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BEYOND TRAILERS: CREATING A MORE FLEXIBLE, EFFICIENT, AND COST-EFFECTIVE FEDERAL DISASTER HOUSING PROGRAM

HEARING

BEFORE THE

AD HOC SUBCOMMITTEE ON DISASTER RECOVERY

OF THE

COMMITTEE ON
HOMELAND SECURITY AND
GOVERNMENTAL AFFAIRS
UNITED STATES SENATE

ONE HUNDRED TENTH CONGRESS

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CONTENTS

Opening statements:	Page
Senator Landrieu	1
Senator Stevens	5
Senator Pryor	6

WITNESSES

TUESDAY, APRIL 24, 2007

David E. Garratt, Acting Assistant Administrator, Disaster Assistance Directorate, Federal Emergency Management Agency, U.S. Department of Homeland Security	8
Robert P. Hebert, Director of Hurrican Recovery, Charlotte County, Florida	10
Sheila Crowley, Ph.D., President and Chief Executive Officer, National Low Income Housing Coalition	12
William J. Croft, Director of Response and Recovery, The Shaw Group, Inc	15
Matthew A. Jadacki, Deputy Inspector General for Disaster Assistance Oversight, U.S. Department of Homeland Security	24
Gil H. Jamieson, Associate Deputy Administrator, Gulf Coast Recovery, Federal Emergency Management Agency, U.S. Department of Homeland Security	26
Major General John R. D'Araujo, Jr., (U.S. Army-Retired), Former Primary Selecting Official, Alternative Housing Pilot Program, Federal Emergency Management Agency, U.S. Department of Homeland Security	27
Andŕes Duany, Founding Principal, Duany Plater-Zyberk and Company	29
John Badman III, Founder and Chief Executive Officer, RE: Formed Systems, Inc.	32

ALPHABETICAL LIST OF WITNESSES

Badman, John III:	
Testimony	32
Prepared statement with an attachment	103
Croft, William J.:	
Testimony	15
Prepared statement	88
Crowley, Sheila, Ph.D.:	
Testimony	12
Prepared statement with attachments	56
D'Araujo, Major General John R., Jr.:	
Testimony	27
Prepared statement	99
Duany, Andrés:	
Testimony	29
Prepared statement	102
Garratt, David E.:	
Testimony	8
Joint prepared statement with Gil Jamieson	41
Hebert, Robert P.:	
Testimony	10
Prepared statement	50
Jadacki, Matthew A.:	
Testimony	24
Prepared statement	92
Jamieson, Gil H.:	
Testimony	26
Joint prepared statement with David Garratt	41

Page

APPENDIX

Letters submitted for the Record from:
The National Association of Realtors 114
Henry J. Rodriguez, President, St. Bernard Parish 117
Maria Foscarinis, Executive Director, National Law Center on Homelessness and Poverty 124
Jonathan T.M. Reckford, CEO, Habitat for Humanity International 129
Barbara R. Arnwine, Executive Director, Lawyers' Committee for Civil Rights Under Law 132
Clovice Lewis, CEO, Advanced Housing Technologies, LLC 144
Questions and responses for the Record from:
Mr. Garratt 147

BEYOND TRAILERS: CREATING A MORE FLEXIBLE, EFFICIENT, AND COST-EFFECTIVE FEDERAL DISASTER HOUSING PROGRAM

TUESDAY, APRIL 24, 2007

U.S. SENATE,
AD HOC SUBCOMMITTEE ON DISASTER RECOVERY
OF THE COMMITTEE ON HOMELAND SECURITY
AND GOVERNMENTAL AFFAIRS,
Washington, DC.

The Subcommittee met, pursuant to notice, at 9:30 a.m., in Room SD–342, Dirksen Senate Office Building, Hon. Mary Landrieu, Chairman of the Subcommittee, presiding.

Present: Senators Landrieu, Pryor, and Stevens.

OPENING STATEMENT OF CHAIRMAN LANDRIEU

Chairman LANDRIEU. Good morning. The Subcommittee on Disaster Recovery will come to order. I thank my colleagues Senator Stevens and Senator Pryor for joining us this morning, and I thank the panels for being available.

We have two excellent panels to talk about a very important aspect of the recovery, which is housing, but transitional and temporary housing, some of the problems associated with trailers and some of the options that we have for moving to a more effective procedure.

Before we start, I will give a brief opening statement and then ask my colleagues to join me, and then I would be happy to hear the testimony from the panelists assembled.

One of the quotes that I came across which was stirring to me was one by Mary Comerio, a professor of architecture at the University of California, Berkeley, who studied disaster recovery agrees, noting, "The U.S. is facing a situation similar to what many developing countries have faced after massive disasters: How to house large displaced populations. The solution is often to lay down as many units of housing in a grid as quickly as possible. This is great for politicians and terrible for the people who end up living there."

Another quote that caught my attention was, "Katrina taught us much about ourselves, but for all that New Orleans lays claim to eccentric ways and a special place in our culture, it is at heart an American city—a great American city now testing the greatness of America to save it for and from itself."

As I have said many times, this disaster did not affect just New Orleans. It just happens to be the largest city that was affected, a

city that once had 460,000 people that today is housing less than 200,000.

The Federal Disaster Housing Program, in my view, is inflexible, wasteful, and unimaginative. It is a program full of inefficient provisions that cause difficulties to disaster victims and cost taxpayers millions of dollars. In Hurricane Katrina, 205,000 homes were completely destroyed in Louisiana and 68,729 in Mississippi, displacing nearly 605,000 people. Estimates show as much as $82 billion in property damage, with insured losses exceeding $40 billion. Then 4 weeks later, Hurricane Rita made landfall near Texas and Louisiana, causing approximately $10 billion in estimated damage, destroyed 23,600 homes.

The Trailer Program makes trailers available to eligible applicants as soon as they are shipped and installed. The program is designed to last 18 months, but that time period is allowed to be extended if the President decides to do so. In February, the 18-month deadline passed. President Bush extended it for 6 months. That obviously may be too short to deal with the situation that we are dealing with now.

Disaster assistance is delivered through provisions in Section 408 of the Stafford Act, which addresses intermediate or transitional housing. Obviously, there are many problems, one of which is it is capped at $26,000 per family, regardless of whether you are a family of one or a family of ten, which makes virtually no sense.

Today there are 9,412 people in Louisiana and 557 people in Mississippi receiving direct assistance and rentals. There are 56,000 people in Louisiana in trailers and 27,000 in Mississippi in trailers. There have been significant problems with the management of this program, which range from site locations to multiple trailer parks to the situation in Arkansas, which I am sure my colleague, Senator Pryor, will address, trailers deteriorating in an open field at a great waste to taxpayers, and frustrating to all those trying to find appropriate housing and shelter for people in such desperate need. It is obvious to me that this transitional housing program is grossly flawed. It needs to be basically completely rewritten.

So the first panel will address the current program. On the second panel, we will hear from former Federal officials associated with the program that we asked to test out some new and alternative models and what happened when this directive went to the Executive Branch.

I will submit the rest of my statement for the record, and I will just end with, we have got a popular saying in the South: "You can put lipstick on a pig, but it is still a pig." You can put porches or air conditioning in a trailer, but if it is still on wheels, it is still a trailer, and we need to talk about how to get a better system of temporary and transitional housing for the hundreds of thousands of people that are desperate for us to get it right.

[The prepared statement of Chairman Landrieu follows:]

PREPARED STATEMENT SENATOR LANDRIEU

Today we will talk about perhaps one of the most pressing of disaster recovery issues: Disaster housing. The 2005 hurricane season exposed our methods and approaches as narrow-minded and uncreative. It became clear—quickly—that America has not taken the time to truly consider what can happen when an even larger ca-

tastrophe strikes and millions of individuals are forced from their homes indefinitely.

In Hurricane Katrina, 205,330 homes were destroyed in Louisiana and 68,729 in Mississippi, displacing nearly 605,000 people. Estimates show as many as $82 billion in property damage with insured losses exceeding $40 billion. Then, to add insult to injury, Hurricane Rita displaced many of those same people again. Hurricane Rita made landfall near the Texas and Louisiana Border causing approximately $10 billion in estimated property damage. Hurricane Rita created and caused significant damage from Alabama to eastern Texas and caused flooding in some areas of Louisiana that had seen flooding from Hurricane Katrina about a month earlier. Hurricane Rita severely damaged or destroyed more than 23,600 housing units in Southwest Louisiana and Southeast Texas. The storms of the 2005 hurricane season brought about perhaps the greatest housing challenge faced in this country's history.

As the levees broke and our communities filled with water, people had to wade out of their homes, taking whatever belongings they could physically carry with their hands, and loading their elderly relatives on makeshift rafts. As these people tried to reestablish their lives, they made their homes temporarily with relatives, with friends, in hotels, and on cruise ships. Then, they were told, they would be given FEMA trailers. The trailer program makes trailers available to eligible applicants as soon as they are shipped and installed. The program is designed to last 18 months, but that time period is allowed to be extended if the President decides to do so. In February, the 18 month deadline passed and President Bush extended it for 6 months—a ridiculously short amount of time for a disaster recover expected to last another 10 years.

Disaster housing assistance is delivered through provisions in Section 408 of the Stafford Act, which addresses intermediate- to long-term housing needs. Section 408 assistance is referred to as the Individual and Households Program (IHP), which provides both financial and direct assistance to approved applicants.

- IHP's financial assistance provides up to $26,200 for home repair, home replacement, and
- "Other Needs Assistance," which includes replacing clothes, TV's, furniture etc.

That $26,200 cap also includes rental payments for individuals unable to remain in their homes following a disaster. IHP's direct assistance program enables the President to provide dwellings for individuals and has traditionally used trailers and mobile homes as the model.

According to a March 25th FEMA document:

- Rental assistance is being provided to:
  - 9,412 people in Louisiana and
  - 557 in Mississippi.
- Direct assistance in the form of trailers and mobile homes is being provided to:
  - 56,668 people in Louisiana and
  - 27,198 in Mississippi.

These are still huge numbers nearly 2 years away from the storms.

There have been significant problems with the management of FEMA's trailer program, which range from problems locating sites for multi-trailer "parks" for large groups of disaster victims, to problems maintaining the parks, to issues with utility hook ups, and as in Arkansas, problems with FEMA's storage of thousands of trailers which are wasting away.

To be sure, FEMA housed a historic number of individuals through its trailer program. Because of Hurricane Katrina's devastation, FEMA made the decision on August 31, 2005, to procure 20,000 manufactured housing units, for approximately $1 billion, to address anticipated housing needs and planned to purchase over 100,000 units. By September 6, 2005, FEMA's priority issues in Louisiana were stabilizing shelter operations and food distribution; in Mississippi it was supporting shelters and the relocating of evacuees as well as identifying emergency group sites for travel trailers; and in Alabama it was coordinating the installation of travel trailers on individual private sites and developing group sites. FEMA began moving approximately 5,000 manufactured homes from its inventory to staging areas, had 60,000 travel trailers being produced at the rate of approximately 120 per day, and awarded a contract for 1,500 modular structures. The first family to be placed in a travel trailer occurred 12 days after the disaster was declared, but it would be hundreds of days before large numbers began to be moved.

FEMA experienced difficulty in identifying acceptable sites to place units and was slow in identifying applicants to occupy units. For example, several sites initially identified by FEMA in Louisiana to place multiple units were not well coordinated with local officials, and local officials determined placement was not acceptable. Because of their lack of planning and preparation, FEMA over purchased manufactured homes and they also purchased the wrong type of homes. FEMA regulations prohibit using manufactured homes in flood plains; therefore, the manufactured homes and modular homes cannot be used where most needed, i.e., in parts of Louisiana and Mississippi. In the most famous case, due to FEMA's failure to procure the proper types of manufactured homes, thousands were left in a lot in Arkansas to rot and waste away. Many remain in that same spot as we speak.

Before Hurricanes Katrina and Rita, housing 40,000 individuals in trailers was a record number and had pushed FEMA to its limits. However, after the storms of 2005, over 120,000 were needed.

We have invited Dave Garratt, the acting FEMA official in charge of this program. We will ask him to address some of the concerns that have become apparent through press articles and other reports of issues and concerns facing the program participants. We will also ask that he provide a report on the progress of the development and implementation of the National Disaster Housing Strategy and the Individuals and Households Pilot Program, both created as part of the Homeland Security Appropriations Act of 2007 enacted late last year. We will hear from Henry "Junior" Rodriguez, President of St. Bernard Parish, who will provide a State perspective. He will talk about his experiences with FEMA and the program, specifically as it relates to trailers. We will also hear from Sheila Crowley of the National Low Income Housing Coalition (NLIHC) who has been an advocate for disaster victims receiving this assistance. The NLIHC worked hand and hand with the Lawyers Committee on Civil Rights, who brought a suite against FEMA that resulted in FEMA restarting benefits to some of the individuals who lost their assistance in the transfer from Section 403 to Section 408 assistance. Lastly, we will hear from Bill Croft of the Shaw group who will talk about trailer management from the industry/contractor point of view.

After the storms, Congress began to look for ways to provide more flexibility for disaster housing. In an attempt to explore new models for transitional housing, in the fourth emergency supplemental appropriations bill last year, the Congress created the Alternative Housing Pilot Program (AHPP). This program was created with the specific purpose to better serve the housing needs of homeowners displaced by Hurricanes Katrina and Rita and, at the same time, to spur new alternatives to the trailer housing traditionally deployed by FEMA following such disasters. The program received $400 million which was to go to the "hardest hit areas" from the 2005 hurricanes with the goal both to provide immediate housing for victims of Hurricanes Katrina and Rita and to allow FEMA to look beyond its existing model, which only allows for temporary housing projects.

The program was created with these goals in mind and was given a sizable amount of funding with which to fully explore innovative and different ways to move away from the standard FEMA approaches. Unfortunately, it is not clear that this has been the result. That is why we are holding this hearing today—to see if the goals Congress set have been met, to ensure that FEMA is utilizing the taxpayers' funds effectively, to encourage FEMA to fully explore the best new ways to provide immediate housing to provide significant benefits and immediate housing for our Gulf Coast residents.

At this point, let me state for the record that I believe FEMA failed miserably in effectively utilizing this $400 million and this one-time exemption from Stafford Act regulations. FEMA was consistently contacted by Members of Congress to ensure that the AHPP was not a wasted opportunity and I submit for the Record six letters to FEMA from the Louisiana Congressional delegation on this issue. I should note that the first of these letters was sent on July 7, 2006—at least 3 months before FEMA issued its guidelines for the program. I would also like to submit for the record three letters from FEMA.

FEMA took an opportunity to "think outside the box" and instead created a program that was flawed from the start. First, FEMA created the AHPP as a competitive grant program, which under normal circumstances should allow the best proposals to win out. However, FEMA did not cap individual awards for the program, allowing for the possibility, however remote it might have seemed at the time, of a "winner-take-all" program. Second, with very vague guidelines, the agency gave States 35 days to develop as many project proposals as they wanted to submit by October 25, 2006 deadline. For a massive $400 million program, and the fact that they were asking for new, innovative proposals this seems to many, including myself, as a very short timeframe in which to fully develop substantive proposals. I

am aware that the State of Louisiana requested an extension of this short deadline, but was declined by FEMA.

Next, after all the States submitted their proposals, 29 in total, FEMA convened an AHPP Review Panel in Denver, Colorado in November 2006 to review and rank the various proposals. I am pleased that Mr. Duany is here today because when I think of someone who should have been on this panel, I think of experts like him who can really "think outside the box" and bring a wealth of expertise to the table. Not to sell FEMA or DHS staff short, but when I think of new and innovative housing, I do not picture FEMA as being at the cutting edge of new housing alternatives. However, on this panel in Denver, FEMA and DHS comprised seven of the eight Federal panelists, with only three outside experts. To be fair, the outside experts were a State government housing official and experts in architecture and construction from the private industry but the panel was clearly weighted towards Federal officials. This begs the inevitable question—"If you are looking for ways to move beyond FEMA trailers, why in the world would you have most of the people who create and use FEMA trailers score proposals?"

Lastly, as I have indicated this panel, compromised of mostly Federal officials, ranked and scored the 29 proposals. In the final rankings of these new and different proposals, it just so happens that the panel ranked a proposal No. 2, a proposal which by FEMA's own documents is described as:

> "Similar to FEMA's travel trailers with enhancements such as an air conditioned attic for additional storage, Energy Star HVAC system, no roof penetrations, rot/mold/moisture resistant materials, and a front porch. . . . Similar to travel trailers the Park Model will remain on wheels permanently."

I would like to submit this document for the Record. We have a very popular Southern saying that "You can put lipstick on a pig, but it is still a pig." Well, this "pig" just happened to request $400 million—the entire allocation for AHPP! So you have a panel comprised mostly of Federal officials and few outside experts, it is not surprising they liked a proposal to put air conditioners or porches on FEMA trailers! However, I believe that does not meet the intent of Congress for this program and, in the end, the decision to fund five of the top six competitive proposals, including $275 million for this one project, limited the ability to fully explore more competitive proposals. This decision, made by one official alone, led to over 70 percent of the funds going mostly to two proposals when another option on the table would have funded 10 total proposals. It effectively sucked up all the funds which could have gone to an additional five proposals in the competitive range.

So from the start, this program was flawed and I believe that the end result, the final allocations of funding is in itself flawed. There was not enough time to truly come up with innovative proposals, FEMA did not have enough outside expertise on the panel to critically judge the new alternatives on the table, and one person was allowed to make a critical $275 million decision. I am hopeful that, out of the five "winning" proposals, some great new alternative housing models will come out. The residents of the Gulf Coast, as well as those impacted by future disasters, deserve nothing less.

With that, I turn to my colleagues for their opening statements.

OPENING STATEMENT OF SENATOR STEVENS

Senator STEVENS. Thank you very much, Madam Chairman. I would ask to put my opening statement in the record, and I have two questions I would like to submit for the record. But I have a conflict at 10 o'clock in the Commerce Committee. That was set before this one. I will have to leave soon. I appreciate it.

Chairman LANDRIEU. Correct.

Senator STEVENS. Thank you.

[The prepared statement of Senator Stevens follows:]

PREPARED STATEMENT OF SENATOR STEVENS

Hurricane Katrina is the largest natural disaster the United States has ever faced. Given both the extensive and intensive nature of the damage, our ability to provide emergency housing, among other services, was pushed to its limit.

When a system is put under this kind of stress, one of the most useful things we as a Nation can do is to critically examine our response and to determine how we

can better address our needs in the future. It is one of the things we do best. I hope we can begin that self-examination process here today by looking at our response to the Hurricane Katrina created housing needs throughout the Gulf Coast region and by beginning to identify where we need to change our response methodology.

In particular, I want to hear more about the possible replacements to traditional FEMA trailers that are supposed to be developed through the Alternative Housing Pilot Program. I do not need to tell you that those trailers would not work in Alaska or any number of places in the lower 48 that experience severe winter conditions. Furthermore, we all know that trailers are useless where there are no roads, whether that location is bush Alaska where the nearest road may be hundreds of miles away, or a barrier island on the East Coast cut off by the destructive force of a hurricane. I want to know if these needs are being addressed.

This Alternative Housing Pilot Program is our first attempt at making our overall disaster housing program more responsive to the actual needs of our fellow Americans and, even though the program has just started, we need to examine whether we are going to get a true alternative to trailers for our $400 million.

I look forward to hearing from the Federal officials who administer both the current housing program and the new alternative program, but more importantly we need to hear from the beneficiaries of these programs as to what kind of real benefit they are actually receiving.

In conclusion, I look forward to learning more about the problems we faced and are still facing after Hurricane Katrina and how we are changing our response system to ensure that FEMA will better provide for our housing needs both for this disaster and future ones.

Senator Pryor.

OPENING STATEMENT OF SENATOR PRYOR

Senator PRYOR. Thank you, Madam Chairman. It is an honor to serve on this Subcommittee with you. Like Senator Stevens, I have a conflict, and will not be able to stay for the duration of the hearing. But I do want to thank you and Senator Stevens for your leadership on this issue. I know that you have given me some flexibility here to make the opening statement, and I appreciate that.

The aftermath of Hurricane Katrina revealed gaps in disaster response planning at all levels of government. I think this hearing is an important step in analyzing a way forward. Creating a more flexible emergency housing program will increase our ability to respond to catastrophic events in a timely and constructive manner.

As you know, concerns have surfaced regarding FEMA's purchase of over 10,000 mobile homes and travel trailers in the wake of Hurricane Katrina. These homes were purchased at higher-than-market prices in a haphazard competitive bidding process. Since that time, they have been used inefficiently. Almost 8,000 of them are still sitting at the airport in Hope, Arkansas, nearly 2 years after the storm. Miscalculation on this scale must not be repeated.

I believe we should closely examine the way the Federal Government surplus travel trailers and mobile homes are being used today. On February 24, an F3 tornado in Arkansas destroyed a large part of the city of Dumas in Desha County. In this small town of only 5,300 people, the level of damage was immense. Arkansans affected by the storm have already begun the process of rebuilding their community. The Federal, State, and local government have some responsibility to assist them to the extent necessary.

However, on March 8, FEMA declined to declare a tornado-ravaged area in Arkansas a Federal disaster area despite multiple phone calls and letters from myself, Governor Beebe, and the entire Arkansas delegation. This decision took FEMA 12 days, and it re-

vealed a troubling aspect of the organization's decisionmaking process. The fact is that FEMA does not have standardized criteria in place to determine when a region meets the requisite level of damage for an emergency declaration.

When pressed by the Arkansas congressional delegation, FEMA released 30 mobile homes and travel trailers for use by residents in Dumas. This was a good first step, but it did not go far enough. Senator Lincoln, Congressman Ross, and I also called on the Small Business Administration to make a disaster declaration for the purpose of making long-term low-interest loans available to small businesses that sustained physical and economic losses from the tornadoes. The SBA met our request, and I commend the SBA for their support and their rapid response.

Finally, excess travel trailers and mobile homes pose a serious risk to the mobile home market nationwide. My office has been given several different explanations as to what will happen to these trailers and mobile homes. I hope that the process of disposing of these homes can be explained. Any action that would, in effect, collapse the mobile home market and travel trailer market in any region is of concern.

Now, unfortunately, I cannot stay today, but I am going to submit a number of questions for the record. More or less they focus on two broad areas: One is the disposal of surplus property and what our policy currently is and what the best public policy should be; and second is contracting problems. We saw a lot of contracting issues in the aftermath of Hurricanes Katrina and Rita and other natural disasters, and I have some questions I will submit for the record that relate to those.

Thank you, Madam Chairman.

Chairman LANDRIEU. I thank both of my colleagues for joining us this morning, and they will stay as long as they can. They both have conflicting meetings, which sometimes happens here, but they have both been excellent in their contributions thus far to this Subcommittee, which just started 2 weeks ago.

Our first panel is comprised of four expert witnesses. David Garratt is responsible for the Federal Government's Major Disaster Assistance Program and Policies, including the Public and Individual Assistance Program. Mr. Garratt, you are the one that runs this program that has come under such questioning by this Subcommittee and many others.

Robert Hebert is the Director of Hurricane Recovery and Community Initiatives for Charlotte County, Florida. After being impacted by several of the 2004 hurricanes that swept across Florida, which sometimes gets left out in our discussions—which should not because Florida was extremely hard hit in the last several years—Charlotte County became home to thousands of FEMA trailers which housed victims of the disaster. A remote site near the airport became known as "FEMA-ville." It revealed many problems that can occur, but Mr. Hebert utilized his diverse background in disaster recovery and business development to help fill some critical gaps. He is here to tell his story.

Sheila Crowley is a Ph.D., President and Executive Officer of the National Low Income Housing Coalition. Welcome. She is a trained social worker and adjunct faculty member, Virginia Commonwealth

University. She teaches social policy and social justice. Currently, she is President of the National Low Income Housing Coalition, where she has helped lead the advocacy effort for people with low income who were displaced by the hurricane.

And, finally, William Croft, Director of Response and Recovery for the Shaw Group, which is one of our largest contractors, served as Director of Hurricane Katrina Housing Task Force following actually for Hurricanes Katrina and Rita. Prior to that role, he served for decades in the U.S. Army and went on to become Assistant Director for the Louisiana Office of Emergency Preparedness. He is going to share his perspective from the Shaw Group.

So why don't we begin with you, Mr. Garratt. We have asked you to keep your statement to about 3 to 5 minutes, if you would.

TESTIMONY OF DAVID E. GARRATT,[1] ACTING ASSISTANT ADMINISTRATOR, DISASTER ASSISTANCE DIRECTORATE, FEDERAL EMERGENCY MANAGEMENT AGENCY, U.S. DEPARTMENT OF HOMELAND SECURITY

Mr. GARRATT. Thank you. Good morning, Madam Chairman, Senator Stevens, and Senator Pryor. It is a pleasure to be here with you today to discuss the elements and responsibilities of FEMA's temporary housing mission, our progress in addressing the temporary housing challenges facing the Gulf Coast, and the status of some key housing initiatives.

First, a brief overview of our housing authorities. Under Section 408 of the Robert T. Stafford Disaster Relief and Emergency Assistance Act, FEMA is authorized to provide individual and household assistance to the eligible victims and families of Presidentially declared emergencies and disasters. Broadly speaking, this assistance falls into two general categories: Housing assistance and other needs assistance. Housing assistance authorized under the Stafford Act includes financial rental assistance, home repair assistance, home replacement assistance, and direct housing assistance, the last usually provided in the form of transportable, manufactured housing. Direct housing is only provided as a last resort, when other forms of alternative housing are either unavailable or practically unworkable. Other Needs Assistance authorized under the Stafford Act includes financial assistance to address disaster-related medical and funeral expenses, replace eligible personal property items, provide transportation, help with moving and storage expenses, and meet other serious needs faced by eligible disaster victims.

The Stafford Act as currently written caps the amount of financial assistance, but it allows that amount to be adjusted annually for inflation. Financial assistance for disasters declared during fiscal year 2007 is capped at $28,200; however, for victims of Hurricanes Katrina and Rita, which were declared in fiscal year 2005, that cap is $26,200. This is the maximum amount of non-direct assistance any eligible disaster victim, or household, can receive in a given disaster.

[1] The joint prepared statement of Mr. Garratt and Mr. Jamieson appears in the Appendix on page 41.

In response to Hurricanes Katrina and Rita, FEMA has provided over $7.5 billion in financial assistance to over 1 million households through its Individual Assistance programs. This includes over $5.3 billion in housing assistance and $1.7 billion in other needs assistance. These numbers include: $2.3 billion of rental assistance, distributed to over 870,000 households. As of March 25, 2007, 32,885 households continue to receive some form of rental assistance payment.

Provided over $436 million in home repair payments, helping make more than 185,000 Hurricane Katrina- or Hurricane Rita-damaged homes habitable across the Gulf Region.

Provided more than $339 million to over 33,000 households to assist them with the purchase of replacement housing.

In Louisiana alone, approximately $5.5 billion has been provided to individuals and families under our Individual Assistance programs, with more than $270 million distributed since the 1-year anniversary of Hurricane Katrina.

Under the authorities granted to us by the Stafford Act, FEMA can provide direct housing support to eligible victims and households either through the lease of existing housing resources, such as apartment buildings, or through the provision of manufactured housing units, such as travel trailers and mobile homes. Following Hurricanes Katrina and Rita, both options were employed. Direct leases were secured to provide housing to eligible evacuees outside the impacted area, and manufactured housing was provided within the most heavily damaged areas of Louisiana, Mississippi, Alabama, and Texas. While manufactured housing, particularly travel trailers, do not offer all the amenities of a fixed housing resource, they nevertheless allow disaster victims who lack alternative options to remain in their communities and close to their jobs, families, and schools, while they pursue a permanent housing solution.

Over the course of the last 20 months, FEMA has housed more than 120,000 households in travel trailers and mobile homes. As of April 12, the total number of households currently living in temporary housing has decreased to 83,463, including 54,986 in Louisiana and 26,181 in Mississippi. Eighty-one percent of our temporary housing units are on private sites where individuals are rebuilding their homes.

However, while we have made and continue to make progress, we are not there yet. Recognizing that many Hurricane Katrina and Rita victims and households have still not obtained permanent housing or achieved self-sufficiency, the President has directed FEMA to continue providing housing assistance to all eligible applicants until August 31, 2007. FEMA's financial and direct housing assistance must, by statute, end 18 months after a disaster declaration unless the President grants an extension. The President has recognized the need for an extension, and this extension gives both disaster victims and assistance providers, at every level of government and within the voluntary agency community, additional time to methodically and compassionately help challenged victims reach a state of enduring self-sufficiency.

President Bush, Secretary Chertoff, Administrator Paulison, and the men and women of FEMA are dedicated to the mission of disaster and victim recovery and staunchly committed to improving

the speed, efficiency, and accountability with which we perform that mission. That commitment is not only to the victims and communities of those disasters that we expect to face in the future, but to those victims and communities still struggling with the personal, professional, and social consequences and challenges of past disasters. Together, with our outstanding partners throughout the Federal, State, local, private, and voluntary agency communities, we will continue to advance ideas and pursue assistance solutions that will effectively, and compassionately, help individuals and communities recover, re-establish, and reclaim their neighborhoods and communities.

Thank you. I look forward to discussing our recovery efforts with the Subcommittee.

Chairman LANDRIEU. Thank you. Mr. Hebert.

TESTIMONY OF ROBERT P. HEBERT,[1] DIRECTOR OF HURRICANE RECOVERY, CHARLOTTE COUNTY, FLORIDA

Mr. HEBERT. Good morning, Madam Chairman, Senator Stevens. On behalf of Charlotte County, we would like to express our gratitude for the invitation to speak to you today. It is indeed a high honor and privilege to share our experiences and offer our input into the process, and we are hopeful that this will serve to improve the emergency response system that we have.

To put it in perspective, Charlotte County has about 174,000 population residents. During the winter season, it expands significantly because of tourists, but at the time that the hurricanes hit, that was our base population. So when we talk about this, the magnitude of our problem is proportionally equally or maybe worse than some of the other cases that we have had. As you spoke in your opening remarks about Florida is kind of left out of some of the discussions at this point because Hurricane Katrina caused significantly higher levels of devastation, and I think in the future some issues that are going to come up that we do not have a clue are going to hit until they actually occur. But we have experienced some of that in Charlotte County, so I will just give you a brief summary of what we went through.

Charlotte County with the temporary housing started out with 2,252 families in FEMA housing. That equated to about 9,000 individuals that lived in trailers of different types. We had 551 mobile homes or manufactured homes in one county-owned site near the airport that was controlled by FEMA; 75 mobile homes and manufactured homes that were on two commercial mobile home parks in the county, in the community; 1,042 travel trailers on private sites—and on private sites, they were installed there so that the people that lived on those sites could rebuild or rehab their house after the hurricane damage that we had in 2004; and we had 584 travel trailers in commercial travel trailer parks that the families did not have a house to go back to.

That was our beginning problem, but I think the importance of the program to us is absolutely critical to start up the recovery process in our community. As I said, our population is about 174,000. We had two neighboring counties that were much smaller

[1] The prepared statement of Mr. Hebert appears in the Appendix on page 50.

than ours that were much more heavily devastated. Very low to moderate-income individuals to begin with, a lot of the rural migrant population lived in De Soto and Hardee County, which are our neighbors. So they are still recovering. At this point, we would estimate that in Charlotte County we are probably about 70, 75 complete, and now we are approaching 3 years after Hurricane Charley, so it is a long-time process.

Without the FEMA program or with the Temporary Housing Program as administered by FEMA, there would have been thousands more individuals that were homeless and had significant threats to life and limb and property damage because they just basically had nowhere to go after the storm. Most of them were mobile home population that lived in mobile homes in the community.

I need to preface this by saying the partnership we have with FEMA was excellent. We had a lot different experience in the beginning. FEMA brought to bear, as well as our State Emergency Response Team through the Governor's office, brought resources to bear in the community we could have never brought here in any kind of a time frame. What we had to do is basically ask for it and it arrived, and it was helpful that way.

The overall issues that we had—and I think some have been addressed already—there is significant lack of some of the controls in the trailer parks that we had. We had a high crime rate, and that we kind of attributed to there was no social structure within the trailer park, that there was no human services, there was no vent or release for the children, there were no playgrounds, no recreational activities, no community center. It basically was a parking lot with trailers about 10 feet apart that housed all these folks.

That became problematic because the people then had nowhere to go, and because of the size of it, in our community it was a rural installation. It was 10 miles away from the nearest store or anything else. That caused significant problems for the people that lived there in that in the middle of the night if they ran out of diapers for their child, for example, they would have to travel 10 miles to find them. So there was no retail operation that was available close enough for them to take care of it, and at some of the peak periods when we were paying $2.50 to $3 a gallon of gas and people were not able to feed their family, they were not going to get in the car to drive to go get diapers in the middle of the night. So that just added to the frustration.

The park was justifiably closed by FEMA for confidentiality issues, and that became one of the problems. Social service agencies did not have access to these people to help them get housing until about 8 months before the lease was up. If we had been able to start that sooner and quicker, we probably could have placed people a lot quicker, because one of the things we found, once we started to have those folks in those communities, our social service agencies, faith-based groups, we placed over 450 families within 60 days. So our feeling was that if we had been earlier involved, we could have probably taken care of the problem sooner and been able to remove people quicker and put them into permanent housing solutions.

One thing we have to remember in all of this process is that these are human beings. They are not just cattle that we are trying

to herd. We are trying to find them some kind of a stable, secure housing environment, of which we had no inventory of rentals within the community.

Chairman LANDRIEU. If you can wrap up in the next 30 seconds.

Mr. HEBERT. OK. Very good. I will do kind of a summary thing.

If the need arises again—and we truly hope and pray that we do not have this problem again in Charlotte County with another hurricane, coming into the new season—we would have the following recommendations. One is that the trailer complexes should be much smaller, 50 or less units, which is probably not possible in the bigger devastated areas. But the issue is because of our county and the way it is made up, if it is any bigger than that, it has to be remote. It has to be away from town because we do not have any sites with that kind of a land mass within a community, being a coastal community type area.

We would also feel if we could put them closer to the neighborhoods where the people lived before the hurricane hit, they would then have some pride and some ownership in rebuilding that community instead of basically becoming what a lot of people called "squatters." They just basically were in the trailers and were not going to move until they had to be moved out.

We would look for stricter criteria for housing eligibility and continuance once the immediate concerns about the disaster have passed to do a real evaluation process and look at people and see where they are from. We had at one time about 30 percent of the occupants of our travel trailers were not from the county or in a close community. They just basically came, established a residency in the county, and became housing—and most of those were homeless folks before or people that were just looking for free housing and got it for 2 years. That is an issue.

There needs to be a stronger partnership earlier, as I said, with the local community and the faith-based groups and the people that can help train people into new jobs, train them into being able to go to work for somebody if they have not been employed before, or work out their legal issues, their financial issues, and help them find permanent housing someplace that is adequate to suit them.

Chairman LANDRIEU. OK. Can you wrap up?

Mr. HEBERT. Yes, ma'am. I will.

Our final opinion and point is that FEMA in our opinion is an excellent response agency for emergency response. They are not a housing corporation, not a financing corporation. That becomes the problem as we get further away from the disaster. Thank you.

Chairman LANDRIEU. Thank you very much. Dr. Crowley.

TESTIMONY OF SHEILA CROWLEY, PH.D.,[1] PRESIDENT AND CHIEF EXECUTIVE OFFICER, NATIONAL LOW INCOME HOUSING COALITION

Ms. CROWLEY. Good morning, Senator Landrieu. Thank you very much for the invitation to testify today.

I would like to open by urging the Senate, urging you and your fellow Senators, to take up H.R. 1227, the Gulf Coast Hurricane

[1] The prepared statement of Ms. Crowley with attachments appears in the Appendix on page 56.

Housing Recovery Act of 2007, as quickly as possible. As you know, this bill passed the House on March 21. We think it is quite a good bill, and many of the provisions in this bill will address some of the concerns that I raise today.

Hurricanes Katrina and Rita damaged nearly a million homes; one-third of them were destroyed or severely damaged. And NLIHC estimates that over 70 percent of the most severely damaged homes were affordable to low-income families prior to the disaster. Given the slow pace of rebuilding, the vociferous opposition to development of affordable rental housing in many Gulf Coast communities, and the failure of the States to set aside adequate funds for replenishing the lost rental housing stock, we think there is little chance that the majority of the homes that once were affordable to low-income families will ever be replaced to pre-storm levels.

Thus, it is important to understand that unlike less catastrophic disasters, when displacement from one's home is temporary, a large number of the people displaced by Hurricane Katrina will never return to their homes. Indeed, a significant percentage of people who were displaced now do not intend to return home. A February 2007 Zogby poll of all evacuees still in the Houston area found that 73 percent intend to make Houston their home, 14 percent do not, and 13 percent are unsure.

It is past time for these people to be in permanent homes. But the loss of affordable housing stock caused by Hurricane Katrina added to an already acute shortage of housing in the United States that the lowest-income people can afford. Nationwide, there are 9 million extremely low-income renter households and only 6.2 million homes renting at prices that these households can afford, paying the standard of 30 percent of their income for their housing. Extremely low-income households are those with incomes at or below 30 percent of the area median. In Baton Rouge, that is income of $16,740 a year or less. These are elderly and disabled people on fixed incomes or people in the low-wage workforce. Whatever ways low-income families on the Gulf Coast coped in this housing market before the disaster are no longer available to them.

In order to fully comprehend the complexity of what faces us, we must both distinguish between the temporary housing response and the housing rebuilding response and understand how they are interrelated. My written testimony goes into a great deal of detail on both, but I am just going to focus my few moments here on temporary housing.

In the days immediately after the disaster, in response to the prospect of tens of thousands of trailers and trailer camps across the South, numerous voices from across the political spectrum called for housing assistance for displaced people to be in the form of Section 8 housing vouchers issued by HUD and managed by local public housing agencies. The Senate passed legislation to that effect on September 15, 2005, but the measure was rejected by the House and the Administration. Instead, on September 23, 2005, the Secretaries of DHS and HUD announced a bifurcated temporary rent assistance approach with approximately 32,000 previously assisted HUD households the responsibility of HUD and FEMA having responsibility for everybody else. Attached is a time line that describes the ups and downs of the temporary housing programs,

and I have an updated version I would like to submit for the record.[1]

Let me just say that in my 30 years as a social worker, I have seen my share of poorly conceived and poorly executed human service programs. Nothing comes close to the horrors of the FEMA rent assistance program. The very best description of the program is from U.S. District Court Judge Richard Leon who ordered FEMA to "free these evacuees from the 'Kafkaesque' application they have had to endure." Another lawsuit, *Ridgely v. FEMA,* was filed just last Thursday. The complaint includes equally vivid descriptions of what people have been put through by FEMA.

It is impossible for me to know precisely how many low-income households remain displaced because FEMA continues to withhold detailed and up-to-date information from the public. But my written testimony offers an analysis that gets us to what might be a rough estimate.

We conclude that minimally 55,000 households—and these are households, not people, so it is a multiple of 2.5 to almost 3 to get to the number of people—to potentially as many as 132,000 total households remain displaced and in need of assistance. And we know that most of them are quite poor. The February 2007 Zogby poll found that 86 percent had household incomes of less than $25,000 a year, 69 percent with incomes less than $15,000 a year. Prior to their evacuation, 72 percent of these folks were employed. Now only 38 percent are employed.

The disconnect between the reality of being poor and permanently displaced and the fiction that one's displacement is temporary dictating the terms of housing assistance creates considerable stress and anxiety.

We offer several recommendations on temporary housing. I will close by highlighting three.

First, transfer all income-eligible households still receiving FEMA rental assistance into the Section 8 housing voucher program. Congress must appropriate sufficient funds for these vouchers. We know that this will be less expensive than the FEMA rent assistance program.

Further, offer all low-income households currently living in trailer camps the option of receiving a Section 8 housing voucher instead of the trailer. This will at least allow them the choice of moving elsewhere. H.R. 1227 takes care of both of these provisions.

Second, require GAO to undertake a comprehensive review of all households whose temporary housing assistance from FEMA was terminated. This is also provided for in H.R. 1227. For all households who were wrongfully terminated, FEMA should reinstate them if they can demonstrate continuing eligibility and financial need, and these households should be moved into the Section 8 housing voucher program.

And, third, develop and enact legislation that will make HUD responsible for all disaster housing aid needed for 30 days or more in future disasters. Thank you.

Chairman LANDRIEU. Thank you, Doctor, and I am looking forward to the next testimony, but I am struck at the completely op-

[1] The timeline list submitted by Ms. Crowley appears in the Appendix on page 66.

posite testimony from both of you—you claiming that the program is the worst you have seen, and, Mr. Hebert, you are claiming that FEMA did an excellent program. So I am going to be interested in some questions to see if we can ferret out what might be the accurate view.

Go ahead, Mr. Croft.

TESTIMONY OF WILLIAM J. CROFT,[1] DIRECTOR OF RESPONSE AND RECOVERY, THE SHAW GROUP, INC

Mr. CROFT. Thank you, Senator. Thanks for the invitation to be here today. I would like to set the record straight that I am not representing Shaw today. I am representing the Governor's Hurricane Housing Task Force and some of the processes we went through.

I joined the Governor's Housing Task Force shortly after Hurricane Katrina made landfall to assist with the Temporary Housing Program and served as the Director of the Governor's Housing Task Force from September 2005 to June 2006.

The task force was formed to facilitate the delivery and management of shelter and transitional housing programs necessary to support the displaced disaster victims of Hurricane Katrina, and later Hurricane Rita, in Louisiana. There were a number of challenges but the priority was to provide temporary housing for those disaster victims who had no housing solution and for those who were living in shelters throughout the Nation.

The primary goal was to provide temporary housing in or as close as we could to the evacuated family's pre-storm neighborhood. For the most part, this was an impossible task due to the magnitude of the devastation and the duration of effects of the storm on the infrastructure. The concept was to bring the disaster area back to life in a coordinated effort. Housing of the general population was not the only focus. We had to restart business and industry, government, health care, education as well as public safety.

The task force devised a process flow chart which outlined the procedures FEMA contractors should follow for each site in order to ensure the local and State governments were included in the decisionmaking process as to size and site selection. We established the sites to be Private Sites, Commercial Sites, Group Sites, which included Emergency Group Sites and Exclusive Use Sites, and Industry Sites.

Private Sites are defined as the placement of a travel trailer on the property of a homeowner or renter whose dwelling is uninhabitable which allows the family to expedite repairs and rebuilding.

A Commercial Site is an existing RV or mobile home park with available pads that FEMA leases. This was an expedient way to move units, primarily mobile homes, with minimal site preparation.

A Group Site is developed to temporarily house eligible FEMA registrants when there is a lack of feasible private sites and commercial sites. Group sites generally consist of 50 to 200 trailers or mobile homes in a pre-planned location where the surrounding infrastructure can support such a development. There are three

[1] The prepared statement of Mr. Croft appears in the Appendix on page 88.

types: General population sites, emergency group sites, and exclusive use sites.

An industry site program was intended to provide travel trailers to house displaced workers who were essential to the operation of business and industry. The State Department of Economic Development identified critical industrial operations such as petrochemical plants, distribution centers, and ports which FEMA provided trailers for. The industry was required to install the units and house disaster victims only. This restriction slowed the restart process by not allowing more flexibility for industry to house other critical workers. I applaud FEMA's "out of the box" approach to this industry program, but the program should be better designed for future disasters.

Realizing the need for a large number of temporary housing units outside the disaster area, we began working with FEMA to identify sites throughout Louisiana and working with all of the host States for help. One of the major challenges in providing housing outside of the disaster area was the impact on the community where the temporary housing was to be located. Prior to Hurricane Katrina, major cites and rural communities were struggling to meet the infrastructure demands of their existing residents. It was not prudent to now overburden a community of 1,000 families with another 200 or 300 families for which they were unprepared. Louisiana proposed that impact fees be provided by FEMA to assist local governments with the capacity to help, as is the usual case when a developer proposes new development in a community. This was considered, but never approved.

Another important topic to consider is support of the residents of shelters and temporary housing. We continually focused on the need for wrap-around services, such as laundries, community facilities, playgrounds, postal facilities, and others, at each location where our citizens were located. To merely place hundreds of families in a group site and consider the mission accomplished is wrong and shortsighted. We made some progress, but it was not adequate. In some cases the hosting area provided services from existing strained resources. The FEMA program, through the Stafford Act changes or through policy changes, should address this inadequate approach.

It is my opinion that we have an opportunity to create a more flexible, efficient, and cost-effective Federal disaster housing program by making a paradigm shift in the definition and execution of the mission. We should depart from the current concepts and move to a more definable and logical approach. The future program should be structured to provide emergency shelters which will provide immediate needs during the emergency phase and for 30 to 60 days. The extended shelters phase should include large congregate care facilities which can support sustained operations, which will include travel trailers and hotel/motel rooms, as well as large shelters. The transitional housing program should include mobile homes, apartments, prefabricated housing, USDA facilities, HUD facilities, and other types which would support a much longer-term, even permanent housing. The final and ultimate program is permanent housing. The Federal Government role in all of this is para-

mount to the success of providing direct housing to disaster victims.

Thank you for your time and attention to this very important topic. I look forward to answering your questions.

Chairman LANDRIEU. Thank you very much, and I thank all of you for your testimony. It was well within the time and very specific and appropriate.

Mr. Hebert, let me ask you this, if I could. Having lived through many hurricanes myself, remind me again when Hurricane Charley struck. What year was it?

Mr. HEBERT. It was in August 2004.

Chairman LANDRIEU. And what category storm was it?

Mr. HEBERT. I think at its highest point it was a Category 4 or 5. But I think the issue was more that we had 170 tornadoes that spawned off the hurricane that did most of the damage.

Chairman LANDRIEU. And one of the counties that it hit primarily were yours, Charlotte County?

Mr. HEBERT. Charlotte, De Soto, Hardee, some of Lee, and the tip of Sarasota.

Chairman LANDRIEU. And how many people do you say are still in trailers after these 3 years?

Mr. HEBERT. At this point in our county we just have five units that are occupied in temporary trailers. The rest have been put into permanent housing, or we had a program where we purchased some of the trailers from FEMA and sold them immediately to the occupants and put them into permanent trailer parks and so forth.

Chairman LANDRIEU. Do you know what percentage of your housing is in trailers in the county? Is it 10 percent or 15 percent or less than that?

Mr. HEBERT. I do not have an exact number, Madam Chairman, but I think by nature of the community, we are probably about 40 percent mobile homes.

Chairman LANDRIEU. Forty percent mobile homes in the country?

Mr. HEBERT. Of the total population. Yes, we have a lot of retired folks in retirement villages that are mobile homes.

Chairman LANDRIEU. Now, what is the evacuation plan if you face another Category 3, 4, or 5 where you have to evacuate? Because I do not think those trailers can sustain the new building codes for the coastal area. Do they?

Mr. HEBERT. The new trailers now have to meet post-Hurricane Andrew specifications, which are 120-mile-an-hour, I think, or better impact. Certainly the county is about 70 percent rebuilt on all the other structures, which are also built to new code, so we are hoping that they will sustain a higher level of wind and we will not have the problem we had with the initial Hurricane Charley hit.

Chairman LANDRIEU. But you are testifying that you think that the trailers that are now built in your county—which is maybe 30 to 40 percent of the population, can sustain the 120- to 130-mile-an-hour wind?

Mr. HEBERT. Not all of them, but the ones that were replaced in recent years after Hurricane Andrew hit down in the Miami area. And the reason I say that is that we had trailer parks where we had some mobile homes that were completely wiped out right next to another one that withstood the storm. They might have lost

their carport or storage shed, but the trailer withheld, and it was anchored properly and was strong enough to withhold the winds. So, yes, I think we will be in better shape after that.

If I could offer one other comment to discuss the difference between Dr. Crowley's testimony and myself. In the testimony I submitted, about 80 to 85 percent of the original people that were in their trailers rotated out within 12 months because they either had the means to move into permanent housing or had insurance or had the ability to rebuild their houses. What ended up after that point was basically a housing project, and you ended up with low- to moderate-income people that do not have the means to rebuild, and they become much more troublesome. We had a higher crime rate. We had people that we were not able to place because they simply could not afford to be placed anywhere.

My comments about the program was good, it was excellent in the first phases of it because it was absolutely essential to our recovery process. As we got further from the event date itself in August 2004, it got more and more onerous and more troublesome because we just had a much tougher population to then place and get into housing, and at that point we had no access because it was still being protected through the confidentiality issues.

Chairman LANDRIEU. Has that confidentiality issue been addressed fully, in your view? Was it fixed?

Mr. HEBERT. No, ma'am. I do not think there has been any change.

Chairman LANDRIEU. So what you are testifying for is the program that you have testified is excellent is actually excellent only relative to trailers being an option for families with financial means to stay there temporarily and move themselves out.

Mr. HEBERT. I think as an immediate solution——

Chairman LANDRIEU. Would you testify that it is excellent for the other category of people who have limited financial means?

Mr. HEBERT. No, because then it just becomes a housing project. I think we need to look for some more permanent type of solution for that. And you need to understand that in our county, all of our public housing buildings were destroyed. It was almost 300 units, which we are just now starting to rebuild. So all those folks had to have housing in the meantime.

I think to me there are absolute definite phases of recovery, and I think at some point you need to get on with the HUD and the Department of Labor and Department of Agriculture, the other Departments that have more expertise in these areas, because it is not an emergency response now 3 years after the storm. It is a stabilization issue.

Chairman LANDRIEU. Well, I think you have hit on one of the important aspects that this Subcommittee is going to try to hone in on and force the Homeland Security Department to, either by statute or by Administration, to divide the emergency temporary housing, whether it is the 30- to 60-day sheltering and the transitional housing, which FEMA should coordinate as the premier emergency Federal response agency, to then shift it to the other agencies, whether it is HUD, Labor, Agriculture, depending on whether it is urban or rural, that could have a tremendous impact on getting adequate, more permanent shelter and housing for individuals,

hopefully promoting homeownership and, of course, decent and affordable rental housing.

Mr. Garratt, you are Acting Director, correct?

Mr. GARRATT. Actually, Acting Assistant Administrator. Would you just restate for the record your one or two most frustrating aspects of your job, what you would like to see changed that you just cannot seem to get either Congress or others to understand for you to accomplish your mission?

Mr. GARRATT. In terms of frustrations, I would have to say that it is the continuing situation that we face in the Gulf Coast. And it is not necessarily one or two areas; it is the comprehensive nature of what is a compelling social situation that we face and that we recognize that, unlike most of the disasters that we deal with, where the disaster victims can see the light at the end of the tunnel, 12 months away or 18 months away, most of the victims or many of the victims that we are still dealing with in this disaster cannot yet see that light at the end of the tunnel. And we are not able to shine that light in a way that they are able to see that.

So we recognize and are, I think, institutionally frustrated by the fact that it is going to be a long time before we are able to help everyone who needs to be helped achieve self-sufficiency, and it is going to be a long time before the sorts of services and assistance that we are providing, that we are going to see the end of that. And I just mean that is frustrating not in the sense that we are not prepared to continue to provide that assistance. It is frustrating that we have to continue providing that assistance, that these folks are going to continue to be living in a less than perfect living environment—travel trailers, mobile homes—for an extended period of time.

So just institutionally I would say those of us in the disaster assistance business, that is our biggest frustration.

Chairman LANDRIEU. Well, let me ask you this. Do you think that providing a Section 8 voucher to give people a choice to move out of a trailer that is too cramped into something that might be—would give them some light at the end of the tunnel? And if so, is there some reason you cannot make that recommendation?

Mr. GARRATT. Well, first off, the Section 8 program is a HUD program, so in terms of answering if that is effective, I would have to leave that to HUD. In terms of a vouchering program, I am prepared to address that. Incidentally, we are working very closely with HUD to see what our options are for dealing with the existing population of individuals receiving both financial—or principally financial assistance and looking at what our options are for partnering with HUD to move in potentially a vouchering direction.

However, handing someone a voucher who is in a travel trailer is only worthwhile if that individual has some place to take that voucher to. If there is no public housing, if there are no other forms of housing available at or near the fair market rent, then having a voucher in your hand is not worth a lot. What we need is the ability—what we need is housing—housing for these individuals, public housing and more commercially developed housing to support the population that is still living in those group sites.

Chairman LANDRIEU. Well, I know that you understand that part of the problem with New Orleans and South Louisiana is not just

the lack of labor to build housing and the lack of resources to build it, but it is difficult to start building housing when you do not have flood elevations to know how high the houses have to be built off the ground or if the levees that protect the houses are going to hold.

So instead of saying we cannot do anything because we need more housing, and the housing people saying we have to do something until we get housing, we might want to think about the uniqueness of this challenge that is before us and come up with some additional options.

When we can try to get families back into the region or to give them options other than staying in a trailer for the next 5 years or struggling to rebuild a house over the next 10 years. Is there a formal conversation that happens between FEMA and HUD on a regular basis? And if so, who chairs that? Is it the Secretary of HUD, or is it Director Paulison?

Mr. GARRATT. Formal conversations take place between FEMA and HUD at all levels of the organization, both here at the national level between the leadership of the agencies and of the departments, as well as at the senior manager level. I talk with senior HUD officials on a weekly basis to discuss partnering and moving forward and addressing the issues, as well as at the field level, Gil Jamieson, the Director of our Gulf Coast Recovery Office, and his team deal with HUD representatives at their level on a regular basis.

Chairman LANDRIEU. Have you all submitted to this Subcommittee or any committee any formal document of shared recommendations between HUD and FEMA? Or do you just do it in such an informal way that we would not see such a document like that?

Mr. GARRATT. We have not presented any formal documents that I am aware of to the Subcommittee yet, Senator, but I am reasonably certain that the current discussions taking place between FEMA and HUD will bear some fruit and that we will be submitting some documentation to this Subcommittee in the very near future.

Chairman LANDRIEU. OK. Dr. Crowley, do you want to add anything?

Ms. CROWLEY. A couple of things. One is that the issue of whether or not a voucher would do you any good if you are in a trailer is a really important issue because there is a lack of stock in the area for people to rent. It does give people the option of potentially taking the voucher and going someplace else, and so that is a choice. It is not the perfect answer.

But the people who are receiving FEMA rental assistance, the 20,000 households that are still in Texas and then the other 15,000 or 17,000 households or so, moving them onto a Section 8 voucher right now makes absolute sense because it would be a seamless transition, and the voucher would continue as long as they were income eligible for that. And it would be administered locally by local housing authorities who know what is going on as opposed to—I mean, the descriptions that we have heard from people about their dealings with FEMA are absolutely bizarre. But most of the time, what happens is that you call an 800 number and you talk to a dif-

ferent person every single time. One of the advantages of using the Section 8 voucher program is that you go to a local agency with human beings that you can talk to across the table, who can follow your case and have a much greater understanding about what is going on. So I think that there is a lot of advantages to moving to that program.

I understand that there has been lots of discussions about what role HUD should play in this disaster and future disasters, and there certainly have been many recommendations that HUD should be the primary agency to deal with housing after the initial sheltering requirements are over. And, in fact, the President's own Lessons Learned report that came out in February 2006 recommended that.

I think there is some kind of ambivalence about that, however, because this Administration has not been particularly friendly to the housing programs. And so one of the reasons that we think that the Section 8 voucher program was not used initially, as it had been successfully used in other disasters, most particularly the Northridge earthquake disaster, was because the voucher program had been under serious attack by the Bush Administration trying to ratchet it down, trying to change the rules, trying to block grant it. And so part of it is are we ready to acknowledge that HUD is an agency that is valued and that we can depend on housing programs for the kind of response that is needed in this kind of disaster? I think we can if we strengthen them, but I do not think that there has been a sense that HUD is the agency that is valued.

Chairman LANDRIEU. Are you aware that there was a new aspect to the Section 8 program that—you are correct—has not been funded adequately by the Administration, but it has some broad-based support in Congress to turn Section 8 vouchers into potential mortgage payments to increase homeownership as sort of a ladder up for low-income and moderate-income families to actually move from renters to homeowners? Are you at all familiar with that program?

Ms. CROWLEY. Sure. There is a program now where a very small number of people who are receiving Section 8 vouchers have been able to turn those into—use them to obtain a mortgage and then they can use that to make their payments for a relatively short period of time.

We think that is a reasonable thing to do. It is not an answer for the vast majority of people who are on Section 8 housing, receiving Section 8 housing vouchers, because their circumstances are such that homeownership is not the right answer at this point. Given what we see about the numbers of people who have been thrust prematurely into homeownership and under all of these exotic loans that have been made in the last couple of years and now the high foreclosure rate, we do think that it is—the pendulum is going to swing back to a more reasonable sense about what a good housing system is, both homeownership and rental housing.

The key to why it is that housing assistance is so vital for people who are low income is that it provides for housing stability. It means that they can stay in the same place for a period of time. They can afford—they pay a certain percentage, 30 percent of their income, for their housing. They are not subject to sort of constant pressures to keep moving because they are getting evicted. They

can create a stable housing record. And that is necessary in order to move into being able to save enough money to move into homeownership in a more conventional fashion.

Chairman LANDRIEU. Well, I am not going to disagree with you that not everyone that rents is a candidate to be a homeowner. But I will testify, as the Senator that represents the State and community, that many people aspire to homeownership.

Ms. CROWLEY. Well, absolutely.

Chairman LANDRIEU. And that homeowners usually do not pay 30 percent of their income for housing. If you have equity in your house and you are moving up on the economic ladder, you can sometimes pay 20 percent or 25 percent or, depending on your income, some extremely wealthy people pay less than 1 percent of their income to housing because their income is so high. But the poor, under the rules that we have, end up paying sometimes 30 percent, 40 percent of their income for housing, which makes it very difficult, particularly if you are not building any equity. So one of the goals of the Gulf Coast, at least for the State that I represent—I cannot speak for Mississippi—is to try through this transition to increase homeownership where possible.

The other concern—and I am going to ask Mr. Croft to make a statement, and then call our next panel—is while I believe Section 8 is a real option here—and I think we need to pursue it—it should be a question as to what percentage of Section 8 housing is natural or normal to a community that we would maintain that balance between non-subsidized and subsidized for the overall health of the community. So if Section 8 represents 10 or 15 percent of normal rentals, it cannot then in a disaster area become 80 percent of the recovery. It needs to maintain its balance with regular, unsubsidized rental or housing. And that is a question that we have to really, as we pursue additional Section 8, think about doing it in balance with non-subsidized housing as well so that the community recovers in a balanced way.

So be thinking through that issue and trying to resolve the feelings about HUD. I mean, we have got to choose. You are testifying that FEMA is not necessarily doing what it needs to do; HUD may not either. And do we need to create another agency——

Ms. CROWLEY. No.

Chairman LANDRIEU [continuing]. Or do we need to make HUD be better? Do we need to make FEMA be better?

Mr. Croft.

Mr. CROFT. Well, I would like to just restate the fact that vouchers and money really do not provide housing, and we ran into that in New Orleans and throughout Louisiana, as well as Atlanta, New York, Houston, all the places our citizens were evacuated to. Just to say we are going to give you $2,000 and later more money, now go find a place to stay, it did not happen because there were no places to stay. A voucher does not create a house. And, I think the approach to FEMA being the housing coordinator is good. I think HUD should play a major role, and as I said in my testimony, I think it is time to bring all of those agencies together and develop a better strategy for future disasters.

Chairman LANDRIEU. OK. Thank you all very much. Our second panel will consist of Matthew Jadacki, Gil Jamieson, General Jack D'Araujo, Andrés Duany, and John Badman.

Matthew Jadacki oversees the Department of Homeland Security Disaster Assistance Program on behalf of the Inspector General's office. In his role, he is responsible for ensuring that these disaster funds are wisely spent. He is a certified public accountant. His office conducted a review of the Alternative Housing Pilot Program, which I requested, and he will be giving us some information about that. I am particularly interested in one of your findings that you stated, "As a consequence of FEMA decisions, the communities hardest hit by the 2005 hurricanes did not receive proportionate shares of the $400 million appropriated for the program. . . . The award amounts that were decided upon and the decision to award 71 percent of the available funds to one project . . . were solely the decision of [one] Primary Selecting Official." And we will go more into that report as this panel goes on.

Gil Jamieson is the Deputy Director of Gulf Coast Recovery for FEMA. He has testified many times before a variety of different committees. He is the principal point of contact for the Federal Coordinator for Gulf Coast Rebuilding, Don Powell, and directly reports to Dave Paulison.

General Jack D'Araujo served as Primary Selecting Officer for the program, so we will be talking with you specifically about that.

Andrés Duany is a renowned architect and urban planner who has pioneered the movement to end suburban sprawl and urban disinvestment, known as "new urbanism." I have seen some of your work, and I am extremely impressed with your work, and I thank you for the focus that you have been spending on not just New Orleans and the region but the entire South Louisiana and the entire Gulf Coast, and I thank you for the new thought you are bringing to what we are attempting.

Jack Badman is CEO of RE: Formed Systems, a structural engineering firm that has developed an innovative approach to disaster housing. It involves the construction of Force 5 hurricane-proof accommodations for endurable-effective, cost-effective concrete materials. He will be talking to us about alternative housing outside of trailers that may or may not stand up under hurricane force winds.

Let's start with the Inspector General, if we could. Mr. Jadacki, I requested this report on alternative housing. Given the testimony of the first panel, I just want to stage this: That it became clear to many of us trying to oversee the recovery that what we were doing was not really working in a major disaster. So we scheduled some additional funding to come up with some alternatives. It was then designated in such a way that was really disappointing to those of us that had thought we were trying to pilot some new ideas. I have asked the Attorney General for a study, and it is prepared. I think it will be released today.

If you will go ahead and begin with your testimony, Mr. Jadacki.

TESTIMONY OF MATTHEW A. JADACKI,[1] DEPUTY INSPECTOR GENERAL FOR DISASTER ASSISTANCE OVERSIGHT, U.S. DEPARTMENT OF HOMELAND SECURITY

Mr. JADACKI. Thank you, Madam Chairman. Good morning. My name is Matt Jadacki. I am the Deputy Inspector General for Disaster Assistance Oversight in the Office of Inspector General at the Department of Homeland Security. Thank you for the opportunity to discuss the Alternative Housing Pilot Program.

In 2006, $6 billion supplemental appropriations were designated for disaster relief, of which $400 million was made available to FEMA for an Alternative Housing Pilot Program in the areas hardest hit by Hurricane Katrina and other hurricanes of the 2005 season. In response, FEMA officials developed and implemented a grant competition to identify, develop, and evaluate alternatives to and alternative forms of disaster housing. The competition was limited to the State-designated agencies of the Gulf Coast States, including Alabama, Florida, Louisiana, Mississippi, and Texas. By awarding competitive grants, FEMA officials sought to identify the best alternatives for housing disaster victims. By restricting the competition to the five Gulf Coast States, FEMA officials sought to comply with the congressional intent that the areas hardest hit by Hurricane Katrina and the 2005 hurricanes receive the housing developed under these grants.

When the Alternative Housing Pilot Program Guidance and Application Kit was issued by FEMA in September 2006, the designated agencies of the five Gulf Coast States were given 35 days to develop as many project proposals as they wished to submit by an October 20, 2006, deadline. A total of 29 project proposals were received, consisting of several from each of the eligible States. Some of the proposals envisioned developing more than one type of innovative housing, but most were focused on a single proposed type of unit.

Based on the results of the evaluation panel, three options were proposed for selecting and funding projects:

First, fully fund the highest scoring projects, until money is exhausted. This would have funded two projects.

Second option, optimize the number of housing alternatives funded within the competitive range. This would have funded 10 projects.

The third option, maximize the number of competitive States that receive funds. This would have funded five projects.

The FEMA selecting official chose option three. Today I will address five issues regarding the Alternative Housing Pilot Program: Whether the $400 million appropriated by Congress was proportionately allocated to the hurricane-affected communities, the decisions of the awards panel and the FEMA officials that led to the funding of innovative and creative emergency housing solutions; whether the panel reached fair and balanced decisions; whether the panel review process meet the basic requirements of openness and transparency required of all Federal advisory committees; and whether there were any violations of law in the manner in which the grant selections and awards were conducted.

[1] The prepared statement of Mr. Jadacki appears in the Appendix on page 92.

The communities hardest hit by the 2005 hurricanes did not receive proportionate shares of the $400 million appropriated for the program. The State of Mississippi's proposals were awarded a $281 million share or 73 percent of the available $388 million—a share greater than its proportion of the damages from the 2005 hurricanes. Consequently, the other Gulf States, which have to make do with the remaining 27 percent of funds among them, did not receive funds proportionate to the damages their communities sustained.

A number of innovative and creative disaster housing solutions were not funded because the vast majority of the available funds—71 percent—was awarded to one project. Had option two been selected, 10 project proposals would have been funded and the grant funds would have been much more effective in exploring and testing innovative and creative alternative solutions to disaster housing. Doing so would have resulted in the State of Mississippi receiving about 40 percent of the available funds, Louisiana receiving 37 percent, Alabama 13 percent, Texas 11 percent, and Florida 0 percent. Instead, only five project proposals received funding, half as many that could have been funded, and the majority of funds went to one State.

We did not note any evidence of lack of fairness or balance in the panel deliberations or conclusions. Although the majority of the panel members were FEMA employees, there was no obvious bias in how they conducted their reviews. The reviews were possibly unbalanced in that every rating factor was given the same weight as all of the other factors rather than being weighted, as is often the case. It is unusual when some factors are not considered to be more important than other factors. But FEMA officials made the decision for each factor to have the same weight, not the panel members.

FEMA officials concluded that the requirements of the Federal Advisory Committee Act (FACA), for openness, public access to records, and fairness did not apply to this awards panel review process. We concluded that FEMA's position was justified, given the facts of the situation. In addition, the panel process was not the key process that determined how many projects would be funded, what projects would be funded, or how much funding each of the selected projects would receive. Those decisions were the sole purview of the selecting official. More openness and transparency in the panel process would not necessarily have had any noticeable effect on the FEMA decisionmaking process.

We did not find any violations of law in the grant process, although the grant awards could have been made to fund and assess a greater variety of alternative disaster housing options, and while doing so would have resulted in a more proportionate distribution of the funds to the States. Moreover, the projects that have now been funded should expand the alternatives available for disaster housing in the future and should provide improved interim housing for many residents of the hurricane-stricken areas of the Gulf Coast. FEMA officials said they intend to closely monitor the funded projects to ensure that these projects are carried out in compliance with applicable laws and the terms of the grant program.

Madam Chairman, this concludes my prepared statement.

Chairman LANDRIEU. Thank you. Mr. Jamieson.

TESTIMONY OF GIL H. JAMIESON,[1] ASSOCIATE DEPUTY ADMINISTRATOR, GULF COAST RECOVERY, FEDERAL EMERGENCY MANAGEMENT AGENCY, U.S. DEPARTMENT OF HOMELAND SECURITY

Mr. JAMIESON. Good morning, Chairman Landrieu. My name is Gil Jamieson, and I am the Associate Deputy Administrator for Gulf Coast Recovery in the Federal Emergency Management Agency and within the Department of Homeland Security. It is my pleasure to be here with you today to update you on the background and status of the Alternative Housing Pilot Program.

Senator if I may, I know Junior Rodriguez, President of St. Bernard Parish, was due to testify in the first panel, and his wife fell ill. I wish for the record to state that the FEMA team wishes his wife, Evelyn, a speedy recovery.

Chairman LANDRIEU. Thank you.

Mr. JAMIESON. In the 2006 emergency supplemental, Congress appropriated $400 million out of the Disaster Relief Fund for the pilot program that could identify and evaluate new alternatives for housing disaster victims. The appropriations language required that the pilot be conducted in those areas hardest hit by the hurricanes of 2005, which FEMA subsequently determined to be the States of Alabama, Florida, Louisiana, Mississippi, and Texas.

The Alternative Housing Pilot Program Grant Guidance was released on September 15, 2006, and applications from the five eligible Gulf Coast States were requested by October 20, 2006. All of the five eligible States submitted applications that collectively contained 29 separate project proposals totaling almost $1.2 billion in requested grant funding.

A Technical Review team composed of FEMA experts assessed the soundness of each project from a building science, engineering, historic preservation, logistics, and mitigation perspective. Subsequently, a National Evaluation Panel composed of experts from the Office of the Federal Coordinator for Gulf Coast Rebuilding, HUD, American Institute for Architects, FEMA, DHS Preparedness, and the National Emergency Management Association, as well as a representative from the private sector—these folks met in seclusion for one week to review each proposal. After a period of review, discussion, and assessment, each panelist on the National Evaluation Panel individually and independently rated each submission, based on pre-established grant guidance criteria. Panelists were prohibited from sharing these final scores with one other. Panelists were also invited to provide written comments on each project. All of this information was provided to the Primary Selecting Official.

The following projects were selected for Alternative Housing Pilot Project grants: Mississippi Green Mobile project, the Mississippi Park Model, and Mississippi Cottage projects; Louisiana Cypress Cottage Partners; Texas Heston Group; and Alabama City of Bayou La Batre. These successful projects were announced on December 22, 2006. Since then, the FEMA Grants Office and Gulf Coast Recovery Office have been working with the States to clarify and resolve issues prior to the actual award. Upon award of the grant,

[1] The joint prepared statement of Mr. Jamieson and Mr. Garratt appears in the Appendix on page 41.

the grantees may access up to 50 percent of the grant funds. The remainder of the grant funds will be accessible when the grantee successfully completes all pre-construction activities.

On April 11, FEMA awarded the State of Mississippi approximately $275 million for the Park Model and Mississippi Cottage Project. We expect the other States with successful projects will receive funding in the very near future.

The evaluation of pilot projects will be led and managed by HUD and supported by FEMA. We are very encouraged and optimistic about the outcome of this process and believe there are real opportunities to improve the housing alternatives that FEMA can draw upon in future disasters.

Thank you, and I look forward to your questions and discussing FEMA's Alternative Housing Pilot Program with the Subcommittee.

Chairman LANDRIEU. General D'Araujo.

TESTIMONY OF MAJOR GENERAL JOHN R. D'ARAUJO, JR.,[1] (U.S. ARMY-RETIRED), FORMER PRIMARY SELECTING OFFICIAL, ALTERNATIVE HOUSING PILOT PROGRAM, FEDERAL EMERGENCY MANAGEMENT AGENCY, U.S. DEPARTMENT OF HOMELAND SECURITY

General D'ARAUJO. Good morning, Chairman Landrieu. I am John R. D'Araujo, Jr., and it is an honor to appear before this Committee to discuss my role as the Primary Selecting Official for the Alternative Housing Program.

From July 2006 until January 2007, I was the Director of the Recovery Division within the Department of Homeland Security's Federal Emergency Management Agency. Additionally, from July 2002 to March 2003, I served as the Assistant Director of what was then known as the Readiness, Response, and Recovery Directorate of FEMA. In that capacity, I coordinated the Federal response for all-hazard disasters, directing the activities of more than 22 Federal agencies under the previous Federal Response Plan. I recently retired and am testifying today as a private citizen.

During my time with FEMA, I had the privilege to serve as the Primary Selecting Official for the Alternative Housing Pilot Program, authorized by Congress in the 2006 Emergency Supplemental Appropriations Act. Though I served as the Primary Selecting Official, it is important to note that I was not responsible for the decisions creating the program or the general course that it took. As a result, I would defer questions on that issue to my colleagues from FEMA.

As the Primary Selecting Official, my role in the process was to take the results and recommendations from the Evaluation Panel and make the final decision about the award of funding under this competitive grant. I was not involved in any way in their deliberations or scoring of the projects, though I did receive periodic updates as to their progress but not the substance of their deliberations. To the best of my ability, I carried out my responsibility in accordance with established grantmaking procedures. In accordance with those competitive grant procedures, as the Primary Se-

[1] The prepared statement of General D'Araujo appears in the Appendix on page 99.

lecting Official, I considered the ranking, comments, and recommendations from the independent reviewers, as well as my own thoughts on the projects, before deciding which applications to approve and their order of approval. I made my selection based on the projects deemed most meritorious. Also, in accordance with established competitive grant procedures, as the Primary Selecting Official, I put in writing my reasons for each deviation from the ranking determined by the National Evaluation Panel, as well as my reasons for disapproval of a recommendation. I indicated in writing why I did not choose the third Mississippi project, Modular townhouse, which fell within the top-scored projects. My disapproval of projects was based on their ranking, and thus required no special explanation.

In early December 2006, Gil Jamieson, the Deputy Director for Gulf Coast Recovery, sent me a memorandum that summarized the comments of the National Evaluation Panel for each project and presented the overall ranking of each project. Three funding options were outlined in this memorandum: First, fully fund the eligible projects in the order that they were ranked by the panel; second, provide a minimal amount of funding to all eligible projects, dividing the funds between as many as 10 projects; or, third, provide significant funding to the top project from each eligible State, and then use the remainder of the funding to fund projects based on their relative rankings.

Under a funding scheme that stuck to traditional competitive grant processes and fully funded projects based solely on their ranking, the second highest-ranked project would have consumed the entire amount of funding. However, because I considered it important that there be a diversity of competitive projects funded, I selected and recommended partial—85 percent—funding for the top project from each competitive State. With the remainder of the funding, the second project—ranked second overall—was funded at 66 percent of this request.

By funding the top project from each State, FEMA is able to test emergency, interim, and permanent housing solutions. While I am aware that the Inspector General does not agree with this decision, it was my opinion that providing a minimal amount of funding to many projects would not have been consistent with the competitive grant process and could jeopardize the overall program by not allowing a full and fair evaluation of the highest-ranked proposals. Based on my selections, the projects previously described by both Mr. Jamieson and the Inspector General were the top five projects that were funded.

Madam Chairman, I thank you for the opportunity to appear before you, and I would be pleased to answer any questions you have regarding my role as the Primary Selecting Official for the Alternative Housing Pilot Program.

Chairman LANDRIEU. Thank you. We will have a great deal of questions about this. Go ahead, Mr. Duany.

TESTIMONY OF ANDRÉS DUANY,[1] FOUNDING PRINCIPAL, DUANY PLATER-ZYBERK AND COMPANY

Mr. DUANY. Madam Chairman, thank you. A little bit of history. Myself and our firm, we have been involved for most of the time since Hurricane Katrina, beginning by preparing the 11 charrettes that were done for the cities of Mississippi for Governor Barbour. We were also the firm selected to do all the charrettes in Louisiana, from east to west, as you know. And then we did three of the neighborhoods in New Orleans.

We have in some ways seen it all and done it all, and we find that there is nothing nearly as important, of all the things we have done—infrastructure, schools—as the provision of houses. The amount of human suffering that is being undergone in these States is truly astounding, and the people that I knew 3 months into the hurricane are not the people that you find now. There was a resilience, there was an anger to the people of Louisiana and Mississippi, a can-do attitude that is absolutely gone. The people have been destroyed, and the source is the absence of housing. There is nothing as important as the housing and nothing as important as doing it speedily. Time is of the essence, whatever happens.

Now, about this issue and this process, which is magnificent. I was involved actually in the design of the original Hurricane Katrina cottages before Governor Barbour's charrettes. We knew that this would be necessary. What drove us was, when we first realized that the cost of the trailers was between $60,000 and $90,000 for these temporary and uncomfortable structures, when the average cost of the housing, at least in Mississippi, including a lot, was $70,000. These lousy little trailers were actually costing more than the average house in Mississippi, and possibly Louisiana and the coast.

There was a fantastic opportunity to actually deliver housing better than the housing that was destroyed, which, after all, is the hope of these charrettes.

The competition has been actually a brilliant idea, and we must bear in mind that at the heart of it is design. There is a lot of scrutiny about process and about numbers, but this is about design. This is how we will do it better now as the trailers collapse and delaminate and fall apart, but also how we will do it better next time. So I am going to confine my statements to design.

First of all, cost and permanence. As I have said, for the up to $90,000 that is being provided by FEMA, both for provision and maintenance and removal, this magnificent sum is literally thrown away in disposable quarters. It is not the best use of our taxes. This magnitude of investment can and should create very good housing of a permanent or quasi-permanent type. The Louisiana proposal, our competition proposal, does that. The housing can stay there essentially for good.

Liveability and resilience. Hurricane Andrew—and I was involved in Hurricane Andrew 15 years ago; we did the charrettes for Hurricane Andrew—has shown that some FEMA trailers are still in place 15 years later. It is astounding after the event. And despite the smaller scale of devastation and the ability of Florida to

[1] The prepared statement of Mr. Duany appears in the Appendix on page 102.

have a construction industry which neither Louisiana nor—particularly Louisiana does not have a construction industry to speak us, South Florida does, and we still have FEMA trailers from Hurricane Andrew up. This means that a child could have been born and completed junior high school while inhabiting one of these trailers. Effectively for that individual, the FEMA house is his or her childhood home. Our Louisiana proposal is for real houses where such a child can grow up with pride and without unnecessary dysfunction.

The contextual aesthetics. As you might know, the provision of the FEMA trailers has been made unnecessarily difficult because many neighborhoods did not want them. They were rejected everywhere. The public process charrettes actually led very often to people saying, "We do not want them," regardless of how necessary. They are associated with "trailer parks" of the kind that decrease real estate value. A very well-designed and permanent unit similar in appearance to permanent housing can and will go a long way toward mitigating this political problem. Our proposal looks as good as most houses in the Gulf. And I hesitate to say they look better, but they do. And, furthermore, it can be adjusted to match any local vernacular in the future. Remember, this test is for problems of the future, for catastrophes of the future. Sometime in the future a hurricane will hit Virginia, will hit North Carolina, will hit, for example, the New England States. One of the things we would like to explore is the possibility of this FEMA housing being adjustable to the vernacular of these other places so they will be accepted by the neighbors. And we would like to do that as part of the experiment.

Flexibility. FEMA housing should be transitional in one specific sense, and only one, which is that their earliest use would be as dormitories housing first responders. Our proposal, at least half the units we intend to build include those that would house between 6 and 12 first responders comfortably, and they would be transformable. This housing would actually then transition—because what we need are the workers. The first responders come first. They must be the ones in housing first because they are the labor that will build the subsequent housing. Our units will house up to 12 of these workers, and then, with nothing other than a coat of paint, I suppose, they are transitional to full-time housing. And that is an extraordinary need.

Production in quantity. One of the problems in providing housing for large-scale catastrophes is the reality of production bottlenecks. When you have a single system, it can easily bottleneck. The Louisiana proposal mitigates that in the most efficient way with technology supplied by multiple construction systems, some of which are "open shelf" systems. Ours is keyed to Lowe's. Any Lowe's can actually provide the materials for some of our Hurricane Katrina cottages, which means they are available in containers ready to go. And as you know, Lowe's has a distribution system that is second to none. You may know that Wal-Mart and Lowe's were the first people in after the hurricane right behind the National Guard, and they provided the water and the supplies. It is a fantastic system, built in, it requires no public subsidies to actually have this ready to go. That is only one of the open shelf systems we have. The Lou-

isiana proposal, if permitted, will explore this aspect of emergency housing, the fact that it can be supplied, and we are now considering up to five different technologies so that the bottlenecks are virtually impossible. Also, this failure, technical failure of a type, and some of the FEMA trailers by the very few manufacturers that were used, the current ones, if they fail technically, the failure is cataclysmic because you do not lose one, you lose tens of thousands. This is impossible in a system that actually uses many technologies.

Last, I would like to say that the community aspect is important. If these are essentially—and, by the way, we have submitted up to six different designs. The designs are for in-fill for individual lots but also for the creation of new communities. These new communities are relatively dense, but they look single-family, up to 35 units to the acre while looking like single-story, single-family houses.

One of the things we would like to further explore with the FEMA funds available is to provide the services that are necessary. Anything from barbershops, banks, post offices, daycare centers, small markets, FEMA offices, and so forth must be simultaneously provided in a dignified way. These sort of concentration camps that FEMA trailer parks have turned into fulfill the worst, absolutely the worst fears of the neighbors who think that they are going to turn into slums, which indeed they have. The Louisiana housing proposals are of quality that you can achieve a mix of poor people, lower-middle-class, and upper-middle-class. People of different classes can live comfortably in these communities because of the nature of our design.

Now, to speak a little bit about Mississippi and——

Chairman LANDRIEU. If you could wrap up in about one minute.

Mr. DUANY. Right. To speak a little bit about Mississippi and Louisiana and the nature of their—the Mississippi trailers are different from the Louisiana ones. The Mississippi ones, they can come faster; they can be the absolute first responder. They can be stocked somewhere, and they can be in within weeks. Ours will take a little longer. But gradually those, which essentially are mobile homes, very good-looking mobile homes but mobile homes, nevertheless, could gradually evolve into the next ones, which is to say they are both necessary. I think the selection was brilliantly done. The only thing we do not understand is why there are 9,000 of those, essentially, of a certain type which are vulnerable to monocultures. You know, 9,000 of anything is a problem right there. It is not that they are inferior. They are excellent and necessary. But I do not understand why there are 9,000 of those and only 400 to 500 of ours, when actually we have greater diversity and ours are the ones that provide actually the more permanent solution to the problem.

So I would say what is necessary is a rebalancing, not so much opening it up to more types, which would be a tremendous delay, because the array that is available is very substantial, but there may be a rebalancing in types. I do not think that the 400 that we have and the funding that we have would allow suitable experimenting in terms of providing the stylistic differences and the technical differences that are necessary to break the problem of the

monoculture. Nor have we been funded to do the neighborhood centers which are necessary, the ones that contain the banks and the administration buildings, post offices, and so forth, that we could certainly use some additional funding for that.

Chairman LANDRIEU. Thank you. Mr. Badman.

TESTIMONY OF JOHN BADMAN III,[1] FOUNDER AND CHIEF EXECUTIVE OFFICER, RE: FORMED SYSTEMS, INC

Mr. BADMAN. Thank you, Senator Landrieu. I am Jack Badman, CEO of RE: Formed Systems. First, let me say that better and cheaper approaches to providing disaster planning, response, and recovery do exist. They exist now and are available to FEMA, to the Federal Government, and to the American taxpayer.

Five years ago I founded our firm to find a way to build Force 5 hurricane-proof houses for the price of wood housing, hence prevent having to rebuild every time a hurricane hits. This was expanded into our comprehensive Emergency Planning, Response, and Recovery System, which we submitted to Alabama for consideration in the Alternative Housing Pilot Program. Alabama and Mobile County ranked our system No. 1 and featured it in their proposal—Mobile County Alternate Housing Pilot Program. We had discussed doing a demonstration of our emergency housing, and how quickly a lot of it could be assembled by unemployed workers, then show how it all transitions into temporary housing, then how all these materials could be incorporated into truly permanent housing. We had hoped to do a large emergency response development, but Mobile County said FEMA controlled how much money we would get. FEMA did not select us, and we have not received a debriefing. We are unaware of a selected concept that better met their RFP's criteria. We also hope to better understand their rationale in a debriefing.

We offer a "pay one time" and "ship one time" approach that results with virtually indestructible housing suitable for any location that Hurricane Katrina struck. Our emergency housing, which competes with tents, hotel rooms, and cruise ships, is highly flexible and far more cost-effective. It can be a studio or a 1- to 5-bedroom shelter. Each family is allocated what they need, in a private, secure facility. They do not have to cohabitate in a tent with other families. Thousands of various sized shelters can be erected at various sites within 12 hours of a storm's passing. We anticipate being able to construct and furnish shelters faster than emergency workers can sort out who will be assigned which shelter. Lots of preplanning is involved, but it is highly cost-effective and very responsive to evacuees' needs in a time of crisis.

While families inhabit our shelters, without disturbing them except for 2 hours, their shelters can be expanded quickly into temporary housing by adding our toilet and kitchen modules and a long list of amenities and wrap-around services. This replaces FEMA trailers with a long list of benefits. When no longer needed, the materials for our emergency to temporary housing is disassembled and locally reassembled into our permanent Force 5 hurri-

[1] The prepared statement of Mr. Badman with an attachment appears in the Appendix on page 103.

cane-proof, submergible housing. All material is shipped one way and is consumed locally. Money spent for emergency to temporary housing materials is not wasted since all the materials are incorporated into our permanent housing. Nothing becomes surplus or obsolete, nor needs to be shipped to storage yards, stored or refurbished. There are no disposal problems.

During the next emergency response everybody gets fresh, new, next-generation materials. In future storms no one will feel they are getting used trailers or less-than-the-latest. In summary, instead of paying first for emergency housing via tents, then paying for temporary housing via FEMA trailers, then paying for permanent housing—which really may be destroyed again—our system has all the materials in our emergency housing included in our temporary housing, and all that is included in our permanent housing, which will never have to be replaced. Each phase just adds more materials to the previously used materials. Our permanent housing conceals all materials behind new finishes, so nothing looks used. This approach was honored as the "Disaster Response" cover story of CM magazine, the official magazine of ACMA, the American Composite Manufacturers Association, and the world's largest trade organization for polymers. It's on our website, ReFormedSystems.Com. A photo from the first of my four trips to New Orleans is on the cover. What it does not show is right behind the teddy bear is its owner's body.

Saving money has not been our only objective. We feel FEMA failed to recognize some of the benefits we bring. Our system is one-third the cost of their current system. It is far faster and prevents having to spend money for future damage; hence, it has an extremely low life-cycle cost. In the future, we suggest FEMA address what should be their most important goals, make these goals their primary focus and ensure that they select the new, vitally needed innovative approaches that work toward meeting these goals.

The greatest problem is in pre-hurricane planning. FEMA should be seeking new innovative approaches that can provide permanent units that can be sited anywhere, including on the coast and under sea level. This requires a variable wall system to develop the flexibility needed. We are unaware of any of the selected systems that can do any of the above or the following: FEMA should look for systems which do not use wood, gypsum, SIP panels, or other materials prone to flood or mold damage. Seek structures designed to be submergible, which can have the muck and mold cleaned. Evacuees will lose the use of their houses until cleaned out, but no structural damage should be likely. In floodable areas, FEMA should not use materials such as wood and SIP panels that float and add buoyancy forces if underwater. Seek materials that are very compact and only ship one way via high-speed common carrier, so the highways and commuters are not affected by slow traffic, trucks pulling trailers, etc.—hence, with shipping costs and aggravation that are far lower.

Ideally, nothing has to be eventually returned to storage yards, refurbished, or disposed. A great advantage would be in systems that require very few skilled workers to assemble it, and do not compete for scarce carpenters. Hence, unemployed persons seeking

hard but rewarding work can earn money while taking pride in helping their communities respond or rebuild.

Systems should not have a fixed sized, not be design specific or copyrighted like a Hurricane Katrina cottage. This allows communities to determine how their units will look and aids community buy-in. Key is taxpayers should not be asked to keep paying for disaster recovery over and over again. The criteria should be fix it once and never have to have it fixed again. This is in the Gulf's best interest. By rebuilding with what will not be destroyed, taxpayers will back it. More money will gladly flow into the Gulf. Mortgages and insurance with be available. Tax incentives should pass to back this new approach. Find systems which are ideal for the areas that now cannot get mortgages or insurance.

Because FEMA did not recognize the need for all the above, which we offered, we are concerned that FEMA is not asking the right questions. As CM magazine explained in more detail, there are approaches such as ours that can be of great benefit to FEMA, the evacuees, the communities, the States, and the taxpayers. As such, we feel Congress should now add an additional pilot project that encourages the development of additional projects in order to test the additional diverse ideas available. We suggest this new pilot project be viewed a venture capital and suggest FEMA draw on the technical community to help rank and select those projects with the greatest potential return on investment and long-term payback.

Chairman LANDRIEU. Can you wrap in just a minute?

Mr. BADMAN. Yes. With such an enhanced selection process, taxpayers should see new hope that there will be improvements, new approaches, new effective planning, real progress. By investing additional pilot program funds effectively now, trillions can be saved over time, making it of outstanding help to the community, not just taxpayers. We hope Congress and FEMA will give us an opportunity to work together for the common good.

Chairman LANDRIEU. Thank you all very much.

Let me just begin by saying the time is going to be so short this morning that I anticipate we are going to have to do a second hearing on this subject sometime shortly because we have really just scratched the surface with the problems and challenges for housing. And I recognize that we are not the only Subcommittee focusing on this, and you all have testified before other committees. But while I have heard a lot of problems, I have not heard many solutions this morning, and we are going to have to get to some better solutions.

But for the purposes of this panel, as one of the key architects of the $400 million pilot program that was supposed to be to seek alternatives from the trailer situation that was described not just by Louisiana officials or Mississippi officials but by Florida officials, who said people had been in trailers not for 3 years, not for 5 years, but for 15 years, with no way out and no good options. We put this $400 million in to explore alternatives, only to find out recently that of the $400 million, $275 million was awarded to one State for the Park Model project, which was Mississippi; $74 million to Louisiana, which had three times the housing loss of Mississippi, but we got one-third or less of this particular funding pool;

and then projects like Mr. Badman has suggested did not get any consideration and still to this date, since the award, has not received any information about why their project did not get awarded.

So I guess, Mr. Jamieson, this is for you and General D'Araujo to try to explain to the public at large how this was done. I know that you all say it was done competitively, but I am holding in my hand the competitive grant document. Unless my information is incorrect, there is no competitive process, this is still in draft form? Or is there one that has been finalized? Because I cannot find it.

Mr. JAMIESON. Senator, in relation to your specific question, I am not aware of any final document.

Chairman LANDRIEU. So there is no final competitive process that everybody keeps saying was used. There is no final competitive process.

Mr. JAMIESON. Well, there was a process——

Chairman LANDRIEU. There was one made up for the purposes of this program, but there is not a standard one, because this is the draft.

Mr. JAMIESON. Actually, Senator, we engaged in competitive grant processes after September 11, 2001, for communication interoperability and a variety of different supplemental funding——

Chairman LANDRIEU. So you used that process for this process because we do not have a standard one.

Mr. JAMIESON. Yes, we did.

Chairman LANDRIEU. Is it also true that you gave the States only 30 days to respond?

Mr. JAMIESON. I believe it was in the neighborhood of 30 days, 35 days.

Chairman LANDRIEU. And was there some reason that could not be extended?

Mr. JAMIESON. Just the urgency in terms of trying to run this process as quickly as we could to get different alternatives in advance of the upcoming hurricane season.

Chairman LANDRIEU. So you must have assumed the next hurricane was going to hit Mississippi and not Louisiana or Alabama or Florida or North or South Carolina since $275 million went to Mississippi. So how did we know that the next hurricane would hit Mississippi? Because we would be happy to pass that information on.

Mr. JAMIESON. Senator, we do not presuppose that the next hurricane is going to hit——

Chairman LANDRIEU. But you sent the majority of the money to Mississippi in case a hurricane did?

Mr. JAMIESON. What we attempted to do through the pilot program and through using the Gulf Coast States as a laboratory is explore different alternatives that could be used nationally, any hurricane, any natural disaster——

Chairman LANDRIEU. So how many Gulf Coast States do we have?

Mr. JAMIESON. We have five that were involved in the pilot program.

Chairman LANDRIEU. And do you disagree that the end result of a competitive process that was never fully established, that 75 per-

cent of the money basically went to one of the Gulf Coast States? Was their project so superior—I see the ranking here, and I just will submit it to the record, that was a score of 182. The Cypress Cottage was next at 156; Texas Heston was 159; Modular Townhome in Mississippi was 157. So there is only a one-point difference between these in the ranking. Mobile County I do not think got anything. They were 146.

Was the Park Model so superior? And if it was superior in its design—which let's just grant for the sake of this argument. Let's just say we are going to prove through a series of these hearings beyond a shadow of a doubt that the one design was so far superior than everything else that was submitted. Why do they need—how many are we going to provide for them?

Mr. JAMIESON. Senator, you will see in the documentation that I think their proposal came in at something in the neighborhood of 7,000 or something like that based on——

Chairman LANDRIEU. So we are going to provide 7,000——

Mr. JAMIESON. No, we are not. As a matter of fact, the panel specifically—there are two housing alternatives——

Chairman LANDRIEU. So how many are we going to provide?

Mr. JAMIESON. In the neighborhood of 1,800.

Chairman LANDRIEU. For $275 million?

Mr. JAMIESON. Well, the other part of their proposal is the Mississippi Cottage, and that is—we thought——

Chairman LANDRIEU. OK. So let's just get for the record: How many cottages and how many trailers on wheels?

Mr. JAMIESON. There will be 1,858 mobile park units that will be awarded to Mississippi with the funding that they received. Mississippi Cottages, there will be: Two-bedroom, 1,397; three-bedroom, 1,396; for a total of 4,651 units.

Chairman LANDRIEU. So my point is, based on being one of the key authors of this total amount of funding, that the idea of it was to promote alternatives, not to build communities. And if the alternatives worked, then we could expand it fairly across the Gulf Coast and, frankly, the Atlantic Coast, that has similar vulnerability here.

Mr. JAMIESON. Sure.

Chairman LANDRIEU. But evidently, that thought obviously never got communicated to FEMA in the way this grant was put out. You just decided that we just needed to get these houses in Mississippi in case a hurricane hit them again and too bad for Louisiana, Florida, or anybody else that might have people in harm's way. Is that the thought or the argument, the process that you went through?

Mr. JAMIESON. No, Senator. It clearly is not the thought or the process that we went through.

Chairman LANDRIEU. Then why is it necessary to have 1,800 of something to prove it works?

Mr. JAMIESON. Well, we did not prejudge what States could propose. To overemphasize to make a point, I was prepared to say that if no State submitted a competitive proposal, that all of the funding could go to one State—Louisiana, Mississippi, Alabama, or Texas. The intent of this was to let the marketplace speak to us and tell us how we could do better than the current manufactured housing, travel trailers and mobile homes that we were currently using. And

so what we did is we evaluated what was given to us by the States. A technical panel looked at it. They told us what they thought were the most and the best solutions.

Now, I think there is an argument that can be made in terms of what is the right number of units to constitute a fair evaluation. Is it 7,000? Is it 1,500? Is it 10? But what we have to do is react to what the States gave us, look at the technical evaluation that we received, and make a decision.

Chairman LANDRIEU. See, I disagree with that. I do not think you had to react to what the States gave you. You are the agency trying to evaluate different models and projects for the benefit of the Nation. You were supposed to look at alternatives to trailers, which have been proven to work only in a very certain circumstance. They are expensive, and they can be vulnerable, and they might be appropriate in certain circumstances. And the record was replete with meeting after meeting, document after document. And so we said, OK, since we are spending billions of dollars in a system that seems to not be meeting the needs of our constituents—rich, poor, black, white—let's provide some funding to seek alternatives. It wasn't let's provide funding to keep one State safe or safer from the next disaster. It was to explore. And there was no mandate to spend all the money in the first 6 months. I do not know where that came from. This was supposed to be money available to explore options. That was turned into, "Let's hurry up and give 75 percent of the money to one State to build communities."

Mr. JAMIESON. Senator——

Chairman LANDRIEU. And that is a violation of the intent of the funding.

Now, I am going to submit the memos to the record, and we are going to have another hearing on this because it is a pattern, I want to say, a pattern of not allocating money fairly between States to not meet the great challenges that we have to find adequate housing and response to disasters. And it is just another evidence in my view to that.

And I will just say this for the record, and I know I am taking the prerogative as the Chairman, but that is what chairmans get. It is making it extremely difficult for a person like myself or any Senator representing any State to actually do anything about this, because every time we specifically direct funding to a State, we are told that we cannot do that any longer. There are no more earmarks. There is no more direct funding. So we trust—which will probably be the last time I do this—trust administrators with funding, hoping that you all will make appropriate decisions because we have some restrictions on earmarks, self-imposed but nonetheless, and ones that I do not necessarily agree to for this exact purpose. So it makes it even more frustrating in trying to get funding for a variety of different alternatives to try out, let us see what would happen over the course of the year, and then decide among all these what is the best and maybe move our entire Federal program closer to that. But that effort has now been thwarted by the awarding of this contract, in my view.

Now, the time is short. Does anybody want to add anything else to this record? And we will probably have another hearing on it. Mr. Badman.

Mr. BADMAN. Just one comment to back up Mobile County's submission. We feel that we offered the only one that actually addressed emergency, temporary, and permanent housing. In fact, all the housing that was selected is permanent housing, and I think the real need is to find a way to transition through each of the phases and not have it be three times the current cost. And that is what we propose.

Chairman LANDRIEU. Any closing comments, General D'Araujo?

General D'ARAUJO. Just a couple, if I could, Senator. Let me add from my perspective that, in my view, I thought the structure of the competitive guidance that was put together for this particular program—and I know you referred to the draft guidance there—but there was a specific competitive guidance document that guided me in this process. That is what I attempted to follow: The objectives for providing alternative solutions for future disasters, the life-cycle costs, the applicability across not only the Gulf Coast but across the country for future disaster operations.

I think it would be remiss on all of us if we do not take those many lessons learned, some of them extremely painful, and use a mechanism like this to adjust for catastrophic events in the future. I think this does that.

It is arguable about how the money was allocated, which projects were most meritorious. But keep in mind, I would ask, that we received requirements for $1.2 billion, and taking away administrative costs, we had about $388 million to allocate. Lots of good ideas that came out of them, a number that you heard here.

One of my last comments in the memo that I sent to the Director of Management was that we not discard the other solutions that were not funded by this program and that FEMA, through its Joint Housing Solutions Group, keep those active in their review for other possible support. I am led to believe that that is being done.

Those are the only comments that I would leave you with, Senator.

Chairman LANDRIEU. I appreciate that, but I will just say that the chance to highlight some of the worthy aspects of many of these other programs has virtually been lost. FEMA can say what it wants to about what it liked to do. Maybe it could buy a billboard and promote how good some of them were. But the money that we allocated is gone, and the chances of me going back to an Appropriations Committee and saying please give me money for the projects that were not identified because they were good is non-existent.

So whatever chance you all had to take a little bit of money that we gave you and highlight across the board some interesting proposals, you chose not to do that. You chose to go to mass production of one, and that is either what we are going to be stuck with—let's hope it is really good because that is what you all did.

Go ahead, Mr. Jamieson.

Mr. JAMIESON. Senator, thank you, first of all, for the opportunity to be here with you. I would like to say—and the other vendors who proposed, as a matter of fact, I think Mr. Badman's point is a good point, and that is that all of those who proposed have an opportunity to review and have a back-brief in terms of the award process——

Chairman LANDRIEU. Well, when are you going to do that with each of them, so I could send them a note and let them know that FEMA will talk with them——

Mr. JAMIESON. Senator, I will go back and I will follow up with your staff in terms of getting a date when we can do that.

Chairman LANDRIEU. OK.

Mr. JAMIESON. I do think there are opportunities—as General D'Araujo pointed out, there were a lot of good proposals in there. There were a lot of tough decisions that were made by technical experts and architects in terms of those proposals. I do think the Post Katrina Emergency Management Reform Act (PKEMRA) in terms of the Stafford legislation does offer us the opportunity to explore some of those.

Chairman LANDRIEU. Let me just say this one other thing. The reason that this is so hard for me to understand is because under the general community development block grant funding which went to the States in question, the State of Mississippi received $5.5 billion for the community development block grant program, of which their general housing program only needed $3 billion. So they had an additional $2 billion. They could have bought these themselves, and they could buy all of them with the $2 billion they have extra.

So I am very puzzled as to how this was a free market or how this was based on demand or need. So we are going to visit that aspect of it, too. In other words, if the State of Mississippi thought that this program was so valuable, it actually has money in its bank account, it could have bought 5,000 of these if it wanted to.

Mr. JAMIESON. As does Louisiana, Senator.

Chairman LANDRIEU. No. I will say this: Louisiana does not have any extra community development block grant because—let me just say this for the record, because we are going to have many hearings until the truth comes out. The community development block grant funding that came to Louisiana was $10.5 billion. If you multiply three times three—we had three times three more houses destroyed than Mississippi. So if you want to use that as a basis—you do not have to, but it is one objective criteria—other than the political criteria that has been used. If you want to use objective criteria, then we should have gotten $15 or $16 billion. We got $10.5 billion. So we are either short $6 billion or we are short $17 billion, depending on what portion you want to use.

Now, that is a fact. It is not Mary Landrieu's opinion. It is a fact.

So we are going to be pressing this fact about how these community development block grant monies were distributed, and I understand that it was Congress itself that put a cap that no State could get more, which started this distortion. But that distortion is going to be corrected sooner or later.

Mr. JAMIESON. Senator, if I could make one final point, I think that the subject of need keeps coming up in terms of whether or not this Alternative Housing Pilot Program was designed to meet need. And I think the other statistic that needs to be looked at is the assistance that went into Louisiana for individual assistance where $5.5 billion went in for individual assistance and $1.2 billion went in for Mississippi, and——

Chairman LANDRIEU. Well, it is only because there were more people displaced in Louisiana.

Mr. JAMIESON. That is precisely right, but that is my point.

Chairman LANDRIEU. It is only more people displaced——

Mr. JAMIESON. I think in terms of the housing need, that is an adequate barometer in terms of FEMA's desire to meet the immediate and emergency housing needs in the State. That was my only point.

Chairman LANDRIEU. Anything else?

Mr. JADACKI. Senator, I believe our report speaks for itself, so I have no additional comments. Thank you.

Chairman LANDRIEU. I thank the panel very much, and I appreciate—go ahead, Mr. Duany.

Mr. DUANY. I would just add one thing, which actually could be functionally. The funds that we have are substantial funds, and they can be used to greater effect if FEMA would manifest some flexibility in the proposals. When we only had 30 days to do it, we had thoughts, we had ideas, but not all the thoughts and ideas that could possibly be explored. And many have emerged, and the Louisiana program can actually make substantial contributions to the intention of the bill if you could—if FEMA would retain a flexible mind about additional good ideas that have emerged since. And it is not necessarily happening, and I would say that if you would urge them to do so, it would be a much better outcome.

Chairman LANDRIEU. Well, I am not sure how much my urging is getting FEMA to do anything, but I will continue to try. But if you would submit those in writing to me, I will present them to this agency. I will do my best.

Mr. DUANY. Thank you.

Chairman LANDRIEU. Mr. Badman.

Mr. BADMAN. Senator, may I suggest strong focus be addressed to pre-hurricane planning. I think the greatest failure of all has been the failure to set up emergency response. With our system, if properly set up, we will be there instantly. And I think other systems can do that, too, and that is really where we have to start. We cannot have a knee-jerk reaction. We cannot be trying to figure out solutions after the disaster. We have to be ready for them ahead of time. And I think all the planning that was done after it was excellent, but a greater focus has to be on planning ahead of time.

Chairman LANDRIEU. Thank you, Mr. Badman. But you might be shocked to know that in another committee that I sit on, most of the planning money that goes from the Federal Government block grant to the States has been cut out substantially. We have learned very little lessons from Hurricanes Katrina and Rita, because we needed that money to fund interoperability. So instead of finding additional funding, we cut the planning money to give it to interoperability. So we have got some interesting work ahead.

Thank you very much. The hearing is adjourned.

[Whereupon, at 11:32 a.m., the Subcommittee was adjourned.]

A P P E N D I X

Statement of

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and

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Before the

Senate Homeland Security and Government Affairs Committee

Subcommittee on Disaster Recovery

U.S. Senate

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Good morning, Chairwoman Landrieu, Senator Stevens, and members of the Committee. It is my pleasure to be here with you today to update you on the elements and aspects of our housing mission and responsibilities, and how FEMA utilizes its authorities to meet the housing needs of those impacted by Presidentially declared disasters.

As part of the recent FEMA restructuring mandated by the Post-Katrina Emergency Management Reform Act, and in keeping with Administration's vision for a new FEMA, the agency has realigned its housing assistance programs under the Individual Assistance program area within the new Disaster Assistance Directorate, formerly the Recovery Division. In addition, Administrator Paulison, recognizing the importance of the logistics mission, realigned the Emergency Housing Unit, which is responsible for the storage, maintenance, and delivery of temporary housing units, under a newly independent Logistics Directorate, headed by an Assistant Administrator. I will address both.

Under Section 408 of the Robert T. Stafford Disaster Relief and Emergency Assistance Act, FEMA is authorized to provide individual and household assistance to the eligible victims and families of Presidentially declared major disasters. Broadly speaking, this assistance falls into two general categories: housing assistance and other needs assistance. *Housing assistance* authorized under the Stafford Act includes financial rental assistance, home repair assistance, home replacement assistance, and direct housing assistance, the last usually provided in the form of transportable, manufactured housing. Direct housing is only provided as a last resort, when other means of providing housing are either unavailable or practically unworkable. *Other Needs Assistance* authorized under the Stafford Act includes financial assistance to address disaster-related medical

and funeral expenses, replace certain limited categories of personal property, provide transportation, help with moving and storage expenses, and meet other serious needs faced by eligible disaster victims. The Stafford Act as currently written caps the amount of financial assistance, but it allows that amount to be adjusted annually for inflation. Financial assistance for disasters declared during fiscal year 2007 is capped at $28,200, however, Katrina and Rita were declared in fiscal year 2005, so the cap is $26,200 for victims of these storms. This is the maximum amount of aggregate financial assistance any eligible disaster victim, or household, can receive in a given disaster.

For those eligible Katrina and Rita disaster victims reaching the $26,200 limit on financial assistance, but still needing housing assistance, FEMA is providing temporary housing through direct housing assistance options, which are forms of in-kind housing assistance funded completely by the Federal government.

The Federal government funds 100% of all housing assistance, but is limited by statute to funding 75% of Other Needs Assistance; the other 25% must be provided by the State. It is important to note that FEMA's housing assistance programs and authorities were not designed to provide long-term housing solutions, but rather to provide eligible victims with *temporary* accommodations while they pursue a permanent housing solution on their individual road to recovery. Moreover, the assistance FEMA provides was not designed, nor is it intended, to take the place of private insurance, which is usually much more comprehensive in nature. Finally, FEMA assistance is not intended to make a household whole after a disaster; at best, it serves only to provide limited assistance as a helping hand to start a household on the road to self-sufficiency.

In response to Hurricanes Katrina and Rita, FEMA has provided over $7 billion in financial assistance to over 1 million households through its Individual Assistance

programs. This includes over $5.3 billion in housing assistance and $1.7 billion in other needs assistance. These numbers include:

- $2.30 billion of rental assistance, distributed to over 870,000 households. As of March 25, 2007, 32,885 households continue to receive some form of rental assistance payment.

- Over $436 million in home repair payments, helping make more than 185,000 Katrina or Rita-damaged homes habitable across the Gulf Region.

- More than $339 million to over 33,000 households to assist them with the purchase of replacement housing.

- In Louisiana alone, approximately $5.5 billion to individuals and families under our Individual Assistance programs, with more than $270 million distributed since the one year anniversary of Katrina.

In the vast majority of disasters to which we respond, FEMA is able to help individuals and households address their temporary housing needs entirely through financial assistance, by providing rental assistance to displaced residents to temporarily lease available rental units, and through financial assistance for limited housing repairs. However, Hurricanes Katrina and Rita destroyed or resulted in major damage to tens of thousands of homes and apartments, greatly limiting the number of rentable resources throughout southern Louisiana and Mississippi, and requiring that FEMA aggressively employ our direct housing authorities.

Under the authorities granted to us by the Stafford Act, FEMA can provide direct housing support to eligible victims and households either through the lease of

existing housing resources, such as apartment buildings, or through the provision of manufactured housing units, such as travel trailers and mobile homes. Following Hurricanes Katrina and Rita, both options were employed. Direct leases were secured to provide housing to eligible evacuees outside the impacted area, and manufactured housing was provided within the most heavily damaged areas of Louisiana, Mississippi, Alabama, and Texas to make up for the severely limited supply of housing stock. While manufactured housing, particularly travel trailers, do not offer all the amenities of a fixed housing resource, they nevertheless allow disaster victims who lack alternative options, to remain in their communities and close to their jobs, families, and schools, while they pursue a permanent housing solution.

- Over the last 20 months, FEMA has housed more than 120,000 households in travel trailers and mobile homes.

- As of April 12, 2007, the total number of households currently living in temporary housing has decreased to 83,463, including 54,986 in Louisiana and 26,181 in Mississippi.

- 81 percent of our temporary housing units are on private sites where individuals are rebuilding their homes.

- In order to house pre-disaster renters or those without access to a private site, FEMA constructed 162 group sites across the Gulf, including 115 in Louisiana. As of April 12, 2007, 141 group sites were still open along the Gulf Coast (106 in Louisiana, 35 in Mississippi).

Recognizing that many Hurricane Katrina and Rita victims and households have still not obtained permanent housing or achieved self-sufficiency, the President

has directed FEMA to continue providing housing assistance to eligible applicants until the end of August 2007, 24 months after the disaster declaration. FEMA's financial and direct housing assistance must, by statute, end 18 months after a disaster declaration unless the President grants an extension. This extension gives both disaster victims and assistance providers, at every level of government and within the voluntary agency community, additional time to help challenged victims reach a state of enduring self-sufficiency methodically and compassionately. Critical to that goal is the reconstitution and development of permanent housing, and a key initiative supporting that objective is the Alternative Housing Pilot Program.

In the 2006 Emergency Supplemental, Congress set aside $400 million out of the Disaster Relief Fund for the purpose of having FEMA conduct a pilot program to evaluate alternate forms of temporary housing that would, in the aftermath of a disaster, provide alternatives to our traditional reliance on travel trailers and mobile homes. The Appropriations language required that this pilot be conducted in those areas hardest hit by the hurricanes of 2005, which FEMA subsequently determined to be the States of Alabama, Florida, Louisiana, Mississippi, and Texas. Recognizing that a competitive grant strategy promised the greatest opportunity for success, FEMA developed a supporting process to ensure that those proposed projects that maximized the selection criteria received first consideration in the awards. The Alternative Housing Pilot Program Grant Guidance was released on September 15, 2006, and applications from the five eligible Gulf Coast States were due October 20, 2006. All of the five eligible States submitted applications that collectively contained 29 separate project proposals totaling almost $1.2 billion in requested grant funding. However, $388 million has been made available for award, with three percent of the overall amount dedicated to administrative and management costs, evaluations, and

amendments, as needed. Our partner in this effort, the Department of Housing and Urban Development (HUD), will lead the formal evaluation of the pilot projects.

A Technical Review Panel composed of FEMA experts assessed the soundness of each project from a building science, engineering, historic preservation, logistics, and mitigation perspective. Subsequently, a National Evaluation Panel composed of experts from the Office of the Federal Coordinator for Gulf Coast Rebuilding, HUD, American Institute for Architects, FEMA, DHS Preparedness, the National Emergency Management Association, and a private sector construction/engineering firm met in seclusion for one week to review each proposal and the assessments of the Technical Review Panel. After a period of review, discussion, and assessment, each panelist on the National Evaluation Panel individually and independently rated each submission, based on pre-established grant guidance criteria. Panelists were prohibited from sharing these final scores with each other. Panelists were also invited to provide written comments on each project. All of this information was provided to the Primary Selecting Official, who determined that the most meritorious construction project – if competitive - from each State should be awarded an Alternative Housing Pilot Project grant, maximizing the number of competitive States receiving funding. The following five projects were selected for Alternative Housing Pilot Project grants:

State	Project	Requested Funds	Partial Funding	Recommended Award	Ranking by National Evaluation Panel
Mississippi	Green Mobile	$6,930,450	85%	**$5,890,882**	1
Mississippi	Park Model and Mississippi Cottage	$400,000,000	69%	**$275,427,730**	2
Louisiana	Cypress Cottage Partners	$87,696,906	85%	**$74,542,370**	3
Texas	Heston Group	$19,378,500	85%	**$16,471,725**	4
Alabama	City of Bayou La Batre	$18,432,1100	85%	**$15,667,293**	6

Projects selected for possible funding under AHPP were announced on December 22, 2006. Since then, the FEMA Grants Office and Gulf Coast Recovery Office have, as part of the pre-award negotiation procedures, been working with the States to clarify and resolve issues, and ensure each selected project is viable. Some of the issues include: site/location of projects, compliance with local zoning, permit and flood zone regulations, blue prints, architectural and engineering drawings, budget and cost information, and disability provisions. Upon completion of all pre-award procedures, the grantee may access up to 50 percent of its grant funds. The remainder of the grant funds will be accessible when the grantee successfully completes all pre-construction activities, to include compliance with any and all Federal requirements that apply to a particular project. States will be required to provide additional information for appropriate FEMA review before any remaining funding for the projects will be released.

On April 11, FEMA awarded the State of Mississippi $275,427,730 for the Park Model and Mississippi Cottage Project. The project will include state-of-the-art engineering standards, designed to maximize energy efficiency with environmentally sound materials. Both units are designed to withstand 150 mile per hour winds, incorporating an advanced anchor system to substantially secure the unit to the ground. Once tested and proven, these models could be used in response to future major disasters. We expect several of the other grantees to receive its funding in the very near future.

As previously stated, the evaluation of the pilot projects will be led and managed by HUD, and supported by FEMA's Joint Housing Solutions Group and Transitional Recovery Office field staff, who will assist with the day-to-day monitoring of the projects. These responsibilities will be fully articulated in an Inter-Agency Agreement.

Finally, we want to provide a brief discussion of our temporary housing inventory. The FEMA Logistics Directorate maintains several manufactured housing storage locations across the nation, which host approximately 15,000 never-used manufactured homes and travel trailers, as well as many more thousands of units which, after providing disaster victims many months of temporary housing service, have successfully fulfilled their mission and been returned to FEMA. Because the pace and volume of these returning units threatens to overwhelm existing storage space, FEMA has been working closely with the General Services Administration (GSA) to accelerate disposal, primarily through GSA's Exchange Sales Authority and GSA's Surplus Property program. In addition, the new FEMA, together with our partners at GSA, has pioneered a proactive disposition initiative that allows previously used but habitable units to be expedited through disposal processing to become available to States that have suffered an event requiring temporary housing support, but which do not necessarily qualify for a Presidential disaster declaration. We are proud of the success of this initiative, and believe it reflects a new, more flexible, more proactive FEMA.

President Bush, Secretary Chertoff, Administrator Paulison, and the men and women of FEMA are dedicated to the mission of disaster and victim recovery, and staunchly committed to improving the speed, efficiency, and accountability with which we perform that mission. That commitment is not only to the victims and communities of those disasters that we expect to face in the future, but to those victims and communities still struggling with the personal, professional, and social consequences and challenges of past disasters. Together, with our outstanding partners throughout the federal, state, local, private, and voluntary agency communities, we will continue to advance ideas and pursue assistance solutions that will effectively, and compassionately, help individuals and communities recover, re-establish, and reclaim their neighborhoods and communities.
Thank you. I look forward to discussing FEMA's recovery efforts with the committee.

United States Senate
Subcommittee on National Disaster

Tuesday April 24, 2007

Testimony Related to the FEMA
Temporary Housing Program
In the Aftermath of the 2004 Hurricane Season in Florida

Submitted by:
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On behalf of Charlotte County, we would like express our gratitude to the Committee for the invitation to speak to you today. It is indeed a high honor and privilege to share our experiences and offer our input. We are hopeful that through this process we can help improve this vital emergency response system.

During the Hurricane season of 2004 Charlotte County, Florida experienced four named storms/hurricanes crisscrossing the County over a six week period. The devastation was overwhelming with the county still recovering in many areas of this small coastal community. With a population of just over 174,000, the human loss as well as the economic loss was in many cases not able to be quantified even though our loss of life was minimal. The Federal Emergency Management Agency immediately arrived in Charlotte County and was strongly involved in direct recovery in the urgent aftermath of these natural disasters. This included the construction, assembly and mobilization of a temporary housing program that was essential to our recovery progress.

Charlotte County started with 2,252 family units in FEMA temporary housing. This equates to roughly 9,000 individuals. Of these, 551 mobile/manufactured homes were installed on County owned land leased to and controlled by FEMA near our rural county airport. This facility received most of the notoriety over the months of its existence. There were 75 mobile/manufactured homes at two commercial mobile home parks in the county, 1,042 travel trailers on private sites (during reconstruction of damaged property) and 584 travel trailers in commercial travel trailer parks.

The existence of these temporary housing units was absolutely critical to the start up of the regional recovery process. Thousands of individuals would have been homeless without the availability of these housing units. There would have been a much higher level of risk factors for the community as it relates to disease, injury and life threatening situations, due to challenges and handicaps.

As with any program of this size and importance, a number of significant issues related to the operation of this program became evident. There was a lack of significant control or criteria for

continued occupation of sponsored housing. Those requirements in place were loose and prevented the vacating of units in a timely manner. There was limited local input into the decision process for the renewal of housing placements. We experienced little interaction between FEMA housing staff and local housing agencies/staff to expedite placements. The rental inventory was received from real estate lists on line or listings in the newspaper. Most were outdated before they were available to the public. There was a conscious decision, by FEMA, to prevent direct access to residents by social service agencies to help with placements due to confidentiality policies. When this access was allowed in July of 2006 it resulted in the placement of over 450 families within 60 days.

In May of 2006 a decision was made by FEMA to charge rent to those remaining occupants of temporary housing. Collection of rent was not enforced, so for the most part – no rent was paid. There was no incentive nor was there any aggressive action to make the trailers a disadvantage and advance the recovery process by moving more individuals into permanent housing when available, sooner.

There were specific issues related to the mobile homes in the FEMA Park. These issues were related to the many social forces that came into play. The park was closed to County and other agencies until eight months prior to initial lease end. There was significant crime from occupants due to lack of police protection and security. There was, at the highest point, an average 450 calls per month to the County Sheriff's Office at the Airport FEMA site alone for vandalism, domestic violence, theft and fear of safety. There was an ever present drug culture in the park, the root of most of the problems. There was no social support, i.e., no activity alternatives, no energy release for children, no recreational facilities, no central community center facility for families to congregate and have a sense of community, no worship facilities, no retail or convenience store for essential supplies and necessities.

During the history of the temporary housing program there was a rotation of occupants during the first twelve months. Those with the means to do so moved out into permanent housing. The early occupants were able to replace or rebuild housing, find rental housing or move into apartments that became available over time. The

emptying of units offered the opportunity to fill them with families on a FEMA waiting list. The park became a continual changing neighborhood without any neighborhood characteristics. After the initial twelve months, the Park no longer was a traditional housing project. It became a concentration of low to moderate income individuals that included persons on disability, fixed Social Security retirement, other retirement funds, welfare recipients, persons with mental and physical challenges and squatters. The occupants were of all ages, with many having their place of origin out of Charlotte County.

The travel trailers had fewer and less difficult problems associated with their use. Most were on private property with a much higher degree of motivation to move on. There were, in many cases, large families or numbers of people in each unit. It was reported, in some cases that up to twenty individuals were living in very limited and small units. Recreation vehicles are compact and not designed to live in for an extended period of time. As with the mobile homes, there was little interaction with local governments regarding local codes and the continuation of occupancy requirements. Some units were not where they were recorded to be and found on alternative sites without FEMA or County knowledge. Units were vandalized regularly by occupants and others because there was no vested ownership by occupants and no concern for them after the need left.

The Temporary Housing experience that started as "a necessary adventure in living" for most involved, quickly turned into cramped living space, extreme unit closeness to neighbors, filth, and problem ridden housing. Even though, for the most part, it was free housing, it became tense and very insecure after about six months.

If asked what we would like to see changed or done differently should the need for temporary housing arise again in this community, we would offer the following observations:

- The trailer complexes should be much smaller, fifty or less units. Larger facilities, by nature, require an "out of town" location because of the massive land requirements. This results in access problems as well as the lack of "ownership" of

occupants in their own rebuilding efforts and that of their community.

- We would seek stricter criteria for housing eligibility and continuance soon after the initial shock of the disaster has passed and a legitimate evaluation can be started.
- Individuals should be located as close to their original community as possible. This could result in participation in the rebuilding of their neighborhood by being closely involved.
- We would ask that there be stricter local code adherence enabling the local building and zoning officials' involvement in solving the long term housing problems related to rebuilding.
- In our opinion, there needs to be absolute deadlines enforced when housing is or becomes available and when the program will end under normal circumstances.
- The FEMA "partnership" with locals should be started and enhanced in the beginning to expedite the process of placement. Local community management should be instituted as soon as possible and practical. It is our opinion that FEMA is not and should not be a long term housing organization. FEMA needs to become an emergency response agency and then move onto other response needs.
- At some point early in recovery, FEMA should relinquish control of temporary housing to the agencies of federal, state and local governments that have expertise needed to assure that the goal of the program is adapted to local needs and is effective.
- The federal sources of funds that were used to staff this project could be redirected for a shorter time period, at a lower level to support the local efforts to place these people.

In conclusion, the Disaster Recovery Federal Temporary Housing Program as administered by FEMA was and is essential to protecting citizen life, limb and property after the event. Without these temporary housing units, the effects of such an event would be much more devastating. This program allows the victims of the disaster to have a relatively safe, dry and secure dwelling to bridge housing availability due to the loss of properties and the funds to rebuild or replace housing.

The Charlotte County units were well used. Approximately 80% of the original housing clients rotated out to permanent housing in the first twelve months after the event. FEMA then worked through their waiting list for placement from travel trailers to mobile homes. It was this transition that affected the viability of the program from this point forward. Placement was hindered by the lack of access to the residents for agency assistance to move the project on to closure. The unit occupant demographics became individuals that had no urgency or intention of moving on until forced. The program would not allow local FEMA staff to "evict" these individuals therefore causing a standoff with the trailer residents building resentment in the general County population and in the media.

Currently the land lease between FEMA and the County has expired without renewal. The mobile home park is now empty and being reclaimed by the removal of infrastructure and electrical services. The remaining units that were occupied have been vacated and seven remaining occupants have been moved into travel trailers in a commercial park with no date certain for finalization of this program. FEMA officially ended this program in early 2007. There remain two units that are being worked through by FEMA and the county with agency resources. The rest are not progressing through a placement process with any zeal. Charlotte County purchased seventeen (17) units from FEMA and has sold them to the occupants for continued temporary housing. Two are mobile homes that are being permanently placed in mobile home parks outside of the county. Fifteen are travel trailers that are on private property and are occupied until the adjoining property is rebuilt or replaced. If there is no building permit or if a permit expires, the travel trailer must be moved to a suitable properly zoned property. Titles for these properties have not been transferred to the final owners due to FEMA not being able to locate certificates of origin, as per FEMA staff. The price paid by the County to FEMA and then paid by the occupants to the county is $500.00.

Dedicated solely to ending America's affordable housing crisis

Testimony of Sheila Crowley, MSW, Ph.D.
President of the National Low Income Housing Coalition
presented to the
Ad Hoc Subcommittee on Disaster Recovery
Committee on Homeland Security and Governmental Affairs
United States Senate
April 24, 2007

Chairwoman Landrieu, Ranking Member Stevens, and Members of the Subcommittee, thank you for the opportunity to testify today about the housing circumstances of low income people whose homes were damaged or destroyed in the 2005 Gulf Coast hurricanes.

I am Sheila Crowley, President of the National Low Income Housing Coalition; our members include non-profit housing providers, homeless service providers, fair housing organizations, state and local housing coalitions, public housing agencies, private developers and property owners, housing researchers, local and state government agencies, faith-based organizations, residents of public and assisted housing and their organizations, and concerned citizens. The National Low Income Housing Coalition does not represent any sector of the housing industry. Rather, NLIHC works only on behalf of and with low income people who need safe, decent, and affordable housing, especially those with the most serious housing problems. NLIHC is entirely funded with private donations.

Immediately after the immense destruction of Hurricane Katrina became apparent, NLIHC and several of our national partners convened what has come to be known as the Katrina Housing Group. Our purpose was to learn about the housing conditions of displaced low income people, to transmit information about federal policy and programs, and to advocate for an effective federal response. This group continues to meet weekly and now includes 30 national organizations and dozens of Gulf Coast organizations in Louisiana, Alabama, Mississippi, and Texas. We have co-convened two meetings of national and Gulf Coast housing organizations here in Washington to help bring the housing problems of low income evacuees to the attention of Congress, and sponsored three Congressional briefings. We have written innumerable letters to and had countless meetings with the Administration and Congress advocating for improvements to policy and programs for housing for low income evacuees. Our weekly publication on federal housing policy that now includes a section on hurricane recovery.

We were active in the development of H.R. 1227, the Gulf Coast Hurricane Housing Recovery Act of 2007, which passed the House by vote of 302-125 on March 21. We urge the Senate to take up H.R. 1227 without further delay. I hope that at least one outcome of today's hearing will that the members of the Homeland Security Committee urge Senator Dodd, chairman of the Banking Committee, to move H.R. 1227 to the top of his list.

The consequences of Hurricane Katrina for the citizens of the Gulf Coast were catastrophic in all aspects of family and community life, but perhaps no more so than to the most basic of human needs – a safe and decent place to call home. The scope of physical destruction of homes caused by Katrina has not been experienced in the United States since the Civil War. Nearly a million homes were damaged; a third of them were destroyed or damaged severely.[1]

NLIHC estimates that over 70% of the most severely damaged homes were affordable to low income families prior to the disaster.[2] Very few of these homes have been replaced. Given the slow pace of rebuilding, the vociferous opposition to development of affordable rental housing in many Gulf Coast communities, and the failure of the states to set aside funds for replenishing the lost rental housing stock, there is little chance that the majority of the homes that once were affordable to low income families will ever be replaced to pre-storm levels.

Thus, it is important to understand that unlike more typical disasters, that is, less catastrophic disasters, when displacement from one's home is temporary, a large number of the people displaced by Hurricane Katrina will never return to their homes - or their communities or their jobs. Indeed a significant percentage of people who were displaced do not intend to return and have made the choice to settle elsewhere. A February 2007 Zogby poll of all evacuees still in the Houston area commissioned by the United Way found that 73% intend to make Houston their home, 14% do not, and 13% are unsure.[3] It is past time for them to be in permanent homes.

But the loss of affordable housing stock caused by Katrina added to an already acute shortage of housing in the United States that the lowest income people can afford. There are 9,022,000 extremely low income renter households and only 6,187,000 homes renting at prices these households can afford, paying the standard of 30% of their income for housing. This is an absolute shortage of 2,835,000 units.[4] Extremely low income households are those with incomes at or below 30% of the area median. In Baton Rouge, that is $16,740 a year or less. In Anchorage, it is $23,070 a year or less. In Houston, it is $18,270.[5] These are elderly and disabled people on fixed incomes or people in the low wage workforce. Whatever ways low income families on the Gulf Coast coped in this housing market before the disaster are no longer available to them. They will require federal assistance.

In order to fully comprehend the complexity of what faces us, we must both distinguish between the temporary housing response and the housing rebuilding response and to understand

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1. U.S Department of Housing and Urban Development, Office of Policy Development and Research. (2006). "Current Housing Unit Damage Estimates: Hurricanes Katrina, Rita, and Wilma, February 12, 2006." Unpublished document.
2. National Low Income Housing Coalition. (2005, September 22). Hurricane Katrina's Impact on Low Income Housing Units Estimated 302,000 Units Lost or Damaged, 71% Low Income. Research Note #05-02.". Washington, DC: NLIHC.
3 Zogby International. (2007, March). "Tracking Poll: Hurricane Katrina and Rita Residing in Houston." Submitted to the United Way of the Texas Gulf Coast.
4. Pelletiere, D. (2007). *American Community Survey estimate shows larger national, state affordable rental housing shortages. Research Note #07-01.* Washington, DC: NLIHC.
5.Wardrip, K., Pelletiere, D., & Crowley, S. (2006). *Out of reach 2006.* Washington, DC: NLIHC.

how they are interrelated. Here we must grapple with the responsibilities of FEMA and HUD, as well as the thorny issues of Congressional jurisdiction over policy and funding for both agencies. I will start with temporary housing.

TEMPORARY HOUSING

Beyond mass shelters, temporary housing for displaced people has taken the form of hotel rooms, cruise ships, tents, travel trailers and mobile homes, and rent assistance provided in at least four different ways. With the exception of rent assistance for displaced households who were living in some form of HUD-assisted housing prior to the hurricanes, all of the temporary housing has been administered by FEMA.

In the days immediately after the disaster, numerous voices from across the political spectrum called for housing assistance for displaced people to be in the form of Section 8 housing vouchers issued by the Department of Housing and Urban Development and managed by local public housing agencies. The Senate passed legislation to that effect on September 15, 2005, but the measure was rejected by the House and the Administration.

Instead, on September 23, 2005, the Secretaries of Homeland Security and Housing and Urban Development announced a bifurcated temporary rent assistance approach with approximately 32,000 previously assisted HUD households the responsibility of HUD and FEMA assistance for everyone else.

Attached is a time line that describes the ups and downs of the temporary housing programs. Let me just say that in my 30 years as a social worker, I have seen my share of poorly conceived and poorly executed social service programs. Nothing comes close to the horrors of the FEMA rent assistance programs in response to Katrina. The best description of the program is from U.S. District Court Judge Richard Leon who ordered FEMA to "free these evacuees from the 'Kafkaesque' application they have had to endure."[6] Also attached are exhibits from the case filed against FEMA in which four social workers and an attorney in Texas describe their experiences in dealing with FEMA on behalf of their clients. They speak for themselves. Another lawsuit, Ridgely v. FEMA was filed just last Thursday. The complaint includes equally vivid descriptions of what people have had to endure.[7] I urge the Subcommittee members to take time to read the complaint.

It is impossible for me to know precisely how many low income households remain displaced and temporarily housed these nineteen months later, because FEMA continues to withhold detailed and up-to-date data from the public.[8] But let me offer an analysis that will give you a rough estimate of the scope of the problem.

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6 ACORN v. FEMA, Case 1:06-cv-01521-RJL, Document 17. (U.S. District Court of the District of Columbia. 2006, November 29).

7 Ridgely v. FEMA, filed in U.S. District Court for the Eastern District of Louisiana, April 19, 2007.

8. After repeated unsuccessful attempts to get FEMA to disclose what should be publicly available data, NLIHC filed suit against FEMA in the U.S. District Court of the District of Columbia on April 20, 2007 for failure to respond to our FOIA request.

According to the most recent posting on FEMA's website, 127,848 households displaced by Katrina and Rita are still receiving FEMA housing assistance. Of these 90,791 are in trailers or mobile homes.[9] We understand that FEMA believes approximately 20% of these trailers are in trailer camps. The remaining 80% are on individually owned property. We can reasonably assume that families who are living in camps were renters prior to the storm. It is homeowners who are living in trailers on their own property while their homes are being rebuilt. We can also reasonably assume that anyone who still is living in a FEMA trailer camp does not have the resources to make other arrangements. Thus of the 90,791 household in trailers, approximately 18,000 are permanently displaced.[10]

The other 37,057 households still receiving FEMA housing assistance are receiving monthly rent assistance. While almost 20,000 are in Texas, these families are found in every state.[11] Both the trailer and rent assistance programs were scheduled to end on February 28. Under great pressure not to turn people out on the streets, FEMA extended temporary housing aid until August 31, at which point another crisis decision will be needed.

We believe that a large number of households that were receiving FEMA rent assistance have been erroneously or wrongfully terminated, as is asserted in Ridgely v. FEMA. At its peak, the FEMA 408 program served 723,786 households. By May 2006, 246,786 had requested continued assistance, but only 180,636 were granted such aid.[12,13] Another 60,000 households received rent assistance through the 403 program; some, but not all, were transferred to the 408 program in the summer of 2006.[14]

In one of the early lawsuits against FEMA, a federal judge ordered FEMA to reassess about 5,000 cases of rent assistance that had been terminated and FEMA reinstated approximately 25% of the households.[15] Applying the 25% error rate to the combined program participants of approximately 307,000 households, perhaps as many 77,000 more households continue to eligible for and in need of FEMA housing assistance than are currently receiving it. Thus, minimally 55,000 FEMA assisted households and potentially as many as 132,000 total

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9. U.S. Department of Homeland Security, Federal Emergency Management Agency. (2007, February 25). "Katrina and Rita (DR-1603 - DR-1607) Direct and Financial Housing Assistance Breakdown as of 2/25/2007."

10. A study of a sample of 576 randomly selected families living in FEMA trailers found that trailer living was taking its toll. The lower one's income prior to Katrina, the more likely one was not to be working now. The children showed many symptoms of persistent emotional distress. Adults who are parents or caregivers report heightened levels of depression and anxiety. Rates of health insurance coverage have plummeted as former workers remain out of the workforce and one in six children in need of medical attention did not try to receive care. And rates of absenteeism from school are rising among elementary and high school students alike. See Abramson, D., R. Garfield, & I. Redlener. (2007). *The Recovery Divide: Poverty and the Widening Gap Among Mississippi Children and Families Affected by Hurricane Katrina.* NY: Columbia University National Center for Disaster Preparedness

11 U.S. Department of Homeland Security, Federal Emergency Management Agency. (2007, February 25).

12. U.S. Department of Homeland Security, Federal Emergency Management Agency. (2006, May 3). "Hurricane Katrina and Rita Rental Assistance and Recertification." Unpublished document.

13. We can assume that some portion of the 723,786 households who got rent assistance from FEMA in the months immediately after the hurricanes have reestablished themselves and no longer need aid. Receipt of disaster rental assistance is not means-tested.

14. U.S. Department of Homeland Security, Federal Emergency Management Agency. (2006, February 27). "FEMA News: Frequently Asked Questions." Press Release Number FNF-06-03.

15 ACORN v. FEMA, Case 1:06-cv-01521-RJL, Document 17. (U.S. District Court of the District of Columbia. 2006, November 29).

households remain displaced.

We know that most of them are quite poor. The March 2007 Zogby poll found that 86% had household incomes of less than $25,000 a year, with 69% with incomes less than $15,000 a year. Prior to their evacuation, 72% were employed. Now only 38% are employed. Twenty-four percent are 55 years of age or older and 6% of the under 55 evacuees are disabled.[16] Regular anecdotal reports from caseworkers and legal services attorneys who are assisting evacuees who remain displaced confirm that their clients have very little income. [17]

The disconnect between the reality of being poor and permanently displaced and the fiction that one's displacement is temporary dictating the terms of housing assistance creates considerable stress and anxiety. Consider the absurdity of the letter that FEMA sent housing aid recipients informing them that their eligibility for aid had been extended from February 28 to August 31, 2007. "Although the Temporary Housing Program has been extended, you have a responsibility to become independent of this assistance." This indicates either a lack of understanding of the circumstances of the displaced people or a lack of empathy for their plight. The same can be said for the local government officials who are agitating to close down FEMA trailer camps in their jurisdictions. Just where do they expect people to go?

Recommendations:

1. Transfer all households still receiving FEMA rent assistance into the Section 8 housing voucher program and continue to provide assistance as long as they remain income eligible. Once the displaced household is no longer eligible for the voucher, the voucher itself will terminate. Congress must appropriate sufficient funds for these vouchers. Further, offer all low income households currently living in trailer camps the option of receiving a Section 8 housing voucher instead of the trailer. This will at least allow them the choice of moving elsewhere. For people in trailer camps in or near the affected areas, there will be little housing they could rent with vouchers in the foreseeable future. H.R. 1227 includes provisions to authorize these transfers.[18]

The Section 8 housing voucher program has many advantages over FEMA housing

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16. Zogby International. (2007, March).

17. Of the approximately 32,000 low income evacuee households who were receiving HUD assistance prior to the storm and whose temporary housing assistance was provided through the HUD Disaster Voucher Program (DVP), HUD reports that 11,483 households were still receiving Disaster Vouchers as of April 19. Please note that some 10,000 of the households that HUD says were eligible for DVP never enrolled in the program. Their whereabouts remain a mystery, but certainly some may be in FEMA trailers. Disaster vouchers are due to expire on September 30, 2007.

An unknown number of low income displaced households were aided by their receiving communities with existing federal housing resources intended for their own citizens, including public housing, Section 8 housing vouchers, and Section 8 project-based units. At a time when every community in the country faces an extreme scarcity of housing affordable for the lowest income families, to divert these resources away from local needy people to assist people who should have assisted by FEMA is a scandal. I learned recently of a jurisdiction in the DC metro area that created a special program out of their federal HOME funds to provide ongoing rent assistance to several displaced families from the Gulf Coast who had been denied FEMA rent assistance.

18. HR 1227, Title IX, Section 902).

assistance. First, vouchers require that the tenant contribute 30% of their income towards the rent. This is both a more normal way of living for the tenants and means rent assistance through HUD is less costly than rent assistance through FEMA. Second, vouchers are locally administered, where services are delivered by local people who are knowledgeable about their local housing markets and not by anonymous people at the other end of the FEMA 800 number. Third, the voucher program has long established rules, regulations, and procedures that are known or knowable to all, unlike the FEMA program where there are few known rules and constantly shifting interpretations of what rules there are.

2. Require GAO to undertake a comprehensive review of all households whose temporary housing assistance was terminated.[19] For all households who were wrongfully terminated, FEMA should reinstate them if they can demonstrate continuing eligibility and financial need for housing assistance using HUD criteria, i.e. incomes at or less than 80% of the area median and paying more than 30% of their income for their housing. Further, all reinstated households should be transferred to the HUD Section 8 housing voucher program and continue to receive assistance as long as they remain eligible.

3. Require FEMA to establish data collection, analysis, and management systems such that its service delivery can be made transparent and accountable.

4. Require GAO to undertake an assessment of the amount of local housing resources that have had to be used to assist people displaced by the disaster and require that FEMA reimburse these jurisdictions.

5. Require HUD to determine the number of displaced HUD-assisted households who do not want to reoccupy their assisted units when and if these units are repaired or replaced. Congress must appropriate sufficient funds to provide these households with Section 8 vouchers. Once the displaced household is no longer eligible for the voucher, the voucher itself will terminate. H.R. 1227 includes such provisions. [20]

6. Enact legislation that will make HUD responsible for all disaster housing aid needed for 30 days or more in future disasters. In its own "lessons learned" report issued in February 2006, the White House called for HUD to lead housing efforts in future disasters. In the last Congress, Representatives Richard Baker (R-LA) and Barney Frank (D-MA) co-sponsored legislation to transfer all disaster housing aid that would be needed for 30 days or more to HUD. H.R. 5393 was voted out of the Financial Services Committee on June 14, 2006. Senator Landrieu introduced a companion bill, S.2983.

HOUSING REBUILDING

The State of Louisiana estimates 82,000 rental homes in the state sustained severe or major damage, that 47% of the housing in the affected areas was rental housing, as were 55% of

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19 HR 1227, Title III, Section 308

20 HR 1227, Title II, Section 201 and Title III, Section 306).

the homes in New Orleans.[21] Even if there were sufficient resources to reproduce that level of rental housing, there appears to be very little will to do so. Assisting home owners is the top priority of both Louisiana and Mississippi plans for their CDBG allocations, with attention to rental housing as an afterthought.

The major federal resource for rental housing was the allocation of Low Income Housing Tax Credits. Tax credit properties must have rents set to be affordable for people with incomes at 50% or 60% of the area median. The initial estimate of units these tax credits would produce was 54,000 units of rental housing.[22] The reality is that the GO-ZONE LIHTCs will likely produce as few as 25,000 units in Mississippi and Louisiana because the costs of construction and operation of housing, most notably insurance rates, have skyrocketed.

Moreover, many of these units will be lost if Congress fails to extend the placed-in-service date for tax credit properties. Again the House has acted by passing H.R. 1562, the Katrina Housing Tax Relief Act of 2007, which would extend the placed-in-service date through December 2010. Last Congress, Senator Landrieu introduced legislation to do the same. It is a mystery to housing advocates why the Senate has not acted on this simple provision. Any resemblance of economic recovery in the Gulf Coast depends on increasing housing for the workforce that is needed. Having investors pull out of already approved housing development deals will send a strong signal to the nation that Congress is not really committed to the recovery of the Gulf Coast.

Of the $16.7 billion that Congress appropriated in disaster CDBG funds, $1 billion was designated to repair or replace the affordable rental housing stock, including public and assisted housing. Moreover, Congress granted the states unusual flexibility in who can be served by their CDBG funded programs. Instead of 70% of the funds benefiting people with incomes at or below 80% of the area median (low income), only 50% were required to serve this income group and HUD was allowed to waive even the 50% threshold.

In Mississippi, HUD did grant such a waiver. Of Mississippi's $5.6 billion CDBG allocation, $3.2 billion was dedicated to what has turned out to be an undersubscribed home owner grant program. One hundred and five million dollars were set aside for repair of public housing. Mississippi has not yet publicly released for comment its rental repair program, but some details have emerged. The state will set aside $262 million for a rental repair program that will provide $30,000 grants to small landlords to repair properties with four or fewer units. In exchange for these grants, landlords must agree to keep the units affordable to primarily middle income households for a period of five years. Mississippi still has $1.5 billion for which it has no plans at this point.

The Louisiana Road Home plan pays more attention to rental housing needs than does the Mississippi plan. Some of the state's $10.4 billion CDBG funds were set aside to capitalize an operating fund to provide rental subsidies to make LIHTC units more affordable to lower income

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21. State of Louisiana, The Road Home. (2007). *Small Rental Property Program Small Owner & Owner Occupant Round 1 Application Handbook.* Baton Rouge: Author.

22 Fischer, W. & Sard, B. (2006, February 27). *Housing Needs of Many Low-Income Hurricane Evacuees Are Not Being Adequately Addressed.* Washington, DC: Center on Budget and Policy Priorities.

households. The high cost of construction means more CDBG funds have gone to gap financing of LIHTC developments and less for the operating subsidy. Advocates argued strenuously for an allocation of Section 8 project-based vouchers to be the operating subsidy for LIHTC units and continue to assert that Section 8 is the best method for filling the gap between the operating costs of a rental unit and what a tenant can afford. H.R. 1227 authorizes 4,500 Section 8 projected-based vouchers.[23] We think at least 25,000 are needed.

Louisiana has also dedicated $869 million of its CDBG allocation to a "small rental property program." The purpose is to assist private landlords with repairs to one to four unit rental properties that have damage estimates of more than $5,200. Landlords will receive forgivable loans of $20,000 to $72,000 in exchange for renting to tenants with incomes at 80%, 65% and 50% of the area median, with rents set at affordable rates. The longer affordability is maintained, the more of the loan is forgiven. The number of units that can be repaired under the program is approximately 20,000. None will be affordable to the lowest income families.

It has been widely noted that while Louisiana sustained 75% of the housing damage caused by the 2005 hurricanes, Louisiana did not receive a concomitant share of the federal housing resources. Texas and Alabama were shortchanged as well and low income housing in those states has also been neglected.

Clearly more resources are needed if the Gulf Coast is to have enough housing for the people who live there now and the people who will come there in the future. To date, no resources have been dedicated to rental housing for people with incomes below 30% of the area median. This is precisely the population who would be assisted with housing built or repaired with the Affordable Housing Fund in H.R. 1427, the Federal Housing Financial Reform Act of 2007. H.R. 1427 was passed by the House Financial Services Committee on March 29 and is expected to come to the House floor with easy passage in the next month. For the first year the fund will be directed to Louisiana and Mississippi to replenish their low income housing supply. Again, we need the Senate to take action as well.

A final note on rebuilding – much of the public discussion about low income housing in the Gulf Coast has unfortunately focused on the future of public housing in New Orleans, a very controversial subject. It has become the vehicle by which the deeply embedded and unresolved divisions of race and class in New Orleans are being played out. New Orleans and the rest of the Gulf Coast can ill afford to lose the housing resource that public housing provides. This does not mean that existing physical units that have been long neglected and have served to perpetuate racial and economic segregation should be preserved. It does mean that the federal housing resources coming to the Gulf Coast prior to Katrina must not be lost.

The National Low Income Housing Coalition and many of our national and local partners developed a set of principles to guide redevelopment of public and assisted housing in the affected areas. They are attached. Much of what we suggest is included in H.R. 1227.[24] The two most important are that each unit of public or assisted housing that is demolished must be replaced with a unit of housing that is affordable to a family of similar economic status to the one

23. HR 1227, Title III, Section 305.
24. HR 1227, Title II

who lived there before. The new units can be anywhere in the region and should be in developments that are economically integrated. The second is the right to return for all residents who were in good standing at the time of evacuation.

Recommendations:

1. Immediately enact legislation to extend the placed-in-service date of the LIHTCs allocated for Gulf Coast recovery.

2. Conduct careful oversight of the use of the CDBG funds allocated for Gulf Coast recovery. Are the programs that the states have developed, including those in Texas and Alabama, doing what they are intended to do? Who is being served?

3. Appropriate funding for 25,000 Section 8 project-based vouchers to provide operating subsidies for new rental housing produced in the Gulf Coast affected areas.

4. Enact GSE regulatory reform legislation that includes an Affordable Housing Fund to support the production and preservation of rental housing affordable to extremely low income families and direct the resources to states where the housing supply has been affected by the Gulf Coast hurricanes for the first year.

5. Enact legislation that reflects the principles for redevelopment of public and assisted housing in the Gulf Coast reviewed earlier.

CONCLUSION

Hurricane Katrina will be remembered as a seminal event in American history. The emptying of whole communities happened overnight. The dimensions of the diaspora are unknown in modern America. The destruction is so vast that it is only possible to comprehend by going to the Gulf Coast and seeing for oneself. Katrina is about wrenching hundreds of thousands of people from homes to which most will never return. Katrina is about the sudden and complete loss of all that home means – safety, respite, privacy, comfort, and security.

Katrina is also about the generosity of ordinary people. One of the ways Katrina will be remembered is by the common decency of many people who traveled to the Gulf to volunteer to put a new roof on for a stranger or to strip moldy sheetrock out of houses still standing. Would that it could be enough for the considerable charitable instincts of the American people to suffice in the face of a disaster of this scope.

But it will not. Human beings organize governments to do what individuals cannot do for themselves, with protection and recovery from wholesale catastrophe at the top of the list. Unless policy and practice take a different turn from where they appear to be heading at this turn, Katrina will be remembered as a massive public failure - a failure of political will to "do what it takes."

Massive dislocation and loss have already happened and cannot be undone. But how Americans decide to ameliorate the suffering that it caused is a choice we still can make. A commitment to a national housing agenda that assures a sufficient supply of affordable housing for everyone in neighborhoods and communities of their choosing, including those of limited means, is a good place to start.

The prospect of families, especially poor, Black families who are already burdened by the legacy of American racism, never having the chance to go home after Katrina should weigh heavily on the hearts of all Americans. The pain of their forced exile will be embedded in the narratives of their families and shape their sense of themselves as Americans for generations to come. Unless everyone who was displaced by Katrina experiences genuine choice about where he or she will settle at the end of the day, Katrina will leave an indelible stain on the American soul.

Thank you for the invitation to come before you today and for your consideration of my remarks.

Dedicated solely to ending America's affordable housing crisis

Timeline of the Federal Government's Temporary Housing Response to Hurricane Katrina

September 1, 2005 - HUD places on its website its proposed response to the storm: a housing subsidy of $10,000 per household displaced, regardless of household income, to supplement temporary housing costs for one year. Private landlords, family members, faith-based organizations, shelters or friends would be eligible to receive the money for housing a displaced family. This proposal was removed from HUD's website that day, and never referred to again.

September 1 – September 22, 2005 – FEMA encourages local governments to create housing programs for evacuees. FEMA promises reimbursement as authorized by Section 403 of the Stafford Act. Such temporary rental housing programs become known as "Section 403 housing."

September 7, 2005 - FEMA announces no-bid contracts with five major corporations to provide trailers and mobile homes for displaced hurricane victims. These contracts call for identifying and leasing large plots of land in Louisiana to house settlements of tens of thousands of trailers and mobile homes.

September 8, 2005 – Senator Sarbanes requests $3.5 billion for 350,000 emergency Section 8 vouchers to house families displaced by the Hurricane. Advocates agree that HUD should be responsible for displaced households' housing needs.

September 14, 2005 - Vice Admiral Thad Allen tells the Associated Press he is in discussion with states about where to locate the government's temporary "trailer cities" for tens of thousands of evacuees.

September 15, 2005 –350,000 emergency Section 8 vouchers for households' displaced by the storms are approved by Unanimous Consent in the Senate, and attached to an FY06 Appropriations bill.

September 15, 2006 – During a House Financial Services Subcommittee on Housing and Community Opportunity hearing, Representative Maxine Waters (D-CA), Ranking Member of the Subcommittee, stresses the urgency of moving people from shelters into transitional and permanent housing. She cautions against current FEMA proposals to erect small towns of up to 25,000 manufactured homes in one space. "This is absolutely unacceptable. I am not in the business of creating ghettos." Representative David Scott (D-GA) is equally adamant in his objections to the creation of densely concentrated trailer parks, calling them relocation "camps."

September 16, 2005 – HUD issues guidance encouraging local Public Housing Authorities to use their existing resources to house evacuees, despite long waiting lists in most communities.

September 18, 2005 – FEMA tells USA Today that it does not plan to set up huge tracts of trailers and mobile homes. "That option is not even being considered."

September 23, 2005 – FEMA and HUD announce transitional housing assistance programs. HUD's program, named the Katrina Disaster Housing Assistance Program (KDHAP) will serve all previously assisted HUD households, or previously homeless individuals. HUD estimates that 65,000 households will be eligible for KDHAP. KDHAP is paid for through a mission assignment with FEMA.

FEMA's housing assistance program will serve all other eligible households displaced by Hurricane Katrina. This program is authorized by Section 408 of the Stafford Act and becomes known as "Section 408 housing." Households

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receive checks of $2358, meant to cover three months of rental payments. They can continue to receive such payments, if they can prove continuing need, up until the statutory cap of $26,200.

September 30, 2005 – In a letter to President Bush, Senator Sarbanes urges that HUD have a more central role in responding to evacuees' housing needs. Thousands of families will need long-term housing assistance, wrote Senator Sarbanes, and such assistance should not come from an emergency response agency such as FEMA.

October 12, 2005 – Six weeks after Hurricane Katrina made landfall, 22,847 people remain in emergency shelters, while 576,136 people are living in motels, and 6,306 individuals are living on cruise ships. At this time, only 7,819 travel trailers and mobile homes are occupied.

October 18, 2005 - Representative Nydia Velázquez (D-NY), a member of the Housing and Community Opportunity Subcommittee of the House Financial Services Committee, writes to President Bush expressing concerns about the Administration's wasteful spending and uncoordinated efforts to house victims of Katrina. She advocates the use of emergency Section 8 vouchers to meet the housing needs of displaced households.

October 28, 2005 – HUD announces a new disaster housing sub-program for those evacuated households that were homeless prior to the disaster, persons with HIV/AIDS, or persons who were permanently housed in HUD Special Needs housing units: Katrina Disaster Housing Assistance Program - Special Needs (KDHAP-SN). The program would have the same benefits as the original KDHAP but be administered through a community's Continuum of Care (CoC) structure. This program never gets off the ground.

November 2, 2005 – FEMA announces it will give the full $26,200 to 60,000 households that lived in the most damaged areas of New Orleans. Few people receive this check and FEMA subsequently denies having made such an announcement.

November 3, 2005 - Widespread reports from the Gulf indicate that many households in need of rental assistance from FEMA are not receiving their checks. Many are being denied assistance for no obvious reason.

November 4, 2005 – The provision of 350,000 emergency Section 8 vouchers is dropped in conference committee from the final FY06 appropriations bill.

November 10, 2005 – A class action lawsuit is filed against FEMA, (*McWaters vs. FEMA*), asserting that large numbers of households in need remain unhoused because of FEMA's poor handling of the housing program.

November 15, 2005 – FEMA announces that on December 1, immediately after the Thanksgiving holiday, it will stop paying the room costs for more than 150,000 displaced people living in more than 53,000 hotel and motel rooms across the country. FEMA said such a move is necessary to make evacuees more "self-reliant" and to help them "reclaim some normalcy." At this time, only 27,842 travel trailers and mobile homes are occupied, out of an estimated need of over 100,000 trailers. Over 2,000 people remain in shelters and almost 7,000 people continue to be housed on cruise ships.

FEMA also announces that as of March 1 they will no longer reimburse cities and states for households in the housing assistance programs that FEMA encouraged the cities and states to create.

November 15 – 18, 2005 - Governor Rick Perry of Texas, Governor Haley Barbour of Mississippi, the congressional delegation of South Carolina, San Francisco Mayor Gavin Newsome, three city agencies in New York and numerous advocacy organizations appeal to FEMA to reconsider the deadline for motel room payments.

November 22, 2005 – Amidst criticism from national and state leaders as well as countless advocates, FEMA announces it will continue to pay for the hotel rooms of hurricane evacuees until December 15. FEMA says that displaced residents in ten states with the largest number of evacuees still in hotel or motel rooms have an opportunity to extend that deadline until January 7.

December 2, 2005 – National housing advocates hold a press conference, calling on the Administration and Congress to improve the federal government's re-housing performance. They recommend that a unified and comprehensive program of housing assistance be established for all displaced households, relying primarily on the existing federal

housing programs.

December 9, 2005 – The House Financial Services Committee holds hearing to investigate FEMA and HUD's housing response to the disaster. HUD declines to attend, causing Ranking Member Barney Frank to threaten to issue a subpoena for Secretary Jackson to testify.

At the hearing, Representative Maxine Waters says, "We cannot express how dissatisfied we are, how upset we are, how embarrassed we are, [at the response to evacuees' housing needs.] ...FEMA is not working," said Ms. Waters. "The federal government's response to the housing needs of displaced people seems to be a case of the right hand doesn't know what the left hand is doing," said Representative Nydia Velazquez. "Individuals don't know how to navigate the system to get assistance, so at end of the day, they aren't getting any."

Representative Barney Frank said, "The announcement of the hotel deadline on the eve of the Thanksgiving holiday was one of the most heartless actions I have ever seen government do." Representative Artur Davis (D-AL) called it "one of the dumbest decisions that has ever been made in government."

Also on December 9, 2005 – In testimony before the House Financial Services Committee, FEMA further explains their March 1 deadline for reimbursing cities and states for their housing programs. By March 1, FEMA expects to have a clear idea of where each household being housed under a state-administered program is, and what its needs are. If eligible, the household will be transferred to the FEMA Transitional Housing Program (Section 408).

Also on December 9, 2005 – In written testimony to the Senate Committee on Homeland Security and Governmental Affairs, Scott Wells, Federal Coordinating Office for FEMA Joint Field Office in Baton Rouge, LA, testifies that FEMA's Individual Assistance process must be reformed. "It is too complicated, which often results in confusion and delays in timely delivery of cash and assistance to individuals." He specifically notes as problematic sending checks separately from letters explaining eligible expenditures.

Also on December 9, 2005 – Senator Sarbanes sends a letter the Chairman and Ranking Member of the Senate Appropriations Committee, proposing that the Committee require that FEMA guarantee at least 12 months of rental assistance for families displaced by Katrina. The letter says that rental assistance would be much more effectively administered by HUD. The letter also asks the Committee to require that FEMA reimburse state and local governments for rental payments for Katrina victims made pursuant to existing leases for up to one year. Finally, the letter urges that the Committee require that FEMA reimburse local housing authorities for the cost of the vouchers used to house Katrina evacuees.

December 10, 2005– Senator Susan Collins, Chair of the Senate Committee on Homeland Security and Governmental Affairs tells the Washington Post, "I have long believed that it would have been far more effective at this stage for FEMA to have given vouchers for housing and to assist people in finding private-sector housing. I think it still is a possibility."

December 12, 2005 – U.S. Judge Stanwood Duval, Jr. of the U.S. District Court for the Eastern District of Louisiana issues a ruling that temporarily stops FEMA from ending its hotel/motel subsidy program on December 15. After calling the disaster agency "numbingly insensitive" and "unduly callous," Judge Duval orders FEMA to continue its short-term lodging program until at least January 7, 2006 for all evacuees nationwide still in hotels and motels. Judge Duval further rules that those individuals who have yet to receive any assistance may remain in their federally subsidized hotel/motel rooms until February 7, 2006.

December 14, 2005 – HUD testifies before the House Financial Services Committee. Representative David Scott questions whether the "call that individuals and housing advocates are increasingly raising, for FEMA's housing responsibilities to be transferred to HUD" should be answered. Brian Montgomery, HUD Assistant Secretary for Housing and FHA Commissioner, responds, "I am aware of that idea, but it is a decision for others to make."

December 15, 2005 – The House Financial Services Committee approves H.R. 4100, the Hurricane Katrina Response Act by a vote of 50-9. The bill authorizes $2.5 billion of funding for emergency Section 8 vouchers, among other things.

December 16, 2005 – By mid-December, 653,531 households displaced by Hurricane Katrina are receiving FEMA

rental assistance.

December 18, 2005 – In an FY06 Appropriations bill, Congress authorizes $390 million for a Disaster Voucher Program, to be administered by HUD. By early February, HUD transitions the KDHAP program into the DVP program, allowing households previously assisted by HUD or previously homeless to receive Section 8-like vouchers.

In the same bill, Congress directs FEMA to provide written guidelines for transitioning evacuees into longer-term assistance by January 13, 2006. FEMA does not comply.

December 25, 2005 - Corporate Lodging Consultants (CLC), the firm contracted by FEMA to manage the hotel program, sends notices to hotels across the country asking them to participate in an Evacuee Census. Hotel managers are asked to provide FEMA with the number of evacuees lodging in their hotels. They also distribute flyers to hotel managers stating that, "The (hotel lodging) program will continue for all evacuees in all states until further notice pending the resolution of certain issues now in litigation."

December 30, 2005 – Hundreds of thousands of people remain on waiting lists for trailers and mobile homes. Only 53,429 trailers have been occupied to date.

January 2, 2006 – FEMA extends the deadline to end the hotel program until further notice. FEMA acknowledges that they still do not know the identities of all displaced households currently living in hotels, nor do they know the location of the hotels housing evacuees.

January 12, 2006 - Judge Duval directs FEMA to extend hotel stays for hurricane evacuees if they are registered with FEMA for temporary housing assistance and they have obtained a hotel authorization code by January 30. For these evacuees, the hotel deadline is extended until two weeks after they have received (or been rejected for) temporary housing assistance. The Judge rules that the earliest evacuees can be terminated from the hotel program is February 13; those living in hotels (and who have registered with FEMA and have a hotel authorization code) in New Orleans or Jefferson parish cannot be terminated from the program until after March 1.

January 13 and 14, 2006 - The Housing and Community Opportunity Subcommittee of the House Financial Services Committee hold field hearings in New Orleans, Louisiana and Gulfport, Mississippi. Mr. Scott Wells, the Louisiana Federal Coordinating Officer for FEMA testified that that FEMA is beginning to investigate new methods of meeting the demand for temporary housing in Louisiana. The agency announces it is looking into renting an entire apartment complex in New Orleans, in order to place eligible applicants into apartments. But, said Mr. Wells, "The cold, hard fact is that people may not be able to move back to their communities for months or years, because the housing stock does not exist."

Mr. Wells said that, soon after the storm, FEMA was putting 30 trailers online each day; they have ramped up to the current average of 500 trailers per day. Mr. Wells acknowledged that this rate is still not fast enough to meet the overwhelming demand, and said that his agency is working to further increase the number of trailers installed.

Representative Maxine Waters (D-CA), Subcommittee Ranking Member, said, "We are hearing about a lot of bureaucratic nonsense in the siting of these trailers." Indeed, Ms. Elise Boyer, an evacuee currently living in a hotel for lack of a trailer, later testified that FEMA has refused to place a trailer in the driveway of her 9th Ward home because the trailer would go four inches over her property line, even though she has obtained permission from her neighbor to do so.

January 20, 2006 –HUD Secretary Alphonso Jackson responds to concerns of local officials from Houston, Texas over how rent will be paid for the city's 150,000 evacuees when FEMA stops reimbursing the city's emergency rental vouchers on March 1. Mr. Jackson says, "If they have not been able to find any other housing, FEMA will switch them over to our program, and we will take up that process for the rest of the time that they'll be on the program," he said. "We're not going to cut anybody off," he said.

February 1, 2006 – During a press conference, U.S. Comptroller General David Walker says, "Housing beyond short-term shelters also…remains a major problem, especially for victims who either cannot return to their community or require housing options in their community if they do return."

February 3, 2006 - Several House Democrats send a letter to Department of Homeland Security Secretary Michael Chertoff, expressing "exasperation with the failure of FEMA to comply with a Congressional directive to issue timely guidance with respect to eligibility for housing assistance under the Section 408 program....FEMA's continued failure to issue guidance clarifying criteria for ongoing eligibility for FEMA rental housing under the Section 408 program is unconscionable."

February 7, 2006 - 10,777 fully furnished, unoccupied manufactured homes are being stored at the Hope, Arkansas airport. To avoid having the homes sink into the muddy ground, FEMA orders jacks for all homes, and begins accepting bids to gravel 293 acres under the homes at an estimated cost of $6 - $8 million. The homes cannot be placed where they are most needed, in Louisiana and Mississippi, because FEMA's own rules prevent it from siting manufactured homes in flood zones. This rule was not considered when the homes were ordered.

February 8, 2006 - House Minority Leadership holds hearing on the post-Katrina housing crisis. Referring to the need for emergency Section 8 vouchers, House Minority Leader Nancy Pelosi said, "We did that successfully after Northridge earthquake in California in 1994. If it was good enough for the California earthquake, it's good enough for Katrina."

February 15, 2006 - The House Select Committee to Investigate the Preparation for and Response to Hurricane Katrina released its final report, "A Failure of Initiative." One of the Committees findings states that FEMA "failed to take advantage of HUD's expertise in large scale housing challenges."

The report notes that, although FEMA has provided rental assistance to over 500,000 households, a key problem with the provision of such assistance was households receiving their rental assistance checks days, and sometimes weeks, before receiving guidance as to how and on what the money should be used. "Use of a voucher system similar to the one administered by HUD could have prevented this mistake...FEMA failed to take full advantage of HUD's expertise and perspective on large-scale housing challenges, such as the agency's experience with voucher programs. HUD and public housing authorities have the expertise and infrastructure to help non- HUD clients during disasters."

Also on February 15, 2006 – HUD testifies before the Senate Banking, Housing and Urban Affairs Committee that it's initial estimate of 65,000 households eligible for KDHAP was too high; HUD now estimates that 24,000 to 32,000 households are eligible for its Disaster Voucher Program (DVP).

February 17, 2006 - A group of disability rights advocates file suit against FEMA, challenging FEMA's failure to provide accessible temporary housing.

February 23, 2006 - The White House releases "The Federal Response to Hurricane Katrina: Lessons Learned." The report finds that HUD, "with extensive expertise and perspective on large-scale housing challenges and its nation-wide relationships with State public housing authorities," was mistakenly not engaged in the housing response by FEMA until "late in the effort." Noting that "HUD's expertise lies in the provision of mid and long-term housing...for those in need," the report recommends that HUD be designated the lead Federal agency for the provision of temporary housing.

Also on February 23, 2006 – FEMA announces it will once again extend the hotel/motel subsidy program that has been providing shelter for hurricane evacuees. FEMA says it will continue to pay for the hotel/motel rooms of evacuees in Louisiana and Mississippi for two additional weeks, until March 15, citing a "severely depleted" housing stock in those states. Only 69,775 trailers and mobile homes are occupied at this time.

March 3, 2006 – To date, 35,631 households in need of continuing rental assistance have been denied by FEMA.

March 8, 2006 – To date, 17,260 households have received Disaster Vouchers from HUD, though only about half have successfully leased apartments with the vouchers. HUD estimates that an additional 9,351 DVP-eligible households are instead receiving some form of FEMA temporary housing assistance. Of the tens of thousands of people believed to have been homeless prior to the disaster, only 20 are receiving disaster vouchers, despite their eligibility for the program.

March 14, 2006 - Senate Homeland Security Committee Chair Susan Collins (R-ME) and Ranking Member Joseph

Lieberman (D-CT) send a joint letter to Homeland Security Secretary Michael Chertoff expressing concern about FEMA's shortfalls in providing temporary housing assistance to survivors of Hurricane Katrina.
"Almost six months after Hurricane Katrina ravaged the Gulf Coast, housing remains among the most pressing challenges facing thousands of residents in the region," wrote the Senators as they cited problems with FEMA's implementation of the hotel/motel program, delivery of mobile homes and provision of Transitional Housing Assistance.

March 15, 2006 – Families continue to wait for needed trailers and mobile homes. 90,547 have been occupied to date.

March 26, 2006 – 5 days before the originally announced deadline, FEMA extends state and local housing programs until May 31.

May 3, 2006 – To date, 51,486 families that applied to FEMA for continuing rental assistance have been denied any further assistance.

May 16, 2006 - Representatives Richard Baker (R-LA) and Barney Frank (D-MA) introduce H.R. 5393, the Natural Disaster Housing Reform Act of 2006. The bill would establish HUD as the lead agency for long-term housing needs resulting from disasters, among other things. Senator Mary Landrieu (D-LA) introduces companion legislation on May 23.

May 19, 2006 – A new class action lawsuit is filed, Watson vs. FEMA, to stop FEMA from ending rent assistance to some 17,000 families on May 31, 2006.

May 25, 2006 - 62 Democratic Members of the U.S. House of Representatives file an amicus curiae brief in support of Waston vs. FEMA. Representatives Regarding FEMA, the amicus brief states that, "the agency continues to engage in a process that is marked by inefficiency, a lack of discernable standards, and seeming disregard for the plight of the vulnerable survivors who are depending on the aid that FEMA is statutorily obligated to provide."

May 29, 2006 – FEMA extends the deadline for 10 local rental assistance programs in Texas, through June 30.

May 30, 2006 - U.S. District Court Judge David Hittner refuses to order federal officials to continue emergency housing programs for Hurricane Katrina evacuees through June 30.

June 16, 2006 – Judge Duval issues his decision in McWaters vs. FEMA. The Judge states, "The Court hesitates to seemingly 'reward' FEMA for what could be considered cagey behavior with regards to FEMA's ever-changing requirements. As the Court has previously found, FEMA's indecision and internal bureaucratic bumbling has strained even the most patient of citizens."

June 16, 2007 - The House Financial Services Committee approves by voice vote sending H.R. 5393, The Natural Disaster Housing Reform Act of 2006, out of Committee with a favorable recommendation.

July 13, 2006 - Judge Hittner grants a preliminary injunction in *Watson v. FEMA* ordering FEMA to pay amounts for utilities for all recipients of Temporary Housing Assistance under the Section 408 program, among other things.

July 25, 2006 – The Sierra Club releases results from its findings of FEMA trailers: 83% of the trailers tested show a high level of formaldehyde, a toxic gas that could pose both immediate and long-term health risks

July 26, 2006 - FEMA's new Director of Recovery, John D'Araujo, Jr., issues a memorandum changing FEMA's recertification policies for households transitioning from the 403 Emergency Sheltering Apartment Program to the 408 Temporary Housing Program.

According to Mr. D'Araujo, the "difficult transition has created some communication and program challenges that require immediate 408 assistance processing modifications...as a result of the multiple and varying 403/408 communications made to State/local governments, landlords and individual evacuees, FEMA has determined that an extension of the 408 recertification period is warranted," but only for households transitioning from 403 to 408.

FEMA has been requiring all 408 recipients to show proof of their continued need for temporary housing assistance

every three months. However, under the new guidelines issued in the memorandum, those households that recently made the transition from the 403 program after being determined eligible for 408 temporary housing will only have to recertify once in order to have their assistance extended through October 31, 2006. Evacuees eligible for this extension who do not meet FEMA's recertification requirements prior to October 31 will not be eligible for additional assistance beyond that date. Those households that do meet the requirements may be eligible for an additional recertification period ending February 28, 2007.

August 1, 2006 – Travel trailers and mobile homes reach their peak occupancy rate: 119,625 occupied.

October 12, 2006 - FEMA extends rental housing assistance for some evacuees of Hurricanes Katrina and Rita. The extension applies to households that originally received rental assistance through a city- or state-administered program, funded through FEMA's Section 403 program, and have successfully transitioned to receiving rental assistance under FEMA's Section 408 rental assistance program. Households displaced from Hurricane Katrina will have their rental assistance extended, without need for recertification, through February 24, 2007. Before the extension, these households were required to recertify for continuing assistance by October 31.

October 17, 2006 - 92 national and Gulf Coast housing and poverty advocacy groups write a letter to Department of Homeland Security (DHS) Secretary Chertoff, HUD Secretary Jackson and FEMA Director Paulison, urging the agencies to address the impending expiration of FEMA's transitional housing programs and subsequent displacement of almost 300,000 households. The letter requests an extension of housing assistance through February 2008.

The letter states, "The scope of the assistance programs still does not match the scale of this catastrophic disaster. Without adjustments to these programs, many families who survived Hurricanes Katrina and Rita are likely to find themselves homeless within the next four to five months. This mass displacement will severely tax the already-stretched resources of Gulf Coast communities trying to rebuild and cities like Houston that generously received and are still hosting over 100,000 displaced families. For the families themselves, another displacement could dismantle any progress gained after last year's hurricanes. Waiting until the last minute to extend deadlines and ensure continued funding, as FEMA infamously did for households living in motels, will impede proactive recovery activities and put more families at risk in the coming months."

November 29, 2007 - U.S. District Judge Richard Leon rules that FEMA must resume rental assistance payments and pay three months of retroactive payments to certain households denied continuing rental assistance from February through August 2006. The agency must continue rental assistance to these households until FEMA can provide clear reasons for a denial of continuing assistance and an opportunity for households to appeal the denial.

Judge Leon ruled in favor of the plaintiffs, agreeing with their claim that letters sent to those denied continuing assistance were "ambiguous and unintelligible," and often gave contradictory information. "It is unfortunate, if not incredible, that FEMA and its counsel could not devise a sufficient notice system to spare these beleaguered evacuees the added burden of federal litigation to vindicate their constitutional rights," Judge Leon wrote. "FEMA's notice provisions are unconstitutionally vague and uninformative, and a more detailed statement of FEMA's reasons for denying long-term housing benefits...must be provided in order to...free these evacuees from the 'Kafkaesque' application process they have had to endure."

December 3, 2006 – FEMA assures Congressional staff that an extension of the 18-month deadline for FEMA housing assistance will be announced sometime during the month of December.

December 5, 2006 – Mississippi Governor Haley Barbour sends a letter to FEMA Director Paulison, urging FEMA to extend housing assistance to households displaced by Katrina through February 2008. He receives no answer.

December 22, 2006 - The US Court of Appeals grants FEMA's request to stay part of US District Judge Richard Leon's order against the agency in the case of *ACORN vs. FEMA*. This means that, contrary to Judge Leon's order, FEMA does not have to reinstate housing benefits for 4,200 Katrina evacuees until after the appeal of the ruling is heard. The Court of Appeals is not likely to take up the case until March.

January 3, 2007 – FEMA tells reporters and Congressional staff that they plan on maintaining the February 28 deadline for assistance for the 33,000 households remaining in FEMA's rental assistance program. FEMA states it will

consider extensions of assistance for the 95,000 households living in FEMA trailers and mobile homes, on a case-by-case basis. No official announcement is made.

January 9, 2007 – The Louisiana Congressional delegation sends a letter to FEMA Director Paulison, urging FEMA to extend housing assistance to households displaced by Katrina through February 2008.

January 12, 2007 – Congressional members meet with FEMA Director Paulison, urging an extension of the deadline for temporary housing assistance. During the meeting, Mr. Paulison states that he will meet with the President later that day, to request an extension for all FEMA housing assistance programs. According to reports from the meeting, Mr. Paulison is optimistic that the President will approve the extension. Mr. Paulison acknowledges the urgency of the matter and says he hopes to announce an extension sometime the week of January 22.

January 12, 2007 – Representative Al Green (D-TX) sends a letter to FEMA Director Paulison, urging FEMA to extend temporary housing assistance to households displaced by Katrina.

January 17, 2007 – Louisiana Governor Kathleen Blanco sends a letter to FEMA Director Paulison, urging FEMA to extend housing assistance to households displaced by Katrina through February 2008.

January 19, 2007 – FEMA staff inform Congressional offices that the President has granted a six month extension, through August 31, 2007, for all temporary housing programs. No formal announcement is made. FEMA staff indicate an awareness that temporary housing needs will likely remain in August, and plans to talk with HUD staff about longer-term solutions.

January 29, 2007 - In written testimony before the Senate Homeland Security Committee, Gil Jamieson, FEMA Deputy Director for Gulf Coast Recovery, affirms that President Bush has directed FEMA to provide an extension, through August 31, of direct housing and financial assistance programs supporting victims of Hurricanes Katrina and Rita. "This extension will give us additional time to work with disaster victims, Federal, State and local partners, and volunteer organizations, to transition victims to more permanent housing solutions," Mr. Jamieson says.

FEMA has still made no formal announcement of the 6-month extension, leaving many questions unanswered.

January 31, 2007 – After successfully reinstating more than 1000 households to FEMA's rental assistance program, ACORN dismisses its lawsuit against FEMA. A full 25% of households covered by the lawsuit were found to have been wrongfully terminated by FEMA. "Despite the government's promises to care for the hurricane victims they failed to protect during the storms, thousands of evacuees were literally left out in the cold by FEMA," said Michael Kirkpatrick, a lawyer for Public Citizen who litigated the case. "Our lawsuit has held the agency accountable for its failures and resulted in about $6 million in additional benefits to flow to the hurricane survivors."

IN THE UNITED STATES DISTRICT COURT
FOR THE DISTRICT OF COLUMBIA

ASSOCIATION OF COMMUNITY ORGANIZATIONS FOR REFORM NOW (ACORN), *et al.*	§	
Plaintiffs,	§	Civil Action No. 06-1521-RJL
v.	§	
FEDERAL EMERGENCY MANAGEMENT AGENCY (FEMA),	§	
Defendant.	§	

Exhibit 7

To Plaintiffs' Motion for a Temporary Restraining Order

Declaration of Susanne Seré

1. My name is Susanne Seré. I am an attorney licensed to practice law in the State of Texas. My State Bar Number is 18032340. I also am licensed to practice law in the United States District Courts for the Southern District of Texas.

2. I am employed by Lone Star Legal Aid as the Attorney Manager for the Public Benefits and Special Projects Units, Houston office. As part of my duties with Lone Star Legal Aid, I supervised seminars designed to provide hurricane evacuees with assistance in the preparation of pro se letters to appeal FEMA's denial of eligibility for Section 408 housing assistance. We have assisted hundreds of evacuees from Hurricanes Katrina and Rita.

3. Based on discussions with the evacuees, it was clear that very few, if any, knew the criteria for Section 408 housing assistance eligibility. The overwhelming majority is completely confused by the circumstances, did not understand the reason(s) for the denials of housing assistance and did not know what information must be provided to establish eligibility. Many evacuees had entered into 12 month leases and did not know why their assistance and their leases are being terminated.

4. Many evacuees received several letters from FEMA. Some evacuees had a series of letters resulting in multiple reasons for denial. Evacuees had letters that were confusing and at times appeared to be contradictory. For example, one evacuee received a denial letter based on "insufficient damage"; approximately one month later she received another letter stating that the basis for denial is that "applicant withdrew voluntarily". At least one evacuee received a letter from FEMA stating that she was eligible for Section 408 assistance and then received a subsequent letter stating that she was ineligible.

5. Many evacuees received vague denial letters from FEMA. Some letters gave the reason for denial as "other" or "other reason". Some letters stated that FEMA was "sending this letter to help clarify the termination of FEMA's subsidy of your current rental unit" but gave no reason for the denial. Evacuees' attempts to obtain clarification from FEMA frequently resulted in further confusion.

6. One evacuee who had been denied on the basis that he had withdrawn his request for assistance called FEMA to discuss his denial. When he explained that he had not withdrawn his application, he was advised that the denial might be based on "insufficient damage" because he failed to meet the inspector at his pre-disaster residence.

7. Several evacuees believed the reason for their denials was because of a failure to meet with an inspector to assess damages to their pre-disaster residences. One evacuee was in the hospital at the time of the scheduled inspection and so notified FEMA. Another evacuee had met with an inspector to survey the damage but failed to meet with a second inspector when notified of the inspection at the time it was in progress over 100 miles away. Many evacuees simply were unable to travel the distance to return to their pre-disaster residences and were unaware that they could request a representative to act on their behalf.

8. Several evacuees that we have seen were denied on the basis that they are receiving other housing assistance, but the only housing assistance they are receiving is the Section 403 assistance that is being terminated. Another evacuee was advised by FEMA that she would need to obtain a statement from HUD indicating that she is not receiving housing assistance from HUD.

9. I have been with legal aid for over 27 years. After meeting with these evacuees and listening to their stories, I have to conclude that their plight with FEMA may be the most confusing and chaotic circumstances I have seen.

10. FEMA has scheduled the termination of the 403 program for the majority of evacuees in Houston for August 31, 2006 based on FEMA's position that a final determination regarding 408 eligibility has been made. It is my understanding that approximately 1800 evacuee households will continue to receive 403 rental assistance for the month of September because FEMA has not made a "final" determination regarding 408 eligibility. Because many of the evacuees have little income, they will undoubtedly face eviction when September rent is due.

11. In Texas, the eviction process is very short. A landlord first needs to give a three day notice to vacate (or one day if the lease allows). After the notice to vacate expires, the landlord can file the eviction case with the justice court. The justice court schedules an appearance within six to ten days. If the court rules for the landlord, the writ of possession can be issued after five days. However, once a tenant defaults, a landlord does not have to accept the rent and can instead choose to evict the tenant. In my experience, landlords that end up filing eviction cases usually do not want the rent, but instead require the tenant to vacate.

12. Unless FEMA is required to provide proper explanations of denials to evacuees and is required to continue the 403 program until they do, many evacuees that would otherwise be entitled to housing assistance will likely be evicted.

Pursuant to 28 U.S.C. § 1746, I declare under penalty of perjury that the foregoing is true and correct.

Susanne C Seré Date: 8/30/2006
SUSANNE SERE

IN THE UNITED STATES DISTRICT COURT
FOR THE DISTRICT OF COLUMBIA

ASSOCIATION OF COMMUNITY ORGANIZATIONS FOR REFORM NOW (ACORN), *et al.*	§	
Plaintiffs,	§	Civil Action No. 06-1521-RJL
v.	§	
FEDERAL EMERGENCY MANAGEMENT AGENCY (FEMA),	§	
Defendant.	§	

Exhibit 17

To Plaintiffs' Motion for a Temporary Restraining Order
(Emergency Injunctive Relief)

This Exhibit 17 consists of declarations (sorted in alphabetical order) from the following four advocates for disaster survivors:

1. Michelle A. Akers
2. Zeynep Kleiman
3. Nova McGiffert
4. Kirsten Mindrum

IN THE UNITED STATES DISTRICT COURT
FOR THE DISTRICT OF COLUMBIA

ASSOCIATION OF COMMUNITY ORGANIZATIONS FOR REFORM NOW (ACORN), *et al.*	§	
Plaintiffs,	§	Civil Action No. 06-1521-RJL
v.	§	
FEDERAL EMERGENCY MANAGEMENT AGENCY (FEMA),	§	
Defendant.	§	

Declaration of Michelle A. Akers

I, Michelle A. Akers, declare the following based on my personal knowledge:

1. I am over 21 years of age and competent to make this declaration.

2. I have been a Hurricane Relief Case Manager from September 26, 2005 to August 1, 2006. I work for a nonprofit agency called Caritas of Austin that works with the low income and working poor as well as the homeless population. I have a degree in social work a Masters in Counseling and am license to practice in Texas. .

3. In this capacity I have worked with all types of hurricane survivors and their families to become self sufficient in Austin. I have seen in some capacity over 60 individuals/families as well as completed outreach activities on behalf of the needs of the survivors.

4. I have numerous problems with FEMA. One problem of late has been been proof of identity. FEMA has told people that a state identification card and a social security card are not enough. One client had to provide verification of a social security number and copies of IRS documents even though she had sent in the typical identification information. Another concern is lack of information. The notices from FEMA are unclear and usually fail to describe the problem with any specificity. Appeals take months in many cases. Often people do not have one week if it involves rental payment because the client will face eviction without assistance. Because the information system is so poor and the appeals take so long, people who are otherwise entitled to assistance are evicted while the red tape is being sorted out. If the notices and information were approved, the problem could hopefully be addressed the first time before it is too late.

5. FEMA's system, even now, has been the most difficult system to deal with compared to all the other systems I navigate. FEMA appears to change the guidelines, deadlines and definitions of what they require in mid stream. It is frustrating and very demeaning for the residents of the Gulf Coast to have to continue to prove they are worthy of these benefits when they are victims of a natural disaster.

Pursuant to 28 U.S.C. § 1746, I declare under penalty of perjury that the foregoing is true and correct.

Michelle A Akers Date: 9/5/06

Michelle A. Akers, LSW, MA
ReEntry Case Manager
Caritas of Austin
479-4610 Ext #242
makers@caritasofaustin.org

IN THE UNITED STATES DISTRICT COURT
FOR THE DISTRICT OF COLUMBIA

ASSOCIATION OF COMMUNITY ORGANIZATIONS FOR REFORM NOW (ACORN), *et al.*	§	
Plaintiffs,	§	Civil Action No. 06-1521-RJL
v.	§	
FEDERAL EMERGENCY MANAGEMENT AGENCY (FEMA),	§	
Defendant.	§	

Declaration of Zeynep Kleiman

I, Zeynep Kleiman, declare the following based on my personal knowledge:

1. I am over 21 years of age and competent to make this declaration.

2. I am a social worker and have been a part-time employee at Caritas of Austin Hurricane Relief Program since February 2006. I've worked with about 20 Katrina survivors.

3. It has been a very frustrating process to deal with FEMA in general. About 90 percent of my clients have been disabled and their needs have been very high. I have found communications with FEMA to be very confusing, unclear, and intimidating for my clients. The letters FEMA sent out do not specify the reason for denial clearly and sometimes no reason is given at all. You can get even have two contradicting letters one after another. FEMA's documents are vague and confusing enough to me, but they are totally worthless to many of my clients who have literacy issues or low education. Calling FEMA does not always solve the problem either. My experience calling FEMA to get specifics about a case or to check on a claim has varied according to who answers the phone. I have talked to some FEMA workers that claim to know exactly what I needed to do and attempted to be very helpful. Of course, the information they provided did not always work. In fact, most of the time FEMA workers were not able to give me a decent answer or any assistance after being on the phone with them for 45 minutes.

4. As frustrating as it is, I will continue to work with hurricane survivors and help them go through obstacles because I know a lot of them would have quit fighting if they didn't have support.

Pursuant to 28 U.S.C. § 1746, I declare under penalty of perjury that the foregoing is true and correct.

Zeynep Kleiman Date: 9-8-06
Zeynep Kleiman, LCSW
Hurricane Relief Team Case Manager
Caritas of Austin

IN THE UNITED STATES DISTRICT COURT
FOR THE DISTRICT OF COLUMBIA

ASSOCIATION OF COMMUNITY ORGANIZATIONS FOR REFORM NOW (ACORN), *et al.*	§	
Plaintiffs,	§	Civil Action No. 06-1521-RJL
v.	§	
FEDERAL EMERGENCY MANAGEMENT AGENCY (FEMA),	§	
Defendant.	§	

Declaration of Nova McGiffert

I, Nova McGiffert , declare the following based on my personal knowledge:

1. I am over 21 years of age and competent to make this declaration.

2. I am a case manager with a nonprofit called Caritas in Austin, Texas. I have worked with 19 evacuee households from Hurricanes Katrina and Rita since July. Of those households, 17 have had difficulty with FEMA in either the recertification process or securing benefits at all. Many of my clients have lost valuable time in the appeal and recertification process because of lack of information from FEMA's denial letters and phone representatives.

3. One client, a survivor from Hurricane Rita, has been going back and forth with FEMA on what they call an "Insufficient Damage" appeal for months. He receives contrary information about needed documentation virtually every time he calls FEMA. The letters from FEMA are of little help. Because he lives far from his hometown, securing photographic documentation of his home's damage took over one month. When he finally called FEMA with the photographs in hand to ask how to best send the pictures, the FEMA representative told him that photographs are insufficient proof of damage. The reasoning she gave is because FEMA's scanners do not present a clear enough picture to use as evidence. Now he is told that he needs a formal estimate from a licensed contractor of the amount of damage. He is now one month closer to homelessness and without emergency rental assistance, this client and his 13 year-old son would be in line at the shelter. He is on social security disability and has been actively looking for a part-time job.

4. If FEMA had to specifically state the problem in writing, and provide an explanation of what is required to address the problem, my clients would be better able to qualify for assistance

timely. The current system wastes valuable time and places an unfair burden on evacuee families. FEMA's system has been confused from the beginning and has yet to be improved. I am hoping something can be done to prevent another family from becoming homeless that should not be.

Pursuant to 28 U.S.C. § 1746, I declare under penalty of perjury that the foregoing is true and correct.

Date: 9/6/06

Nova McGiffert

IN THE UNITED STATES DISTRICT COURT
FOR THE DISTRICT OF COLUMBIA

ASSOCIATION OF COMMUNITY ORGANIZATIONS FOR REFORM NOW (ACORN), *et al.*	§	
Plaintiffs,	§	Civil Action No. 06-1521-RJL
v.	§	
FEDERAL EMERGENCY MANAGEMENT AGENCY (FEMA),	§	
Defendant.	§	

Declaration of Kirsten Mindrum

I, Kirsten Mindrum, declare the following based on my personal knowledge:

1. I am over 21 years of age and competent to make this declaration.

2. I am a case manager for survivors of Hurricane Katrina at the Arc of the Capital Area, a local nonprofit in Austin, Texas. My involvement with FEMA began when I volunteered with FEMA from October 26 to November 24, 2005, as a part of a collaboration between FEMA and the US Peace Corps. During this time I met with evacuees in the state of Oklahoma who, two months later, were still living in hotels. I assisted them with their FEMA application, and gave information and guidance on how to obtain long-term shelter and resources. Beginning Feb. 21, 2006, I began my job at the Arc of the Capital Area, providing case management to Katrina survivors with disabilities. I have worked with about 35 families at this agency, 25 of which needed assistance with acquiring their FEMA benefits.

3. I have found many FEMA employees to be helpful and straightforward with the information they have available to them. I knew some FEMA employees who were working 80 hours per week and doing everything that they could. However, I have come across major inconsistencies and contradictory information relayed by FEMA employees in what seems to be a process that intentionally weeds out disaster victims by being unclear about the information that FEMA requires. For example, Client A was deemed ineligible for continued rental assistance. Client A and I are informed that an inspection needs to be done at the damaged dwelling. Though the house has been torn down, and rebuilt, the inspector still needs to see the inside of the house. Though this is purposeless in acquiring any information about the damaged dwelling, Client A finds a family member with a key to meet the inspector. Two weeks later, we check with FEMA's helpline (1-800-621-FEMA) again. Now, there is a problem with shared households.

Applicant A lived with her mother in New Orleans. They were separated after the hurricane and Client A ended up in Austin, TX and mother in Atlanta, GA. Both have acquired jobs in their respective cities and Client A is supporting her 17-year-old brother who is enrolled in school in Austin, TX. An appeal is written to explain. Several weeks later, another call to FEMA is made, and now there is a problem with the mother having flood insurance and there being no landlord tenant relationship between the mother and Client A. None of the FEMA notices explain this, what to do, or how to address the problem. The notices are so vague FEMA uses them to claim a multitude of problems, one after another. There is no transparency, and information is being withheld which drags out the process of appeal and leads to evictions and homelessness.

4. The process of finding out what documentation is needed by FEMA can be extremely difficult. Applicant B has written three housing plans (a requirement for continued rent assistance FEMA says), all deemed inadequate by FEMA. The FEMA hotline representative is unable or unwilling to tell the survivor or me why the housing plan is inadequate. After waiting two weeks for the housing plan to be processed each time, Applicant B is now in court being evicted. Now she will not be eligible for HUD's Public Housing either. FEMA withheld information that was needed by my client, and has done so in many other cases. This is wrong. Disaster victims should know what is needed from them. These are only two examples amongst 25. As I stated earlier, I trust FEMA Helpline employees on the phone to be straightforward with the information that they have available to them. The problem may lie here---the complete information is not available to them either, and it is certainly not available to the evacuees or their advocates. Of course I cannot imagine what evacuees face without assistance from a caseworker. FEMA's system is extremely difficult with assistance from a caseworker like me who has an office, internet access and a fax machine. It must be even more difficult for a survivor without help. FEMA's notices must be improved at the very least so the process is fair for everyone.

Pursuant to 28 U.S.C. § 1746, I declare under penalty of perjury that the foregoing is true and correct.

Kirsten Mindrum _____ Date: 9/6/06

Kirsten Mindrum

Principles for Redevelopment of Public Housing Damaged by Hurricanes Katrina and Rita

The need for rental housing affordable to the lowest income people is acute in the communities affected by Hurricanes Katrina and Rita. *HUD and local public housing authorities (PHA) have an obligation to repair and reopen as much public housing as possible as soon as possible.*

Some public housing in the Gulf Coast affected areas has been reoccupied by its residents or the residents never evacuated. Given the acute shortage of rental housing that is affordable to the lowest income people in the Gulf Coast affected areas, *HUD should declare a moratorium on any demolition, disposition, or redevelopment of public housing that is currently occupied* in the Gulf Coast affected areas for the foreseeable future.

However, for those *public housing buildings that are currently closed and where it is independently determined that partial or complete redevelopment is required* to assure the long term sustainability of housing affordable to the people who lived there prior to evacuation, the following principles should apply.

1. No redevelopment of public housing damaged by Hurricanes Katrina and Rita will result in a net loss of the number of physical publicly assisted rental units, including accessible units, that were in the jurisdiction prior to Katrina or Rita nor will any redevelopment result in a net loss of any rental housing units that were in the jurisdiction prior to Katrina and Rita that are affordable and targeted to extremely low income households. New development will not decrease the number of rental units with three or four bedrooms needed by large families.

2. Redevelopment must take place with all deliberate speed, so that residents can return home and reoccupy units as soon as possible.

3. All residents of public housing in good standing at the time of evacuation must have the absolute right to return to a publicly assisted housing unit that is at least comparable to, and preferably an improvement of, the unit from which the household evacuated.

4. If the exact unit from which the household evacuated is not habitable, the household must be offered the following choices:
    - for a household living outside of the jurisdiction where its public housing unit is located:
        - the household can continue to occupy the unit it is currently in with guaranteed continued Disaster Voucher assistance (DVP) until such time as its new unit in its home jurisdiction is ready for occupancy. If the PHA in the jurisdiction where the household is now living is not participating in DVP, HUD shall provide an alternative means by which the household can participate in DVP. HUD shall obtain an extension of the 18 month limitation on use of DVP assistance.
        - the household can return to its home jurisdiction and reside in another rental unit that the PHA will provide (either public housing or private housing rented with continued Disaster Voucher

assistance) until such time as its new unit is ready for occupancy. HUD shall obtain an extension of the 18 month limitation on use of DVP assistance.
    - the household can opt to receive a portable Housing Choice Voucher (HCV) and give up its lease on its public housing unit. If at a later point, a household who has given up its public housing lease returns to its original jurisdiction and wishes to live in public housing, the household will be given a preference on the public housing waiting list.
- for a household living in the jurisdiction where its public housing unit is located:
    - the household can continue to occupy the unit it is currently in with guaranteed continued Disaster Voucher assistance until such time as its new unit in its home jurisdiction is ready for occupancy. HUD shall obtain an extension of the 18 month limitation on use of DVP assistance.
    - the household can opt to receive a portable Housing Choice Voucher and give up its lease on its public housing unit. If at a later point, a household who has given up its public housing lease returns to its original jurisdiction and wishes to live in public housing, the household will be given a preference on the public housing waiting list.

5. Every displaced public housing head of household must be informed of his or her housing choices now and provided with appropriate counseling and other support services needed to make the best possible choice for his or her household. If the household has reconfigured, the current head of household must be provided with the appropriate counseling.

6. Every displaced adult public housing resident, wherever he or she may be, whose household makes the choice to return to redeveloped public housing must be offered a genuine opportunity to be an active participant in the redevelopment planning including the design of the new homes and projects.

7. When a household gives up a lease, thereby creating a public housing vacancy, the PHA must first offer the unit to another displaced public housing household and then go its waiting list if there are no other displaced public housing households who are interested. The offer of a unit shall be on the same conditions as outlined in #4 above. If the PHA exhausts all names of displaced public housing households who want to return and of applicants on its waiting list and still has vacancies, it must open up a new round of applications and offer eligible applicants the same choices outlined in #4 above until all vacancies are filled.

8. HUD must provide or assure sufficient funding to fully implement these requirements.

9. HUD must provide all public housing households displaced by Hurricanes Katrina and Rita with timely and complete information about these and other policies and about the status of public housing redevelopment in the jurisdictions from which they evacuated.

October 10, 2006

Catholic Charities USA
ENPHRONT (Everywhere Now Public Housing Residents Organizing Nationally Together)
Enterprise Community Partners
Florida Legal Services
From the Lake to the River: The New Orleans Coalition for Legal Aid and Disaster Relief
Lawyers Committee for Civil Rights Under Law
National AIDS Housing Coalition
National Alliance to End Homelessness
National Community Reinvestment Coalition
National Fair Housing Alliance
National Housing Conference
National Housing Law Project
National Housing Trust
National Law Center on Homelessness and Poverty
National Low Income Housing Coalition
New Orleans Legal Assistance
New Orleans Neighborhood Development Collaborative
Oxfam America
PolicyLink
Providence Community Housing, New Orleans
Technical Assistance Collaborative
Texas Low Income Housing Information Service
U.S. Jesuit Conference

Testimony of William J. Croft
The Shaw Group, Inc.
before the
Senate Committee on Homeland Security and Governmental Affairs
Subcommittee on Disaster Recovery
Tuesday, April 24, 2007, 9:30 a.m.

INTRODUCTION

Madam Chairman and members of the Committee, I want to thank you for your gracious invitation allowing me to outline my involvement and my views pertaining to the housing programs in Louisiana following Hurricanes Katrina and Rita.

Having served as the Assistant Director of the Louisiana Office of Emergency Preparedness from 1991 through 1997, as well as a FEMA Disaster Assistance Employee in Florida following the 2004 Hurricane Season, I have experience dealing with a number of federal disaster programs including housing.

I joined Governor Blanco's office shortly after Hurricane Katrina made landfall to assist with the Temporary Housing Program and served as the Director of the Governor's Hurricane Housing Task Force from September 2005 to June 2006.

THE TASK FORCE

The Governor's Hurricane Housing Task Force was formed to facilitate the delivery and management of shelter and transitional housing programs necessary to support the displaced disaster victims of Hurricane Katrina, and later Rita, in Louisiana. The Task Force operated under the direction of the Governor's Policy and Planning Director. The Task Force was comprised of representatives of various state agencies as well as individuals with expertise in disaster shelter and temporary housing operations and disaster recovery. Through an alignment with the Federal Emergency Management Agency (FEMA) Housing Area Command (HAC), the Task Force closely coordinated with state and local government officials, represented the state and local governments in the execution of the sheltering and transitional housing programs and established, and monitored, housing strategies, goals, objectives and progress. Even though FEMA leadership agreed with the justification for the Task Force it was not a recognized FEMA program, therefore the State did not qualify for financial assistance for the costs incurred to execute the housing program. Returning National Guard soldiers from the Iraqi War who were still on active duty provided the bulk of the staff necessary to perform the mission of the Task Force. The Task Force continues to function today.

FOCUS

There were a number of challenges but the priority was to provide temporary housing for those disaster victims who had no housing solution and for those who were living in shelters throughout the nation. The primary goal was to provide temporary housing in or as close as we could to the evacuated family's pre storm neighborhood. For the most part, this was an impossible task due to the magnitude of the devastation and the duration of effects of the storm on the infrastructure. The concept was to bring the disaster area back to life in a coordinated effort. Housing of the general population was not the only focus. We had to restart business and industry, government, health care, education as well as public safety.

SITE DEFINITIONS

One of the initial recommendations was to clearly define the different types of travel trailer and mobile home sites. The Task Force devised a process flow chart which outlined the procedures FEMA's contractors should follow for each site in order to insure the local and state governments were include in the decision making process as to size and site selection. We established the sites to be Private Sites, Commercial Sites, Group Sites which included Emergency Group Sites and Exclusive Use Sites, and Industry Sites.

Private Sites are defined as the placement of a travel trailer on the property of a home owner or renter whose dwelling is uninhabitable which allows the family to expedite repairs and rebuilding.

A "Commercial Site" is an existing RV or Mobile Home park with available pads that FEMA leases. This was an expedient way to move units, primarily mobile homes with minimal site preparation.

A "Group Site" is developed to temporarily house eligible FEMA registrants when there is a lack of feasible private sites and commercial sites. Group sites generally consist of 50 to 200 travel trailers or mobile homes in a pre-planned location where the surrounding infrastructure can support such a development. There are three types of group sites: general population sites, emergency group sites (EGS), and exclusive use sites. Emergency Group Sites have above-ground utilities and are typically constructed on top of a hard surface such as a parking lot. Exclusive use sites are constructed to house qualifying applicants employed or belonging to a specific organization or agency that provides necessary or essential services to the disaster area.

An Industry site was designed to provide travel trailers to house displaced workers who were essential to the operation of the business or industry. The State Department of

Economic Development identified critical industrial operations such as petro-chemical plants, distribution centers and ports which FEMA provided trailers for. The industry was required to install the units and house disaster victims only. This restriction slowed the restart process by not allowing more flexibility for industry to house other critcal workers. I applaud FEMA's "outside of the box" approach to the industry program but the program should be better designed for future disasters.

SITE SELECTION

Realizing the need for a large number of temporary housing units outside of the disaster area, we began working with FEMA to identify sites throughout Louisiana and working with all of our host states for help. One of the major challenges in providing housing outside of the disaster area was the impact on the community where the temporary housing was to be located. Prior to Katrina, major cites and rural communities were struggling to meet the infrastructure demands of their existing residents. It was not prudent to now overburden a community of 1,000 families with another 200 or 300 families for which they were unprepared. Louisiana proposed that impact fees be provided by FEMA to assist local communities with the capacity to help, as is the usual case when a developer proposes new development in a community. This was considered, but never approved.

WRAP AROUND SERVICES

Another important topic to consider is support of the residents of shelters and temporary housing. We continually focused on the need for wrap around services at each location where our citizens were relocated. To merely place hundreds of families in a group site and consider the mission accomplished is wrong and shortsighted. We must take care of people who are displaced from their normal services. In many cases hosting local governments provided services from existing strained resources. The FEMA program, through Stafford Act changes or through policy changes should address this inadequate approach.

THE FUTURE

It is my opinion that we have an opportunity to create a more flexible, efficient and cost-effective federal disaster housing program by making a paradigm shift in the definition and execution of the mission. We should depart from the current concepts and move to a more definable and logical approach. The future program should be structured to provide EMERGENCY SHELTERS which will provide immediate needs during the emergency phase and for 30-60 days following a disaster. The EXTENDED SHELTERS phase should include large congregate care facilities which can support sustained operations as well as travel trailers and hotel/motel rooms. The TRANSITIONAL HOUSING program would include mobile homes, apartments,

prefabricated housing, USDA facilities, HUD controlled assets and other types of housing which would support a much longer term, even permanent housing. The final and ultimate program is PERMANENT HOUSING. The federal government role in all of this is paramount to the success of providing direct housing to disaster victims.

CLOSING

Thank you for your time and attention to this important topic.

I will now answer any questions that you may have.

STATEMENT FOR THE RECORD

MATT JADACKI

DEPUTY INSPECTOR GENERAL

FOR DISASTER ASSISTANCE OVERSIGHT

U.S. DEPARTMENT OF HOMELAND SECURITY

BEFORE THE

AD HOC SUBCOMMITTEE ON DISASTER RECOVERY

COMMITTEE ON HOMELAND SECURITY AND GOVERNMENTAL AFFAIRS

U.S. SENATE

APRIL 24, 2007

Good morning, Madame Chairman and Members of the Subcommittee.

My name is Matt Jadacki. I am the Deputy Inspector General for Disaster Assistance Oversight in the Office of Inspector General for the Department of Homeland Security (DHS). Thank you for the opportunity to discuss the Alternative Housing Pilot Project (AHPP).

Today I will address five issues regarding the AHPP program, whether:

- The $400 million available for the program was appropriately allocated and hurricane-affected communities received proportionate shares of the available funds;
- The decisions of the AHPP awards panel and FEMA officials led to the funding of innovative and creative emergency housing solutions;
- The AHPP awards panel reached fair and balanced decisions;
- The AHPP panel review process was subject to the basic federal advisory committee requirements of openness and transparency; and
- There were any violations of law in the manner in which the AHPP grant project selections and awards were conducted.

Background

Of the $6 billion appropriated for Disaster Relief by Public Law 109-234,[1] $400 million was available to carry out Section 2403 of the Act. Section 2403 provided that costs for "alternative housing pilot programs in the areas hardest hit by Hurricane Katrina and other hurricanes of the 2005 season" were eligible for funding under FEMA's Individual Assistance Program. Furthermore, the occupants of the housing developed with these funds are to be the victims from those areas hardest hit by the 2005 hurricanes. The Senate Committee on Appropriations noted in a June 8, 2006, press release that the $400 million was to fund a pilot study to determine "alternative sources of emergency housing" that would be evaluated for providing a "better, safer and more cost effective housing solution than the exclusive use of travel trailers."[2]

FEMA officials developed and implemented a grant competition to "identify, develop, and evaluate alternatives to and alternative forms of disaster housing." The competition was limited to the state-designated agencies of the Gulf Coast states, Alabama, Florida, Louisiana, Mississippi, and Texas. By awarding competitive grants, FEMA officials sought to identify the best alternatives for housing disaster victims. By restricting the competition to the five Gulf Coast states, FEMA officials sought to comply with the Congressional intent that those areas hardest hit by Hurricane Katrina and the 2005 hurricanes receive the housing developed under these grants.

When the AHPP *Guidance and Application Kit* was issued by FEMA on September 15, 2006, the designated agencies of the five Gulf Coast states were given 35 days to develop as many project proposals as they wished to submit by an October 20, 2006, deadline. A total of 29 project proposals were received, consisting of several from each of the eligible states. Some of the proposals envisioned developing more than one type of innovative housing, but most were focused on a single proposed type of unit.

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[1] Emergency Supplemental Appropriations Act for Defense, the Global War on Terror, and Hurricane Recovery, 2006 (the Act).

[2] U.S. Senate Committee on Appropriations Press Release titled, "Senate, House Conferees Approve Final Supplemental Spending Bill," dated June 8, 2006.

After the proposals were received by FEMA and reviewed by a technical review committee, each of the proposed projects were reviewed by an 11 member evaluation panel and were scored by each panel member on 5 factors or criteria:

1. The manner and extent to which the alternative housing solution improves upon the conditions characteristic of existing temporary housing and improves long term recovery;
2. The extent to which the option can provide ready for occupancy (RFO) housing (obtained, transported, installed, repaired, constructed, etc.) within time frames and in quantities sufficient to meet disaster related needs under a range of scenarios, including sudden onset catastrophic disasters;
3. Life cycle cost, including the cost to acquire, transport, install/construct/repair, and maintain during the period it is occupied by disaster victims;
4. The capacity of the proposed alternative approach to be utilized in and adapt to a variety of site conditions and locations; and
5. The extent to which local officials, local neighborhood associations, and other community organizations are part of or support the pilot program in the community in which it will occur.

The panel consisted of eight federal employees and three outside experts, including a state government housing official, and architecture and construction experts from private industry. Seven of the federal employees were from the Department of Homeland Security, mostly FEMA, and one was from the Department of Housing and Urban Development.

The results of the panel's review were an evaluation and scoring by each member of each of the proposed projects and a consolidated ranking of all of the 29 project proposals. The total scores of the 29 projects ranged from a low of 50 to a high of 184. There was one natural break in the scoring totals with six of the proposals scoring less than 59 and 23 of the proposals scoring more than 103; none of the proposals' scores were between 59 and 103.

FEMA Gulf Coast Recovery officials reviewed the panel members' evaluations and prepared a decision paper for a DHS senior manager who, as the AHPP "primary selecting official" decided on the projects to be funded and the amount of funding that each project would receive. In this decision paper, the selecting official was provided with summary information on the project proposals and the panel's evaluations. The selecting official was also provided with three suggested options for selecting and funding projects and the rationale supporting each of the options.

Option 1. "Fully fund the highest scoring projects, until money is exhausted." This option would have funded only the two highest-scoring project proposals and all of the available funds would have gone to the State of Mississippi.

Option 2. "Optimize the number of housing alternatives funded within the competitive range." This option would have funded 10 project proposals. The increase in projects funded would have been achieved by reducing the award amounts of those project proposals that had requested the largest budgets, generally for the greatest numbers of units to be constructed. Under this option, the State of Mississippi would have received 39.3% of the available funds, Louisiana 36.7%, Alabama 13.1%, Texas, 10.9%, and Florida 0%.

Option 3. "Maximize the number of competitive states that receive funds." This option funds five of the six highest scoring project proposals so that each state having a proposal that scored in the top six has at least one proposal funded. Under this option, each of the selected projects are funded at 85% of the requested budget amount, except for the Mississippi Park Model and Mississippi Cottage proposal, which requested all $400 million of the appropriated funds and is instead funded at $275.4 million, or 68.9% of the budget amount requested. Under this option, Mississippi would receive 72.5% of the available funds, Louisiana 19.2%, Texas 4.3%, Alabama 4.0%, and Florida 0%.

The AHPP primary selecting official chose to implement the third option, as described above, from the decision paper. Under this selected option, five projects will be funded:

1. Mississippi's "Green Mobile" project will be funded for up to $5,890,882 (85% of a requested $6,930,450). Under full funding of this proposal, 100 "green mobile" housing units would have been constructed of structural insulated panels.
2. Mississippi's "Park Model and Mississippi Cottage" project will be funded for up to $275,427,730 (68.9 % of a requested $400,000,000). Under full funding of this proposal, 7,261 Park Model trailer units, similar to FEMA's park model travel trailers but with more amenities and enhancements and capable of meeting many local building codes, and 1,933 modular cottages would have been constructed.
3. Louisiana's Katrina Cottages and Carpet Cottages (a multi-family unit) project will be funded for up to $74,542,370 (85% of a requested $87,696,906). Under full funding of this proposal, a total of 475 housing units consisting of a mix of single-family cottages and multi-family "carpet cottages" would have been constructed.
4. Texas' Heston Group project will be funded for up to $16,471,725 (85% of a requested $19,378,500). Under full funding of this proposal, 250 units of pre-fabricated, panelized housing would have been constructed.
5. Alabama's City of Bayou La Batre project will be funded for up to $15,667,293 (85% of a requested $18,432,110). Under full funding of this proposal, 194 modular homes would have been constructed of cement fiber materials.

FEMA grants and program officials are now working with the state agencies whose project proposals were selected to finalize the terms of the grants.

Results of Review

Issue #1 - Since the funds under these special AHPP grants will not be allocated on a state-by-state basis or through a needs-based formula, could the communities hardest hit by the 2005 hurricanes fail to receive a proportionate share of the $400 million appropriated for the program?

Congress authorized the use of the Individual Assistance program to fund alternative housing pilots in areas hardest hit by Hurricane Katrina and the other hurricanes of the 2005 season. While providing AHPP funds on a state-by-state basis or needs-based formula would have complied with Section 2403 of the Act, neither would have been the most effective way of developing new and innovative types of disaster housing. FEMA officials' decision to conduct a grants competition among the hurricane-affected states is a logical approach to implement a pilot program.

As a consequence of the FEMA decisions, the communities hardest hit by the 2005 hurricanes did not receive proportionate shares of the $400 million appropriated for the program. The State of Mississippi was awarded $281.3 million share or 72.5% of the available funds, a share greater than its proportion of the damages from the 2005 hurricanes. Consequently, the other Gulf States, which have to make do with the remaining 27.5% of funds among them, did not receive funds proportionate to the damages their communities sustained.

However, the cause of this lack of balance between needs and awards was not a result of the competitive grant process or the work of the evaluation panel. Four of the five competing states actually scored well in the panel's evaluations and rankings. Officials in the State of Florida, the only state that did not score well in the panel's evaluations, attributed this ranking to what they considered to be discrepancies between the announced purposes of the grants and the FEMA-designed factors that were used in scoring the proposals - not to the competitive process or the work of the evaluation panel. The award amounts that were decided upon and the decision to award 70.9% of the available funds to one project, the Mississippi Park Model and Mississippi Cottages project, were solely the decision of the AHPP primary selecting official.

Had the FEMA guidance and application information to the applicant states requested that each project proposal include a budget that showed the minimum amounts required to implement each concept with some adequate-for-testing-and-evaluation number of units, such as 25 or 50, rather than just allowing the applicants to submit a "wish-list" budget for each proposal, it would have been easier for FEMA officials to compare the costs of each proposal. FEMA officials could then have distributed the funds more proportionately among the competing states, while also more effectively achieving the innovative disaster housing goals of the program.

Issue #2 - In the absence of pre-determined formulas or concrete and objective criteria to guide the panel review process, will the panel decisions result in the funding of "innovative and creative" housing solutions or of "ad hoc, discretionary, and subjective determinations?"

Any competitive grant process results in somewhat discretionary determinations and this particular process has to be considered somewhat "ad hoc" because the FEMA Competitive Grant Standard Operating Procedures are still in draft and have never been formally implemented. The panel review process appeared thorough and consistent and evaluated and rated the proposed projects in a manner that judged their innovation and creativity as well as the practicality and cost-effectiveness of the submitted proposals. The panels also provided the FEMA officials with the information that would be needed to effectively carry out the goals of the program. At least 11 of the project proposals were given support for funding by the evaluation panel.

However, FEMA officials did not fund an optimum number of "innovative and creative" disaster housing solutions because they awarded the vast majority of the available funds (70.9 %) to one project – the Mississippi Park Model and Mississippi Cottage proposal. This decision did not allow ample funds for the remaining projects that qualified for funding. Had the selecting official chosen the second option presented in the decision paper, which would have funded 10 of the top-scoring 11 project proposals (excluding one that was mostly a duplicate of another project), the AHPP grant funds would be much more effective in exploring and testing "innovative and creative" alternative

solutions to disaster housing. Instead, the selecting official chose the option that expended all of the available funds on only five project proposals.

The official who prepared the decision paper for the AHPP senior manager told us that he agreed with the selecting official's decision to fund only the five projects because he believes that in a competitive grant process most of the funds should go to the top-scoring competitors. However, we are not aware of any standard competitive grant procedure that prevents funding as many qualified competing proposals as possible, and the draft FEMA Competitive Grant Standard Operating Procedures do not contain such a requirement or guidance.

In addition, FEMA officials might have been able to solicit and fund more innovative and creative disaster housing solutions had they allowed applicants more time. FEMA allowed applicants only 35 days to submit completed grant proposals. Given the amount of time necessary to complete the paperwork required for a grant submittal, little time was left for developing innovative and creative ideas. If all of the competing states had been given more than 35 days to develop submittals, the states may well have come up with more and better concepts for disaster housing that could have been funded. Several of the competing states indicated that more time was needed to prepare adequate proposals. FEMA officials told us that such time for developing new and innovative concepts was not needed because states had already spent a lot of time and effort developing such housing concepts. We do not doubt that such may be true for the states of Louisiana and Mississippi, which have had extensive numbers of panels and discussion groups related to these issues because of the extensive damage they suffered. However, the other three states eligible for the grants competition may not have had as much focus on developing and discussing such alternatives, and were probably placed at a competitive disadvantage by the tight time frames of the proposal submittal requirements.

Issue #3 - Is the review panel as constituted able to reach fair and balanced decisions, unimpeded by real or apparent conflicts of interest?

We reviewed all of the documentation that FEMA provided concerning the operation of the evaluation review panel. The panel conducted extensive reviews and evaluations of each project proposal. We did not note any lack of fairness or balance. Although the majority of panel members were FEMA employees, there was no obvious bias in how they conducted their reviews. The reviews were possibly unbalanced in that every factor was given the same weight as all of the other factors rather than being "weighted" as is often the case. It is unusual when some evaluation factors are not considered to be more important than other factors. FEMA officials made the decision for each factor to have the same weight, not the panel members. The panel members did complete conflict of interest forms, and we did not detect any noticeable conflicts of interest in our reviews of the panel's evaluations.

Issue #4 - Will the panel review process meet the basic requirements of openness and transparency required of all federal advisory committees? Specifically, will the panel review process comply with the requirements of the Federal Advisory Committee Act (FACA) for openness, public access to records, and fairness?

The FEMA Counsel's office concluded that the FACA requirements did not apply to this panel review process because FACA only applies when the agency establishes a committee with members

who are not federal employees to obtain consensus advice or recommendations. FEMA officials considered the panel members to be providing individual recommendations and advice to the selecting official for the award of potential grant recipients. We reviewed the FEMA position concerning FACA compliance and concluded that it was justified. In addition, the panel process was not the key process that determined how many projects would be funded, what projects would be funded, or how much funding each of the selected projects would receive. Those decisions were the sole purview of the AHPP selecting official. More openness or transparency in the panel process would not necessarily have had any noticeable effect upon the FEMA decision-making process.

Issue #5 - Were any violations of law found in the conduct of the AHPP grant project selections and awards?

We did not find any violations of law in the AHPP grant process, although the grant awards could have been made to fund and assess a greater variety of alternative disaster housing options, and while doing so would have resulted in a more proportionate distribution of AHPP funds to the states. Moreover, the projects that have been funded should expand the alternatives available for disaster housing in the future and should provide improved interim housing for many residents of the hurricane-stricken areas of the Gulf Coast. FEMA officials said they intend to closely monitor the funded projects to ensure these projects are carried out in compliance with applicable laws and the terms of the AHPP grants.

Madame Chairman, this concludes my prepared statement.

I will be pleased to answer any questions you or other Committee Members may have.

Statement of John R. D'Araujo

Good morning, Chairwoman Landrieu, Senator Stevens, and members of the Committee. It is an honor to appear before this Committee to discuss my role as the Primary Selecting Official for the Alternative Housing Pilot Program.

From July 2006, until January 2007, I was the Director of the Recovery Division within the Department of Homeland Security's Federal Emergency Management Agency (FEMA). Additionally, from July 2002 to March 2003, I served as the Assistant Director of what was then known as the Readiness, Response and Recovery Directorate within FEMA. I coordinated the federal and national response for all-hazard disasters, directing the activities of more than 22 federal agencies under the Federal Response Plan

I recently retired from FEMA and am testifying today as a private citizen.

During my time with FEMA, I had the privilege to serve as the Primary Selecting Official for the Alternative Housing Pilot Program, authorized by Congress in the 2006 Emergency Supplemental Appropriations Act.

Though I served as the Primary Selecting Official, it is important to note that I was not responsible for the decisions creating the program. As a result, I would defer any questions on that issue to my colleagues from FEMA.

As the Primary Selecting Official, my role in the process was to take the results and recommendations from the Evaluation Panel and make the final decision about the award of funding under this competitive grant. I was not involved in any way in their deliberations or scoring of the projects, though I did receive periodic updates as to their progress, but not the substance of their deliberations.

To the best of my ability, I carried out my responsibility in accordance with established grant-making procedures. In accordance with established competitive grant procedures, as the Primary Selecting Official, I considered the ranking, comments and recommendations from the independent reviewers, as well as my own thoughts on the projects, before deciding which applications to approve and their order of approval. I made my selection based on the projects deemed most meritorious.

Also, in accordance with established competitive grant procedures, as the Primary Selecting Official, I put in writing my reasons for each deviation from the ranking determined by the National Evaluation Panel, as well as my reasons for disapproval of a recommendation. My disapproval of projects was based on their ranking, and thus required no written explanation.

In early December, 2006, Gil Jamieson, Deputy Director for Gulf Coast Recovery sent me a memorandum that summarized the comments of the National Evaluation Panel for each project and presented the overall ranking of each project. Three funding options were outlined in this memorandum.

1. Fully fund eligible projects in the order that they were ranked by the independent evaluation panel until all money was expended;
2. Provide a minimal amount of funding to all eligible projects, dividing the funds between as many as 10 projects; or,
3. Provide significant funding to the top project from each eligible state, and then use the remainder of the funding to fund projects based on their relative rankings.

Under a funding scheme that stuck to traditional competitive grant processes and fully-funded projects based solely on their ranking, the second highest-ranked

project would have consumed the entire amount of funding. However, because I considered it important that there be a diversity of competitive projects funded, I selected and recommended partial (85%) funding for the top project from each competitive state. With the remainder of funding, the 2nd project (ranked 2 overall) was funded at 66% of its request. By funding the top project from each state, FEMA is able to test emergency, interim, and permanent housing solutions.

Based on my selection, projects selected for possible funding under AHPP were announced on December 22, 2006.

State	Project	Requested Funds	Partial Funding	Recommended Award	Ranking by National Evaluation Panel
Mississippi	Green Mobile	$6,930,450	85%	**$5,890,882**	1
Mississippi	Park Model and Mississippi Cottage	$400,000,000	69%	**$275,427,730**	2
Louisiana	Cypress Cottage Partners	$87,696,906	85%	**$74,542,370**	3
Texas	Heston Group	$19,378,500	85%	**$16,471,725**	4
Alabama	City of Bayou La Batre	$18,432,1100	85%	**$15,667,293**	6

Thank you for the opportunity to appear before you. I would be pleased to answer any questions you have regarding my role as the Primary Selecting Official for FEMA's Alternative Housing Pilot Program.

Six Points

Andrés Duany

COST & PERMANENCE

(1) The cost of the FEMA travel trailers and mobile homes is between $60,000 and $90,000. This is a substantial investment, especially in areas of the Gulf Coast (where the average house *with* a lot is estimated at only $70,000). This magnificent sum is literally "thrown away" in disposable quarters. It is not the best use of our taxes. This magnitude of investment can and should create housing of a quasi-permanent type. The Louisiana proposal does so.

LIVEABILITY & RESILIENCE

(2) Hurricane Andrew has shown that some FEMA trailers are still in place fifteen years after the event—this despite the smaller scale of devastation. This means is that a child could have been born, and completed junior high school while inhabiting one of these trailers. Effectively for that individual, the FEMA house is his or her childhood home. The Louisiana proposal is for real houses where such a child could grow up.

CONTEXTUAL AESTHETICS

(3) The provision of FEMA trailers has been made unnecessarily difficult because many neighborhoods did not want them. They are associated with "trailer parks" of the kind that decrease real estate value. A very well-designed and permanent unit similar in appearance to permanent housing could go a long way toward mitigating this political problem. The Louisiana proposal looks as good—as most houses in the Gulf. And it can be adjusted to match any local vernacular in the future.

FLEXIBILITY

(4) FEMA housing should be transitional in one specific sense: That their earliest use would be as dormitories housing between six and twelve "first responders," including those who would build the subsequent housing. The Louisiana FEMA trailers provide this program for as many as twelve workers with no transformation necessary.

PRODUCTION IN QUANTITY

(5) One of the problems in providing housing for large-scale catastrophes is the reality of production bottlenecks. The Louisiana proposal mitigates this in the most efficient way: with technology supplied by multiple construction systems, some of which are "open shelf" systems. Thus, if there is a failure by any supplier, it is not cataclysmic. The Louisiana proposal if permitted, will explore this aspect of emergency housing.

THE NATURE OF THE REQUEST

(6) It is important to remember that the thrust of this proposal is not just to provide housing—but to provide ideas for the next generation of FEMA housing, and test them before the next catastrophe. As such, FEMA and this committee should support the open potential of the Louisiana proposal. It is not about the provision of the most housing at the lowest cost. The Louisiana program is a test of ideas as originally conceived by the bill.

John (Jack) Badman III Testimony - April 19, 2007 for the April 24, 2007 Hearing

I want to thank Chair Mary Landrieu, Ranking Member Stevens and the other distinguished members of the Subcommittee for this opportunity to talk about my company's experiences with the Alternative Housing Pilot Project.

I'm Jack Badman, CEO of RE: Formed Systems. First, let me say that better and cheaper approaches to providing disaster planning, response and recovery do exist—they exist now, and are available to FEMA, to the federal government, and to the American taxpayer.

Five years ago I founded our firm to find a way to build Force 5 hurricane proof houses for the price of wood housing, hence prevent having to rebuild every time a hurricane hits. This was expanded into our Emergency Planning, Response and Recovery System, which we submitted to Alabama for consideration in the Alternative Housing Pilot Program.

Alabama and Mobile County selected our system to feature in their proposal they told us was titled, "Mobile County Alternate Housing Pilot Program," stating that all thought we best met the RFP's criteria. We had discussed doing a demonstration of our Emergency Housing, and how quickly a lot of it could be assembled by unemployed workers, then show how it all transitions into Temporary Housing. Then how all these materials would be incorporated into permanent housing. We had hoped to a large Emergency response development, but Mobile County said FEMA controlled how much money we would get.

FEMA did not select us, and we haven't received a debriefing. We are unaware of a selected concept that better met their RFP's criteria, so we hope to better understand their rationale in a debriefing.

We offer a "pay one time" and "ship one time" approach that results with virtually indestructible housing suitable for any location that Katrina struck. Our emergency housing, which competes with tents, hotel rooms and cruise ships, is highly flexible. It can be a studio or a 1 to 5 bedroom shelter. Each family is allocated what they need, in a private, secure family shelter. They don't have to cohabitate in a tent with other families. 1000 various sized shelters can be erected within 12 hours of a storm's passing. We anticipate being able to construct and furnish shelters faster than emergency workers can sort out who will be assigned which shelter. Lots of preplanning is involved, but it is highly cost effective, and very responsive to evacuees' needs in a time of crisis..

While families inhabit our shelters, without disturbing them except for 2 hours, their shelters can be expanded quickly into temporary housing via adding our toilet and kitchen modules. This replaces FEMA trailers, with a long list of benefits.

When no longer needed, the materials for our emergency to temporary housing is disassembled and locally reassembled into our permanent force 5 hurricane proof, submergible housing. All material is shipped one way and is consumed locally. Money spent for emergency to temporary housing materials is not wasted since all those materials are incorporated into our permanent housing. Nothing becomes surplus or obsolete, nor needs to be shipped to storage yards, stored and refurbished.

During the next emergency response everyone gets fresh, new, next generation materials. In future storms no one will feel they're getting used housing or less-than-the-latest.

In Summary, instead of paying first for "Emergency Housing" via tents, cruise ships or hotel rooms, then paying for "Temporary Housing" in the form of trailers, then paying for permanent housing, our system has all the materials in our Emergency housing included in our Temporary Housing, and all that is included in our permanent housing, which will never again have to be replaced. Each phase just adds more materials to the

previously used materials. Our permanent housing conceals all materials behind new finishes, so nothing looks used.

This approach was honored as the "Disaster Response" cover story of CM *[holding up a copy of the magazine]*, the official magazine of ACMA, the American Composite Manufacturers Association, and the world's largest trade organization for polymers. It's on our website, ReFormedSystems.Com. A photo from the 1st of my 4 trips to New Orleans is on the cover. What it doesn't show is right behind the teddy bear is its owner's body. Saving money has not been our only objective.

We feel FEMA failed to recognize some of the benefits we bring: Our system cost is about 1/3 their current cost, it is far faster, and prevents having to spend money for future damage – hence it has an extremely low life-cycle cost. In the future, we suggest FEMA address what should be their most important goals, make these goals are their primary focus and ensure they select the new, vitally-needed innovative approaches that work toward meeting these goals.

FEMA should be seeking new innovative approaches that can provide permanent units that can be sited anywhere, including on the coast and under sea level. It requires a variable wall system to develop the flexibility needed. We are unaware of any of the selected systems can do this or any of the following:

FEMA should look for systems which don't use wood, gypsum or SIP panels, hence materials that are not prone to future flood and mold damage. Seek structures designed to be submergible, which can have the muck and mold cleaned. Evacuees will lose the use of their houses until cleaned out, but no structural damage should be likely.

In floodable areas, FEMA should not use materials such as wood and SIPs that float and add buoyancy forces if underwater.

Seek materials that are very compact and only ship one way via high-speed common carrier, so the highways and commuters are not affected by slow traffic, trucks pulling trailers, etc. Hence with shipping costs and aggravation that are far lower. Ideally nothing has to be eventually returned to storage yards, refurbished, etc..

A great advantage would be in systems that require very few skilled workers to assemble it, and don't compete for scarce carpenters. Hence unemployed persons seeking hard but rewarding work can earn money while taking pride in helping their communities respond or rebuild. And not require scare cranes or other equipment.

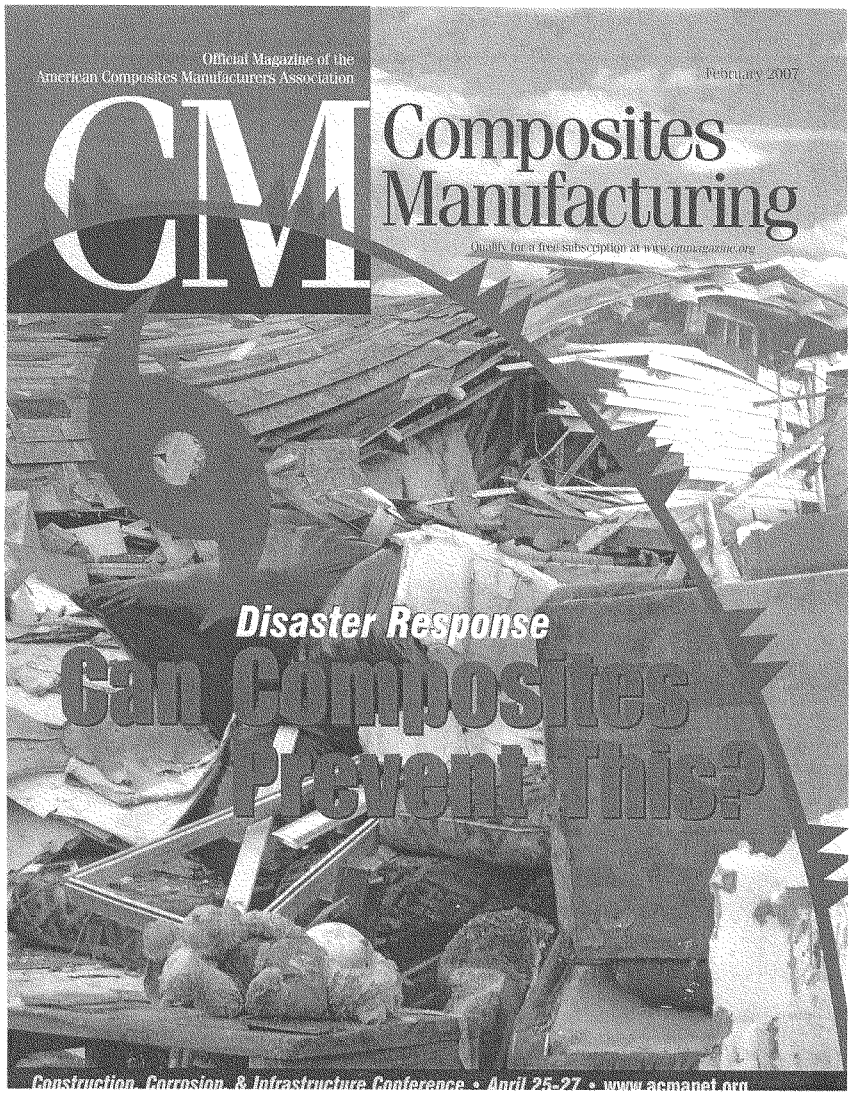
Systems should not have a fixed sized unit and not be "design specific" or copyrighted like a Katrina Cottage – This allows communities determine how their units will look. And aids community buy in.

Key is taxpayers shouldn't be asked to keep paying for Disaster Recovery over and over again. The criteria should be: "Fix it once so it never has to be fixed again." This is in the Gulf's best interest. By rebuilding with what won't be destroyed, taxpayers will back it. More money will gladly flow into the Gulf. Mortgages and insurance with be available. Tax incentives should pass to back this new approach. Find systems which are ideal for the areas that now can't get mortgages or insurance.

Because FEMA did not recognize the need for the above, we are concerned that FEMA is not asking the right questions. As CM explains in more detail, there are approaches that can be of great benefit to FEMA, the evacuees, the communities, the states, and the taxpayers.

As such, we feel Congress should now do an additional Pilot Project that encourages the development of additional projects in order to test the additional diverse ideas available.

We suggest this new Pilot Project be viewed as venture capital, and suggest FEMA draw on the technical community to help rank and select those projects with the greatest potential return on investment and long-term payback. With such an enhanced selection process, Taxpayers should see new hope, that there will be improvements, new approaches, new effective planning, etc. By investing additional Pilot Program funds effectively now, $Trillions can be saved over time, making it of outstanding help to humanity, not just taxpayers. We hope Congress and FEMA will give us an opportunity to work together for the common good.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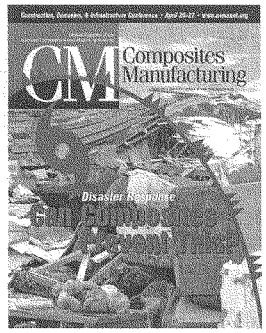
CM Table of Contents



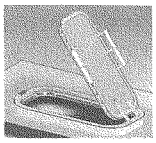
Cover: John Badman III who wrote to the editor: "Behind all the debris, there is the real tragedy. Many of the photos I've taken were shot before dead bodies were recovered. Our firm [RE: Formed Systems, Inc. or REFS] was started five years ago to try to prevent this. Without composites, I could not find out how to do it. With them, I could. I hope that this article will be able to show that composites can go a long way to prevent such tragedy."

6 President's Message, *Bill Kreysler*
8 ACMA UpFront, *Tom Dobbins*
46 Pulling Strings, *Monica Cardenas*

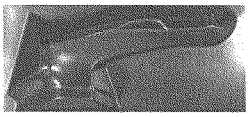
10 News, Notes, Quotes
30 Indicators
44 Marketplace & Classifieds
45 Advertiser Review

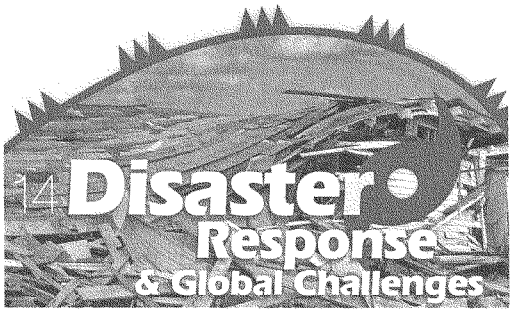
Features

20 **Flame Retardant Surface Mat: Low Smoke Polyester Pultrusions at Low Cost**
A novel method of fire hardening fiberglass composites uses a fire-retardant, coated veil as the outer layer of a lamination schedule. *By John Rosen*



26 **Spray Metal Tooling for Composite Molding**
Temperature control isn't the only advantage this tool construction method has to offer. *By Hank Yeagley*





14 **Disaster Response & Global Challenges**

One Composites Company's Innovative Strategy for the Future
A composite-based systems approach to disaster response has been developed by RE: Formed Systems (REFS) of Greenwich, Connecticut. Will it work? *By Carl Magnell*

Correction: In the January issue of Composites Manufacturing, Resmi Jaimon's trailer was inadvertently left off her article, "India's Composites Industry to Another Year of 25 Percent Growth." Resmi Jaimon is an international freelance writer based in Kochi (Kerala), India. She is published in 30 print and online publications including CM and has ghostwritten contents for corporate brochures and websites: www.resmijaimon.com; resmi.writer@gmail.com. CM regrets the omission.

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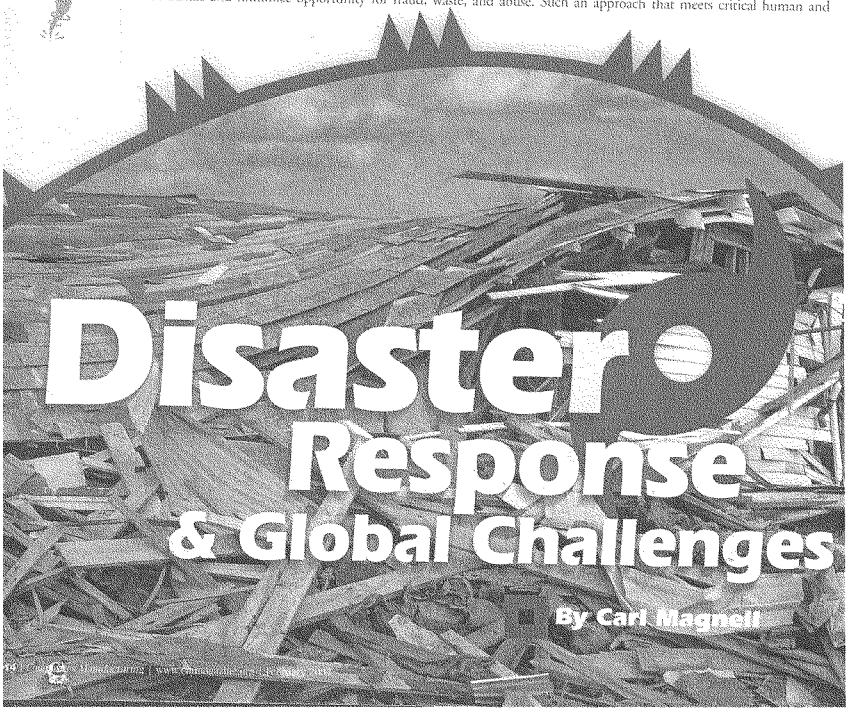
One Composites Company's Innovative Strategy for the Future

"Based on lessons learned after Katrina, we are in the process of retooling the agency into a more nimble and responsive one for America." — FEMA Director David Paulison

The "right" tools are one of the keys to success. In fact, the right tools—seeking the best approach, leadership, strategy, indeed, seeking every advantage—are essential. Even with the best intentions, an initiative may fail or result in sub-optimal outcome if the right tools are lacking. Any FEMA retooling must therefore place emphasis on providing the most responsive and responsible approaches to disaster relief, approaches that are faster and more cost-effective than the recent and on-going response to hurricane Katrina—approaches that save taxpayers billions of dollars and minimize opportunity for fraud, waste, and abuse. Such an approach that meets critical human and



Disaster Response & Global Challenges

By Carl Magnell

community needs immediately after a disaster, uses the same system components to progressively rebuild from emergency shelters to temporary housing and, finally, if desired, results in a permanent Force 5 hurricane proof home, is now possible through innovative use of composites.

This composite-based systems approach to disaster response has been developed by RE: Formed Systems (REFS) of Greenwich, Connecticut. What the company has done is eliminate the current "pay three times" response where, ironically, the cost of providing either emergency or temporary shelter may often exceed the cost of building a permanent home. The estimated system cost in providing all three phases of disaster relief for REFS-constructed disaster response communities is comparable (on a square foot basis) to existing stick construction while providing a final product that is designed to ACI standards and, as noted, capable of surviving Force 5 hurricanes. The company anticipates providing all 3 phases for the approximate cost of any one of the current phases.

Final recovery efforts in the impacted Gulf Coast states are far from over and in many cases, remain in the planning stages. To meet projected costs for Katrina the Federal government alone has allocated $105 billion and the U.S. insurance industry will pay $40.1 billion to settle claims (according to August 2006 estimates).

What are the tangible results from these record-breaking actual and programmed expenditures? In truth, far less than could or should be the case. While much has been said and written about the inadequate response to Hurricanes Katrina, Rita, and Wilma from Federal, state and local authorities, it is now time to focus on a disaster response system that can prevent this outcome in future natural or man-made disasters.

The Need for a Better Approach

Consider the required response to the 2005 hurricanes, which included these essential phases:

- Emergency shelters;
- Temporary housing; and
- Permanent reconstruction (ideally, able to survive future hurricane events).

In the immediate aftermath of Hurricane Katrina, displaced persons were brought to emergency shelters (such as the Superdome in New Orleans) then further relocated at enormous cost to available hotels, motels, and even cruise ships. Many were relocated to distant cities, again at significant cost. In addition to the financial burden on taxpayers, these evacuations imposed non-monetary costs to individuals and communities, including separations from other family members and loss of community integrity. While perhaps secondary to the cost in human terms, the lack of an effective pre-planned response generated widespread fraud and financial abuse, now estimated by CorpWatch at over $2 billion.

The response for temporary housing was/is to use trailers and mobile home units. According to FEMA, 93,296 trailers and 7,878 mobile homes were brought in to the impacted areas (Alabama, Mississippi and Louisiana) at an astonishing cost of more than $70,000 per unit. This cost may be low, given the additional estimates for transportation, site preparation, and the eventual expense of returning the trailers to storage. Such an expenditure, in the words of Louisiana Senator David Vitter, "is wasteful when there are cheaper and better alternatives."

In addition to the high monetary cost, the only possible mode of providing this temporary housing had (and will always have) a major, adverse impact on highway traffic. The third component of natural disaster response, permanent reconstruction, is barely underway. While hurricane Katrina provides a striking example of the lack of proper disaster response tools, it is by no means the only example. In fact, all recent natural or man-made disasters have had similar results due to the current inability to enable a more positive response.

FEMA's current disaster response approach is thus non-complementary. Each phase incurs costs that are not only substantial and cumulative but, regrettably, cannot be usefully "captured" by any other phase.

REFS' Approach

REFS is an extremely flexible system with only a handful of separate stock components. Three components are used for Phase 1 emergency shelters. One additional FRP stock component is added for emergency or temporary long-span structures. Five components

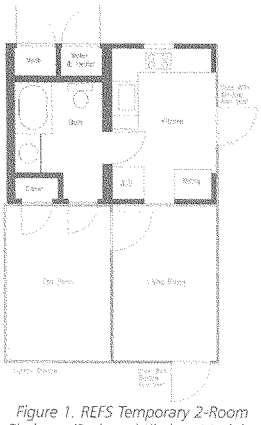


Figure 1. REFS Temporary 2-Room Shelter w/Bath and Kitchen Modules

are required for low-cost, hurricane and flood-proof, permanent housing. The original three components are re-used as the structure transitions from emergency shelter to temporary or permanent housing. The system also uses two standardized, proprietary FRP modules, one for baths and one for kitchens; laundry, HVAC system, etc. are contained within these 2 modules. These modules are added to emergency shelters during the transition to temporary housing. When no longer needed for temporary housing, all materials, including the modules, can be used in the company's permanent housing.

All components are factory pre-cut to precise dimensions and color-coded, thus enabling assembly by non-skilled, non-literate persons (or persons literate in languages other than English and Spanish). The use of high strength polymer materials means that the heaviest components (the 4-foot x 8-foot panels) weigh only 28 lbs (12.7Kg). When compared to three-quarter-inch plywood weighing 70.4 lbs (31.9 Kg) or 111 lbs (43.7 KG) for the thinnest (6 inches) SIP, this low weight enables erection of emergency structures without use of cranes or other materials-handling equipment (MHE). Moreover, because of FRP, the modules only need boom trucks, not the heavy cranes needed by other FEMA systems, to place a whole or half-a-house. An added plus is that, relocating components, if needed, can be done by hand

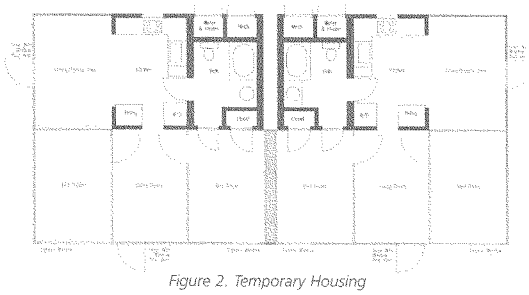


Figure 2. Temporary Housing

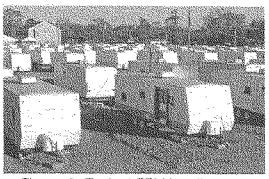


Figure 3. Typical FEMA trailer park

and/or boom truck.

Another REFS feature is the optimal blend of factory and on-site techniques. All planning, measuring and cutting is done in the factory. Only the very compact, light-weight composite materials are sent to a site. There, the "heavy" system materials are added as needed. These may include sand, gravel and, for Force 5 hurricane-proof permanent housing, reinforced concrete. A second benefit is that panels can be pre-cut to respond to more than one application, providing flexibility not found in other disaster alternatives. These composite components will not be rendered obsolete since they can always be re-configured for other uses (until they are incorporated into a permanent structure).

Components utilize varied manufacturing processes including injection molding, RTM, pultrusion and extrusion. Resins and reinforcements likewise offer multiple options, depending upon specific requir ments. REFS flexibility will benef designers who can optimize design b considering the three traditional factors i composite design: materials, desired produ form, and process options.

Other Options

One result of hurricane Katrina is the recer FEMA Alternative Housing Pilot Progran While a priority program objective w "innovative concepts," none of the selecte housing products have the comprehensiv 3-phase capability offered by REFS. Instea several highly promoted alternative including Katrina/Mississippi cottages, European prefabricated unit and modul units featuring fiber cement siding an metal roofs were selected for the $40 million pilot program. The largest fundir grant was designated for trailers. Mississip will gain 7,261 Park Models—trailers o wheels with front porches that are used b the U.S. National Park Service to hou employees in remote areas.

How does REFS see itself when compare with these alternatives? Any compariso must incorporate how well an alternati meets the most critical objectives of a disast response, namely:

- How quick is the response;
- How flexible is the response to actual people needs;

Table 1: Phase Response Comparison

PHASE	Emergency	Temporary	Permanent	Pay
FEMA	Tents, Hotels Cruise Ships	Park trailers, rentals, cottages and modular units	Not a FEMA responsibility; Private, HUD, etc.	3 times
REFS	On site shelters	Expand shelters; add modules	Reuse materials; add concrete	Once

- Do adverse impacts result from the response;
- How cost effective is the response; and
- Does the response provide permanent solutions that prevent future recurrences as well as facilitate availability of mortgages and insurance at affordable rates.

REFS officials claim that the company's system is not only superior in meeting all of these objectives but does so for all three disaster phases (emergency/temporary/permanent) at a square foot cost that is comparable to current stick constructed permanent homes. This fact sets the company apart from any other alternative since no other alternative (nor the current FEMA response) transitions from use as an emergency shelter into temporary housing and, if desired, into a permanent home that can be sited on a coastline and survive a Force 5 hurricane. REFS, enables any disaster response agency, including FEMA, to pay once for an integrated, rapid and effective response, not multiple times for discrete, non-complementary alternatives.

Cost estimates for a FEMA trailer vary from $60,000 to over $120,000. The actual costs of the Park trailers has not been disclosed but is expected to cost more than the current FEMA trailers. Katrina cottages will likely cost more than $200/square-feet. In Louisiana, the average cost for the Katrina cottages to reported be $125,000.

When compared to the current FEMA approach (see below), a pre-planned REFS systemic approach provides disaster agencies with unmatched flexibility, speed and cost-effectiveness in rapidly meeting emergency, temporary and, when desired, permanent needs.

Scenario Strategy

Pre-planning by FEMA or any disaster response agency is a necessary first step for any alternative. Preplanning include critical tasks include identifying suitable emergency and temporary response sites, estimating the approximate response requirement (depending upon event severity), locating required utilities and executing appropriate contingency contracts.

• Phase 1: Emergency Response

Pre-positioning REFS composite components near anticipated/high probability hurricane (or other natural disaster) locations is the first step. The low weight and simple packaging of components provides disaster planners with maximum flexibility. A typical U.S. semi-trailer will carry up to 26 emergency shelters in 4 sizes (192 square-foot shelters consist of 29 pieces on a pallet 4-foot x 8foot x 5-foot, or 160 cubic feet). Trucks hauling components will not need escorts, as is the case with FEMA trailers. If necessary, components can also be flown in, a practical impossibility for any alternative solution. Tiansport of REFS emergency response shelters is estimated at one-fiftieth the current FEMA transport cost.

So, how would a new composite system deploy in anticipation of a hurricane (or other disaster)? Assume that a hurricane is expected to make landfall in the Florida panhandle within the next 36 hours. FEMA would, at this time, order shipment to the panhandle area of the estimated required number of short term (emergency) units. For this hypothetical scenario, that'd be 1,000 units. Which of the pre-planned FEMA emergency response locations are used will be determined by FEMA as the hurricane path becomes better defined. These locations are already surveyed, rough-graded if needed and permanently staked. An estimated 39 semi-trailers are required per 1,000 emergency shelters, depending on the number of each of the four sizes desired. REFS emergency

shelters can be in place and ready for occupancy in about 6-12 hours, about the time local response teams need to identify: 1) Who needs shelter; and, 2) The size shelter needed. On site assembly is in the mode of an auto or computer assembly line, rather than typical construction.

A REFS emergency shelter is the alternative to a FEMA tent and is the lower red portion shown in Figure 1. This unit provides only shelter and can do so (with pre-planning) within 12 hours of the hurricane's passing. Food and toilet facilities will be provided in nearby also pre-planned structures.

• ***Phase 2: Temporary Housing***

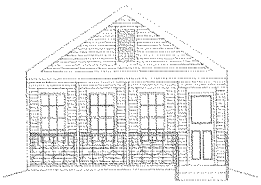
Unlike other options, when pre-planned, this new system can now quickly transition from emergency to temporary housing by simply expanding the emergency shelter. The blue modules shown in Figure 1 are brought in and hooked up to the emergency shelter; once hooked up, the occupants are inconvenienced for about two hours while the unit transitions into temporary housing.

A typical REFS temporary unit (the second smallest of six sizes) provides one bedroom, a living room, kitchen, and bathroom, with a total area of 384 square-feet, or 35 percent more area than a FEMA trailer at 284 square-feet. Since REFS is available in more than one size, disaster responders such as FEMA can place families in the size unit they need.

The flexibility inherent in the REFS system maximizes the options available to disaster responders. For example, the unit shown here is easily expanded into a two-bedroom (or even larger) unit. REFS units can be ganged together (see Figure 2) to facilitate utility connections and make optimum use of available land. If needed, 10 and 12 room units can be planned for medical clinics, small office areas, etc.

An important advantage of the system is built-in security for occupants. These measures include fire, security and medical alert system (the latter, as needed). Occupant security is further enhanced since all utilities are accessed by service personnel from the outside of the unit. Occupant access to units is only one step up rather than elevated, as with trailers. These units also can be sited in the floodplain, if necessary, since they are able to survive flood events. Components can be configured into large, long span temporary buildings. Unlike large tents, the long span temporary buildings do not require center or multiple poles in the center of the structure, nor do they have water or snow load problems.

It is important to note that familiar home amenities are easily incorporated. A temporary housing unit can include parking,



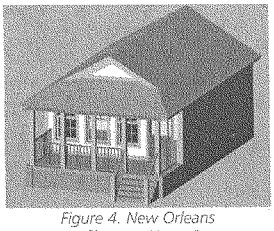


Figure 4. New Orleans "Shotgun House"

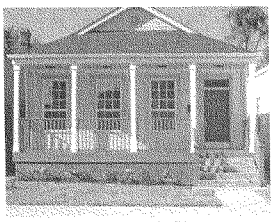


Figure 5. REFS (shown with exposed porch)

privacy fencing, yards, thus adding modest amenities in a difficult time. What this composite temporary housing offers is thus different from a typical FEMA trailer park.

• ***Phase 3: Permanent Housing***

The final transition is from temporary to permanent housing. The inherent advantages of composites are now merged with the strength of reinforced concrete, as this material is introduced into the cavities formed by the composite wall panels. Composite reinforcement bars are used to further strengthen a permanent REFS house, thus incorporating the best properties of both materials. The reinforcement bars also tie the composite/concrete roof panels to the walls thus ensuring that the typical challenge of roof to wall attachment is solved. REFS permanent housing/structures will perform and meet code requirements as well or better than current concrete houses.

The components used to prov emergency and temporary housing can be fi used in this final transition and numer architectural options are available. Virtu any 1-2 story design can be erected a virtually any exterior skin applied, for exam clapboards, brick, stucco, block, vertical sidi stone, etc. The local community can determ the desired motif or motifs. In New Orlea for example, where the "shot-gun" look i tradition, this look can be maintained, shown in Figures 4 and 5.

Inherent flexibility permits design to ad to specific requirements. For example, oce front locations. As noted by ACM Composites Growth Initiative Director, Jo Busel in an earlier (October 2006) *CM* arti "18 inches of wave action contains enor energy to demolish a (typical stick constr tion) house." Permanent housing can assembled so that units located on or ne coastline incorporate thicker reinfor concrete walls. This dimension can then reduced for housing or structures built furt inland, housing that can thus anticipate respond to specific location demands. T final transition to a permanent house res in a Force 5 hurricane-proof structure also will survive floods since the interior system is structurally immune to the probl faced by traditional interior construct materials and is easily decontaminated she flood waters intrude.

REFS officials claim the composite sys is equally suitable for normal, non-disa applications, ranging from modest to up-s housing and commercial and institutio facilities. The system is amenable to a range of architectural options.

To summarize, the FRP composite sys offers the following advantages for dis response:

- Lightweight; transportable by all transp modes;
- Rapidly assembled/disassembled by unskilled labor;
- Easily expanded/reconfigured without impact on occupants;
- Fully meets emergency, temporary and permanent needs; eliminates current "p three times" situation;
- Reusable until structure is made permanent; and
- Suitable for coastal, below adjacent wat level sites (e.g., New Orleans) and flood zones.

Other Applications

The flexibility of the REFS FRP comp system could have other applications:

- Flood control mitigation;
- Security barriers;
- Infrastructure (schools, commercial, medical, police, etc); and
- Military bases (permanent and expedient).

Consider, for example, FRP composite flood control. Flooding is a periodic natural disaster for which there are no cost-effective solutions except the slow process of filling and deploying sandbags via volunteer workers. Levees and dams are the typical engineering response, but these are so costly that only the most significant locations in both economic value and human impacts are typically protected in this fashion. Moreover, where aesthetic considerations are important, periodic flooding is often an accepted cost due to the fact that levees and floodwalls spoil the view of the water resource to the community. Finally, erecting permanent levees and floodwalls often intensifies the downstream flood impacts. As a result, many communities in the U.S. and globally turn to sandbags as the primary flood control means.

A recent industry market study concluded that flooding in the United States is concentrated, with approximately 75 percent of flood damage claims occurring in just 16 states. At least 6000 cities and towns and tens-of-thousands of businesses, schools, etc. are flood prone and require temporary flood protection. Unofficially, the U.S. Army Corps of Engineers estimates indicate that the length of temporary flood control walls erected annually has ranged between 225-350 miles. At an average height of six feet, the total constructed surface area ranges between 7,125,000 to 11,150,000 square feet per year. At a conservative cost of $25.00 per vertical square foot for sandbags, the annual U.S. cost for flood protection using sandbags is in the range of $180 to $275 million. The REFS FRP system looks to provide a faster, more cost-effective, non-permanent (or permanent, if desired) response, flood control components including two primary assemblies, the base plate, and the flood barrier. The flood control components include only three components; a base plate, panels and ties.

A REFS flood control composite barrier is:

- One of only two flood control systems usable as a high (8 foot or more) flood barrier wall;
- A cost-effective system, whether used as a low or high flood wall;
- Flexible, adaptable to changing conditions; and
- The only high wall system that does not depend upon the underlying terrain to restrain rotational vectors.

The flood barrier system when compared to sandbags is faster to install and remove, less labor intensive, reusable, has minimal infiltration through wall so requires less pumping. The component assembly can be done indoors, then trucked to the site and placed. Fill material is protected from toxic water and can be reused.

In a typical situation, the flood-prone location will be analyzed from historical data and any requirements for site preparation identified. Site preparation is minimized by the ability to use existing paths, sidewalks and streets. The site-specific barrier requirement will be pre-planned with each barrier section coded as to its precise on-site location. Floodwall ties are unique to each site. These also will be coded. These ties represent eight percent of the total system. Ninety-two percent of components are usable at any location. Clients (cities, communities, private entities) may elect to use their own personnel or contract for flood barrier assembly/disassembly. If clients elect to erect

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("Disaster Response..." from p. 19)

the barrier, composite components for training (two sections of the flood barrier) will be kept on hand for this purpose.

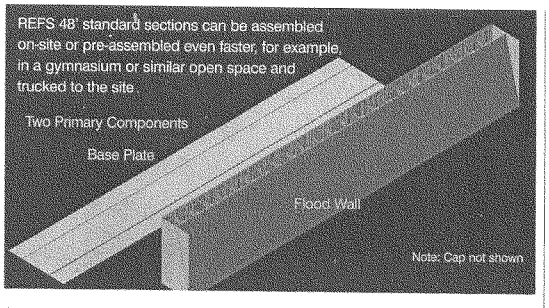
When needed, composite components are rapidly shipped with each component tagged as to its functional location. Assembly can be done on-site by mostly unskilled labor (volunteers, if available) or at a central location with the sections trucked to their locations. The REFS flood barrier is a very light-weight system (until filled at the point of installation) and a 48 foot standard section can be carried by 4-6 persons eliminating the need for materials handling equipment (cranes, etc.).

At the installation location, base plates are positioned and the sections then placed upon the base plate at their pre-determined locations. Sections are joined and, as required, needed elevation or directional changes are made with pre-planned site specific sections. Filling of the section interiors (normally, a sand-water slurry) is rapid, using standard concrete mixers to quickly add a slurry that transquare-feetorms lightweight composite barriers into a wall that's as heavy as concrete. Once the flood event has passed, the flood barrier system is dismantled and returned to storage or prepared for another use. Decontamination, if required, is done before the flood control barrier is disassembled and cleaned.

While 48-foot sections are standard, shorter sections are used, as needed. For locations where a permanent barrier is desired, concrete is used in lieu of the sand-water slurry.

Homeland Security and Force Protection

Physical security is an unfortunate fact of the 21st Century. REFS composite system offers the fastest capability to emplace temporary or permanent barriers against both ballistic and blast contingencies, using emplacement methods similar to those used for flood control but with ballistic resistant reinforcement added to the sand fill. Tests have proven ballistic reinforcement fabrics backed by sand provide excellent protection and are cost effective.



In military applications, a combination of ballistic/blast reinforced composite structures and barriers offers un-paralleled flexibility. Added protection is easily obtained by filling wall cavities with available local fill materials, such as sand, dirt and gravel. Moreover, the ability of facilities to be very rapidly emplaced underground, when required, adds significant force protection capabilities that are not now available, for example with modular units now used by U.S. Forces and contractors in the Middle East. As with any of the company's systems, all components can be rapidly disassembled, moved, and reused or made permanent by the addition of concrete cavity fill (or in remote areas, locally available fill materials, such as sand, soil, gravel, etc).

A New Approach

REFS is thus poised with a unique composites-based approach that can respond to many of the most challenging global disasters, whether natural or man-made. Its flexibility and responsiveness are unmatched by current alternatives. GM

Carl Magnell has more than three decades of experience in construction related activities. After active service in the U.S. Army Corps of Engineers (where he was an engineer brigade commander, the U.S. forces Engineer for Korea and Commander/Director of USACERL, the Army's infrastructure focused laboratory), he served as Director of Research for the Civil Engineering Research Foundation (CERF). He has written for professional journals and authored four major national studies on civil engineering related topics. He is a graduate of the United States Military Academy (West Point), holds graduate degrees in Civil Engineering and Political Science from the Massachusetts Institute of Technology (MIT) and is a graduate of the Aspen Institute/University of Maryland College of Business and Management Executive Management Program. For more information, contact Carl Magnell at comagnell@comcast.net

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STATEMENT OF THE NATIONAL ASSOCIATION OF REALTORS®

The National Association of REALTORS® commends the Subcommittee for holding this hearing and focusing on the need for a coordinated federal response to disasters. There is much to be learned from the disasters of 2005, and we applaud your leadership in pursuing this discussion and identifying solutions that can help mitigate any future catastrophes.

Need for Coordinated Federal Response

NAR believes it is imperative that a coordinated federal response be developed now, before the next disaster. In the aftermath of Katrina and Rita, the most immediate need was shelter for the victims. FEMA, HUD and Homeland Security struggled to develop a cohesive plan to assist evacuees who had then scattered nationwide. Working with a variety of different housing programs – Section 403 Housing, Section 408 Housing, and the HUD Disaster Voucher Program – officials found that none worked easily together and all had rules and regulations that were ill-equipped to address post-disaster housing needs. The Stafford Act, for example, stated that HUD could only provide housing assistance to those who already had been receiving HUD assistance. Compounding the problem was the fact that FEMA simply didn't have the resources or expertise to house people.

The private housing industry tried to step in, sometimes with the assistance of state or local governments or charities. These groups found the red-tape and bureaucracy nearly paralyzing. Victims, housing providers, and often government officials were confused by the different rules that applied to different people. Victims didn't receive assistance they were entitled to, some used monies for food and clothing and medicine and were later told those were ineligible uses; many others simply didn't know where to go for help. The federal government turned to cruise ships, hotels, and trailers in a complicated and ineffective attempt to respond. The end result of the various forms of chaos is the clear need for a coordinated response plan by the federal government to adequately respond to future disasters.

HUD had responsibility to find housing for those people who were already receiving federal assistance. This included families with a Section 8 voucher, families in project-based Section 8, public housing residents, housing for the elderly and disabled, and more. HUD estimates that approximately 32,000 citizens receiving housing assistance were displaced. HUD has yet to locate nearly 10,000 of these as of today. These numbers do not include the tens of thousands who were not receiving HUD assistance at the time of the disaster, but due to the loss of their homes, businesses, and jobs, may now qualify for assistance under HUD programs.

When a community is declared a national disaster area, we believe that should immediately trigger a variety of waivers and changes in program requirements. Our members own and manage Section 8 and Section 515 rural housing properties across the country, some of which have vacant units. After Katrina and Rita, these units could not be quickly utilized by evacuees because Public Housing Authorities, owners and agents were still required to adhere to all program requirements which prohibited or delayed such a use.

In a national disaster area, some program requirements should be temporarily suspended to allow victims to find immediate shelter. Most important are the requirements related to initial inspections and income verifications. These requirements are time consuming and may be impossible to meet in the aftermath of a disaster. An automatic temporary waiver of program requirements would avoid programmatic delays and provide housing immediately to those in need. In addition, for those residents who had been receiving project-based assistance, NAR recommends that HUD immediately convert that subsidy to a portable voucher for use wherever the resident has been relocated.

Housing Authorities have the names of property owners who participate in the Section 8 voucher program. These properties should be immediately contacted to see if units are available for all disaster victims – not just those who already were receiving federal assistance. Lastly, HUD should work with the private sector firms that own and manage rental units nationwide. Rather than turn to makeshift solutions like trailers and cruise ships, the government should focus on housing that is readily available in communities.

We believe HUD is the federal agency with the most experience in housing. Therefore, HUD should be provided the responsibility for this area of disaster response. However, changes need to be made now to allow the agency – and housing providers – to quickly respond to the needs of disaster victims.

Without Insurance, Housing Problems Escalate

NAR believes that now is the time for Congress to address a comprehensive natural disaster policy that includes natural disaster insurance. The inability to obtain affordable homeowners' insurance is a serious threat to the residential real estate market – and thus, our economy, in several ways. Because homeowners' insurance is a necessary component in securing a federally-related mortgage, an otherwise creditworthy potential homebuyer who cannot obtain the required insurance is priced out of the market. The lack of affordable insurance makes housing unaffordable. If an existing homeowner is unable to maintain insurance required by a mortgage lender, the mortgage is in default. In lease situations, insurance costs incurred by landlords are ultimately passed along to tenants in the form of higher rents.

NAR supports the creation of a federal natural disaster program that will prevent future disruptions in insurance markets and promote available and affordable homeowners' insurance in disaster-prone areas. Key elements of a comprehensive natural disaster policy include encouraging personal responsibility through insurance and appropriate mitigation measures, recognizing the roles of state and local governments regarding building codes and land use planning decisions, and addressing infrastructure needs. We strongly urge the Subcommittee to pursue a federal disaster program.

Conclusion

Thank you again for your dedication to this important issue. The National Association of REALTORS® believes the need for a coordinated federal response to disasters is paramount. Following Hurricanes Katrina and Rita, REALTORS® quickly responded to identify available housing resources in the community and provide assistance to consumers and government entities in finding housing for victims. NAR assisted in the development of the internet portal *hurricanehousing.net.* The Louisiana REALTORS® Association worked with FEMA, the Department of Homeland Security and NAR to develop the site, which allowed those with available housing resources to post valuable information and those with housing needs to access the details. However, the REALTOR® commitment didn't end there. NAR entered into a partnership with Habitat for Humanity International (HFHI) to build 54 homes in the Gulf region as part of HFHI's Operation Home Delivery.

Today, we continue to be committed to addressing the nation's post-disaster needs, and stand ready to work with you on developing a comprehensive national strategy for disasters. Thank you for holding this important hearing.

St. Bernard Parish Government

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APRIL 23, 2007

THE FOLLOWING IS A STATEMENT PRPARED FOR THE SUBCOMMITTEE ON DISASTER RECOVERY, SENATOR MARY L. LANDRIEU CHAIRMAN TO BE DELIVERED ON APRIL 24, 2007

SUBJECT MATTER:

KATRINA, FEMA, TRAILER PROGRAMS, DISASTER HOUSING AND SUGGEST METHODS AND OPTIONS TO IMPROVE DISASTER PROBLEMS.

PREPARED BY:

HENRY J. RODRIGUEZ
PRESIDENT, ST. BERNARD PARISH

Item For Discussion for Congressional Hearing

- Lack of Experienced Personnel – Many of FEMA's representatives were not experienced with FEMA's Public Assistance Program and therefore were not certain on how different projects should be addressed by the Public Assistance Program.
- Incorrect Information - There were cases where FEMA's representatives provided the Parish incorrect information regarding the Public Assistance Program. Incorrect information would lead the Parish to spend valuable time working in one direction, only to learn that the direction we were going in was incorrect. An example of poor guidance is the situation with our sewer collection and treatment system. Prior to Katrina, we had developed plans to consolidate our sewer system into one wastewater plant to improve the efficiency of our operations. When Katrina hit, our entire sewer system was flooded, and all equipment was destroyed. We demonstrated that the cost to consolidate the sewer system, mitigating future damages, cost less than repairing or replacing the damage facilities in kind and mitigating future damage of the replace facilities. FEMA provided a Public Assistance specialist, who led us to believe that the consolidation project could be done. We worked for 12 months pursuing the consolidation option, only learning that the consolidation option would not be approved. We are currently in the process of designing, procuring contractors, and repairing / replacing our pre-Katrina facilities. Had we known up front that we could only replace facilities to pre-Katrina conditions; we would be 12 months further along with our sewer system repairs.
- Project Worksheet Development – FEMA has taken as many 14 months to develop project worksheets. In many cases, contractors have worked for as much as 12 months without a project worksheet being developed. While under normal circumstances, an applicant can afford to make contractor payments with in-house reserve funds and wait for reimbursement. Unfortunately, our entire Parish was flooded and virtually all of our facilities were destroyed. And, our entire tax base was either shut down for months or moved away. Nineteen months after the storm, we still are missing 66 % of our population. The Parish spent its reserve funds literally weeks after the storm, and since then has been dependant on reimbursements to pay its contractors. Many contractors are then forced to wait 6 to 12 months for payment. Since our payments to contractors are late, contractors are telling us that they are increasing their bids to allow for the carrying cost of the projects. Other contractors are not bidding on our work in fear of slow payments, thereby reducing competition. In some cases, we received only one bid on a project causing more uncertainty of reasonableness of cost, thereby risking eligibility of the costs for the project.
  Further problems with the development of the project worksheets come when the construction contract does not match project worksheet exactly.

The project worksheets are written with such detail that the State does not make payments unless the project worksheet, contract, and invoices match perfectly. Unfortunately for our Parish, we need the project worksheets to be written before we procure so we have a means to pay our contractors. Nevertheless, project worksheets that do not match our contracts and invoices must be corrected by a "version" to the project worksheet. Many of which have taken FEMA as much as 6 months to develop and obligate.

- Federal Agency Coordination – The major issue we saw immediately after the disaster is that FEMA and the Corps of Engineers (COE) indicated to our Parish, and others, that if the Parish requested COE to perform work during a 100% eligible period, the entire project would be 100% eligible no matter how long the project took. Certainly a Parish in our shape could not afford to pass on such an offer, if it were real. After months of meetings and correspondence with the State and FEMA and the COE we learned that the idea was incorrect. Again, countless hours wasted on misinformation.

  Another example of lack of coordination between federal agencies is in regards to water resources facilities repairs between FEMA and the National Resource Conservation Service (NRCS). Since the storm we've been trying to coordinate the cleaning of our canals between the NRCS and FEMA. To date, the NRCS has not cleaned a canal, and FEMA has not written a project worksheet to provide funds to the Parish to clean its own canals.

- Hazard Mitigation Delays – FEMA's representatives instructed our staff that improvements to our facilities could not be made until mitigation of future damage was considered. Unfortunately, FEMA's representatives could not provide Parish personnel with assistance to determine reasonable mitigation procedures. In some cases, FEMA representatives suggested that Parish staff consider unreasonable mitigation procedures in formulating projects and their costs in order for a project worksheet to be written. Many months later, the project worksheet would be written as a repair only with no mitigation.

- Project worksheet Cost Estimates – Many FEMA representatives would write project worksheets with inaccurate, undocumented cost estimates, despite the Parish's personnel, experienced in the subject field, offering documented costs estimates. In many cases, the Parish's estimates or contract costs were arbitrarily reduced.

- Bureaucracy, and the Costs Thereof – St. Bernard Parish received about $200 million in public assistance funds to date. These funds were much needed, and are much appreciated. With the exception of the military assistance provided in the weeks following the hurricane, very little "brick and mortar" assistance was provided by the State and Federal Government. Again, the federal Government provided much needed and appreciated

money. But, I wonder how much money was spent by the federal government on getting the much needed and much appreciated money to our Parish.

Additional Information

1.) Thus far we have not received any complaints about the "Park" Model Trailer. We feel this is the best option for temporary housing.

2.) We feel that FEMA should arrange to have their personnel remain on station for a longer period. As soon as we start fruitful discussion with FEMA on site representation, their tour is either complete or transferred to another area.

3.) The Military has been a source of complete cooperation and assistance. We have been assisted by personnel from the US Coast Guard and US Navy, and their assistance has been superior.

Included in this position station is a recent recovery "white pages" on suggested modifications of the Stafford Act.

Thank you for this opportunity.

Henry J. Rodriguez
President, St. Bernard Parish

Suggested Modifications to the Stafford Act / FEMA Policy to Aid in Post-Disaster Recovery

St. Bernard Parish Government
February 6, 2007

Mandatory NFIP Reduction (§ 5172 (d))
The reduction of funding due to the lack of flood insurance for St. Bernard Parish is approximately $5.2 million. Although the Parish understands the need to encourage local governments to purchase flood insurance, we feel that punitive measures taken for first time damage from flood should be waived. Instead, the law should allow funding to be revoked if the applicant does not obtain and maintain flood insurance post recovery.

Force Account Labor Immediately Following the Disaster
Since essential personnel were required to remain on-site under extremely harsh circumstances, the Parish paid these employees for 24 hours each day for the first two weeks after the hurricane. Reimbursement for force labor immediately following the storm was reduced to 20 hours per day. Reimbursement for force labor immediately following a disaster should be for all time that an employee is required to remain at work.

While the Stafford Act does not specifically differentiate between emergency (category B) work and permanent work, it is FEMA policy to reimburse only overtime for emergency work. Reimbursement should be made for all eligible work.

Commencement of Emergency (70 hour rule)
FEMA requires that all emergency contracts must be procured within the first 70 hours after a disaster. After hurricane Katrina, St. Bernard personnel were not able to communicate with anyone outside of the Parish at all for several days and with great difficulty for at least a month afterward. This post disaster time frame should be at least 30 days and should not commence until after federal (FEMA) officials are able to reach the disaster area.

Advance Funding for Permanent (Category C through G) Work
In a disaster of this magnitude, the financial resources of a local government can be extremely strained. It is impossible under these circumstances for St. Bernard to pay tens of millions of dollars for permanent work and then wait months for reimbursement. At least 25% of the funds for categories C through G work should be advanced to the applicant to foster a speedier recovery.

Funding for Operating Costs
In a major disaster such as hurricane Katrina, normal revenue sources for local government are interrupted. Assistance should be provided for operating expenses needed to maintain government services.

Appeals Process
The appeals process should not include the same personnel involved in the denial of the original request. An impartial review should be required and a decision rendered, in writing, in a timely manner (i.e. within 72 hours).

Procurement Procedures
Procurement procedures should be firmly established without subjective determinations.

Incidental Damage
Damage that is a result of the disaster should be eligible for reimbursement even if that damage is not a "direct" result of the event. One example is damage to residential streets by debris removal trucks since typical residential streets are not designed for this type of traffic. Another example is silt deposited by flood waters is washed into storm drains by subsequent rain events.

Written Explanation of Eligibility Determinations
The applicant should be provided a written explanation for any decision resulting in the denial of requested assistance. The time limit for appeal should not begin until the applicant acknowledges receipt of the written explanation.

Navigable Waterways
Cleaning of navigable waterways should be tasked to the Corps of Engineers, not the Coast Guard.

Canal Debris/Sediment Removal
FEMA requires that debris be removed from drainage canals before sediment is removed. This results in a duplication of effort and increased cost.

Replacement of Heavy Equipment
The majority of the Parish's heavy equipment was lost in the storm. FEMA policy is to replace such equipment in kind, i.e. same make, model, year and condition. Because of the devastation of the entire region, exact replacements are nearly impossible to locate. In the event that a close match is found, procurement rules prevent purchase in a timely manner so the item is bought by another party (like a private contractor) that does not have to adhere to those rules. Replacement of heavy equipment that is not readily available with new or newer models should be fully reimbursable.

Access to Personnel with Decision-Making Authority
In order for the applicant to take appropriate actions, it is imperative that they receive definitive decisions from FEMA. The applicant should have access to FEMA personnel with the authority to make decisions that allow the recovery effort to move forward.

Restoration of Medical Facilities
Although emergency medical facilities were provided in the immediate aftermath of the Storm, no help has been provided to restore permanent health care facilities to the Parish.

Currently, assistance to for-profit health care facilities is not eligible under the Stafford Act.

Support for Project Worksheet Processing and Record Keeping
In the aftermath of hurricane Katrina, Parish staff was reduced to approximately one half of pre-storm levels. Keeping up with the record keeping and other clerical work required to receive assistance has been extremely difficult. It is probable that St. Bernard Parish has lost funding for which it is entitled because of insufficient staffing. Staff augmentation should be provided to assist the applicant with the voluminous paperwork required in the public assistance process.

Procurement Assistance
In the weeks following Katrina, communications systems were severely compromised. Land line phone systems were destroyed, cell phone service was intermittent at best, there was no internet service and travel into and out of the Parish was limited. Most of the vendors that were used by the Parish prior to the Storm were located in the affected area and could not be reached. FEMA policy mandates that "normal procurement procedures" be employed after a disaster but there was nothing "normal" about the situation in St. Bernard post Katrina. Assistance should be provided to the applicant in the form of finding alternate sources for needed supplies and facilitating getting the required price quotes.

NATIONAL LAW CENTER
ON HOMELESSNESS & POVERTY

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Testimony of Maria Foscarinis
Executive Director

Submitted to the Subcommittee on Disaster Recovery
Senate Homeland Security and Governmental Affairs Committee

April 24, 2007

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Madam Chairwoman, thank you for holding this hearing and for your work on this issue, not only to help those affected by the current crisis, but also to improve the way in which disaster housing assistance is provided in the future.

My name is Maria Foscarinis. I am the Executive Director and Founder of the National Law Center on Homelessness & Poverty (NLCHP). NLCHP is the legal arm of the national movement to prevent and end homelessness in the United States. The devastation wreaked by the Gulf hurricanes threatened hundreds of thousands of already impoverished Americans with homelessness. As an organization dedicated to ending and preventing homelessness, NLCHP was involved in responding to the disaster from the beginning.

In addition to fielding hundreds of calls and requests for help, NLCHP reached out to service providers and legal services organizations in the areas affected by the disaster. One of the requests we received was for basic information about federal resources available to help them get back on their feet. In response, we talked to federal agencies to about emergency resources available as well as special procedures designed to help people access entitlements and educational benefits. As we gathered the information, we disseminated it to groups in the Gulf Coast Region.

Some federal agencies, such as the Social Security Administration and the U.S. Department of Education, responded quickly by promulgating clear guidance establishing emergency procedures designed to help people obtain benefits or educational services to which they were entitled. But when we tried to obtain information about housing assistance from the Department of Homeland Security and the Federal Emergency Management Agency, we found it extremely difficult to obtain.

We began to receive calls from individuals and attorneys assisting individuals in the Gulf Coast region, telling us they had applied for Section 403 housing assistance and been denied, but had no idea why. Nor was there an understandable appeals process. A particularly common problem was that of persons who had lived in group homes. Because of FEMA's rule that only one person from a shared household could receive housing benefits, many people who had lived in group homes were denied assistance. Group homes are a common way for non-profits to provide housing to homeless and low-income single, unrelated, adults. Because of FEMA's policy, many people were denied.

To assist legal aid and social services group in the region, NLCHP attempted to get information from FEMA, but although FEMA appeared to have developed internal procedures, they were not forthcoming in providing the written information and guidance essential to help people in the affected region understand the program—and, most important, receive the help to which they were entitled and which they desperately needed. After repeated efforts to get FEMA to provide information, we at last were forced to bring a class action lawsuit in federal court together with two other non-profits groups, a private law firm, advocates from the Gulf Coast region Lawyers Committee for Civil Rights Under Law, Public Interest Law Project (Oakland, CA), Schulte, Roth and Zabel, and LA attorney John Pierre. The case, McWaters v. FEMA, challenged numerous problems in the way FEMA administered emergency housing assistance. In particular, the plaintiffs challenged FEMA's practice of discontinuing short-term lodging assistance with almost no warning and before

recipients of the assistance had a chance to try to make alternative lodging arrangements, threatening many evacuees with homelessness in the middle of the winter and on the eve of the holiday season.

The court ruled in our favor on key claims, ordering FEMA to provide more notice to victims before terminating them from the short term lodging program and prohibiting FEMA from suggesting to prospective applicants for assistance that they must first seek a loan from the Small Business Administration before they could qualify for FEMA assistance. On some of plaintiffs' other claims, while the Court was sympathetic, the court ruled only Congress had the authority to address the issues, stating:

> It defies reason that a federal agency whose exclusive provision – and indeed, sole reason for existence – is to assist fellow Americans in a time of natural disaster in meeting their utmost needs would *fail* to notify people of the available services *and* the requirements for engaging those services, in some clear, consistent, and accessible way…Nevertheless, the Court finds that FEMA is not *legally* required to notify applicants or recipients of assistance about what FEMA provides or how to obtain such assistance. Regrettably, the Court must leave any dissatisfaction with the law in this regard for those in the legislative branch to remedy.

Today, over one-and-a-half years after Hurricane Katrina hit the Gulf Coast region, there are still many people who remain displaced. FEMA policies and practices have exacerbated the problems of those who still have not been able to return to their community. Some of the displaced people have been inappropriately cut off from housing benefits. It is essential to emphasize that rental assistance benefits are subsistence benefits. Many evacuees cannot return to their homes yet, and their continued receipt of rental assistance prevents them from becoming homeless and slipping further into poverty.

Others who were eligible for additional housing benefits did not receive it because they never learned they were eligible. Some of those who were cut off or denied assistance received a letter with an undecipherable code given as the reason for denial or cutoff but no explanation of what that code meant. Still others are being pursued erroneously by FEMA to re-pay housing assistance funds that they received and to which they were legitimately entitled under the Stafford Act. In short, over a year-and-a half after the disaster, its victims are not only still struggling, but they are not receiving the help to which they are entitled. Even worse, in some cases the very agencies charged with helping them are not only not doing so, they are actively adding to the victims' suffering by improperly pursuing them for the repayment of funds.

In response, last week NLCHP, along with a coalition of public interest groups and two law firms that are working with us on a pro bono basis, filed another lawsuit against FEMA on behalf of people who were driven from their homes by Hurricane Katrina. The suit, Ridgely v. FEMA, was filed last Thursday in the United States District Court for the Eastern District of Louisiana. The plaintiffs' claims are as follows:

- FEMA failed to provide recipients of Section 408 assistance with adequate, written notice of the reasons for termination prior to terminating assistance
- FEMA failed to provide plaintiffs with an opportunity to continue receiving assistance pending the outcome of an appeal of FEMA's decision to terminate assistance
- FEMA failed to provide plaintiffs with an adequate hearing in front of an independent decision-maker
- FEMA has demanded repayment of disaster assistance from individuals without adequate written notice about the basis for that decision or an explanation of the opportunity to a hardship waiver of the overpayment demand
- FEMA has withheld Section 408 funds without adequate prior notice of such withholding
- FEMA has withheld Section 408 funds without providing an opportunity for a hearing prior to withholding
- FEMA has failed to give adequate notice of the standards for determining continuing eligibility for Section 408 assistance or to give adequate notice of the eligibility standards relevant to the determination of overpayments

In essence, we are alleging that FEMA's actions violate Katrina victims right to due process under the Fifth Amendment to the United States Constitution. While we are asking the Court to provide a remedy to help these victims now, we also urge Congress to provide more oversight and to enact legislation that will do more to prevent such problems in the future. Specifically:

- Congress should require FEMA to publish clear policies setting forth who is eligible for assistance, how they should go about applying for assistance, and what appeal options they have if assistance is denied. These policies should be widely disseminated. All federal agencies that provide homeless and other emergency assistance funding under the McKinney-Vento Homeless Assistance Act should receive the information and be required to distribute it to their grantees in regions affected by the disaster. Publication of clear guidelines will not only help people to understand their rights, it may also help reduce FEMA's workload by reducing applications from ineligible persons and improving documentation by applicants of their eligibility.

- Congress should also enact new protections for disaster victims that emphasize FEMA's obligation to provide written, understandable explanations for denials of housing assistance and allow those already receiving assistance to maintain it until they have an opportunity for a hearing and appeal. In addition to disseminating this information to the field, FEMA should be required to disseminate it to Congressional offices to enable them to better assist their constituents and to facilitate Congressional oversight.

In addition, changes need to be made to the Stafford Act in order to improve the provision of housing assistance in the future:

- Congress should enact the Shared Households language that was included in S.3721 (Sec.218 (a)), the Post Katrina Emergency Management Reform Act of 2006, introduced by Senators Collins and Lieberman on July 25, 2006.

- Lastly, Congress should ensure that the amount of rental assistance given to displaced households be no less than HUD's fair market rent (FMR) and it should be higher if the President determines that the rental market changes as a result of the disaster have driven the cost of renting an apartment above the FMR. For persons with disabilities, who may have a much harder time finding accessible units at any price, FEMA should be allowed to provide assistance above 120% if necessary to secure accessible units.

It is shameful that low income Americans were essentially left without recourse or help in meeting their very basic human needs in the wake of the Gulf hurricanes. Those hurricanes were natural disasters, but our nation's response to their impact on the poorest and most vulnerable members of our society is truly a man made disaster. As such, however, it can and must be reversed and prevented. We can and should do much better. I urge you to use your authority to exercise oversight to address the immediate needs of those who are still suffering and also to amend the Stafford Act to prevent future suffering in the event of such disasters.

Thank you for the opportunity to submit this testimony. If you have any questions, please do not hesitate to contact me or my staff.

Mr. Jonathan T.M. Reckford, CEO, Habitat for Humanity International
on
Creating a More Flexible, Efficient, and Cost-Effective Federal Disaster Housing Program
Senate Homeland Security and Governmental Affairs Subcommittee on Disaster Recovery
April 24, 2007

Thank you, Chairman Landrieu and Ranking Member Stevens, for convening today's important hearing. All of us have much to learn from the hurricanes of 2005, and Habitat for Humanity appreciates this opportunity to share its experiences and to work with you to ensure a more effective response to housing needs when the next disaster inevitably occurs. I would also like to express my appreciation to the Chair for her recent introduction of legislation (S 1180) extending the placed in service date for the GO Zone Low Income Housing Tax Credit by an additional two years. In light of the significant obstacles faced by builders and developers in the aftermath of the 2005 storm season, it is appropriate to provide the flexibility necessary to allow the tools that Congress has provided for redevelopment to succeed.

Habitat Responds to Hurricane Katrina and Hurricane Rita
On Aug. 29, 2005, Hurricane Katrina slammed into the U.S. Gulf Coast, causing far-flung devastation to people and property in Louisiana, Mississippi and Alabama. Less than a month later, on Sept. 24, 2005, Hurricane Rita also made landfall on the Gulf Coast, this time extending weather's wrath to Texas. The storms' toll: hundreds of lives lost and more than 500,000 homes damaged or destroyed. These unprecedented natural disasters called for an unprecedented response from Habitat for Humanity, from government at all levels, and from the American people.

Habitat for Humanity enjoys a unique combination of experience and resources to contribute to Gulf housing recovery efforts. Having been on the ground in the Gulf region for more than 20 years, Habitat for Humanity understands the challenges that low-income families in the region face in acquiring adequate and affordable housing. To help the people of the Gulf Coast rebuild their homes, communities, and lives, Habitat for Humanity International (HFHI) launched Operation Home Delivery and has been at work with public and private partners ever since building a strong foundation for the many years of work ahead. So far, Operation Home Delivery has already built over 700 houses along the Gulf Coast with the help of over 50,000 volunteers, and on May 21st, Habitat volunteers will raise the walls on the 1000th home begun on the Gulf since Katrina.

In addition to its efforts on the ground in the Gulf region, HFHI is also active in efforts to improve the efficacy of the nation's disaster response infrastructure. HFHI is working with a

coalition led by Save the Children and including other representatives from the private and nonprofit sectors focused on improving how the unique needs of children are met in planning for, responding to and recovering from disasters. HFHI appreciates this opportunity to inform the Financial Services Committee of its current efforts both in the Gulf and in Washington and looks forward to working with Chairman Frank and Ranking Member Bachus to enhance the federal government's disaster response capabilities, particularly with regard to meeting housing needs.

Recommendations

In addition to having more than 1,700 affiliates in the United States, Habitat for Humanity is also at work in more than 90 countries around the world. Habitat's global presence has afforded it broad experience in disaster recovery since 1992. Habitat has applied this experience in its efforts throughout the Gulf region and in its development of recommendations for improving US disaster response capabilities.

In general, HFHI supports the findings of the Sphere Project: Humanitarian Charter and Minimum Standards for Disaster Response. The Sphere Project, created by international nongovernmental organizations working in disaster response, is based on two core beliefs: first, that all possible steps should be taken to alleviate human suffering arising out of calamity and conflict, and second, that those affected by disasters have a right to life with dignity and therefore a right to assistance.

In the immediate term, HFHI, through its work with the Children in Disasters Coalition, supports Sen. Christopher Dodd's (D-CT) efforts to build bipartisan consensus on legislation to systematically and thoroughly review how the federal government relates to the needs of children in planning for, responding to and recovering from disasters and to make recommendations on how to better meet their needs in future disasters. This would be accomplished through the creation of a high-level, public-private federal advisory body to study and prepare recommendations on US government disaster relief policies and the creation of high-level state advisory commissions in each state to prepare recommendations on state disaster relief policies. The federal advisory council will meet with representatives of each state advisory council to present recommendations on how to proceed with preparing for a disaster and to coordinate an overall set of recommendations that will include coordinating mechanisms as well as federal and state policy. The commission would also fund disaster recovery research and pilot projects to develop and disseminate information on the best disaster response practices.

With particular regard to addressing housing needs following disasters, there are several principles that HFHI supports:

- **Creating a Continuum of Care for Housing** – In order to respond effectively to disasters of differing types and degrees, the federal government should develop a flexible menu of housing options, allowing families to remain in damaged homes when possible and to use trailers, hotels, apartments, and other options, as necessary and appropriate.

- **Pursuing Community-Based Recovery** – Many of the challenges currently faced in rebuilding New Orleans are consequences of having sent so many residents so far away following Hurricane Katrina. Communities recover more quickly when families are able to remain near their homes, jobs, schools, and support structures.

- **Streamlining the Housing Response** – Following Katrina and Rita, many families were provided inconsistent housing information and unequal levels of assistance. The federal government should continue to support efforts already being undertaken to ensure that families have immediate access to a single point of contact for housing-related services and that all families should receive equal access to consistent benefits.

- **Allocating Permanent Disaster Response and Recovery Resources to Federal Agencies** -- Federal agencies expected to participate in response and recovery efforts must be provided separate, permanent resources for disaster response activities so that agencies need not rely on "cannibalizing" staff and funding from other programs in order to fulfill post-disaster responsibilities.

- **Providing Necessary Federal Regulatory Waiver Authority** – The Administration should be provided with sufficient waiver authority to insure that post-disaster federal regulatory enforcement is reasonable and humane. Often, waivers need only be temporary, allowing the proper sequencing of regulatory enforcement.

These are a few principles for improving the federal response to housing needs following natural or man-made disasters. Habitat for Humanity stands ready to work with each member of this committee, with your colleagues in both the House and Senate, and with your constituents around the country to insure that the housing response to every future disaster is improved based on the lessons learned from disasters past. Thank you for taking the time to explore this important issue.

TESTIMONY OF BARBARA R. ARNWINE, EXECUTIVE DIRECTOR, LAWYERS' COMMITTEE FOR CIVIL RIGHTS UNDER LAW

UNITED STATES SENATE COMMITTEE ON HOMELAND SECURITY AND GOVERMENTAL AFFAIRS SUBCOMMITTEE ON DISASTER RECOVERY

April 24, 2007

I. Introduction

Good morning. I am Barbara R. Arnwine, Executive Director of the Lawyers' Committee for Civil Rights Under Law ("Lawyers' Committee"). I would first like to thank Chairwoman Landrieu and the members of the Subcommittee for holding hearings on the recovery effort and, in particular, for providing the Lawyers' Committee with the opportunity to participate in this important hearing.

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 more than 42 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.

Since our inception, the Lawyers' Committee has represented communities of color, particularly African Americans, in their struggle for civil rights. Many of our cases have been against governmental entities in Mississippi, Alabama, Louisiana, and Texas challenging racial discrimination against African Americans in voting, municipal services, employment, and other matters. We have also participated in litigation against the federal government for its failure to provide equal protection in employment and housing to African Americans and other racial minorities.

II. The Aftermath

Katrina has truly been a continuing storm: just as many poor communities were marginalized, segregated, and abandoned before the storm came ashore, they remain left out of the recovery and rebuilding effort. For notwithstanding President Bush's pronouncement days after the storm in Jackson Square that "[t]he storm didn't discriminate, and neither will the recovery effort,"[1] far too many families, and especially far too many of those most in need, are still being left behind. Indeed, six months after Katrina, tens of thousands of families were still waiting for Federal Emergency Management Agency (FEMA) trailers. As of today — nearly 18 months after the storm — an estimated 75,000 Louisiana residents and 80,000 Mississippi residents are still living in trailers. The story did not end with the Superdome. Rather, FEMA continued to fail to help those with the least resources rebuild their lives and their communities.

While there are many failures in the programmatic response to Hurricane Katrina at the local, state, and federal level, my testimony addresses the specific ways in which FEMA's emergency disaster relief and housing assistance has proved particularly, almost deliberately, ineffective for the most vulnerable and marginalized families—those in predominantly minority communities, those with lower incomes and limited savings, and renters.

Low-Income Households Suffered Disproportionate Losses in the Storm

While Katrina indiscriminately leveled coastal communities across the Gulf, the data suggest that, if anything, lower-income households were disproportionately impacted. For example, households at or below 150% of the Federal Poverty Line (FPL) comprised some 10% of pre-Katrina households, yet such households represented 13.5% of those within Katrina's Surge Inundation Limit (SIL) (10,228 of 75,733)[2]. Calculations comparing census data with FEMA flood maps similarly suggest that while low-income households (those below 80% AMI) were about 38.18% of households in Mississippi's three coastal counties, they constituted 43%, 41%, and 39% of households suffering storm surge damage in Hancock, Harrison, and Jackson counties respectively.[3] Moreover, the Mississippi Regional Housing Authority reported that 80% of the

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[1] *Bush Gets Ground Tour of Katrina Damage*, CNN, Sept. 12, 2005, http://www.cnn.com/2005/US/09/12/katrina.impact/.

[2] GOVERNOR'S COMMISSION REPORT, OFFICE OF GOVERNOR HALEY BARBOUR, ONE YEAR AFTER KATRINA: PROGRESS REPORT ON RECOVERY, REBUILDING AND RENEWAL 5-6 (2006) at 54, *available at* http://www.governorbarbour.com/documents/oneyearafterkatrina.pdf. "About two-thirds of the housing units in [Harrison, Hancock, and Jackson] counties were occupied by households with income below the U.S. median level (approximately $42,000 as of the year 2000)."

[3] Income and Housing Data for Coastal Mississippi Counties, (Nat'l Low Income Hous. Coal., 2006). Overall statistics on the number of units impacted may actually *understate* the effect of Katrina on low-income households. Low-income families are more likely to reside in older and substandard housing, which sustained greater wind and water damage from the hurricane. *See, e.g.*, OXFAM AMERICA RECOVERING STATES? THE GULF COAST SIX MONTHS AFTER THE STORM 4 (2006) ("Studies also show that low-income and minority housing units are often older and more subject to damage than other housing.").

subsidized housing in coastal Mississippi was damaged or completely destroyed.[4] The loss of affordable housing, coupled with the skyrocketing post-Katrina rental market, left low-income families without adequate housing alternatives.

In addition to these inequities, lower-income homeowners are less likely to have the financial resources necessary to bridge the gap between the value of their damaged or destroyed home and the cost of rebuilding. Many low-income households are underinsured or lack the cushion of insurance altogether, which is doubly disastrous when insurance becomes a prerequisite for certain forms of programmatic assistance. Income has a significant bearing on whether homeowners purchase insurance, and research reveals that percentages of homeowners with insurance dropped as household incomes decreased. It is axiomatic that, given their financial constraints, many elderly, fixed-income, and low-income households simply do not purchase or maintain insurance. Without adequate insurance coverage, low-income homeowners living in the seventy-mile flood zone simply could not afford to rebuild.

Renters, Particularly Low-Income Renters, Face Additional Barriers

Katrina erased a surplus in market-rate rental units and created a nightmare for tenants facing skyrocketing rents and a wave of illegal, pretextual evictions. Studies revealed that over 50% of subsidized rental housing on the Gulf Coast was uninhabitable. Renters are increasingly vulnerable to poor housing conditions because of the rental housing crisis and the fact that they have been excluded from various forms of governmental rebuilding assistance—especially the Homeowner Grant Assistance Program in Mississippi and Road Home Program in Louisiana developed under the special CDBG federal rebuilding allocation. While renters can receive compensation under FEMA's disaster assistance program for personal property loss and temporary housing assistance, only homeowners can receive compensation for home repair. As a result, low-income renters subsist in substandard apartment buildings and find themselves increasingly exposed to threats of eviction.

The loss of such a huge share of rental housing, and serious damage to more, put low-income tenants on the verge of homelessness long after the storm. Unfortunately, substandard and uninhabitable conditions, illegal evictions, and spiking rents became commonplace. Throughout coastal Mississippi, unscrupulous landlords sought to empty developments full of low-income tenants to take advantage of increasing rents in a market with little remaining affordable rental housing.

A jarring example of this scenario occurred at Edgewood Manor, a project-based section 8 apartment complex in Gulfport. Following Katrina, over fifty families at Edgewood Manor were simply deserted by their property manager. The management company reported to HUD that the building had been "totally destroyed" by the storm. Meanwhile,

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[4] Michael Kunzelman, *Unhabitable Habitats: Tenants Living in Squalor*, SUN HERALD (Biloxi), Apr. 16, 2006, at A19 ("Before Katrina, the coastal office of the Mississippi Regional Housing Authority had 1,592 units of affordable housing. The hurricane damaged roughly 80 percent of those units, displacing 800 families.").

residents were left behind without roofs, running water, trash pickup, and in some cases, basic plumbing. Christine Brice, a North Gulfport resident, witnessed families in Edgewood Manor starting a fire in a bucket in order to keep warm, while others relied on gas stoves to heat their apartments. On top of these deplorable housing conditions, tenants dreaded a mass eviction. In October 2005, just a month after the storm, security guards told residents that the apartment gates would be welded shut, blocking any reentry into the complex. On the residents' behalf, the Lawyers' Committee for Civil Rights and the Mississippi Center for Justice forced the landlord to cease eviction threats and allow tenants to remain at Edgewood Manor.

Individual tenants also face ongoing threats of eviction. For example, one of our clients, a Biloxi resident who had been living out of his car after the storm, finally located an apartment for rent in November 2005. While the apartment lacked sheetrock and a permanent ceiling, he agreed to pay full rent while the landlord remodeled the apartment. After several months, no repairs were made and the landlord began demanding additional rent. When he refused to pay, the landlord began the common practice known as "self-help" eviction, removing the locks and shutting off all utilities. Overnight, our client joined the ranks of thousands of low-income renters with no place to go.

Unfortunately, coastal Mississippi and New Orleans had a high percentage of such renters, particularly in areas damaged by Katrina. In low-income communities on the coast, fully half of the residents were renters. Low-income persons in the disaster area are also more likely to be renters. In communities like Biloxi, catastrophic damage besieged these individuals and meeting their needs is all the more imperative to reviving the community. Over a year after Katrina, the population who weathered the storm without the financial and emotional asset of homeownership remains saddled with a prolonged recovery period and inadequate housing alternatives.

Minority Communities Are Increasingly Vulnerable

Lower-income and higher poverty populations within the disaster area are disproportionately communities of color. For example, nearly one in three African-American Katrina survivors is at or below the poverty level, leaving thousands of minority families without financial resources to rebuild.[5] Significantly, poverty and homeownership rates among racial minorities are pronounced: of the many renters in the coastal counties in Mississippi, a disproportionate number were African Americans. Throughout the Gulf Coast, the African-American poverty rate is 27.1% compared to 10.4% for Caucasians. The homeownership rate is 49.8% for African Americans compared to 74.0% for Caucasians, with some communities having an even greater disparity. Studies indicate that there are marked ethnic and racial inequalities in adequate insurance coverage. Other marginalized groups, such as Vietnamese immigrants and disabled persons, also face especially high hurdles in the recovery.

The Mississippi Gulf Coast is only a portion of the disaster-devastated area. But the tenuous position of lower-income and minority populations, particularly renters, is

[5] RECOVERING STATES, *supra* note 3, at 8 tb1.1 (citing U.S. Census Bureau Census 2000 data).

endemic. As the supply of rental housing dwindled due to storm damage, rental prices in coastal Mississippi skyrocketed over the pre-Katrina rates. Inflated market rents—and the loss of public and subsidized housing—effectively eliminated much of the affordable rental housing on the Gulf Coast. These factors, exacerbated by the sluggish pace of new construction, leave many vulnerable families in a precarious position when FEMA's disaster assistance is delayed or denied.

III. The Continuing Housing Crisis and Role of Non-profits

Today, we are faced with the most pressing long-term recovery challenge – the housing crisis that has left thousands of hurricane survivors on the verge of homelessness. HUD estimates that Hurricanes Katrina and Rita caused major or severe damage to 265,000 homes and apartments in Louisiana and Mississippi. Forty-four percent of the damaged housing was occupied by families with "very low income," those earning $25,000 or less. Congress must to develop housing policy solutions that will guarantee safe, affordable permanent housing for the hundreds of thousands of Katrina victims that remain in trailers and other temporary housing.

Unfortunately, the special CDBG allocations for disaster recovery have not been implemented by Louisiana, Mississippi or Alabama in ways that meet the critical housing needs of low-income renters and homeowners. When Congress provided CDBG funds for hurricane recovery in 2005, it used that program for a reason – it provides flexibility, but it also has "[t]he primary objective to provide decent housing principally for persons of low and moderate income."[6] The initial state plans left out a huge share of those devastated by Katrina and Rita, and the most vulnerable part – low- and moderate-income families and renters. Nonprofits fill this void.

Nonprofit organizations have a proven track record of rebuilding affordable housing in communities across the Gulf Coast. To date, these organizations have moved mountains through tremendous innovation, out-of-state technical assistance, and generous, but relatively small, private grants from foundations and individuals. Stretching far beyond their capacity, scores of nonprofit organizations have rebuilt homes for thousands of people left in the gap between government disaster assistance and the cost to rebuild. With the limited support of private donations, a mere 10 nonprofits working in New Orleans and the Gulf Coast have reached thousands of low-income families by leveraging private funds to build and repair 9,000 homes since the storm.

CDBG funds under the 2005 allocation have yet to reach local housing nonprofits that meet the needs of the most vulnerable communities in New Orleans and on the Gulf Coast. The creation of a grant program for local housing nonprofits would ensure that thousands of units of safe, decent affordable housing are rebuilt and that public dollars are reinvested quickly, efficiently, and creatively in local neighborhood redevelopment. Unlike the private sector, local nonprofits are required to serve the public interest and return any surplus funds into programs that serve the community.

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[6] 42 U.S.C. 5301(c).

Nonprofits affordable housing organizations are uniquely positioned to provide affordable rental housing and homeownership opportunities to low-income residents. In Louisiana, Volunteers of America, Catholic Charities, UNITY for Greater New Orleans are leveraging thousands of dollars from private charities. Local nonprofits came together to create innovative housing solutions, such as the Permanent Supportive Housing Coalition to development housing for the chronically homeless and others with special needs. Habitat for Humanity and many faith- and community-based organizations in New Orleans are leveraging national networks of volunteers to gut houses and construct new affordable housing.

Gulf Coast nonprofits also enjoy excellent reputations and solid records of accomplishments. Back Bay Mission of Biloxi, for instance, has operated successfully since 1922. Housing 2010 developed an entire community of affordable housing in Moss Point with modest resources. Turkey Creek Community Initiatives (TCCI) is an innovative community-development corporation engaged in the comprehensive revitalization of coastal Mississippi's low-income, historic, and environmentally challenged Turkey Creek community. Another nonprofit, the North Gulfport Community Land Trust, helps turn vacant property into affordable housing opportunities.

These organizations have repeatedly demonstrated uncanny innovation in the chaos following Katrina. Witness the emergence of Unity Homes, a nonprofit project that will provide "green" modular housing to families in New Orleans on the Gulf Coast at prices unheard of in the affordable-housing industry. These model programs represent the most innovative permanent replacement housing for evacuees and residents still living in cramped FEMA trailers, yet they suffer from a lack of public funding at the federal or state levels.

IV. Policy Problems and Recommendations

Our nation must thoroughly restore and revamp the entire recovery and response process to ensure that the dire injustices of the Katrina catastrophe never occur again. The Lawyers' Committee makes the following recommendations to the Subcommittee as a first step to achieving this goal.

- Central reforms to the Stafford Act would include changes to better address "shared household" rule problems and to ease and clarify grounds for permitting persons who formerly shared an address to obtain appropriate benefits and temporary housing after a disaster. Congress should correct the "shared household" rule by expressly authorizing assistance to be provided separately to different members of a pre-disaster household for reasons of divorce, family separation, domestic violence, or other good cause.
- Procedurally, reform should focus on introducing clarity and consistency in the application and recertification process. One of the most critical failings of FEMA is the confusing and opaque nature of benefits provided and procedural rights available to each disaster survivor applying for assistance. Certainly, Congress could seek to establish clearer rules to ensure that in each disaster, applicants are

adequately apprised of their rights.

- We recommend that Disaster Relief Centers ("DRCs") be set-up first where both evacuees and remaining survivors are actually located. The DRCs must be more mobile and they must be set-up quickly.
- We urge Congress to address the affordable housing crisis by supporting permanent affordable housing alternatives for low-income renters and homeowners disproportionately affected by Hurricanes Katrina and Rita. FEMA's Alternative Housing Pilot Program (AHPP) is focused on temporary replacement housing and should be retooled to provide funding for non-profits to rebuild permanent affordable housing for low-income renters and homeowners in Louisiana, Mississippi and Alabama.
- Congress should call upon local, state, and federal authorities to work to prevent bias and racial insensitivity and to adopt laws and procedures that will protect the fair housing rights of its citizens, especially during a time of national crisis. We recommend developing fair housing policies to prevent jurisdictions from blocking Low Income Housing Tax Credits and other affordable housing programs.

V. Legal Response to the Disaster

Weeks after the disaster, Lawyers' Committee attorneys and other volunteers headed to Gulfport, Mississippi, with legal guides and emergency supplies to serve in the first wave of legal responders. What we found was a chaotic process with rules ill-designed to meet the realities and needs of low-income families. Because FEMA was slow to open Disaster Recovery Centers (DRCs), families were forced to register for FEMA benefits by phone or internet. Yet, the hundreds of families we saw at the emergency shelter area in North Gulfport had no access to working phone lines or internet connections. The few that found a donated cell phone would have to remain on hold throughout the night, awaiting a FEMA phone representative.

In response, the Lawyers' Committee developed a series of legal clinics designed to educate predominantly low-income and minority communities about their rights, and assist them in the FEMA benefits process. Our legal clinics in North Gulfport, East Biloxi, New Orleans and elsewhere reached over 1500 families in core disaster areas, providing assistance with registering for FEMA benefits, and resolving insurance and mortgage problems and landlord-tenant disputes. Volunteer lawyers worked one-on-one with disaster survivors to address these issues, as well as employment, small business and home repair issues. The obstacles to accessing FEMA's Individuals and Households Program proved difficult to navigate—often even for the advocates themselves, confronted with unclear explanations from FEMA, and inconsistent application of ill-defined and unpublished rules. As became apparent, to overcome the FEMA barriers, many families needed ongoing individualized representation. Stemming from the legal clinics, the Lawyers' Committee and law firms working *pro bono* created a FEMA Appeals project that provided continuing representation to over 350 families.

To address FEMA's unresponsiveness to the needs of displaced families on a larger scale, the Lawyers' Committee, in conjunction with other lawyers, brought a class action on November 10, 2005, on behalf of all displaced persons who had applied or were applying for FEMA assistance.[7] Among other things, the suit alleged that FEMA's response to Katrina violated the Stafford Act, which governs FEMA's disaster response, and FEMA's constitutional due process obligations. Specifically, the suit challenged procedural burdens that delayed or denied benefits to families, such as FEMA's application of the "shared household rule," which rendered many applicants ineligible if they shared an address with other applicants before the storm, but established separate households after the disaster, and FEMA's requiring a Small Business Administration loan application prior to receipt of FEMA housing assistance. In addition, the suit addressed FEMA's denial or suspension of benefits under circumstances created by its own failure to inform applicants of their rights and obligations, and the effective denial of benefits to numerous households due to FEMA's excessive delays, including 80,000 applications still listed as "pending" three months after the storm.

The first successful ruling on *McWaters* came on December 12, 2005, when the court enjoined FEMA's arbitrarily threatened termination of all households residing in hotels through FEMA's emergency housing program. Just before FEMA proposed to displace all such families on a handful of days' notice, even though many families had yet to receive a determination from FEMA as to whether they were entitled to continued housing assistance in the form of rent or a trailer. In other words, FEMA proposed to displace families before they could demonstrate they were entitled to continuing shelter. In entering a preliminary injunction against FEMA's actions, the court described its insensitivity towards the needs of low-income households, bemoaning FEMA's sudden changes in policy combined with a lack of clarity for those FEMA was charged to assist. Finding that "these actions by FEMA ... discriminate against victims based on the grounds of economic status and prohibited in the Stafford Act,"[8] the court enjoined the evictions and mandated a more open and fair process. Specifically, prior to displacing any family, FEMA had to determine the family's eligibility for continuing housing benefits and provide at least two weeks notice. As a result of the order, ten of thousands of evacuees remained in hotel and motels during the holidays and some until the following spring.

The court also preliminarily enjoined FEMA from imposing the onerous and unnecessary requirement that applicants for temporary housing assistance complete a Small Business Administration (SBA) loan application, one of the primary barriers delaying needed benefits. Overall, the *McWaters* case complemented individual representation efforts by attacking systematic barriers. Even on claims where the case did not succeed *legally*, such as the challenges to the "shared household rule," it continued to put in sharp relief the *policy* areas where FEMA's programs fell short of helping those most in need. Indeed, the court bemoaned the same administrative chaos and impenetrable policies that

[7] McWaters v. FEMA (*McWaters I*), 408 F. Supp. 2d 221, 225-27 (E.D. La. 2006).
[8] *McWaters I*, 408 F. Supp. 2d at 236-37. "[T]he majority of the persons affected by the [hotel eviction] deadline are the most disadvantaged of our citizens and/or the persons who lost virtually all of their property, economic livelihood, and in some cases, family members."

bedeviled many low-income applicants trying to navigate the benefits process, even calling for legislative solutions to correct these failures.

VI. Barriers to Access: FEMA Limits Assistance to Those Most in Need

The federal emergency response to this unprecedented natural disaster suffered from abysmal planning and a lethargic response to the needs of hurricane survivors in the devastated Gulf Coast. As we witnessed while assisting families at community legal clinics in the days and months following the storm, applicants faced several threshold barriers to even apply for emergency relief:

> (1) FEMA eliminated paper applications, instead requiring applicants to register with FEMA on-line or over the phone—in areas where phone lines were frequently jammed and internet service down or non-existent for many low-income families;
>
> (2) FEMA phone lines were overwhelmed with the sheer number of calls and electronic applications, resulting in busy signals and hours-long holds—even overnight;
>
> (3) temporary workers hired to handle the deluge of calls were poorly-trained, with limited knowledge of FEMA's unclear rules and limitations; and
>
> (4) the local DRCs were inaccessible to many low-income families, particularly those without personal transportation.

The *McWaters* court recognized the emotional impact of these bureaucratic roadblocks to recovery, stating "FEMA's indecision and internal bureaucratic bumbling has strained even the most patient of citizens."[9] These immediate problems were further exacerbated by procedural barriers to relief under FEMA's Individual and Household Program and the SBA loan requirement. The interplay of registration problems and shifting procedural requirements, resulted in long delays and unwarranted denials of individual assistance for hurricane survivors—burdens borne particularly by those with little or no resources of their own to fall back on.

A Flawed Registration and Recertification Process

Families suffered the consequences of a political storm that arose from the lack of emergency preparedness. For example, Red Cross shelters in Mississippi opened a day before the disaster, but the locations were at least 160 miles north of the Gulf Coast. Mississippi Emergency Management Agency (MEMA) posted emergency evacuation routes, but offered no transportation assistance out of coastal Mississippi. Without adequate resources to evacuate—and no formal evacuation plan in place—poor families were often resigned to wade out the storm in their communities. The lower-income families who remained would have to wait in the burgeoning queue of those attempting to

[9] *McWaters II*, 436 F.Supp. 2d 802, 820 (E.D. La. 2006).

apply for emergency relief. This meant unregistered families would face even longer delays in receiving a FEMA travel trailer or mobile home.

Two weeks after the storm, we found that limiting registration to the toll-free line and the internet made it nearly impossible for many of our clients to apply for FEMA emergency benefits. Only those outside of the disaster area had a chance of reaching a live FEMA representative. Internet access was equally limited. Thus, those with the ability to leave the area after disaster—or, more specifically, families with the resources to temporarily relocate —registered more effectively. Volunteer efforts began to fill the gap in disaster response; companies offered free cell phones for registration, while legal advocates helped individuals in isolated communities complete the FEMA registration process.

1) *Unclear Rules and Procedures*

Families who were able to register with FEMA in the early fall months following the storm often spoke with poorly-trained, temporary workers with unclear rules and limitations. The lack of training and/or poor implementation of FEMA guidelines, gave FEMA operators broad discretion and particularly unchecked, unreviewed decisions. Mary Price, for example, a renter in Gulfport, Mississippi, was told that she was ineligible for IHP grant assistance until she filed her insurance claims. Perplexed, she told the operator that she had no insurance. It appeared that the name of her landlord had been mistakenly entered as her insurance carrier. Similarly, Lucy Bell was told she was not eligible to receive grant assistance until her home had been inspected by FEMA. Yet, her entire street was cordoned off by emergency workers, and she had no phone or postal address, making it impossible for her to meet a FEMA inspector at the place where her home once stood. Two months after the storm, she and her family remained on "camping" vacation, awaiting emergency relief.

After hosting the first few legal clinics for hurricane survivors, it was apparent that, with FEMA, inconsistency is the rule, not the exception. And discretion is likely to be used to the disadvantage of those least informed of their legal rights, particularly families with limited resources who lost personal records and had difficulty proving documentary requirements, such as proof of occupancy, damage, personal property loss, and insurance coverage.

For example, in late April and early May 2006, FEMA sent about 500 notices summarily terminating trailer residents from the FEMA trailers in Mississippi alone.[10] The thirty-day eviction notice did not describe why families must leave, but rather cryptically

[10] Some 500 eviction notices were sent out, with a total of 3,000 notices planned. (For reference, at the time, there were less than 40,000 trailers in Mississippi.) *See* Shaila Dewan, *FEMA Halts Evictions from Trailers in Mississippi*, N.Y. TIMES, June 22, 2006, at A16 (detailing the number of families receiving FEMA travel trailers and mobile homes in Mississippi); Richard Fausset, *30 Days' Notice at the FEMA Trailer: Eviction Letters Go Out to About 3,000 Katrina Victims, Who Are Told They're Ineligible*, L.A. TIMES, May 20, 2006,. In May, *pro bono* attorneys at Lawyers' Committee legal clinics helped six trailer residents respond to termination notices from FEMA. As of June, 2006, FEMA reversed course and the hurricane survivors were not evicted. *See* Don Hammack, *Event Answers FEMA Queries: Center Hopes To Help Evicted Residents*, SUN HERALD (Biloxi), May 10, 2006.

attached a FEMA determination noting that they were "ineligible" for other FEMA benefits such as "rental assistance." In the face of confusing and intimidating letters, many families simply gave up and moved out. One trailer park manager reported that over a third of her park moved out after receiving the notices.

Families who waited several months to receive a FEMA trailer were now threatened with the loss of precious temporary housing. They did not understand their rights to challenge the eviction. When they received the trailer, they were told that they could remain in the unit up to eighteen months, subject to recertification. In part, the confusion was due to the fact that notices were silent on the occupants' rights, such as their ability to prove eligibility and recertify under the grant program. Finally, in June 2006, FEMA suspended the eviction of 3,000 families from government-issued trailers.

At the same time, even families who were not being threatened with eviction from their trailers faced a cumbersome and often contradictory administrative system. FEMA's "recertification" process—requiring applicants to establish their continuing eligibility to remain in the trailer—created a mood of fear and uncertainty. For example, one client signed a standard FEMA Individuals and Households Program Occupant Dwelling Lease on April 25, 2006, which expired just 5 days later. The lease stated that, in order to remain in her trailer, she would have to renew the FEMA lease *every calendar month* subject to recertification of continuing eligibility. This meant that in order to avoid an eviction after May 1, she would have to enter into a new lease and recertify. She signed the 5-day lease agreement "under duress" and came to our clinic fearing FEMA would evict her if she was not present in her trailer if and when an inspector arrived for recertification. Making matters worse, FEMA issued conflicting statements on "recertification," sowing confusion as to how long families could reside in trailers, or what they must do to remain.

Though there will always be practical problems with administering temporary housing and verifying eligibility, they were exacerbated in the FEMA context due to the overwhelming number of policy decisions and guidelines that *were not transparent and accessible* in a single, authoritative source so that applicants (or even their attorneys) could not correct errant decisions by directing FEMA representatives to mistakes in their determinations. Without transparency, it is difficult to ensure that FEMA workers, applicants and advocates are all playing by the same rules—heightening confusion and inconsistency.

2) *Limited Access to Disaster Recovery Centers*

Hurricane survivors in disaster areas faced the problem of limited access to DRCs—designed as the staging areas for FEMA's first responders. In Gulfport, Mississippi, the first FEMA DRC did not permanently open until over a month after Katrina. The opening of the DRC was announced September 16th, but when we drove a group of hurricane survivors to the location after September 22, we encountered a locked building with a posted sign "temporarily closed due to storm." The neighboring DRC in Ocean Springs, Mississippi, opened quickly after the storm, but was located over 15 miles from

the low-income and minority neighborhoods in Gulfport. Without public transportation, most families—who either did not have a car or lost their car in the storm—could not reach a DRC outside of their immediate neighborhood.

The obvious solution to the lack of access to DRCs in the hardest hit disaster areas would include implementing a mobile DRC unit that could travel extensively to neighborhoods and emergency shelters. As the *McWaters* court noted, "It defies reason that a federal agency whose exclusive provision—and indeed, sole reason for existence—is to assist fellow Americans in a time of natural disaster in meeting their utmost needs would *fail* to notify people of the available services *and* the requirements for engaging those services, in some clear, consistent, and accessible way."[11] The Red Cross, volunteer churches, and non-profit organizations stepped in to fill the shoes of immediate disaster relief in the low-income and minority neighborhoods. Yet, these grassroots efforts alone were insufficient without a parallel effort by FEMA to link hurricane survivors in core disaster areas with individual disaster assistance.

VII. Conclusion

Hurricane Katrina reminded those who had forgotten that America still has far to go to fully include many of its citizens, especially the poorest, in its promise. It should not require the searing images from August 2005 —or the barren landscape still present in much of the Gulf Coast and destroyed housing in the Lower Ninth Ward —to take this call to action seriously. Ensuring that government assistance is effectively designed to serve all people, regardless of differences in income, race, sex or disability, is one obvious way to begin.

Regardless of the private sector's creative and courageous response to this crisis, Congress enacted the Stafford Act which created FEMA, because our nation believed that the first responsibility for responding to a disaster and assisting with recovery belongs to the federal government. It is imperative that Congress adopts policy changes to assure that FEMA operates in a manner that ensures equal protection for all Americans.

Ms. Chairwoman and members of the Subcommittee, thank you again for the opportunity to testify on this important subject.

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[11] *McWaters II*, 436 F. Supp. 2d 802, 820 (E.D. La. 2006).

TESTIMONY – Homeland Security Subcommittee Hearing on Disaster Recovery
April 24, 2007

Prepared Testimony of:

Mr. Clovice Lewis, CEO – Advanced Housing Technologies LLC

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Dear Honorable Members of the Homeland Security Sub-Committee on Disaster Recovery:

On behalf of AHT, I sincerely appreciate this opportunity to participate in the discussion regarding Federal disaster relief housing. We know the task that rests before you is monumental. Yet, we are confident that the combination of leadership and entrepreneurial ingenuity can win the day.

Recent experiences with Hurricanes Andrew, Katrina, and Rita have taught us that the solutions we are relying on today do not work. There are opportunities to rebuild communities, but we can't house the people necessary to do it. There are over 10,000 jobs in the gulf coast waiting to be filled, but we can't provide the housing for the workers and the infrastructure to support them. There are people who are to this day left without electricity twelve years after Andrew hit. In short, we don't have the right solutions yet.

These disasters are going to happen. And everything we've seen from reports on global warming lead us to believe they're going to happen more frequently.

When entire communities are destroyed, rebuilding those communities is not just a question of providing replacement housing, it is a matter of restoring the infrastructure, utilities and services that support any vibrant community.

The longer the disruption and the longer it takes to restore not only housing but infrastructure, the greater the financial burden on government and the greater the losses in revenue and earnings.

Advanced Housing Technologies has a solution that is comprehensive, quick to deploy, cost effective, and completely self-reliant (off the grid). Our solution provides all of the essential elements necessary to restore normalcy to peoples' lives: homes, infrastructure (water, electricity, sewage, internet, phone), safety, security and jobs all in a community setting.

Our homes can be deployed and occupied within three to five days. Our proprietary Central Service Module can supply utility and communications infrastructure while off the grid. The factories needed to produce our homes and supporting structures such as

offices, retail space, classroom buildings, medical facilities and community services, are portable and can be located close to or even in disaster areas.

The following is a brief synopsis of our solutions:

Homes-to-Go: AHT homes are small, portable homes that use cutting edge technology to maximize energy efficiency and can be easily integrated into self-sustained neighborhoods anywhere, anytime. AHT homes come with all major Energy Star appliances, have an inviting cottage feel and look like real homes. While they are meant to be temporary, their structural integrity enables them to withstand earthquakes and winds up to 140 mph. The homes also can be expanded to accommodate larger families.

Neighborhood-to-Go: An integrated solution providing self-sufficient, sustainable utilities and services to clusters of Homes-to-Go using computerized technology to generate emergency relief power as well as sewer, water, telephone, cable and Internet connections.

Office Space-to-Go: A concept using our modular units that can be linked together to provide power and services to be used as temporary office space, retail space and emergency space for schools and medical facilities.

Factory-to-Go: Our portable assembly facilities designed to be erected near or within a disaster area for speedy delivery of our homes to stricken communities. Each Factory-to-Go creates local job opportunities for assembly, maintenance and management in a Neighborhood-to-Go installation.

All of our structures can be modified to accommodate persons with disabilities. Our homes comply with ISO and Dade County standards. They are built from green materials and include systems that give off no harmful emissions.

The Challenge:

One of the greatest challenges is that there is no agreed upon standard that is accepted by all levels of government. We believe that it is in the greater common interest for government at all levels to agree to one set of standards for temporary disaster relief housing. We propose that these standards should require ISO and Dade County guidelines for structural integrity and that the disaster relief solution should require the ability to provide self-sufficient energy, water, sewer, telephony and internet services.

In order to move forward on this issue, there must be alignment between local, state and Federal governments to approve and implement comprehensive, cost-effective and self-sustaining solutions. In this way, communities stricken by disaster can finally begin their recovery and healing processes and return to productivity.

People *want* to come home to their community. Honorable Members of the Committee, your leadership on this issue to provide a solution for disaster housing is greatly

appreciated. Advanced Housing Technologies can assist in providing the solution to bring people and their communities home.

Thank you for this opportunity to testify on this critical matter facing our country. I look forward to working with the committee on providing the solution for housing those displaced from their homes during emergencies throughout the nation.

Sincerely, Clovice Lewis – CEO Advanced Housing Technologies LLC

Responses to Questions from David E. Garratt
Acting Assistant Administrator
Disaster Assistance Directorate
Federal Emergency Management Agency
U.S. Department of Homeland Security

Question#:	1
Topic:	federal housing assistance
Hearing:	Beyond Trailers, Part I: Creation a More Flexible, Efficient, and Cost-Effective Federal Disaster Housing Program
Primary:	The Honorable Pete V. Domenici
Committee:	HOMELAND SECURITY (SENATE)

Question: As you know, just over one month ago multiple tornadoes ravaged eastern New Mexico and west Texas. Two lives were lost as a result of these tornadoes, more than 30 people were injured, livestock was lost, and multiple homes, schools, and businesses were damaged. I appreciate FEMA's efforts to provide timely assistance to my constituents who were affected by this storm and have a few questions about individuals who were displaced by the tornadoes. I understand that almost 500 homes were damaged by the tornadoes, and more than 50 homes were destroyed. How were these families' housing needs met in the week between their displacement and the declaration of a Federal disaster, when Federal housing assistance was first made available?

Response:
Immediately following the disaster, the State of New Mexico implemented its State Emergency Disaster Declaration plan. This plan activated State Voluntary Organizations Active in Disaster (VOAD) and local Voluntary Agencies to begin housing displaced disaster victims in Quay and Curry counties in hotel and motels, as well as encouraged and supported those who had secondary residences or wished to stay with extended family and friends.

Question#:	2
Topic:	displaced families
Hearing:	Beyond Trailers, Part I: Creation a More Flexible, Efficient, and Cost-Effective Federal Disaster Housing Program
Primary:	The Honorable Pete V. Domenici
Committee:	HOMELAND SECURITY (SENATE)

Question: Do you have any thoughts on what actions Congress can take to ease the burden and stress placed on displaced families until Federal disasters are declared?

Response:
FEMA is proactively addressing the burden and stress placed on displaced families until disasters are declared. The 2007 Hurricane Contingency Plan has been improved in a number of ways:

- Increases emphasis on people with disabilities; coordination with the private sector; evacuation of pets, companion, and service animals; and use of multi-discipline modeling and simulation.
- Incorporates gap and seam analysis to pre-identify known and suspected gaps at the local, State, and Federal levels and develop pre-event solutions. Initial focus of gap analysis is on 7 critical areas, factoring in mutual-aid (local) and EMAC (State) resources, including:
  - Debris
  - Interim Housing
  - Sheltering
  - Evacuation
  - Commodity Distribution
  - Medical
  - Fuel

We look forward to continuing to work with Congress as it develops proposed legislation relating to FEMA's authorities.

Question#:	3
Topic:	New Mexicans' housing
Hearing:	Beyond Trailers, Part I: Creation a More Flexible, Efficient, and Cost-Effective Federal Disaster Housing Program
Primary:	The Honorable Pete V. Domenici
Committee:	HOMELAND SECURITY (SENATE)

Question: What has been done to address New Mexicans' housing needs since the Federal disaster was declared?

Response:
A Presidential disaster declaration was issued on April 2, 2007, enabling disaster victims to register with FEMA to receive federal disaster assistance. A total of 594 eligible disasters victims received the following federal assistance under FEMA's Individuals and Households Program:

Housing ($623,614): This includes housing and rental assistance, lodging reimbursement, home repairs, and replacement funds.

Other Needs Assistance ($191,994): This includes funds to cover uninsured losses of personal property, transportation, medical and dental needs.

In addition, the following disaster assistance was provided through the Small Business Administration in the form of low interest loans:

SBA Home Loans ($1,110,900)
Business/Economic Injury Disaster Loan ($ 405,500)

Combined, FEMA and SBA have provided more than $2,300,000 in disaster assistance.

Question#:	4
Topic:	Hurricane Katrina
Hearing:	Beyond Trailers, Part I: Creation a More Flexible, Efficient, and Cost-Effective Federal Disaster Housing Program
Primary:	The Honorable Pete V. Domenici
Committee:	HOMELAND SECURITY (SENATE)

Question: What actions have been taken in response to the White House's Hurricane Katrina "Lessons Learned" recommendation that the Federal government should develop integrated and bolstered capabilities for the temporary and long-term housing of evacuees?

Response:

The Post Katrina Emergency Management Reform Act of 2006 enabled FEMA to implement this recommendation by requiring FEMA to develop, coordinate, and maintain a National Disaster Housing Strategy (NDHS). The NDHS describes how disaster victims would likely move through the continuum of disaster housing, with the goal of facilitating a permanent housing solution for each victim. The NDHS conveys national guidance, operating principles, and a vision for public (Federal, local, State, tribal), private, and non-profit cooperation in providing disaster housing assistance. It defines the roles, programs, authorities, and responsibilities of all entities, detailing how responsibilities are shared and emphasizing the cooperative efforts required to provide consistent housing assistance. Further, the NDHS outlines efficient and cost-effective program options for meeting disaster housing needs. It will serve as the basis for pre-event planning by all organizations with roles or responsibilities in disaster housing. Many of the program options and alternatives presented in the NDHS address special needs and low income populations to ensure that affected individuals are provided the necessary services required to meet their disaster housing needs. The NDHS is intended to be a living document that can provide a model for all disasters.

Question#:	5
Topic:	surplus travel trailers
Hearing:	Beyond Trailers, Part I: Creation a More Flexible, Efficient, and Cost-Effective Federal Disaster Housing Program
Primary:	The Honorable Mark Pryor
Committee:	HOMELAND SECURITY (SENATE)

Question: What is the process for disposing of the surplus travel trailers and mobile homes that are sitting in Hope, AR and in other sites around the country?

Response:

After FEMA established a 2007 minimum inventory level of 13,500 units, it began disposing of units through the General Service Administration's (GSA) transfer, donations, and sales programs. Additionally, FEMA is continuing to work with the Bureau of Indian Affairs, HUD, and GSA to finalize an MOU that will guide disposition of mobile homes to Tribal entities.

When the Federal government identifies excess property, GSA brokers, and acts as an agent, to make excess inventory available to Federal, State and local entities, as well as the public.

Question#:	6
Topic:	surplus travel trailers
Hearing:	Beyond Trailers, Part I: Creation a More Flexible, Efficient, and Cost-Effective Federal Disaster Housing Program
Primary:	The Honorable Mark Pryor
Committee:	HOMELAND SECURITY (SENATE)

Question: For months my staff has been told that FEMA will not release these trailers until they have done an assessment of how much and what kind of housing they need to keep on hand. Has this assessment been completed? If not, what is the estimated timeline for completion?

Response:

The assessment has been completed, and FEMA has established a 2007 minimum inventory level of 13,500 units. Accordingly, FEMA has begun disposing of units above this level through the General Service Administration's (GSA) transfer, donations, and sales programs. Additionally, FEMA is working with the Bureau of Indian Affairs, HUD, and GSA on disposition of mobile homes to Tribal entities.

Question#:	7
Topic:	surpluse travel trailers
Hearing:	Beyond Trailers, Part I: Creation a More Flexible, Efficient, and Cost-Effective Federal Disaster Housing Program
Primary:	The Honorable Mark Pryor
Committee:	HOMELAND SECURITY (SENATE)

Question: My constituents continuously see notices that the FEMA trailers are being sold. This is disturbing to me because I am not aware of the disposal process. What kind of mechanism does FEMA plan to put in place to ensure that the manufactured housing market of any particular region is not hurt by the process?

Temporary housing units may be sold through the GSA exchange/sale program. Under 41 CFR Part 102-39, exchange/sale property should be offered for reimbursable transfer to Federal agencies with a known requirement for such property. To assist agencies in processing exchange/sale and to make an offer to other federal agencies, GSA encourages agencies to report exchange/sale property in GSAXcess®. Exchange/sale property is offered for only two days of screening for federal agencies. Afterwards, property may be offered for sale to the general public. Interested individuals may purchase temporary housing units via the GSA Auctions website (www.gsaauctions.gov). The site offers the general public the opportunity to bid electronically on a wide array of Federal assets. The auctions are completely web-enabled, allowing all registered participants to bid on a single item or multiple items (lots) within specified timeframes.

Also, in order to receive the greatest financial recoupment for the units, FEMA is working with GSA to ensure that, whenever possible, these assets are disposed of as direct transfers to other Federal entities. A secondary option is donation to States.

Question#:	8
Topic:	trailer contracts
Hearing:	Beyond Trailers, Part I: Creation a More Flexible, Efficient, and Cost-Effective Federal Disaster Housing Program
Primary:	The Honorable Mark Pryor
Committee:	HOMELAND SECURITY (SENATE)

Question: The Homeland Security Department's Office of the Inspector General is set to release a report this week examining the propriety of 36 trailer contracts designated for small and local businesses in the Gulf Coast region. The report details a chaotic competitive bidding process in which contract prices were both unreasonably high and low. For example, in 2005-6, FEMA accepted bids as low as $74 and as high as $4,720 for the refurbishing of travel trailers. FEMA estimated that this service should cost $295 per trailer. When questioned by the DHS office of the Inspector General, FEMA said that contracts where "prices appeared unreasonably high... they would be offset with lower payments on subsequent work orders." Could you please provide a detailed explanation of the practice of lowering subsequent work orders when prices are too high on previous contracts?

Response:
The contracts FEMA has in place with the various Maintenance & Deactivation contractors are multiple-award Indefinite Delivery/Indefinite Quantity, or ID/IQ, type contracts under which each contractor offers various services associated with maintenance and deactivation work at negotiated fixed unit prices. FEMA first evaluated each contractor by technical acceptability. Of those offerors determined to be technically acceptable, contracts were awarded to those companies which proposed the lowest total cost based on calculations of FEMA's planned frequency of usage of the various services to meet known requirements. As a result, offers with higher-than-average line item costs for a particular service may have been offset by lower-than-average line item costs for another service when evaluating the total aggregate offer.

The Agency recognizes there was some risk associated with its price analysis methodology; however, in order to meet its objectives of stimulating economic growth after the storm and efficiently transitioning from large business non-competitive contracts to competitively-awarded small business contracts, a certain amount of risk was necessary. In addition, some of this risk was mitigated by the fact FEMA was in a position to control the task orders and work orders issued to the contractors to meet requirements. Each Maintenance and Deactivation contractor was guaranteed a minimum of only $50,000.

The contracts cover a five-year period with pricing established for each year, and orders are placed against these contracts. In placing orders, the Federal Acquisition Regulation

Question#:	8
Topic:	trailer contracts
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Primary:	The Honorable Mark Pryor
Committee:	HOMELAND SECURITY (SENATE)

requires that each contractor operating in a multiple-award ID/IQ environment be offered a fair opportunity to compete for each task order over $2,500. FEMA has recently used this process under the Maintenance and Deactivation contracts, which has enabled contractors to propose their technical and management approach to support the second year of performance and to adjust their respective pricing accordingly to remain competitive. These factors, in addition to a contractor performance review during the first year, ensure the best value for these critical services.

Contractors were allowed to decrease their unit prices through the task order proposal process similar to schedule contracts where discounts can be offered in order to improve a contractor's competitiveness. The contractors were allowed to adjust maintenance prices to include transportation-related costs based on each performance zone offered in the task order proposal request; this was based on an administrative change to include fuel and transportation costs in the unit price for performance rather than accounting for each mile. In general, the unit prices were based on the prices agreed upon in the underlying IDIQ contract.

Question#:	9
Topic:	contracts
Hearing:	Beyond Trailers, Part I: Creation a More Flexible, Efficient, and Cost-Effective Federal Disaster Housing Program
Primary:	The Honorable Mark Pryor
Committee:	HOMELAND SECURITY (SENATE)

Question: This report also found that FEMA did not take the necessary legal steps to ensure that companies were small and locally owned. This resulted in contracts being awarded to large companies, several of which had ties to the Republican Party. According to the audit, this contracting error happened because FEMA lacked criteria to determine whether a contractor should be considered local, did not require corroborating paperwork, and watered down requirements under federal law so that companies with minimal Gulf Coast ties would be given special consideration. How does FEMA plan to correct this in the future? What kind of accountability mechanisms does FEMA plan to put in place to ensure that FEMA employees are properly awarding contracts?

Response:

FEMA acted in accordance with the Federal Acquisition Regulation and the Robert T. Stafford Disaster Relief and Emergency Assistance Act in conducting the procurement. At the time the requirement was issued, the Stafford Act stated that preference should be given to local companies. At that time, price evaluation preferences were given to those companies within a local area but there were no strict set-asides for local companies based on geographic area. The traditional approach under the Stafford Act had been the use of price evaluation preferences rather than use of strict set-asides.

Subsequent to the award of the contracts, there were several changes made to the Stafford Act and relevant regulations, including--

- Total set asides by geographic areas were made possible
- FAR criteria were added for use in determining whether a business is "residing" or "primarily doing business" in a state

Consistent with the traditional Stafford Act approach, FEMA made extensive efforts to ensure local companies were provided a price evaluation preference. The Agency gave a 30% price evaluation preference to businesses deemed to be local. Under this strategy, the overall evaluated price was increased by 30% for non-local offerors.

Absent specific regulatory or statutory guidance in determining whether or not a company was "residing in" or "primarily doing business" in a given area, FEMA defined local business contractors as those who regularly conducted business in the particular

Question#:	9
Topic:	contracts
Hearing:	Beyond Trailers, Part I: Creation a More Flexible, Efficient, and Cost-Effective Federal Disaster Housing Program
Primary:	The Honorable Mark Pryor
Committee:	HOMELAND SECURITY (SENATE)

State prior to the disaster event (i.e., August 29, 2005 for Hurricane Katrina). As proof, the offeror was required to submit a copy of its business license or other evidence.

The Federal Acquisition Regulation now contains more specific criteria to be applied in making determinations regarding local business status. The Agency believes that contracting officer determinations on these types of issues now are better informed than in the past, although these determinations necessarily must be made on a case-by-case basis.

Question#:	10
Topic:	AHPP Funding Options
Hearing:	Beyond Trailers, Part I: Creation a More Flexible, Efficient, and Cost-Effective Federal Disaster Housing Program
Primary:	The Honorable Mary L. Landrieu
Committee:	HOMELAND SECURITY (SENATE)

Question: The memo you presented to General D'Araujo, and the testimony you presented here today, described the option of funding the top 5 projects from 4 states, as a way of "maximizing the number of competitive States receiving funding." This is described as Option 3 in your memo to D'Araujo, and this was the option he decided to select.

But Option 2 would provide funding to the exact same number of states, and at the same time, it would fund twice as many projects. The DHS Inspector General's findings state that you agreed with General D'Araujo's decision to choose Option 3, rather than Option 2.

Please explain how your justification for an approach that funds half as many qualified projects to the exact same states?

Response:

It was a competitive program. The National Evaluation Panel scored the projects to identify the most promising projects. If Option 2 was adopted, the second highest scoring project would only have been funded at 25% of its total cost ---a significant reduction for one of the best projects. Under Option 3, the other top proposals all took a smaller reduction in funds (15%) and the second highest scoring project took a 31% penalty.

Question#:	11
Topic:	no award caps
Hearing:	Beyond Trailers, Part I: Creation a More Flexible, Efficient, and Cost-Effective Federal Disaster Housing Program
Primary:	The Honorable Mary L. Landrieu
Committee:	HOMELAND SECURITY (SENATE)

Question: Like other Members of Congress from the Gulf Coast, my office was concerned when FEMA announced that there would be no cap on individual AHPP awards. This is because, in my view, it could leave open the potential for a 'winner-take-all' program. Much to my dismay, as well as others in the Gulf Coast, this was essentially the end result of FEMA's awards which were announced in December 2006.

Why did you decide not to cap the size of the awards under the Alternative Housing Pilot Program?

Response:

We are confident that the best and most worthy projects received funding. Artificially capping award amounts could have negatively impacted innovation and reduced the incentive to produce the best projects possible. Further, capping award amounts could have resulted in the funding of unworthy projects.

Question#:	12
Topic:	grant programs
Hearing:	Beyond Trailers, Part I: Creation a More Flexible, Efficient, and Cost-Effective Federal Disaster Housing Program
Primary:	The Honorable Mary L. Landrieu
Committee:	HOMELAND SECURITY (SENATE)

Question: Is this consistent with other FEMA and HUD-administered competitive grant programs?

Response:

The processes were consistent with FEMA's competitive grant programs; however I cannot speak to HUD programs.

Question#:	13
Topic:	AHPP
Hearing:	Beyond Trailers, Part I: Creation a More Flexible, Efficient, and Cost-Effective Federal Disaster Housing Program
Primary:	The Honorable Mary L. Landrieu
Committee:	HOMELAND SECURITY (SENATE)

Question: Was there any discussion at FEMA that, in making AHPP a competitive grant program and not capping individual awards, you were in essence creating a possible 'winner-take-all' scenario?

Response:

When deciding to use a competitive grant model, FEMA was aware that it was possible that the most meritorious project might receive all the funds. In describing the competitive grant program, FEMA was clear in explaining that some projects could receive the majority, or all, of the funds, while others might not receive any. There were no minimum allocations set aside for this program.

Question#:	14
Topic:	program goal
Hearing:	Beyond Trailers, Part I: Creation a More Flexible, Efficient, and Cost-Effective Federal Disaster Housing Program
Primary:	The Honorable Mary L. Landrieu
Committee:	HOMELAND SECURITY (SENATE)

Question: The second option you recommended would have given partial funding to 10 of the 29 proposals. This option would have funded fewer units but more projects. Is the main goal of the program to provide the maximum number of units or to test out the best available options?

The other projects have more modest building requirements – the Katrina Cottage provided 475 units, the Texas proposal was 250 units, and Alabama project was for 194 – all of which seem more like 'pilot projects.' Could you not have funded 500 of the Park Model as test models to allow more proposals to be funded?

Response:

The Mississippi Park Model modular house and Mississippi Cottage project, which ranked #2 overall in the competitive grant, is funded at 68.86% of the original request. During the Pre-award Negotiation, we worked with Mississippi to reduce the number of units based on the actual amount of award funding available for the project. Currently, it is estimated that 1/3 of units will be the modular Mississippi Park Model, and 2/3rds of units will be the larger Mississippi Cottage. Pilot projects will demonstrate all aspects of disaster housing—more than just the unit itself, but also set-up, installation and implementation.

Question#:	15
Topic:	AHPP
Hearing:	Beyond Trailers, Part I: Creation a More Flexible, Efficient, and Cost-Effective Federal Disaster Housing Program
Primary:	The Honorable Mary L. Landrieu
Committee:	HOMELAND SECURITY (SENATE)

Question: FEMA sent a letter to my office on April 2nd that refers to the "intent of Congress." You created a competitive grant process to maximize the number of innovative approaches that can be tested, but General D'Araujo decided to fund half as many projects.

Wouldn't competition be better served by funding more projects with high scores?

Response:

3 competitive funding options were provided to the Selecting Official. The Selecting Official chose to fund each State's top project at 85% of the State's funding request. The remaining funds then went to the 2nd highest scoring project, to fund 68.86% of its request. The Selecting Official could have chosen to fund more projects, but in doing so, would have reduced the funding by 75% for the 2nd highest scoring project overall.

Question#:	16
Topic:	alternative housing approaches
Hearing:	Beyond Trailers, Part I: Creation a More Flexible, Efficient, and Cost-Effective Federal Disaster Housing Program
Primary:	The Honorable Mary L. Landrieu
Committee:	HOMELAND SECURITY (SENATE)

Question: What did you understand Congress's intent to be, in relation to promoting an examination of alternative housing approaches?

Response:

Our understanding was that Congress wanted us to examine housing solutions that ranged from temporary housing that could be quickly deployed after a disaster to permanent housing that could be immediately built in areas with catastrophic damage and where temporary housing solutions were inadequate. The five housing solutions explored in AHPP fall along this spectrum. The Park Model unit quickly deploys like a travel trailer but uses modular construction technology that makes it substantially sturdier, safer, and more attractive. The modular Mississippi Cottage can be a temporary house and then the same unit can be set on a foundation to be a permanent house, making it a great transitional housing technology. The Heston Group house is a panelized unit that can be deployed quickly like a travel trailer but is constructed to last twenty years, serving as an interim housing solution; the Homes for America style house is sturdy like a permanent construction but can be moved and reused. The Katrina and Carpet Cottages are examples of quickly built permanent housing that can be used in lieu of or as a supplement to a temporary disaster housing mission.

Question#:	17
Topic:	remote areas
Hearing:	Beyond Trailers, Part I: Creation a More Flexible, Efficient, and Cost-Effective Federal Disaster Housing Program
Primary:	The Honorable Ted Stevens
Committee:	HOMELAND SECURITY (SENATE)

Question: The purpose of the Alternative Housing Pilot program is, as the name of the program states, to find alternatives to FEMA's current methods of providing housing. Trailers and other wheeled housing are of little to no use in truly remote areas whether on barrier islands or off the road system. To what extent do any of the five projects you chose to fund provide for housing in remote locations or housing that could be weatherized for cold climates?

Response:

Remote Locations - We are optimistic that several of the pilot units could be used in remote locations. Delivery of trailers and other wheeled housing to remote locations can be addressed in much the same way as the delivery of other construction materials. In many coastal areas, construction materials are delivered by barge or boat. FEMA routinely evaluates the challenges of disaster housing for remote areas, and develops a housing approach appropriate for the community and people affected. FEMA has had the authority to build permanent constructions in insular, remote areas for many years due precisely to the challenges and cost associated with transporting preassembled disaster housing to such locations.

Climate - The weather in the United States is far too varied to allow design of a "one size fits all" for any type of housing. Insulation requirements vary depending on the climate zone in which a structure is placed. The same criteria apply for wind load resistance and snow load capacity.

The Alternative Housing Pilot Program is being implemented in the Gulf Coast, and as such the housing solutions were designed to meet local energy and structural standards. The Alternative Housing Pilot Program evaluated projects based on the capability to be modified for the area in which they would be needed, whether this modification was to the thermal, structural or architectural elements. With respect to the use of these design approaches in extreme climate conditions, the majority of the design principles continue to apply. As part of our evaluation phase, we will attempt to determine how easily the design and construction could be modified to colder climates. Regardless of the location of the units, the value of good design and efficient use of space remains critical to the livability for the residents, energy efficiency, and durability.

The Units – Many of the units being built under the Alternative Housing Pilot Program have the potential to be easily deployable to remote areas via train, road, or shipping. The Heston Group House, a panelized unit, packs flat and is easily transportable. Similarly, the Park Model modular house can easily be transported through a variety of methods. The materials for building a Katrina Cottage also come in a box and are assembled in a temporary assembly site near the disaster location, making it particularly useful for areas without ready access to construction materials.