it with the FEMA families, why would they give it to them and not to the poor? But on the other hand, what made them make the decision in the first place? Because part of my question is, is did they have any facts when they distributed the FEMA employees? Certainly we shouldn't have a double standard.

Chairman THOMPSON. Sure. Are you aware of the gentleman from North Carolina's reference to the standard for FEMA employees?

Mr. CASTILLO. No, sir. As I mentioned, I am not aware of the memo that mentions the analysis of Mr. Etheridge.

Chairman THOMPSON. We will have staff provide you with the referenced memo for your response.

Mr. CASTILLO. Yes, sir.

Chairman THOMPSON. I would also like to say that part of this hearing was due to a CNN story that ran on Texas and that Ms. Helen Sanders, Mr. Gerber, who I know you are intricately familiar with, and my understanding is, you will be—someone from your shop will be interviewing Ms. Sanders tomorrow?

Mr. GERBER. Mr. Chairman, we have met many times with Ms. Sanders. She is someone who lives in a very small community of Sabine Pass, which is really out on kind of a barrier island but it sort of juts out of the Gulf of Mexico. It is where the storm came in. That town had waves of 10, 12 feet in that community. As a second pot of money, there are funds that are devoted exclusive to the redevelopment and repair of homes in Sabine Pass. Ms. Sanders is one of those families. She is living in a trailer and certainly there are a lot of other folks at Sabine Pass that we are concerned about as well.

The challenge of that part of Texas is that you are going to have to go and elevate those homes 14 feet. There are many seniors who live there as well who have chosen it as a retirement community. There are many who have lived there for many years and have accessibility issues. So there are additional funds that are available to build accessibility features for those homes as well. I think—and the reason those funds were devoted to Sabine Pass is—and I am sorry Ms. Jackson Lee is not here to hear this—is that we worked very closely with the locals to identify how those dollars should be used. I think the Governor showed tremendous leadership by working with local elected leaders to ask them, how do you see the use

of these funds having the greatest amount of impact? What they told us over and over again was they wanted us to get a start, understanding that there wasn't going to be sufficient funds in order to do the kind of rehabilitation and repair that is being done in all of the other different States.

Chairman THOMPSON. But I am sure you can understand the patience of individuals who have been told help is on the way and being put off and put off. Part of what we are trying to do is establish some parameters so that citizens of this country who we have to help can have some general understanding as to when and how the help will come. I guess part of the question for me would be, has HUD established or FEMA established a reasonable time table by which they would like to move people from temporary housing to more permanent housing? Has there been some memo of understanding or agreement executed between the parties to that effect?

Mr. CASTILLO. Sir, on FEMA's point, we have a date of May 2008 to move everybody out in the Gulf Coast. Knowing that we are moving 1,000 families, 1,000 households a week, and that is our goal, that the Administrator wants to have people out of travel trailers and mobile homes prior to the hurricane season.

Chairman THOMPSON. So that is just for this specific instance. But is there any policy that you try—framework that you try to operate from relative to—from transitional housing to permanent?

Mr. CASTILLO. Well, we try to make that as short as possible. Putting Katrina aside for—Katrina, Rita aside for just a second, in the past maybe 2 or 3 months was the average that people would stay in a travel trailer or mobile home. You know, this has been a different story obviously because of the magnitude and scope of this disaster, especially Katrina. So our point—travel trailers and even mobile homes, manufactured housing is a last resort.

Chairman THOMPSON. See, I would accept that if I could see the 200 percent effort being put forward to address many of the individuals who are still in temporary housing. My State, for instance, decided that $600 million of this housing money ought to go to a port facility rather than to the neediest of the people. So it tells me that 2½ years after Katrina here, we gave too much money to start with or the standard by which we have used to get people in housing is so high that we are just not doing our job. You have to be there to see the people who are still anxiously awaiting housing and it has not taken place. So I am trying to get a picture of a 2½-year lapse of time, Congress being more than generous in giving money yet help is not on the way. In the middle of this help, States decide to do other things with the money. That, for me, from a HUD perspective, to approve it when I can take you to Mississippi and show you a number of families who are still needy, who because of this diversion have to wait longer but yet still we approve it. I am real concerned about that because our resilience as a Nation is based on our ability to help our citizens. For this 2½-year period we have not done so. I think that is part of the reason that we are holding this hearing.

Mr. Tipson, can you tell me whether or not the housing needs associated with this hurricane have been met satisfactorily or if there are still outstanding issues?

Mr. TIPSON. The housing issues in Mississippi absolutely have not been met. The $600 million diversion of funds from a housing program to an economic development project for the Port of Gulfport was inappropriate. It is not the position of the Lawyers Committee that HUD had no discretion to approve that plan. In fact, 50 percent of the CDBG funds were supposed to benefit low and moderate income people unless the State could show compelling need. To my knowledge, that need was never demonstrated by anyone in Mississippi and never evaluated by HUD.

So I think that your concerns are absolutely justified. There certainly is a great need for the construction of more affordable housing, and many of the people who are in travel trailers today are not able to move into rental units because there simply is no affordable housing. There is nowhere for them to go.

Chairman THOMPSON. Mr. Bregón, could you share with us HUD's justification for approving this?

Mr. BREGÓN. Absolutely. Absolutely. First of all, the State of Mississippi received in its first supplemental appropriation about $5 billion. The second supplemental appropriation, they received roughly about $423 million. The State originally budgeted $3 billion for housing. The State came to the Department of Housing and Urban Development and submitted an amendment to the original plan, requesting that $600 million be reprogrammed from housing activities for an economic development project in the port. HUD looked at it. The original supplemental appropriation told HUD's Secretary that he could waive the 70 percent low-mod requirement, which is the CDBG requirement, down to 50 percent if the States asked. The five Gulf States asked that the 70 percent be waived down to 50 percent, which is what the statute allowed. Furthermore, the law reads that if there is compelling need, the Secretary may reduce—or originally shall reduce less than 50 percent. Mississippi has never been given the authority to do less than 50 percent as an economic development activity.

Chairman THOMPSON. I understand. We have some other Members. But I think the point that I am trying to make is whether or not the unmet housing needs of Mississippi have been met with this HUD money or have rediverted moneys intended for housing to address that unmet need to another function.

Mr. BREGÓN. According to the State, Mr. Chairman, the $3 billion they budgeted was an overestimate and that they could do—meet all the housing needs in Mississippi with $600 million less. So the State has made that determination.

Chairman THOMPSON. I understand. But now has HUD made a determination as to whether or not the State is correct?

Mr. BREGÓN. HUD has told the State that we are very concerned with the provision of affordable and decent housing in the State of Mississippi. As a result, the Secretary met with Governor Barbour and there was an agreement that they would put in $100 million more into affordable housing than there was before the work force housing.

Chairman THOMPSON. One hundred million dollars of State money or Federal money?

Mr. BREGÓN. No, Federal money, sir.

Chairman THOMPSON. So you are just shifting money around?

Mr. BREGÓN. No. What the State was saying was, we can do what we need to do as it relates to housing for $600 million less. So the Secretary said, we are not too sure about that.

Mr. BREGÓN. The State has certified to us that the moneys that have been budgeted but not expended, sir, so there is a difference between the State budgeting money or obligating money and expending money. So the State is spending money but perhaps not to the grade that we would all like to see in order to——

Chairman THOMPSON. So you agree that housing needs at present have not been met——

Mr. BREGÓN. Mr. Chairman, the Department of Housing and Urban Development is very concerned about the progress not only in Texas and Mississippi but Louisiana as well. We are very concerned, and we are working with the States. We are giving them all the technical assistance necessary. We are ascertaining that the moneys are being used properly and efficiently. Yes, we are very——

Chairman THOMPSON. You are comfortable diverting housing funds, moneys intended for housing efforts to be diverted to other instances?

Mr. BREGÓN. I would not use the word "comfortable", Mr. Chairman. No, we are not comfortable. We are not comfortable with the State reprogramming $600 million from housing to the port. We are not comfortable with it.

It is an eligible activity. The State has told us that they can meet their housing needs with it because they overbudgeted the housing budget. We are telling them that we are not going to give them a waiver of the 50 percent low/moderate benefit on economic development.

So we are holding the State accountable and responsible for our ascertaining that 50 percent or more of those jobs created in the port will go to low/moderate income residents. So there is a misconception here that we have waived a low/moderate benefit in economic development. We have not, sir.

Chairman THOMSON. Well, Mr. Tipson has just indicated that there are significant housing issues left to be resolved in the Gulf Coast region; and what I am trying to get is whether or not we are creating a bigger problem by diverting moneys originally intended for housing for those residents of the Gulf Coast for another purpose.

Mr. BREGÓN. Well, it was the State that determined that what they needed was $3 billion. It wasn't HUD. So we were never in a position to say to the State we think that your housing needs are $3 billion. The State made that assessment themselves. We said, fine, if what you want is $3 billion out of the $5 plus billion that you have for housing, we agree with that.

Now, the State came back to us, and they asked to reprogram $600 million because their housing need is not as great. But it is not—the money is there. They just haven't spent it. So what we need is for the State of Mississippi to start spending the $2.5 billion.

Chairman THOMPSON. So your testimony is that my State has $2.5 billion, 2½ years after Katrina, for housing that is not spent.

Mr. BREGÓN. That is correct, sir.

Chairman THOMPSON. Have we cited them for that inaction?

Mr. BREGÓN. We don't have the time limits requirement under the supplemental appropriation like we do in the regular CDBG program. What we tell communities, if you don't spend your money in a timely fashion, we will take the money away, we don't have that under this new supplemental.

Chairman THOMPSON. If I have $2.5 billion sitting in the bank and we have people living in formaldehyde-laced temporary housing facilities that could go to permanent housing facilities, that is an embarrassment on everyone.

Mr. BREGÓN. We show the State has disbursed—of the $5 billion from the first supplemental, they have disbursed about $1.9 billion; and the majority of that money going to housing.

Mr. SOUDER. I know other Members are waiting, but I do want to say that formaldehyde-laced was a tad strong. Formaldehyde is in all manufactured housing. Formaldehyde is in our body. What we are trying to determine is what level.

I think we all agree that we need supplemental guidelines and timelines. My lands, how can it be sitting there? That earns cash for the State. That these people were never intended to be in these travel trailers. Regardless of whether I think they are going to get cancer from them or not, that wasn't the intent of the program.

I agree with your general consent. My general concern is, in fact, many people live in mobile homes, many people use travel trailers and camp in them for a long period of time. Yes, we have evidence that people are sneezing and reacting in certain ways, but that is what we are studying, and you are going to panic people. I was just concerned about the language.

Chairman THOMPSON. The gentleman is concerned, but we are hearing Dr. Falk's testimony that raises significant flags about long-term stays in travel trailers. I am talking about long-term stays, in this instance, somewhere over 2 years for people who should have been transitioned into other housing.

When I hear my home State of Mississippi and other Members of this committee's home State of Texas, who have, 2 years after money has been graciously granted by Congress, still has the money sitting in the Treasury, and that is totally unacceptable.

Mr. SOUDER. Mr. Chairman, one other comment. I know that this is kind of loose, and I apologize to other members, but that there, in fact, are different kinds of trailers in New Orleans and elsewhere, and some are small and some are larger. I am not defending—if you have a home, the purpose of the U.S. Congress is to get you back in a home. But we are comparing to some degree some that are short term with some that actually people live in year round all over the country, and it isn't necessarily uniform here what is going on in these regions.

Chairman THOMPSON. I agree. But, again, I don't want our Government putting people into housing that has questionable health outcomes if we know that there are some questionable health outcome.

Gentlelady from New York for 5 minutes.

Ms. CLARKE. Thank you very much, Mr. Chair.

I just wanted to get a feedback from, in particular, our panelists, Mr. Castillo, Dr. Falk and Mr. Bregón. In sitting here, I didn't get

a sense of urgency coming from your agencies. I've heard a lot of explanations or justifications for things that just seem that are bureaucratic inefficiencies. If in fact your agencies are actually collaborating with each other around this huge, huge issue, where is the genius that comes out of the fact that there are certain *X* factors that you know already and that someone needs to be held accountable for moving these people out? Who takes charge of a situation like that?

I mean, how conceivable is it that we can compound a natural disaster with a humanitarian disaster and a health crisis? Has anyone looked at it from that perspective?

Because, if that is the case, 2½ years in these very specific trailers that had this specific health effect should raise a flag that created a sense of urgency that has looked at other alternatives for housing for these people. Maybe it is not the current program that you have, but maybe it is now we have to look at what other resources we have around this Nation to prevent a humanitarian crisis from occurring. Because the setup is not in the current constructs that we have in place. That is really what concerns me. So I want to raise a couple of questions.

Mr. Castillo, I understand that FEMA is providing caseworkers to residents who reside in the housing parks that are scheduled to be closed in order to help them find alternative long-term housing. Have you been able to evaluate this program's effectiveness and level of success?

And I want to piggyback on what my colleague, Mr. Green, had raised about the issue of health status. Because if you already have caseworkers going out, why wouldn't we attach that health component that looks at the health status and treatment of the children?

Mr. CASTILLO. You know you bring up some good points, Congresswoman.

First, I have to say there is an urgency of our agency to get folks back on their feet, to get folks back into more permanent, safe, secure housing; and we have been working with our partners at CDC and HUD and the DHAP.

This is somebody that is new. The amount of people that were left homeless overnight, basically, after Hurricanes Katrina and Rita had never been dealt with before.

We are dealing also with the issue——

Ms. CLARKE. With all due respect—hold that thought—Mr. Castillo, it has been 2½ years. At some point, someone has to be saying, after 6 months, this is not moving; after a year, this is not moving. Let's start with a plan B and a plan C while we proceed down this road.

I know that we are quite skilled. We have the expertise and the talent to multitask in this Nation. This should be the case when we are dealing with human beings. We should always be looking at, okay, perhaps this goes wrong; let's look at this.

Why isn't someone saying, there are other areas of the country—perhaps they don't want to go there now, but it is better than them getting sick and us potentially having the liability of cancerous growths, of abnormalities in children because we are waiting for all these other logistics to fall into place.

We understand you guys are working. But, obviously, 2½ years later, you have this health crisis looming. Why not do something different in the interim?

Mr. CASTILLO. I believe we have, ma'am, and done different things and definitely done things that had never been done. Part of the problem—if we put ourselves in the place of a victim who is affected, who perhaps has—their home was destroyed or partially destroyed, wants to rebuild their property and has a travel trailer on their property. Now, the option is—and we have offered to relocate them anywhere in the United States, and they have refused. They want to stay where their community is, where their property is, so they can supervise the reconstruction. They can stay where their kids are comfortable, where their family is. That is part of what we are dealing with.

So we are working to increase the available housing market. But, within our areas, I think we have thought of plan A, B, C and D and done that; and, knowing that, it is difficult for people because they don't want to leave.

Ms. CLARKE. Even when their health and their children's health may be compromised, you are saying they are sitting there? Because if that is the case then there is truly nothing we can do.

But if all of these people have been made aware that their health could be compromised as a result of this and that this is our recommendation and they say, okay, thanks but no thanks. We will sit here. We will continue to inhale the formaldehyde that is causing us to be ill. That is one thing. I don't know how much we have made the case to these folks about their situation.

Mr. Chairman, just a response about the caseworkers and whether they will be able to get us some valuable information or urge parents to get treatment for their children.

Mr. CASTILLO. Yes, they can; and part of this, especially the approach through HUD, is that includes the DHAP program. That includes case management, is looking at not just moving a family from a travel trailer into a apartment or an apartment into a DHAP program, is looking at ways that they can, especially for work, jobs that can be found, and addressing needs that come up when they go out there and do the case management and get to know the families.

Ms. JACKSON LEE [presiding]. The gentlelady's time has expired. I thank the gentlelady.

Just for record information, DHAP is the Disaster Housing Assistance Program, which is the bifurcated program that you were talking about.

Thank you for your patience. The gentlelady from the Virgin Islands is recognized, Mrs. Christensen, 5 minutes.

Mrs. CHRISTENSEN. Thank you, Madam Chairwoman.

Representing a district that has hurricanes where my residents have been in trailers for maybe as many as 10 years, I am very concerned about this whole—the whole issue that is before us this afternoon.

I wanted to ask Mr. Bregón about the DHAP program, because you are very careful to make the distinction between the CDBG and this program. But as I read Mr. Tipson's testimony, he says that, from the beginning, that that transition from FEMA to DHAP

has been troubled. There are people who successfully entered, but HUD failed to make payments of rent on time, and they are being forced to vacate. A case included where a woman who was renting, her landlord decided not to participate, and she is not receiving the kind of help she needs to be able to continue.

Can you help us to understand what you are doing to improve? I would like to get another question in, so give me a minute answer.

Mr. BREGÓN. Yes, ma'am.

With the DHAP program, we inherited a program from FEMA and what we are saying to the landlords is we are the housing agency of the U.S.—of the U.S. Government. We must ascertain that the people that are being moved under this program are being moved to safe, decent and sanitary homes. So we are coming to some landlords inspecting the units. If these units are not safe——

Mrs. CHRISTENSEN. No, I am talking about your failure to pay rent on time that is causing people to——

Mr. BREGÓN. We aren't paying rent to anyone. We had issues where the landlord was getting three, four checks from FEMA; and we are cleaning our books to make sure that we are not overpaying landlords. There were letters being sent out and coming back to HUD with "return to sender, address unknown." So there were checks going to landlords that did not exist——

Mrs. CHRISTENSEN. What do you do when a person is being vacated on that basis? What does HUD do for that individual?

Mr. BREGÓN. We work with that family to find—we have a national housing locator. We are working with over 2,400 public housing authorities in the country; and we are finding them safe, decent and sanitary homes. So it is not just that individual or this family is being thrown out into the street. What we are saying to the landlord is, your unit does not meet the minimum housing quality standards, so we are not going to send you a check from the Federal Government to house a family in a house that is infested with rodents or something like that. So we are finding places for these families in other decent, safe and sanitary units, madam.

Mrs. CHRISTENSEN. I am going to ask Mr. Tipson to comment on my question, but I want to get my other question out, and then it can be answered.

My next question is to Dr. Falk, because there been a number of questions raised about CDC's response and slowness of response, the broadness of the response, and I am wondering about the ability of CDC to respond. Because I remember when there was an Office of Environmental Health and somehow it got disbanded. I understand now it is under the Office of Global Health. I am concerned that maybe CDC is not—in a time when issues of what is in our air and what is in our water are critical, that CDC does not have the proper office and kind of attention and staffing to really address these issues.

So Mr. Tipson and then Dr. Falk, please.

Mr. TIPSON. With regard to DHAP, we certainly have seen that rent checks have been late. In fact, the notice that I included with my written testimony indicates that the property manager did not receive her January rent. So that is a problem. It is not just the inspection requirement. There are a number of issues; and, as Mr.

Bregón indicated, many of them originated with FEMA with poor data.

Mrs. CHRISTENSEN. Dr. Falk.

Dr. FALK. Yes. I think, as always, a very important issue in terms of the quality of experienced manpower and the ability to respond. There are funds that are at CDC now in terms of preparedness and emergency response. They actually help support a number of the emergency response activities, so that supplements the other parts of the budget. So that is——

Mrs. CHRISTENSEN. But it is under the Global Health, and I don't know how much funding CDC provides for Global Health, but it used to be just a small amount. So why is our environmental health office that is responsible for the United States environmental health under Global Health? That seems, it says to me, that it is not being given the kind of focus that is needed.

Dr. FALK. I think in terms of—it is not my specific area at CDC, but the global health programs at CDC have increased, particularly increased issues surrounding HIV/AIDS, polio, malaria, you know, largely infectious disease——

Mrs. CHRISTENSEN. That has some nexus to environmental sometimes, but still——

Dr. FALK. I think the environmental health portion of the global program is properly very small, a very small percentage of the total.

Mrs. CHRISTENSEN. Is there another office of environmental health outside global?

Dr. FALK. There is what is called the National Center for Environmental Health, which is separate from Global Health, and that is the group that is responding currently. As I said, it does get support from—in this instance, we are getting support from FEMA to conduct these studies, but we also get support in that program in terrorist preparedness——

Mrs. CHRISTENSEN. Are you the director of that?

Dr. FALK. I oversee that. The director of that office is Dr. Frumkin.

Mrs. CHRISTENSEN. Thank you, Madam Chairwoman.

Ms. JACKSON LEE. The gentlelady's time has expired.

We have the opportunity to have a second round, and I yield myself 5 minutes.

I think it is important to note that there is a sense of agreement around the table with Members. Because we do understand that in a disaster you have to move quickly and find the facilities that are available. That happens to be trailers.

I still think we need further testing to answer the question of Mr. Souder, who has pointed out that we live with formaldehyde. I believe the Chairman of this committee is concerned as to how the toxicity has increased in light of the living conditions of people who are disaster victims for Hurricane Katrina and Rita, whether or not where they are placed, whether or not what they are doing inside the trailer may exacerbate.

So our point is—the overriding point of this hearing is that we have unexpended dollars by States that were given these dollars in an emergency condition so that people in emergencies or in disaster could be given relief. So I would like to put on the record that I

think we have a combination of people who are to be held accountable, and this seems to beg for legislation, either deadlines or time indicators of when you need to finish the work on a disaster. Meaning how you are supposed to help people who are in a disaster—3 years, Mr. Castillo, seems to be a little bit outrageous.

Even as daunting as Hurricane Katrina and Rita were, we know the pitfalls that we saw in the first response. We are still living with that disaster, the conditions of New Orleans, people displaced. We understand that there are 5,000 people that cannot be found. I, frankly, believe there should be an effort to find them.

But I would to, just like for the record, acknowledge that the Office of General Counsel may be at fault for short-cutting CDC's research. CDC, when Dr. De Rosa came up with this question about the circumstance of the formaldehyde, no response to his efforts; HUD and DHAP not looking closely in its housing dollars, at how these moneys were being utilized.

Mr. Bregón, even though you are right, Congress wanted to give latitude because we were in a crisis. They told you to waive everything but civil rights, Davis-Bacon, environment and fair housing; and they are right. We thank you for conceding in essence because it was an emergency, but look where we are now.

I would like to give Mr. Gerber an opportunity to answer the question, because we do have a 2007 audit that says that the State of Texas has only spent $1.1 million. He is not alone. I think Mississippi has a record of failure as it relates to not spending the dollars. You said $1.9 billion, but it is 3 years later. Louisiana, I don't have their numbers, but I understand there may be some challenges there.

This is not a hearing to indict individual persons or States. This is a hearing as much for Congress to understand. Where did we fail? Where is the collapse? Where is the, if you will, the Achilles heel that caused us to be in this plight today?

Again, I will put on the record that the Governor of the State of Texas was invited. He should have been here. Frankly, I believe the Governor of Mississippi should have been here. Because it is the Governors who called us, raising their voices, as they should, on behalf of their constituents in their States who were impacted in a dastardly way by this disaster that was unspeakable, that we had not experienced before where whole areas were wiped away. So we now have a situation where we have people still living in these conditions.

What is your answer to this first question? Then you can explain why Texas is in the plight that it is in. I understand that you will be meeting with your board to be voting on spending caps to rebuild homes in southeastern Texas. I further understand that the local Southeastern Council of Government, the COGS, are opposed to these caps. First, we don't have people in homes, and then we are talking about not providing them homes.

The other point I want to make, and I would like Mr. Castillo to speak to that, I want to congratulate FEMA. Because I think you initiated a best practices for disaster housing. You gave some grants out to a number of States so that people would not have to be in trailers.

My understanding is there was a grant given in Texas, and I know we worked on this. But, again, you might want to respond as to what the States are doing with the disaster grants given them to design best practices. Because maybe we have a problem there, Mr. Castillo. We have given moneys out for best practices, and there has been no productivity.

Congress wants to help. Congress wants to help the families that were shown in the CNN exposé walking the streets of a community where they are suffering in a trailer, can't get any relief.

Mr. Gerber.

Mr. GERBER. Congresswoman Jackson Lee, there is a lot in that question. I think there is a couple of things that are important to remember. Texas didn't get that first supplemental until 9 months after—well, a little less than that—8 months after the storm hit.

Ms. JACKSON LEE. What date was that, sir?

Mr. GERBER. Storm hit September, 2005; and it was May 2006 that we were able to draw down on that first allotment of $74.5 million.

Ms. JACKSON LEE. In a couple months it will be 2 years.

Mr. GERBER. Keep in mind the other 80 percent of the money that came to the State of Texas—until just 10 months ago, that first pot of money, looking at 10 months, 8 months from the time the storm hit, there was also 50 inches of rain that hit the southeast coast. We weren't talking any longer about emergency repair. We were then talking about a full-scale reconstruction of most of the houses down there.

What became clear as we worked through these additional issues, we were trying to spread the money as broadly as we could. Because, again, working with locals and faith-based organizations and elected leaders down there, the goal was to try and spread those very limited funds as far as you can get it.

Ms. JACKSON LEE. Mr. Gerber, do you have empathy, sympathy for people living in trailers now going on 3 years, maybe even be 4 years?

Mr. GERBER. I go down to southeast Texas several times——

Ms. JACKSON LEE. So you see their plight.

Mr. GERBER. Yes, ma'am.

Ms. JACKSON LEE. This is the problem that I have. We gave a legislative fix that was broad—and I know Mr. Bregón. He is a stickler for details and accountability; and I am sure that, short of his humanitarian heart, he was not happy with some of the flexibility that was given. But they conceded to it. They did it so that we could respond to the urgency of the need. What you are saying is weather compounded it.

But here is my question. Why didn't the Government go back to the drawing board and say, it is now 2 years; it is now 2 years and 3 months; 2 years, 4 months. Let's get a different plan. Let's go back to direct compensation.

That means that Mrs. Jones in the trailer would have the ability to go to her slab and do whatever she could with that amount of money because of the urgency. Why are you micromanaging disaster so that people are living in a disaster because of your inaction?

Mr. GERBER. Ms. Jackson Lee, with all due respect, the folks we are dealing with really in many cases they are the poorest of the poor. It is requiring intensive casework that has required a tag-teaming effort of the State with locals and faith-based organizations just to reach, you know, these literally thousands and thousands of people who are in an area that is the size of——

Ms. JACKSON LEE. But what about the ones that are living in trailers? They are conspicuously living in trailers. You could get them. They are still in trailers.

Mr. GERBER. They get priority. But the fact is we have to work through a very difficult maze of rules. You have 24 different laws and sets of regulations that we have checklists on that you have to go through. Because if you don't go through the checklists, HUD doesn't want to draw down those funds.

Ms. JACKSON LEE. Let me quickly—since this is supposed to be problem solving, if you want to finish your sentence.

Mr. GERBER. It is important to note that, as we have worked through the program, I think we really have turned the corner on——

Ms. JACKSON LEE. What about the spending caps? You go into the board to do a spending cap?

Mr. GERBER. We knew that $40,000 was too little because of the population we are serving. We are raising it to between $60,000 and $75,000 per family.

Ms. JACKSON LEE. You are raising it up or cutting it back?

Mr. GERBER. We are raising it up. Because these folks cannot take on any debt. We were trying to get seed money to replacement of a home——

Ms. JACKSON LEE. You should be complimented for that. But why couldn't that have been 10 months ago, as opposed to doing this now?

The question is, we gave you the latitude—not you, the State. Obviously, you are implementing policies of your leadership. We gave the Governor of Mississippi, the Governor of Louisiana, the Governor of Texas the latitude to respond to this disaster. That was our reform process in order to move these dollars quickly. Frankly, it failed, because people are still in trailers.

Mr. Bregón, if I might, and, Mr. Gerber, did you want to get one last—because I need to yield.

Mr. GERBER. I know the Texas model is a far different beast from what has happened in Louisiana and Mississippi. I just beg the indulgence of the committee to see the comparison.

We—there has not been any—we stuck to the plan, and we are rebuilding. We not cutting checks to people. At the end of the day I think you will be proud to see what we have put on the ground with none of the kinds of problems, $1.4 billion in waste.

What we could have done with that money in Texas, you see it documented from GAO and other States, is a problem for those other States. But we don't have a program that is going to result in an addition to that kind of waste and abuse.

Ms. JACKSON LEE. Let me applaud you for, again, the accountability and intent. But it was not the intent of this Congress to have 3 years of people in trailers. No matter how detailed and per-

fect your process is, you didn't respond to urgency. Mr. Bregón, it didn't work.

Mr. BREGÓN. Madam Chairwoman and to the lady from New York, I don't want you to leave this hearing thinking that there is not a sense of urgency with the Department of Housing and Urban Development. We have been working with these five States 24/7.

Ms. JACKSON LEE. What is the problem then?

Mr. BREGÓN. The problem is the way they designed the programs and the way they disbursed other moneys. But I don't want to give you the impression that nothing is happening and we are sitting here like the Maytag man waiting for the phone to ring.

Of the $20 billion approximately that have been authorized, over $8 billion have been spent by the States. So while we hear all kinds of bad stories about the lady that didn't get her voucher in time, but we are looking at 15,000 homeowners that have been assisted in Mississippi. We are looking at over 90,000 individuals in Louisiana that have gotten their moneys and are rebuilding their lives.

So when we go down the line, yes, there are some bad stories. But, by the same token, there are many success stories that we also have to look at. States are very concerned——

Ms. JACKSON LEE. But it could be done better, is that not correct?

Mr. BREGÓN. Absolutely.

Ms. JACKSON LEE. The story of the one lost lamb, we are looking for the one lost lamb, because that is our responsibility.

Mr. Castillo, this is my last question. I think the legislative fix should include your responsibility to track your trailers. You know they were temporary housing. The fact that people are still in your FEMA trailers in 2008, you should be held responsible for an inventory for asking the question, why is that the case?

Mr. CASTILLO. Why is——

Ms. JACKSON LEE. FEMA should be held responsible, and I would ask you for your input about that, at least to be able to give you authority to ask your neighbors, HUD, the States, because you have transferred—because that is what we did. We said, well, HUD knows about housing. But they are your trailers. Your name is called when it says formaldehyde. So there should be some oversight on FEMA to ask the question why are victims still in trailers 3 years out, don't you think?

Mr. CASTILLO. Yes, I would agree with you, Madam Chairman.

Ms. JACKSON LEE. So we need a legislative fix or can you all do that?

Mr. CASTILLO. We take it very seriously. They are our responsibilities. Folks that we are providing assistance to that we have in trailers are our responsibilities, and we do take it seriously. We are doing our best and doing a lot, I believe, to move them back into more permanent housing.

Ms. JACKSON LEE. I thank my colleagues for their indulgence.

I yield to the gentleman from Indiana, Mr. Souder.

Mr. SOUDER. Thank you, and I thank the Chairwoman for her carefully measured statements at the beginning. Because I think it is important.

Because it is very easy to just kind of overdramatize formaldehyde. It is not easy to be the defender of formaldehyde today. But, in fact, almost all of illegal narcotics has good benefits inside it, and we use it in certain ways, and other times it doesn't. What we really need to look at is what is a safe level. We are not likely to be banning the substance. There isn't an alternative substance for dealing with this type of thing.

Dr. Falk, do you know that the .4 standard, is that what is in question here or because that is what went out in the trailers? Was it higher than .4? Are we going to analyze conditions how it got higher? Have you looked at that question at all yet?

Dr. FALK. What we are working on for when we will present the results to people is to be able to interpret what those formaldehyde levels mean in terms of the levels within their trailers. These are levels for air that is collected in the trailers, not as a standard for manufactured housing where it is off-gassing from the particular materials that are used in the trailers.

There is no standard for formaldehyde levels in the trailer. What we have tried to do is present what interpretation would be offered for a range of levels. These would be in the higher range and these are in the low range.

Mr. SOUDER. What I am trying to understand in that answer is that, in effect, if I can extrapolate—tell me if I am wrong—if in a manufactured home it is a .4 and they used the same percentages, they are working in a trailer, are you suggesting that—in transferring this relationship, I am trying to see why you would measure the air in one and not the air in other things.

Dr. FALK. For most of the agencies that deal with issues of formaldehyde in air, for example, for workers, NIOSH or OSHA, or for recommendations that may come from others like what are levels of concern, these are usually based on levels of formaldehyde in air. These are the levels you might see in urban settings or in homes or in outdoors. These are levels you might see in occupational settings. There are standards for a number of those settings such as occupational standards, but there are not settings for standards for residential travel trailers.

Mr. SOUDER. I appreciate the detail. Because, basically, we are not proposing zero here. We are trying to decide, because we have those standards in the workplace, we have those standards all over, what is an acceptable level standard.

Hopefully, out of today's hearing you will also see—one of the questions I keep raising is I actually know people who have lived in travel trailers, that whether they be migrant workers or others that—in mobile home parks that we have mobile home industry people who can't afford more often do that. This historically hasn't been questioned. We don't have a body of evidence that here other factors can aggravate. It could be weather, could be stress, could be certain people react differently.

I think it is important when you do your study looking at the total exposure in the United States to be very careful how it is interpreted. It is not likely to be a zero tolerance level, that our body has formaldehyde in it and we would die without formaldehyde in it. It is easy to kind of villainize a substance when the real debate here is what level of that substance puts certain people at risk.

In general, I think part of the challenge here is that many are so frustrated that people haven't been able to get back into their homes that it has exaggerated and overhyped a possible true risk. But we have several cross-currents going in today's hearing, and that is why I asked the question about the FEMA memo, is that even FEMA may have overreacted. Because they hear this. They hear people getting sick. They want to protect themselves. Well, then they ought to be protecting the poor just like they protect themselves.

But the whole thing was an overreaction. We need a study. We need to basically understand, but we are not going to get, most likely, to a zero level.

I also want to briefly comment, and then, if the Chairwoman wants to give additional time.

I have been to New Orleans multiple times. Last time I was there, I sat through multiple briefings. It is a challenge. If you don't have jobs and then you put people in housing, how do you pay for housing? It is a complicated interrelationship.

But I don't think anybody here or any taxpayers who put the literally billions into the region understand why people are still in trailers. You get down there, you realize it is very complicated, but some of this suggests really fundamental questions on how we deal with emergencies. Because this is years out. We have never put this level of emergency funding into a project. I would be interested in knowing what are the stumbling blocks to keep you from going faster, what are all these regulations that slow it down.

I have a group from my district, Hope Crisis Network, with Kevin Cox, who goes in, and they have gone in to Mississippi and helped——

Ms. JACKSON LEE. I yield the gentleman an additional 2 minutes.

Mr. SOUDER [continuing]. Helped connect churches. From the beginning to end, they have been down there building houses. In fact, many of the faith-based groups decided not to touch the Government in the process, because they are getting the homes up, and it is discouraging to those of us who put all these dollars in to watch individuals and church people take time to go down to Mississippi, spend a week and go down later to rebuild, when we have put all this money out and we still don't see it from the Government side. That is partly the frustration you are hearing today, too.

I thank the gentleman.

Dr. Falk may have had additional comments.

Ms. JACKSON LEE. Dr. Falk, if you would answer the gentleman's question.

Dr. FALK. Going back to the earlier part of your comments, what we try to say to people is that, at higher levels, there is a greater risk for long-term effects; at lower levels, presumably a lesser effect. That the higher levels should lead to greater urgency in thinking about relocating, that if there are children, elderly people who are sick or with asthma, that should be further reason for thinking of the urgency of relocation.

So we are considering the levels. What we don't have is a formal standard to say, if you are above X or Y, you are, you know, in violation of something; if you are below, you are—but we do definitely try to point out that there is a gradation of levels and that the

risks increase at the higher level. We try to put that in context for people.

Ms. JACKSON LEE. I thank the gentleman.

The gentleman from Texas, Mr. Green, is recognized for 5 minutes.

Mr. GREEN. Thank you, Madam Chairwoman.

Dr. Falk, let's talk for just a moment about Dr. De Rosa. Is that the way his name is pronounced?

Dr. FALK. Yes.

Mr. GREEN. Is he, in fact, the director of the Division of Toxicology, or was he at some time the director of the Division of Toxicology and Environmental Medicine, Agency for Toxic Substances and Disease Registry?

Dr. FALK. Yes. That was his position, at it is stated there.

Mr. GREEN. As a director, I assume that that means that he was a person in charge. Is that a fair statement?

Dr. FALK. The people who worked on that ATSDR consultation were from his division, yes.

Mr. GREEN. All right. I assume that a person in charge of the Division of Toxicology and Environmental Medicine, an agency for toxic substances, he should have some knowledge of toxic substances, wouldn't you agree?

Dr. FALK. Yes.

Mr. GREEN. All right. If this is true—and he indicates in his letter, the very first sentence, "We should be very cautious about the use of the word 'safe' in reference to formaldehyde." Do you agree with that sentence?

Dr. FALK. Yes.

Mr. GREEN. He goes on to say, "since it is a carcinogen." Do you agree that formaldehyde is a carcinogen?

Dr. FALK. Yes.

Mr. GREEN. "It is a matter of science policy that there is no safe level of exposure." Do you agree with that sentence?

Dr. FALK. It is a matter of science policy to say that even a very minute amount of a carcinogen could potentially relate to the development of cancer. I mean, the risks would vary by the degree of level.

Mr. GREEN. All right. Let me go on. Level, size of a person, babies might be more vulnerable than a 6′8″ football player.

"In addition to cancer, formaldehyde"—this is the second paragraph—"has been shown to be a reproductive developmental toxin and is a skin sensitizer, as is evidenced by the reported symptoms of the children in the trailers in Mississippi."

Do you have a problem with that sentence?

Dr. FALK. I think there is no question about the skin sensitizer. I think the issue of reproductive and development toxin, there would be many questions about that.

Mr. GREEN. All right. Let's go on. He indicates that, "Overt symptoms will probably trigger sensitization in some portion to varying degrees in children." Do you have a problem in that sentence?

Dr. FALK. No. I think when he says overt symptoms in people who are exposed to those higher levels that cause overt symptoms, there is a concern about sensitization.

Mr. GREEN. Okay. Now, do we still have people living in trailers with formaldehyde?

Dr. FALK. Yes.

Mr. GREEN. Do we have children living in trailers with formaldehyde?

Dr. FALK. Yes.

Mr. GREEN. Notwithstanding this letter, we still have—before I go on with that question, how long have they been in these trailers, some of them? Is it safe to say years?

Dr. FALK. Several years.

Mr. GREEN. Notwithstanding this letter and knowing that people have already been there for years, we are still going to have children stay in trailers with formaldehyde.

Dr. FALK. We have been very explicit in the statements from CDC that we are totally behind the FEMA assertions that people should be moved out of the trailers, the travel trailers. We don't think this is the suitable long-term——

Mr. GREEN. Let me just ask you this, Doctor. When you say "move," are you saying over some prolonged period of time, or are you saying immediately?

Dr. FALK. We are saying they should be offered the alternative immediately. Let me explain——

Mr. GREEN. Well, let me ask, rather than you explain. Should they have been moved within months?

Dr. FALK. I think that would certainly be a good option. That would definitely be a wise idea. We are in a difficult situation——

Mr. GREEN. Doctor, do you have grandchildren?

Dr. FALK. Yes.

Mr. GREEN. Would you want your grandchildren to stay in the trailer for years?

Dr. FALK. No. I would say the same for——

Mr. GREEN. Anybody else's grandchildren.

Dr. FALK [continuing]. Anybody else's grandchildren. I understand. But sometimes we have to make these things as clear as we can. Doctor—perhaps I should go to the FEMA representative.

Your position is that the kids are still in the trailer, because? Why are the kids still in the trailer?

Mr. CASTILLO. We have families throughout the Gulf that are still in travel trailers or in trailers——

Mr. GREEN. Why are they still in trailers?

Mr. CASTILLO. The folks who are still in trailers, either—there is a number of reasons why they are still in trailers.

Mr. GREEN. Why? Give me the reasons.

Mr. CASTILLO. Reasons they are there: They have it parked on their property and are waiting to rebuild their homes to get back in there, so instead of moving away, they stay in the trailers——

Mr. GREEN. We have no other options?

Mr. CASTILLO. Well, the options that we have offered include moving outside the area. Now, if they do have a concern and they express a concern to us that they do have a formaldehyde concern, then we give them the other options. The other options are immediately move out into a hotel or motel unless we can immediately place them in an apartment or rental property.

Mr. GREEN. Here is my concern. At some point, these children may start to show symptoms that are detrimental to their long-term being. We are sitting on a time bomb, understanding that we are, and not taking affirmative action to do something about it.

You have the CDC indicating to you that a good option would be to get them out within months. You choose to let them move if they so choose to move.

Mr. CASTILLO. If I can just correct you, sir, it is not that we choose to let them move. We are still moving people out. The bottom line is we are moving to get as many people out as possible. The people who bring concerns are the ones who move to the top of the line, basically, who have those concerns. We place people in hotels and motels until we can get them more permanent housing.

Mr. GREEN. Madam Chairwoman, thank you for the additional time, but I do want to go to Mr. Bregón.

Sir, can HUD not accommodate the persons who are living in these trailers with formaldehyde? Can HUD not accommodate them?

Mr. BREGÓN. Under the interagency agreement that we have with FEMA, it is their responsibility to move them out of the trailer and then we take over under the DHAP program.

Now, we do have a referral system, so all of our clients that were either in public housing authorities or were in homeless facilities, we have taken care of our clients. The FEMA individuals are mostly homeowners or renters that are still either rehabbing their homes, as Mr. Castillo indicated, or still looking for units.

We have been working with this universe and giving them the referrals as to what is available. In many instances, the market has been saturated to a point where there is no available units in that market. That is why Mr. Castillo indicates that, in many instances, we are telling families, "You cannot stay in this town, but there are facilities in the town down the road," and they say, "Well, you know, my job is here. Why would I move to another town?"

Mr. GREEN. But don't we have a duty, sir, to say to persons when we say this, "Look, we will not allow you to stay in this trailer, we will not allow you to stay in this trailer, you must move out of this trailer; here are all of the options, the universe of options available, but you can't stay in this trailer"? Because Dr. De Rosa has given us fairly good indications that this can be detrimental to their health. Probably there are a lot of folk who would agree with it.

Mr. BREGÓN. We don't have the authority. HUD doesn't have the authority to tell folks, because they are not HUD clients. They are FEMA clients.

Mr. GREEN. So FEMA passes it to HUD, and HUD passes it to FEMA.

Mr. BREGÓN. What we are telling you is what the agreement we have with FEMA is, and that is the agreement. You move them out of the trailer, and then we will take over. If the agreement were to have been, "HUD, you move them out of the trailers," then we would have done that. But that is not my office that administers that program between FEMA and HUD. But my understanding is that that is the agreement that was executed, and that is what they are working on.

Mr. GREEN. Somebody should suffer. Some heads really should roll for allowing this to go on and on and on. There comes a time when somebody has to step up and provide some leadership. If the agreement isn't adequate, if it doesn't provide what you need, then you should give someone the opportunity to help you amend it. Children should not continue to stay in these trailers. There is something dastardly about this. It is sinful.

Mr. BREGÓN. I agree with you, Mr. Green. Remember, this agreement was just signed September 20, 2007. So this had been going on with FEMA for a long time before HUD got involved. HUD's Secretary told this body, we are willing to take on this responsibility if you give us the resources. That decision was made and—on December, 2007, where approximately $380 million were transferred to HUD to do this undertaking. So we are doing what we are supposed to do. I agree with you. I mean, this is a travesty.

Mr. GREEN. It is.

Thank you, Madam Chairwoman. I thank you for that comment.

Ms. JACKSON LEE. Mr. Green, I think you allowed Mr. Bregón to capture the essence of this hearing, and it is a travesty. I would like to join my colleagues on this committee in reaching out to the other jurisdictional committees to fix a completely broken, disastrous disaster response.

I yield to the distinguished gentlewoman from New York for 5 minutes.

Thank you, Mr. Green.

Ms. CLARKE. Madam Chairwoman, I think this hearing has really highlighted some real heavy lifting that has to be done by our Government to really make whole the people of this region who seem to be just stuck right now, and I just hope that the representatives here will take what has been said, what they have heard and really try to get some traction done in their respective agencies.

Because, clearly, I don't think any of us would want to be in the same predicament as these folks are who are living in these trailers right now. Knowing what we know, knowing how long they have been there, there has to be a solution.

I know that, again, the talent, the expertise, the ability exists within, you know, the individuals who are here, within their respective agencies to get this done. I think the will has to supersede everything else at this point to just make it happen.

I would just like to say that in closing, Madam Chairwoman.

Ms. JACKSON LEE. I thank the gentlelady for her insight, and certainly I will yield to the gentleman from Indiana. As a Member from New York, you know disaster. It seems that, although all is not completely well with New York, we do know that Congress moved quickly in order to help those victims. What is the breach that we have here with Hurricane Katrina and Rita?

Before I close—and I thank the gentlelady. Is she yielding back?

Ms. CLARKE. Madam Chairwoman, you can have the balance of my time.

Ms. JACKSON LEE. Mr. Souder, I yield to the gentleman.

Mr. SOUDER. I just want to ask Dr. Falk a question. Because a lot of life is managing risk, and nobody wants high risk. But aren't there carcinogens if I go eat fast food at McDonald's?

Dr. FALK. There are carcinogens in multiple parts of society. We try to evaluate those risks and deal with the low risks and reduce the high risk.

Mr. SOUDER. Isn't there in broccoli and natural foods as well?

Dr. FALK. There are probably carcinogens in foods.

Mr. SOUDER. As we look at cell phones and microwaves, life is managing risks, but we want to make sure that we don't put people who are vulnerable in high-risk situations ever, and we certainly don't keep them there a long time.

But we have to have a balanced view about risk, and it is fine to say I am not going to have any carcinogens in my body, but that probably is not realistic, even in this room. Certainly secondhand smoke, however, puts it up to a different level, and that is what life is debating.

Dr. FALK. When we try to speak to people about formaldehyde levels, we look, say, at a range from very low, zero, all the way 1,000 parts per billion or 1 part per million and above and try to emphasize the risks are greater at the higher levels, the risk for sensitization, the potential long-term risk for cancer, the risks for acute effects, and emphasize the urgency related to seeking alternative housing at the higher levels.

Mr. SOUDER. Thank you.

Ms. JACKSON LEE. Let me thank the gentleman from Indiana.

The gentleman from Texas is yielded an additional minute for a question.

Mr. GREEN. Doctor, I just want to make sure I understand you. You are saying that a child eating a hamburger at McDonald's is exposed to the same level of carcinogen as a child in one of these trailers?

Dr. FALK. No, I didn't say the same level——

Mr. GREEN. But that is the indication, the way you allowed that to be explained.

Doctor, listen, this is really serious. Let's not play with lives by talking about McDonald's hamburgers versus formaldehyde in trailers. Now you are a man of science. You are an honorable man. Don't allow your record to reflect that kind of insensitivity. This is your watch, Doctor. You ought to be concerned. Don't let that happen on your watch.

Dr. FALK. Yes, and we are concerned; and I apologize if I left that impression.

Mr. GREEN. Thank you, Doctor.

Ms. JACKSON LEE. I do thank the gentleman.

Let me finish with two quick questions. I think we have just framed the dilemma. There is an agreement, an agreement that pushes one aspect onto FEMA and another aspect onto HUD. I would ask for the agreement to be submitted to this committee, and I would—if there are any other attending documents, I would ask that those come in as well.

Let me quickly go to Mr. Castillo to now ask you to provide this committee with a report under the agreement as to the conditions and the presence of people—I'll go so far to indicate Mississippi, Louisiana and Texas—that are in trailers that are your trailers that come under the agreement that Mr. Bregón referred to. Meaning that Mr. Bregón has indicated there is an agreement you are

supposed to get them out of the trailers and they go to him. Tell us who is left in the FEMA trailers, Texas, Mississippi and Louisiana? Because that frames the Department of Homeland Security's responsibility in disaster.

Mr. CASTILLO. Just for clarification, you mean the numbers of folks still in trailers as opposed——

Ms. JACKSON LEE. Yes, sir, and you have the census ability, meaning the capability to decipher seniors and children. I know there are others in the mix. So if you would do that.

Then if you would please tell me the status of your disaster best practices grants. You understand what I am saying, when you gave dollars for people to design something other than a trailer, did that not happen?

Mr. CASTILLO. The alternative housing pilot program yes, ma'am, the status.

Ms. JACKSON LEE. Do you have anyone who has completed what they are supposed to be doing?

Mr. CASTILLO. Not completely, but there has been progress.

Ms. JACKSON LEE. How long do you give that grant?

Mr. CASTILLO. Mississippi has already installed 1,346 units.

Ms. JACKSON LEE. This is under their grant?

Mr. CASTILLO. Correct.

Ms. JACKSON LEE. When did they get the grant? How many from Texas?

Mr. CASTILLO. Texas was recently signed. There are no units in place yet.

Ms. JACKSON LEE. You will give me a full explanation in writing why it was recently signed.

Do you know when the grant was rendered?

Mr. CASTILLO. Yes, I will provide all that in the status.

Ms. JACKSON LEE. My question will be that you will give us an inventory.

I do want to acknowledge how responsive Director Paulson has been and FEMA has been. I think it is important to put that on the record. I know this is a difficult set of inquiry.

I would like also to ask of FEMA to get a report to you of how much longer these persons will be in the trailer; and the reason why I ask you that is because, in essence, you have jurisdiction over them to date, Mr. Castillo.

Mr. CASTILLO. Yes, ma'am.

Ms. JACKSON LEE. Mr. Gerber, you are a recipient, the State of Texas, of these dollars you have opted—as opposed to a compensation program you have opted, I assume, to a rehab and construction program. My question to you is to provide us, this committee, with the immediate benchmarks, immediate scheduling of when you expect to move the large numbers of individuals out of trailers and when you expect for construction to begin.

The Sanders family may be an example, those who are still in trailers. I want to focus on the trailers in southeast Texas, when you expect, and what the process will be to begin construction as soon as possible. Is that possible to do?

Mr. GERBER. Yes, ma'am, we can, again keeping in mind the process is really on a first-come, first-served basis. Folks with trailers certainly are getting priority, but there is 17,000 other prop-

erties potentially could be eligible for those funds of which we expect——

Ms. JACKSON LEE. But if you make progress on those in trailers, you would be responding not only to those others. Because as the trailer people move you are able to go to the others—you understand what I am saying—as you move those people.

My last point to you is what can we do to help you?

Mr. GERBER. Would you like me to put that in writing or do you want me to answer it?

Ms. JACKSON LEE. Quickly, and put the rest in writing.

Mr. GERBER. I think what the hearing has shown is that there is just a gap between where first response leaves off and where the longer term and who is responsible for that second response—HUD—not wanting to represent HUD, but HUD, much like us, is—we are a financing agency. We help to build affordable housing throughout the country. We are not—in the case of Texas, we are not necessarily tooled to be a disaster recovery agency. If we are and that is the desire of Congress and there is a program and funds associated with it, I think there is probably some middle role to be played.

But I think it is fair to say that the Community Development Block Grant program is a program that communities use with great effectiveness when they have a long period of time to do planning. Works great for that. Sometimes it doesn't work so well in the disaster recovery arena.

Ms. JACKSON LEE. I think if you can expand on that in writing, but I think you have given us a very good response.

I close on Dr. Falk. Would you concede that the time in the trailers contributes to the problem of children and seniors and people with respiratory illnesses and that 3 years contributes to the detriment of individuals being in trailers that might have formaldehyde?

Dr. FALK. Yes. The answer is yes; and, as I said before, we have stated very firmly that it really is time for people to receive alternative housing.

Ms. JACKSON LEE. Let me thank everyone for their presence here today and thank all the witnesses. You have extended yourself in the terms of sharing with us. I don't think, and I will not hold this meeting to be an information meeting.

I would like to thank Chairman Thompson and Ranking Member King, Mr. Souder. This is not an information meeting. This is a meeting to point out the dilemma of thousands who are living in trailers and that we have a crisis.

Mr. Gerber is articulate and committed. He made a point. I believe that the CDBG dollars was the wrong vehicle. I think the moneys were helpful. But I think the Governor should have worked through the enforcement of Congress for a disaster-type agency that had the elements of housing, Red Cross, social service that was plugged in to address the question of urgency.

For example, maybe they would have retained a builder that would go in and begin to build as quickly as possible a form of housing that could substitute for the trailer. None of this was done.

I think we have a breach with FEMA not continuing to monitor and to assess those disaster victims in their trailers and to inven-

tory those individuals and to monitor where they are. I think you also need to find the 5,000 people that are missing, for whatever reason it is.

This is a hearing to fix us better, to make us better than we were and to be able to respond to the disasters that come upon us every single day. I look forward to this committee addressing this question legislatively, and I thank all of you for your presence here today.

This meeting is now adjourned.

[Whereupon, at 5:30 p.m., the committee was adjourned.]

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