

**A NEW WAY HOME: FINDINGS FROM THE
DISASTER RECOVERY SUBCOMMITTEE SPECIAL
REPORT AND WORKING WITH THE NEW
ADMINISTRATION ON A WAY FORWARD**

HEARING

BEFORE THE

AD HOC SUBCOMMITTEE ON DISASTER RECOVERY

OF THE

COMMITTEE ON

HOMELAND SECURITY AND

GOVERNMENTAL AFFAIRS

UNITED STATES SENATE

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CONTENTS

Opening statements:	Page
Senator Landrieu	1
Senator Graham	4

WITNESSES

WEDNESDAY, MARCH 18, 2009

Nancy Ward, Acting Administrator, Federal Emergency Management Agency, U.S. Department of Homeland Security	5
Nelson R. Bregón, General Deputy Assistant Secretary, Office of Community Planning and Development, U.S. Department of Housing and Urban Devel- opment, accompanied by Milan Ozdinek, Deputy Assistant Secretary, Office of Public Housing and Voucher Programs	10
Karen Paup, Co-Director, Texas Low Income Housing Information Service	17
Krystal Williams, Executive Director, Louisiana Housing Alliance	19
Sheila Crowley, MSW, Ph.D., President, National Low Income Housing Coal- ition	20
Reilly Morse, Senior Attorney, Katrina Recovery Office, Mississippi Center for Justice	22

ALPHABETICAL LIST OF WITNESSES

Bregón, Nelson R.:	
Testimony	10
Prepared statement	36
Crowley, Sheila, Ph.D.:	
Testimony	20
Prepared statement with attachments	91
Morse, Reilly:	
Testimony	22
Prepared statement	102
Paup, Karen:	
Testimony	17
Prepared statement with attachments	39
Ward, Nancy:	
Testimony	5
Prepared statement	27
Williams, Krystal:	
Testimony	19
Prepared statement	86

APPENDIX

Letter dated April 8, 2009 and prepared statement from Equity and Inclusion Campaign Housing Working Group	111
Questions and responses submitted for the Record from:	
Ms. Paup	118
Mr. Bregón	146
Ms. Ward	150

**A NEW WAY HOME: FINDINGS FROM THE
DISASTER RECOVERY SUBCOMMITTEE
SPECIAL REPORT AND WORKING WITH THE
NEW ADMINISTRATION ON A WAY FORWARD**

WEDNESDAY, MARCH 18, 2009

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 3:39 p.m., in room SD-342, Dirksen Senate Office Building, Hon. Mary Landrieu, Chairman of the Subcommittee, presiding.

Present: Senators Landrieu and Graham.

OPENING STATEMENT OF SENATOR LANDRIEU

Senator LANDRIEU. The Subcommittee for Disaster Recovery will come to order.

Let me begin by welcoming our witnesses, both our first panel and our second, and begin by apologizing for the lateness of the start. It was unavoidable. We had four stacked, 10-minute votes on the floor. That was scheduled this morning. Of course, this hearing was scheduled weeks ago, so I really apologize.

Our Ranking Member, Senator Graham, will be with us momentarily, and we voted as early as we could so we could get started.

Let me welcome you both and because of this late start, I would like to do my opening statement, then recognize our Ranking Member. I understand, Ms. Ward, you have a plane to catch later to actually head down to the Gulf Coast area in Louisiana, so we most certainly do not want you to miss your plane. We are happy for the attention and focus.

So I think what we will do is we will go right to opening statements, and, Mr. Bregón, if you do not mind, we will do questions first, and then come back to our HUD witness, and we will try to expedite this.

And my Ranking Member is joining me. I just told them, Senator, that we were delayed unavoidably because of four stacked votes, and it would have been impossible for us to come back and forth between each one. So we made the decision together to start as soon as we could after the series of votes.

I am going to start with an opening statement, and then we will go forward with this hearing.

Today, of course, we have come to have our first hearing finalizing a 9-month investigation of the many problems associated with the Federal Government's response to the great housing need created by not just the storms, Hurricanes Rita and Katrina; not just in Louisiana, but Mississippi, to some degree Alabama, and Texas; but also the failed response to the catastrophic flooding that exacerbated an already terrible situation. And this is the report. I want to say that my Ranking Member was not the Ranking Member when this report started, so I want to thank him for his cooperation with this hearing. He, of course, has reviewed—and his staff—this report and will have his own comments.

But I want to begin before my formal remarks by saying this is not an “I got you” hearing, but this is a hearing to suggest that there are some startling findings that have been a result of this report. And it is to lay the groundwork for a better response for the future, and that is what we remain hopeful for as we move forward.

I would like to begin with one story, but this could be a thousand stories of people in the Gulf region who found themselves at their wits' end after this storm and our failed response. This is Dr. Catchings, a college professor from Biloxi, Mississippi, who wanted to rent to families who needed housing because of the hurricanes. She owned four rental houses there and rents to low-income families with children. FEMA's red tape stopped Dr. Catchings from renting to hurricane survivors she wanted to help. She accepted State loans for repairs she needed to do after Hurricane Katrina. Later, she was told that this meant she could not rent to hurricane survivors who were getting help from FEMA or from HUD because this would be what the Federal Government called “duplication of benefits.” Worse still, Dr. Catchings was originally told that accepting State loans would not prevent her from renting to hurricane survivors.

So what was the result of the government's rule? A landlord who had houses before the storm, who wanted to repair them to put survivors in after the storm, to get people out of trailers and into houses, was told that this was against the rules.

Two rental apartments sat empty, which could have been homes to these families who needed homes after the hurricanes. These letters are in the thousands. They are in Senator Cochran's office. They are in my office. They are in Senator Vitter's office, our congressional delegation.

So, today, we only had time to tell one story, but this report could tell thousands of stories about the failed response. We need to improve.

Hurricanes Rita and Katrina and the manmade catastrophic flood that followed have been well documented and were horrific. But it was magnified exponentially when survivors registered for FEMA's Disaster Housing Programs.

Last month, the Subcommittee concluded a 9-month investigation into Federal Disaster Housing Programs and our Nation's failed response. The report details that the prior Administration's efforts in large measure were dysfunctional and wasteful. Housing response contributed actually to making the disaster even worse.

In this flood, more than 1.2 million homes were damaged, far outstripping any disaster of its kind in recent memory. While the storms ravaged the Gulf Coast nearly 4 years ago, which will be 4 years this August, thousands remain without permanent housing and thousands more are still rebuilding their homes and are still waiting for either Federal assistance, State assistance, local assistance, or some nonprofit to come to their aid.

This report is a comparison analysis of what went wrong. It is also a blueprint for how this current Administration can now fix the Federal response. We reviewed more than 100,000 pages of documents. The staff met with 70 housing officials, traveled to the impacted areas numerous times.

After this exhaustive investigation, we are left with the overarching conclusion that, after spending \$15 billion on housing programs, much of it was spent inadequately, unsafely, on short-term housing like trailers and mobile homes; even more than after six pieces of legislation were introduced to attempt to fix it and numerous public hearings, FEMA still remains unprepared to this day to adequately provide—or HUD, for that matter—catastrophic housing, in the event of a catastrophic disaster.

First, we found—and I am going to go through these as quickly as I can in the next 2 minutes. FEMA in 2002—now this is prior to the current Administration at the table. In 2002, their own internal documents demonstrated that they were not prepared. This is clear from this report.

Second, it seems as though at some point early after the storms, which is indicated in here, FEMA rejected HUD's overtures to try to step in and help, recognizing, I guess, on HUD's part that FEMA was just not equipped to handle—they are not a housing agency. HUD was. They thought they could help. Those efforts were rejected. This was a tragic decision, as this report concludes.

Third, this issue that resulted from “purchase trailers until I say ‘Stop’”—which is the testimony of one of these officials that was asked what their policy was, and that was the dictate in the testimony, “Purchase trailers until I say ‘Stop’”—is curious to me because what we also discovered was if trailers were supposed to be the answer, either mobile homes or travel trailers—remember, travel trailers at 16 feet by 8 feet—it is curious as to how that could be the plan if 300,000 people or 400,000 families needed shelter, since we only manufacture 12,000 a month in the United States of America. So we would have had to tap almost 100 percent of the market and still at that rate would have taken months to get the trailers to put people in. There was no back-up plan, which is very concerning.

Fourth, trailers are expensive. According to a DHS Inspector General, the total cost of providing a single trailer for 18 months was \$59,150 on the low end. Installing a much larger mobile home trailer was over \$100,000. What is disturbing is hundreds, if not thousands, Mr. Bregón and Ms. Ward, of these trailers are sitting in places like Hope, Arkansas, and throughout the country now rotting away, unable to be used for the next disaster, and money spent and wasted in that way.

And, finally, it seems as though the lawyers with FEMA continue to make very narrow interpretations of legal authority, resulting in

very inflexible rules and decisions that led us to this. So we say, as usual, here we can blame the lawyers as well. We think they had authority, but they chose not to use it. We want to find out why.

Hundreds of thousands of people may have unjustifiably been denied housing assistance. These are not just low-income families but middle-income families that we believe were denied any assistance because of very strict rules and regulations—not because of strict rules and regulations but strict interpretation of the Stafford Act.

So the recommendations are as follows: Allow a rental repair program that makes sense for FEMA to begin repairing in a catastrophe like this the rental units available for people to live in. HUD should take the lead, in our opinion. Explore using military repair teams. Create additional authority with flexibility, hopefully with common sense, driven by intelligence. Reforming the institutions is imperative. Improving and simplifying processes and, obviously, this report leads us to the conclusion that we must very soon have a plan, either a FEMA plan or a HUD plan or a combination plan.

As I have said—and I will conclude with this—my Ranking Member is familiar with hurricanes. They happen in his territory as well. But one day, an earthquake is going to hit Memphis or a tsunami is going to hit Seattle or a major hurricane is going to hit Long Island, like it did in 1938 when the population was much less, and let this Senator say clearly: A plan to put people in travel trailers and mobile homes in Times Square or in Long Island will not work. It did not work well in New Orleans in the Gulf Coast. It is not going to work in North Carolina or South Carolina. We need a smart, intelligent plan that recognizes the dimensions and scale and nuances and characteristics of a catastrophic disaster.

So I am committed, as Chairman of this Subcommittee, with the able help of my Ranking Member, to continue to get to the bottom of what happened, not so much for the purposes of wasting a lot of time blaming, but to lay a foundation for a future blueprint and development.

Senator Graham, I will turn it over to you for a comment.

OPENING STATEMENT OF SENATOR GRAHAM

Senator GRAHAM. Well, very briefly, the work you have put into this has been extraordinary. I was not on the Subcommittee before, so I have a lot of catching up to do. But you can tell from the report that you have paid a lot of time and attention to this.

The fact that no one was prepared for a million displaced families is not shocking. Four years later, I think we probably should have made more progress. And you are right, the next disaster is right around the corner. I hope it is never like this again, but learn from our mistakes and try to get squared away for future events. And I look forward to being part of the Subcommittee, and this is something that Republicans and Democrats should come together pretty quickly on because when one of these storms hits or a catastrophe hits, no one asks your party affiliation, and that is the attitude I am going to have working with Senator Landrieu.

Senator LANDRIEU. Thank you, Senator. I look forward to working with you. We have been together on many different efforts, and I think this one will be successful as well.

Let me now turn it over to Ms. Ward, and thank you very much again for your patience.

TESTIMONY OF NANCY WARD,¹ ACTING ADMINISTRATOR, FEDERAL EMERGENCY MANAGEMENT AGENCY, U.S. DEPARTMENT OF HOMELAND SECURITY

Ms. WARD. Thank you, and good afternoon, Senator Landrieu and Ranking Member Graham. It is a privilege to appear before you today on behalf of the Department of Homeland Security and the Federal Emergency Management Agency. As always, we appreciate your interest in and continued support of the challenging field of disaster recovery—specifically, disaster housing.

Let me first acknowledge right from the start, Senator, that I commend you on a thorough report, and after reviewing your findings and your recommendations as they are characterized in the report, I can say there is very little, if anything, I disagree with. You have outlined the problems. We acknowledge that there have been problems. And your recommendations are valid and ones that I see great opportunity in working with you on.

The report recognizes what we, FEMA, and all of our housing partners have continuously reiterated, which is that one of the most challenging aspects of the recovery process is disaster housing, and how those challenges intensify and increase in a catastrophic event. Many of your recommendations are addressed by and reflected in the National Disaster Housing Strategy, so I know we have a common vision on what needs to be accomplished.

I truly believe that this issue will not be solved until a national dialogue on disaster housing happens in this country, and that discussion must include all stakeholders. In a catastrophic event, we have learned that no single entity is capable of meeting all of the needs of housing, and it is foolish to continue to move forward under that premise. I believe the National Disaster Housing Strategy is the basis for this discussion. It is itself a fluid document meant to set universal frameworks that ensure a common set of principles allowing all housing stakeholders the necessary tools to create a concrete implementation plan. This strategy defines and outlines the intersection and interaction of Federal, State, and local roles, responsibilities, resources, and options. Further, and perhaps most importantly, this strategy recognizes and reinforces the need for all parties to plan and operationally prepare to play a much greater role in disaster housing.

The launching point for the National Disaster Housing Strategy is the establishment of the Joint Housing Task Force. The task force is currently being organized and will engage and interact with all key stakeholders to not only initiate the national dialogue, but establish the deliberate planning framework to provide States, tribes, and local governments the support they need to become engaged partners.

¹The prepared statement of Ms. Ward appears in the Appendix on page 27.

Let me also say that while the housing strategy is a good basis to start, it is not the panacea for all housing challenges. By bringing together State, local, and tribal partners to the table, other Federal agencies into the national discussion, and seeking expertise and ideas from the private sector, we will leave no stone unturned to seeking solutions. And we can only achieve this consensus when the dialogue starts at the beginning with everyone's ideas and thoughts integrated into one comprehensive plan.

Secretary Napolitano has already made her commitment to improving intergovernmental coordination. Almost immediately upon being confirmed, she issued Action Directives on improving ties with State and local governments. The strategy echoes this philosophy by highlighting the roles and responsibilities of State and local governments, the need for closer collaboration, and the encouragement of State-led housing task forces to ensure that State and local governments are empowered and take the lead in determining the best and appropriate housing options to meet the needs of the residents of their States. And the Federal Government has a responsibility and must assist them in getting there.

To emphasize the Secretary's importance regarding this issue, 2 weeks ago she and Secretary Donovan of HUD, as you know, traveled to the Gulf Coast to assess outstanding recovery needs and also collaborated on the extension of disaster to the residents affected by Hurricanes Katrina and Rita. Secretary Napolitano is committed to and has made strong efforts already to partner with HUD and to explore opportunities to support the Federal disaster housing mission. We hope to better align our roles and responsibilities as you have outlined, with FEMA focusing on the immediate and emergency needs of disaster victims, such as sheltering and interim housing, and HUD taking the lead in providing the expertise for long-term housing.

Senator we both know how important it is to get this right for the American people. Secretary Napolitano wants to get it right. President Obama's new nominee to FEMA, Craig Fugate, will be an extraordinary leader in this area to get it right, and together we will take your work and your recommendations and move forward in a collective way forward to get it right. Thank you.

Senator LANDRIEU. Thank you. I so appreciate those comments, and let me get right into my questions, but I failed in the introduction of you, which you most certainly deserve, Ms. Ward, to say that you have been a long-time employee of FEMA. Your career is very notable, your experience is impressive, and I know the confidence that the new Secretary had in you when she sent you down to New Orleans upon the change in Administration to oversee or to give a report back as to how our situation could be improved based on your long experiences, I think it was, in District 9 out in California.

You mentioned the new FEMA Director nominee, and I am looking forward to getting to know him better, but from what I have spoken to, the professionals in the area seem to be very impressed with his experience coming, I think, out of the Florida district, because that is what the people of the Gulf Coast are looking for, is just solid, experienced, qualified leadership that can take a very tough situation and make it better.

I would be remiss, however, if I did not begin by asking you about the problems at the Transitional Recovery Office in the Gulf Coast. I know it is not the subject of this, but we notified your staff that I would be asking our question because it is of such interest to the people that I represent.

Can you please give us a brief update about your review of the New Orleans office? The charges that have been made by employees there are very serious in terms of sexual harassment and other issues, as well as some general dysfunction of the way the office is being operated. I know that the report is not finalized, but I must ask you to give a comment about where we are and what some of the changes could potentially be.

Ms. WARD. Senator, I would be happy to. As you know, I was sent to the Gulf to spend 5 or 6 days down there after the stories of the allegations on the office broke, and I did several things by going down there. I not only held all-hands meetings at our facility, each of our facilities, I also just walked around myself personally to each and every floor and cubicle of the offices that we have down in Louisiana—the three main ones, anyway. And you are absolutely right. I was deeply concerned about some of the allegations, the fear, quite honestly, of people coming forward to make allegations or to complain, provide themselves with EEO counseling.

What we have done, as you know, is we did an initial climate survey, and I heard loud and clear from the employees there during the all-hands meetings that—not everybody got to be heard. We only did a sampling of about 10 percent of the people. So as of yesterday, we did an all-employee, online survey to all the employees so that they could provide their responses and their ideas, their concerns. We did it online even though it was done outside of the Louisiana offices, in offices here in Washington, DC, and the information is confidential and will be compiled separately. In addition to that, we have identified training that we will be conducting, a series of training, quite honestly, not only for staff but for line managers as well.

There are several formal complaints that are going through their due process. I have to say, though, Senator, I know that there was—and you and I spoke about the initial allegations of 30 complaints against one employee. That is not true. I am not really sure where those numbers came from or what they were derived from. As I offered to you previously, if you have that information, I would gladly take and review it in the context of the entire report.

But, nonetheless, it was disturbing to walk into an environment that is under FEMA leadership and to see the kinds of concerns that employees had about their general work environment.

So we are making several recommendations to the Secretary about work environment issues—training, communications, the expanded survey. We are also making several organizational structure recommendations to the Secretary, and we hope to have those and be able to brief her within the next week. But I am headed back down there to do more of the same, walking around and providing staff another opportunity to meet with me personally.

Senator LANDRIEU. Well, thank you. I think it is very important for that exercise to continue because the people that this office is attempting to serve are very interested in how this office is func-

tioning. If there was ever a FEMA office that needed to function well, in tip-top shape, given the challenges that it has been tasked with, it would be this one.

Ms. WARD. Absolutely.

Senator LANDRIEU. And it is so disturbing to find out that not only are we not in tip-top shape, we could potentially be the worst FEMA-run office. We do not know. But it has been very disappointing. And so that is what I am hoping to see, some real change, and the people that I represent want to see real change.

I was happy to see this cooperative endeavor reached pretty quickly in the early part of the Administration between FEMA and HUD. I know HUD will testify to this as well, but could you elaborate in some more detail about why you all came to that conclusion, what is the essence of it, and what can we expect to see because of this collaborative arrangement?

And let me for the record also say—I think those in the room may know, but for those listening—to my knowledge, it might have been the first time that actually two Secretaries came together, both Secretary Napolitano and Secretary Donovan, and I did not even have to ask them to do it, which was wonderful. It signaled to me a real basic understanding that this catastrophe is going to have to be a multi-faceted approach from a variety of different Federal agencies, as well as the State and private sector entities. But could you comment about this cooperative agreement?

Ms. WARD. Well, I will speak for FEMA. I have been here in Washington, Senator, working on the transition since September, and I would have to say that the collaborativeness of both HUD and FEMA, since I have been here, has been extraordinary. What I think solidified that was the two Secretaries coming together and to jointly feel that a real change needed to happen, not just in Washington, but on the ground in what was happening with the emerging programs and what we could do to support each other in a much more collaborative way. That is my take since I have been here since September.

I think the staff has always been collaborative. I think, though, that we now have two Secretaries that are—their expectations and their commitment to what has happened and trying to change the future is very strong.

Senator LANDRIEU. And can you comment again on this Joint Housing Task Force? Who is chairing it? Is it staffed, I am assuming, with professional staffers from a variety of different agencies? Would you comment more about that?

Ms. WARD. Yes. Currently, Senator, we have an acting executive director, and, quite frankly, it is a long-time FEMA employee, a Federal coordinating officer right now, only because we did not want to wait. But we have not selected an executive director purposely to allow the new administrator, Administrator Fugate, to be able to select someone that shared his vision, the Secretary's vision, because this person reports directly to the office of the administrator. And we felt that it was important based on Mr. Fugate's—or whoever was coming in—we figured they would have expansive experience. But we held off purposely before we hired an executive director.

We are in the process of hiring permanent staff. We also have members from HUD, the VA, USDA, and the American Red Cross.

Senator LANDRIEU. OK. Let me just ask something about this rental repair program. Do you know how many units have been repaired by FEMA under the pilot program that FEMA has established currently? Do you know that number?

Ms. WARD. I think from the pilots that we have done, there have been 36 in Texas and 12 in Iowa. Our report to Congress is due by the end of this month, to be quite honest, and we are hoping to see this as a permanent option for FEMA.

Senator LANDRIEU. Well, I would hope so because you can imagine how heart-wrenching—that is really a good word—it is to me to have really pressed so hard from a policy perspective to have a rental repair program adopted, and only to be told that it was not necessary; and then when we did get one, to basically say it would only be prospective, not for Hurricanes Katrina, Rita, or Wilma. So the Gulf Coast residents were completely shut out of that. I am hoping that the new Administration will revisit that given the billions of dollars that have been wasted on temporary, inappropriate, and unsafe housing when money could have been so much better spent actually repairing the hundreds of historic structures that might have been damaged but not completely destroyed from Galveston to Mobile, and what has been lost, lost opportunities, is just going to be very hard to ever really get a handle on. But I would hope that the new Administration would think that there is some better way than just, again, the trailer option for housing people.

I have asked you about the task force. I have asked you about the roles.

Let me just ask one thing about case management because this is something that is right now with the extension of DHAP. We have a plan for several thousand people. I want to make it perfectly clear for the record that there are low-income families in this group, but there are also working families that are low-income, working families that have some modest means. Also, based on HUD's analysis, about a third of this group of 31,000 families were prior homeowners who are now homeless homeowners. These are not chronic homeless. These were homeowners that are now homeless because of the dysfunction of this system.

How are we getting a handle on the case management issues here. And I am going to ask HUD the same question, but, Ms. Ward, if you would comment about this.

Ms. WARD. Well, I will just say that HUD does this very well, but FEMA is evaluating four different types of programs, either grants to States to help them with case management, working with HUD in their DHAP, also working with HHS in their Aid to Facilities and Children case management program as well.

So we agree with you, Senator, that it is not just assistance via money or a voucher for a rental property. It is case management wrap-around services for these folks. It is a compendium of support and assistance that needs to be done, and we could not agree with you more on that.

Senator LANDRIEU. OK. Thank you very much. Ms. Ward, you have been very generous with your time. I appreciate it. And why don't we go now to the HUD testimony, and please feel free to step

out when you need to. We understand, and we will have many more hearings that we will expect you to be there the whole time, but we understand today was a special situation.

Mr. Bregón.

TESTIMONY OF NELSON R. BREGÓN,¹ GENERAL DEPUTY ASSISTANT SECRETARY, OFFICE OF COMMUNITY PLANNING AND DEVELOPMENT, U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT, ACCOMPANIED BY MILAN OZDINEK, DEPUTY ASSISTANT SECRETARY, OFFICE OF PUBLIC HOUSING AND VOUCHER PROGRAMS

Mr. BREGÓN. Thank you, Senator Landrieu and Members of the Subcommittee, for hearing my testimony here today. My name is Nelson Bregón, and I am the General Deputy Assistant Secretary for the Office of Community Planning and Development at HUD. It is an honor to come before you today to discuss the Subcommittee's Special Report, "Far From Home: Deficiencies in Federal Disaster Housing Assistance after Hurricanes Katrina and Rita."

First of all, I would like to commend you, Senator Landrieu, your Committee, your membership, including previous Members of this Committee, and your entire staff for putting together this wonderful report. With new leadership in the White House and new Secretaries and their staff in place across the Administration, we are re-evaluating and re-examining the role that Federal agencies play in Federal disaster housing assistance. A new Administration always ushers the opportunity to take a fresh look at the way government does business, and in regards to Federal disaster preparedness, this is an opportunity that we must not waste.

Under the leadership of the new HUD Secretary Shaun Donovan, we welcome the opportunity to fully consider and discuss with our Federal partners the Special Report and the National Disaster Housing Strategy, which was issued by the previous Administration. It is clear that the report highlights interagency issues to address and legislative proposals to consider. We look forward to working with our partners on both Capitol Hill and in other Federal agencies, particularly FEMA, to resolve these issues and become effective leaders, as well as partners, in disaster recovery.

At the direction of the President and in coordination with the Subcommittee, Secretary Donovan joined with the Department of Homeland Security Secretary Napolitano to recently visit the communities in Louisiana and throughout the Gulf Coast. The visit was both enlightening and confirmative. The Secretary, through discussions with local leaders and housing advocates, learned that while some progress has been made, still more must be done. He noted several times during his visit and since returning that he is personally committed to HUD's learning from and improving on its experience from Hurricanes Katrina and Rita.

It is in that spirit that I would now like to briefly discuss some of the issues from the Special Report that HUD is focusing on. HUD is considering a broad range of policy issues, from its role in recovery to strategic partnerships in providing long-term housing. Overall, the issues raised in the Special Report are consistent with

¹The prepared statement of Mr. Bregón appears in the Appendix on page 36.

our internal examination of agency-wide policies and practices that is being instituted by Secretary Donovan.

HUD will be the center of governmental reform and renewal in this Administration. As Secretary Donovan has been stating publicly, we will invest at an unprecedented level in research and evaluation, and we will hold ourselves accountable to the highest standards. We strive to be results oriented, so we can quickly learn from any missed opportunities and change. We will revitalize our policy development and research organization, and we will form broad partnerships with foundations, universities, stakeholders, and State and local agencies on the ground.

Last, I would like to say that change takes time, and at the present, HUD is fully committed and engaged in reviewing the issues detailed in the Special Report.

I again just want to thank you, Senator Landrieu, and the Subcommittee for your time today, and I am happy to take any questions that you may have. Thank you.

Senator LANDRIEU. Thank you, Mr. Bregón, and I do have several. Let me say I do understand and the whole country understands the tremendous challenges that HUD has before it with the unprecedented housing crisis now engulfing the Nation. And we recognize that the Gulf Coast is not the only area of the country in crisis. But as I have said, while some actions of financial markets and some irresponsible behavior of many Americans have foreclosed their homes, or had their homes foreclosed on, many of the people that I represent engaged in none of that behavior, and Mother Nature and the Corps of Engineers, when their levees failed, foreclosed on their homes.

And while I have often taken to the floor of the Senate and explained that while having 10 percent of your homes in a county, for instance, foreclosed on, 1 out of every 10, or 7 percent—and those are the high ranges in the counties in Nevada and California—there is no county—or in our case, parish, but no county in America that has the vacancy rate, the uninhabitable—the numbers of homes that are uninhabitable except to contrast with what is still the case in St. Bernard Parish, in large parts of Orleans Parish, some parts of Jefferson Parish, Cameron Parish, some counties in the coastal areas of Texas, and the counties in Mississippi.

In St. Bernard's case, every single home except for five out of 26,000 people was destroyed. Every single one. And I was just there last week with your Secretary, and I still get emotional going through St. Bernard Parish and the Lower 9th Ward and in parts of Lakeview, 4 years later, to watch people struggle to save their single most important asset to them, financially and emotionally, caught in a system that totally failed them in so many ways.

So I hope that you will communicate to the Secretary that while we are very sensitive to the foreclosure issues and what Americans need around the country to save their own homes, there is still a huge problem for people in the Gulf Coast area. And unless some of these laws coming out of the Banking Committee are changed in terms of terminology to recognize these needs of homeowners in the Gulf Coast, we will then have the most unfortunate situation, spending billions of dollars, and still not help them since the first

couple billion we spent went in such inappropriate ways, and now these billions coming past us only seem to be helpful if you fail to pay your mortgage because you got in financial difficulty, not if you lost your job because of the storm or lost your home because of the storm, etc.

So if you could take that one message back that one size does not fit all, there are different needs in different parts of the country, and we remain still in desperate need of adequate housing.

So let me ask you if you believe—or let me say, Is it the position of this new Administration that HUD should take the lead role in housing in a catastrophic situation? And if that is the policy, why?

Mr. BREGÓN. Madam Chairman, the Secretary, with his vast knowledge of housing by being, first of all, a Deputy Assistant Secretary for Multi-Family with the Department of Housing and Urban Development under the Clinton Administration, and more recently the Housing Commissioner in New York City, knows exactly how to deal with large-scale issues as they relate to housing.

In discussions with him, as we give him recommendations, he feels that the Department of Housing and Urban Development is the agency that has the knowledge and the infrastructure in place to undertake this kind of assignment or mission, if you will.

One of the concerns that we have at this point, Madam Chairman, is that although we have the infrastructure and we have the knowledge, in many instances if this is a large-scale undertaking, we would need the resources, not only the financial resources but the human resources as well, and the legislative authority, to undertake some of the programs that we would like to for long-term housing recovery.

As you have so well stated, the attorneys in other agencies perhaps have interpreted the Stafford Act too narrowly, preventing agencies from doing things that we feel as career Federal employees that we could have done. So once I feel that and the recommendation to the Secretary, which he is in agreement at this point, is that if we are given the authority and the financial resources, yes, we are the agency that can do it, can do it well, and can do it quickly.

Senator LANDRIEU. Do you have any estimate of what those resources might be at this point?

Mr. BREGÓN. Madam Chairman, I think that it all depends on the extent of the disaster. I think we have some preliminary estimates of what it would take to create an office that will focus on disaster, not only recovery but prevention as well, preparedness. We have some estimates that we could share with you.

Senator LANDRIEU. OK. I would hope that you could get that information as soon as you can to this Subcommittee so that we can communicate that to our broad Committee, and also get the information to the appropriators, which is very important.

But I have to play a little bit of the devil's advocate here, if you will forgive me for this, because I know there is a new HUD, and we certainly desperately need one. But in this disaster, this pie chart will show that basically FEMA assisted 99 percent of the people for housing; HUD assisted less than 1 percent. So there were 718,000 people that FEMA assisted in some shape, form, or fashion. That could be from sheltering all the way to temporary rental

assistance, hotel, vouchers of various kinds, etc. And HUD assisted 1 percent. So making this pie chart blue as opposed to red is going to take a serious change.

On the second point—and I think the second panel will speak to this even more directly than I can—some people would say that of the 1 percent that HUD was supposed to take care of, it did not work out so well for that 1 percent in terms of the public housing, particularly.

So it is quite a challenge to think about the kinds of housing and the kinds of families that are served, ranging from your homeless population that was on the street before the flood waters were there, and were there after, to your disabled community, to your senior citizens that rent, to your senior citizens that were homeowners but unable to do any repairs because physically they just cannot do that, to your young couples, young couples with children—I mean, on and on—public housing folks, regular folks, all sorts of different kinds of situations. And it is very difficult to really from my perspective appreciate that none of the agencies up here seemed to have a grasp of those special needs of all of those communities and treat them with dignity and respect that they deserved. And, again, not just a handout, but a hand-up based on the fact that most of these families, whether they were poor, wealthy, or middle class, were willing to do a lot for themselves, but just never could get their footing or never could get the right rules and regulations to really help them to get back. And we do not even want to go into the faulty system of insurance or the holes that existed for those families that did have insurance.

And remember for the record that in our State and in Mississippi and Texas, you were not required to have insurance unless you had a mortgage. So you have the horrible situation of people who had paid off their mortgage, who owned their homes outright, who had sacrificed their whole life to make those payments and had equity in their home for their retirement or their children or their grandchildren to be the first to go to college in their families—all of those dreams are gone. So this is a significant piece of this recovery because it is not just the house but it is the general wealth of a community that is in large measure—or was—in their homes.

Let me just see if there is one more question here. Can you comment from your perspective on this rental repair program and what HUD is thinking about in terms of its usefulness as we go forward so we can think about something other than trailers, but rental repairs in the community affected as well as maybe vouchers and communities like Houston or Atlanta or Dallas in our case that might work for a population temporarily displaced?

Mr. BREGÓN. We feel that the rental rehab program is a very important component in revitalizing a community, especially as we look at long-term recovery. We have models of programs that have been funded with the CDBG supplemental appropriations, either administered by the Louisiana recovery agencies or in Texas or in Mississippi by the Mississippi Development Authority there. And we fully understand some of the concerns that you have raised about what some agencies feel is perhaps a duplication of benefits when they rehab a unit with FEMA monies and then perhaps a

tenant wants to use a voucher or some kind of other subsidized program to rent that unit.

We in HUD are of the opinion that we do not consider that a duplication of benefits. Under our CDBG program, the CDBG program can be used for tenant-based rental assistance, the same thing with Road Home. And I think again that was an interpretation by some attorneys that was too narrow and too strict.

So those are the things that we have to look at and, again, engaging in conversations with our other Federal agencies early on to look at those policies and determine what are the right policies to implement to make these programs effective.

Senator LANDRIEU. OK. Two more questions, and then we will move to our second panel. Are you aware of one of the legal interpretations that we cite in here that required homeowners that received Road Home grants through the Community Development Block Grant fund that HUD runs—when they received their Road Home payment—now this is true of Louisiana. I am not sure this is true of Mississippi, but it may be. But in Louisiana, when they received their Road Home grant—which the average grant was \$67,000, up to a maximum of \$150,000—that the lawyers required those homeowners to pay in full their small business loan back, which to me defeats the whole purpose of the grant.

Are you aware of that situation? And is there something that you could potentially do to correct it.

Mr. BREGÓN. The CDBG supplemental appropriations were distributed by formula to the five affected States, and Louisiana received approximately around \$10 billion of the total \$20 billion that were appropriated. The State of Louisiana developed the Road Home program and administered the Road Home program, and they did it as a compensation program, unlike other States. Texas, for instance, instituted a rehabilitation program, and that was the flexibility that the legislation and the program provided to the State.

There was early interpretation—and you are correct—that they felt that even unpaid taxes had SBA loans to be prepaid before the net grant would be given to the homeowners, and those were decisions that were made at the local level by the Louisiana Redevelopment Authority and the company that they hired to administer that program, CFI.

Senator LANDRIEU. OK. Well, they are not here to testify, but I am going to have them respond in writing to that because they were under the impression that this was required at the Federal level. And I asked time and time again for relief.

I just cannot tell you how upsetting it is to homeowners who were literally washed out of their homes, in many cases their relatives drowning on the way out, to receive finally a grant after 8 months of \$75,000 to begin to repair a home that was valued at \$350,000 and nothing is left, to be told that before they could get their hands on any of that money, they had to pay off in full their SBA loan that they took out to start their business again so that they could hire back not just themselves but their neighbors or people that they employed to go back to an area that had no one there because they thought it was important for them as Americans to get back to work. They were told by their Federal Government they

had to pay that loan back. And then they had to pay the taxes in full to the entities—not the taxes, the mortgages to the mortgage companies, and so basically they might have gotten the net of \$20,000 and stood in front of their house with \$20,000 in hand and their entire house destroyed. And for some reason, the Bush Administration and the people that ran the show up until a few months ago could never understand the problem with that. So I hope you will take back to this new President that message, and to Secretary Donovan, that I have some inkling they might understand that and see what they can do to fix it.

The Secretary was with me at this hearing. We were at a roundtable in New Orleans, and we were talking about the DHAP Housing Choice Program, and this issue came up in our questions and answers. Right now, I understand it is a little complicated, but there is a law that requires HUD to count the greater of the actual income derived from all net assets or percentage of the value of such assets based on current passbook savings rates—let us just assume—I know they may be 0, but let us assume they are 2 percent—if the asset is not being rented out.

The bottom line of this is this provision would seem to make sense because we do not want to give vouchers to people that have significant assets. But in our case, if a family still owns a lot with a slab, which is in large measure what exists in many parts of St. Bernard and Lower 9th Ward, that is valued at \$10,000, if you applied a passbook account rate to that, a family of four that made \$22,000 a year would actually receive a voucher. But if we have to take the asset, which is a slab in a lot, no market, hard to get a value, but it is being applied, it discounts them from a voucher.

So do you understand the dilemma that some families are in that were homeowners—not homeless people, but homeowners. Not that it is wrong to help homeless people, but these homeowners who had invested in a home, and at the time of their greatest need, where they just need a voucher to keep them off the street that they have never been on, they are disqualified because of the value of a slab.

Now, the Secretary was alarmed—he should be—when we heard this. Do you have any indication that we might fix this and how?

Mr. BREGÓN. Madam Chairman, it is my understanding that we are looking at that, but if you will allow me, I have with me Milan Ozdinek, who is the expert on that matter, and I would like to perhaps—

Senator LANDRIEU. Yes, if he would come forward, I would appreciate it.

Mr. BREGÓN. Thank you.

Senator LANDRIEU. Would you introduce yourself for the record, please?

Mr. OZDINEK. Certainly. Good afternoon, Madam Chairman. My name is Milan Ozdinek. I am the Deputy Assistant Secretary for the Office of Public Housing and Voucher Programs, and am principally responsible for the DHAP program and the follow-on, the Transitional Close-out Housing Program, which we announced recently with Secretary Donovan.

I believe this is fixed. There could have been some confusion during your visit with the Secretary to New Orleans. I met this morning with Karen Cato-Turner and Dwayne Muhammad, who is the

Section 8 director. A family at \$22,000 a year that owns a slab valued at \$10,000, or \$15,000, or even \$20,000 a year should not by law or regulation be preempted from getting a voucher. We ensured this morning through Dwayne Muhammad and his staff that they have all been trained. Anyone calling or coming into the DHAP center that owns a property, whether it is a slab or a property, will have—

Senator LANDRIEU. And it is uninhabitable.

Mr. OZDINEK. Uninhabitable. In the example—and we would be more than happy to give you some examples for you and your staff to show you what the net impact would be on a de minimis value of a piece of property. But in the example that you gave, Madam Chairman, the value of that property, when incorporated with the income that the family has, would be negligible and would affect their rent just barely on the margins.

So, in fact, the \$15,000 property would be considered as an asset and would be valued at the passbook rate of 1 percent or, as you said, 2 percent, annualized, and then taking 30 percent of that, divided by 12, that would be the amount that would be added to rent. We have families in the Section 8 program that do own property and still have Housing Choice voucher certificates.

Senator LANDRIEU. OK, because remember—and I will conclude with this—that while the Section 8 program was developed, it was not developed with victims or survivors of catastrophe in mind. It was developed under normal housing circumstances. What I am trying to communicate here is nothing about this is normal, and we need to have some flexibility or some modifications so that when these disasters happen, you take your normal government programs, but apply a screen of what a real disaster is like and make your programs work for that. That has not been done in the last 4 years. I am very hopeful that will be done, and if the law is not flexible enough to allow you to do it, I would hope you would write it down, send it to me, and we will change the law because it has to be fixed for people that find themselves in these situations.

I think that ends my questions for this panel, and we will move to the second panel. They have been very patient, and we will move through this pretty quickly. Thank you very much.

I know you all are on tight time frames, so we are going to go right into this. And because of schedules as well, we are going to start with Karen Paup, Co-Director of the Texas Low Income Housing Information Service, and then Krystal Williams, Executive Director of the Louisiana Housing Alliance; third, Sheila Crowley, President and CEO of the National Low Income Housing Coalition; and Reilly Morse, Senior Authority for the Mississippi Center for Justice.

All of you have been very active in this whole area of housing assistance for people in a variety of different circumstances. We are looking forward to hearing your testimony, and because of the time, let us go to Ms. Paup, starting with you, if we can take 2 or 3 minutes for an opening statement and then questions.

**TESTIMONY OF KAREN PAUP,¹ CO-DIRECTOR, TEXAS LOW
INCOME HOUSING INFORMATION SERVICE**

Ms. PAUP. Thank you, Madam Chairman and Subcommittee Members. My name is Karen Paup, and I work as Co-Director of the Texas Low Income Housing Information Service, a nonprofit research, information, and advocacy organization in Austin, Texas.

For over two decades, I have worked with low-income people, lenders, government, and nonprofits to help deliver solutions, model solutions, for housing the poor in my State. Since Hurricane Katrina, my organization has been engaged on a daily basis with hurricane housing issues. Community leaders, advocates, and hurricane survivors with whom I work would uniformly embrace the findings and recommendations in your Subcommittee report.

The testimony of Sheila Crowley and Reilly Morse speaks to solutions for low-income renters, so I am going to focus my comments today on long-time homeowners, and I have done so more extensively in my written comments.

The core of the problem is this: Disaster housing programs are designed to assist moderate-income homeowners. They have insurance, and the disaster program makes up the gap, a narrow gap. Low-income homeowners are in a different situation, and in Texas, we have many extremely low-income homeowners who have been affected by the hurricanes that struck our State. Many were elderly, many were disabled, many were also extremely low-income working families who paid off their mortgages, as you noted earlier, Senator, or who built their houses themselves or who inherited the houses. And FEMA mostly offered them emergency shelter and rental assistance and pushed them to get out of that assistance, instead of coming up with a plan for how they would recover their homes.

I have four changes to recommend in the Federal housing disaster programs.

First, implement the strike team concept. Fund these more extensive repairs by tapping some of the funds that would otherwise be used for temporary housing. In other words, spend the funds to replace the roofs, fix the sheetrock, get the family back in the home quickly, and avoid long-term temporary re-housing and its costs.

Two, establish funding and support for a more coordinated relationship with faith-based and nonprofit organizations. We have seen that they have been a major part of our response, and with more coordination, they could be a greater part of the response.

Three, recognize the special needs of the elderly and people with disabilities among the poor in the wake of a disaster.

And, last, implement a case management system, as recommended in your report, whereby a single individual serves as a point of contact from emergency shelter until the household is completely, permanently re-housed. The caseworker needs to understand the family's economic situation, their housing needs, and their housing construction process in the case of homeowners. The caseworker would work to determine the best recovery option for the family. If that is to repair the house, then the caseworker would help with work write-ups and cost estimates and hiring a re-

¹The prepared statement of Ms. Paup with attachments appears in the Appendix on page 39.

liable contractor, and then help through the construction of the repair work. If the approach is a replacement home, the caseworker would help to get the family into a reconstruction program or a program that offered alternative housing from fabricated housing construction companies.

In the case of elderly households or persons with disabilities, the counselor would offer the option of a permanent Section 8 housing voucher and to assist the family in finding an appropriate rental unit where they could use their voucher.

For all other households, the counselor would assist with the transition to a State-assisted long-term recovery program, including temporary housing until they are complete in that reconstruction program with the State. And details of the family's housing needs should be provided to the States so that the States can properly budget for serving the housing needs of the families in this category.

I thank the Subcommittee for this opportunity to testify, and I would be happy to answer questions or to bring you back written answers if need be. Thank you.

Senator LANDRIEU. Thank you, I really appreciate that, Ms. Paup. Let me ask you, because I know you may have to slip out: When you speak about serving your low-income families, at what level of income, approximately, do you consider low? Are we dealing with families of \$10,000 and less, \$20,000 and less, \$25,000 or \$30,000? What is your cut-off?

Ms. PAUP. Extremely low-income families would be people on minimum Social Security benefits, so elderly people with small Social Security checks, they would be mostly below \$10,000; people who have minimum wage jobs, so they are maybe below \$15,000; and then people who are little better off than those, who are below \$20,000.

Senator LANDRIEU. I think you raise a very important point which programs do not seem to really recognize that many of those families, which was very true of parts of the Lower 9th Ward, because these homes had been inherited, many family members, but still, families without a lot of current income.

I agree with you also about using nonprofits as partners. I find several of them to be outstanding. Could you mention one or two models or one or two particular programs that you have seen operate in your area that you could recommend for review or a model that you think works better than others? Is there anything that comes to your mind that you would like to share with our Subcommittee?

Ms. PAUP. There is a coalition of faith-based organizations in southeast Texas that has been particularly active in Port Arthur and Beaumont, in that area, to help families rebuild their houses. And church volunteers come from around the country and Canada to conduct repairs over a fair period of time, and they have done some pretty substantial repairs.

Senator LANDRIEU. Do you know how many homes they have actually repaired?

Ms. PAUP. I can get you a written figure on that. I cannot quote off my head, and I do not want to give you the wrong information.

Senator LANDRIEU. Well, if you could, that would be helpful, because this Subcommittee will be looking for models that work, that are effective, and scalable. And we have some in mind, but any of you that might have some suggestions, we would most certainly appreciate it.

We will go to Ms. Williams next. Thank you.

**TESTIMONY OF KRYSTAL WILLIAMS,¹ EXECUTIVE DIRECTOR,
LOUISIANA HOUSING ALLIANCE**

Ms. WILLIAMS. Thank you, Madam Chairman and Members of the Subcommittee. My name is Krystal Williams, Executive Director of the Louisiana Housing Alliance. We are the only statewide, nonprofit, policy advocacy organization regarding housing in Louisiana.

The findings of the report can be undoubtedly supported by many State and local agencies and nonprofit organizations, especially the effectiveness of Federal public assistance funds should not be dependent on which particular State they are allocated to, to the dependency of Federal agencies upon local government; and, second, FEMA's post-disaster housing assistance programs were not designed to address the needs of the severely low income.

The responsibility of program implementation of Federal funds fell heavily upon State and local agencies that were beyond the capability to respond effectively. They lacked case management to properly implement programs and administer assistance. Deadlines and numerous expirations of Disaster Vouchers and Temporary Housing Assistance continue to threaten families served by FEMA and DHAP assistance programs with eviction and homelessness.

Many private developers participating in the small rental program under the Louisiana Recovery Authority built affordable rental units after Hurricane Katrina, but are still waiting on reimbursements, and while families and individuals receiving assistance are still waiting to transition into homes. Also, of the 1,271 FEMA trailer sites that exist in Orleans Parish, half of the homeowners living there have just begun to fix their homes, and the other half have not even started.

According to the Long Term Recovery Initiative Program of the United Way for Greater New Orleans, there is a great need for Federal funding for case management. Most nonprofit organizations in this area have hundreds, if not thousands, of clients that have not yet been assisted. The greatest fear is that these clients will be left with no one to help navigate them through the process once agencies no longer have long-term recovery case management programs due to lack of funding. These clients, especially those with FEMA housing, will ultimately end up homeless or living in uncomfortable conditions.

Federal public assistance must be uniform across the Gulf Coast, not heavily reliant upon State and local government agencies to direct recovery in their time of suffering. This will help guarantee that the missions of FEMA and HUD will be successfully accomplished by providing stronger oversight and public assistance.

¹The prepared statement of Ms. Williams appears in the Appendix on page 86.

Recently, from across the Gulf Coast Region, housing advocates convened in Washington, DC, with national partners to discuss disaster recovery. From that meeting, problems were identified and recommendations for improvement were made to FEMA and HUD, and they include as follows:

Move FEMA outside of the jurisdiction of the Department of Homeland Security to again become an independent, Cabinet-level agency; devise an effective National Disaster Housing Strategy; articulate clear structure for implementation; ensure that the 60-day extension of direct housing does not expire without a concrete plan to transition current residents into permanent homes; revise the Robert T. Stafford Disaster Relief Act to protect against future disasters; and structure funding sources to address the most vulnerable needs quickly. And in my testimony, I included a more extensive explanation of these recommendations.

Senator LANDRIEU. Thank you, Ms. Williams.

For now, I am going to go right to Ms. Crowley.

**TESTIMONY OF SHEILA CROWLEY, MSW, PH.D.,¹ PRESIDENT,
NATIONAL LOW INCOME HOUSING COALITION**

Ms. CROWLEY. Thank you very much, Senator Landrieu. I am pleased to have the opportunity to testify today, and let me start by thanking you for this report, for initiating this investigation, and for producing a report of this caliber.

The report affirms for hundreds of thousands of people who experienced what was an incoherent housing assistance response to the hurricanes that what they went through really was a failure of the government and not something that they were doing wrong.

What the report does not say explicitly, but what is clear to anyone who chooses to see, is that the people who received the shoddiest treatment were, by and large, poor, aged, disabled, and/or black.

My written testimony comments on the report's recommendations, and I want to just take a moment to emphasize a few key points here.

First, one of the most serious flaws in the Hurricane Katrina housing response was the disconnect between the temporary housing programs and the housing recovery strategy. And so any approach to disaster housing recovery should be more holistic, in which the temporary housing and the permanent housing needs are addressed in a coordinated fashion, much as Ms. Paup described. It certainly would be more effective, more humane, and a lot less costly. The bifurcation of these two functions—the temporary housing assistance to the Federal Government and the housing recovery to the State government—simply did not work.

Two, just as the private rental housing stock needs to be repaired quickly, so does the HUD-assisted stock. HUD has yet to do a full accounting of the HUD-assisted units that were damaged or destroyed and clearly has no idea what happened to many of the tenants who were living in those homes. HUD must ensure that all HUD-assisted properties are: One, properly insured and, two, that

¹The prepared statement of Ms. Crowley with attachments appears in the Appendix on page 91.

there are resources there to repair and reoccupy these properties right after a disaster. It was absurd that, in the case of Hurricane Katrina, the public housing agencies and private owners of HUD-assisted properties and private owners of HUD-assisted properties had to compete with other developers for the low-income housing tax credits and the CDBG dollars allocated to the States in order to repair federally assisted properties. That was a Federal function, and it should not have been left to the States to come up with that money.

Third point, many, and perhaps tens of thousands, of Hurricanes Katrina and Rita evacuees were erroneously or wrongfully denied or terminated from FEMA rental assistance. There just can be no doubt about that. And we really recommend that we go back and try to make those people whole as much as possible. We recommend that the Department of Homeland Security Inspector General or another appropriate Federal official undertake a case-by-case analysis and that we go back over that and figure out really what happened to people and what assistance they are entitled to.

Fourth point, as has been described very well, one of the most serious flaws of the Hurricane Katrina housing response was the chaotic manner in which evacuees received information or received mis-information about services and programs to which they were entitled. Part of the blame lies in how the disaster relief was structured, but blame must also be attributed to the unskilled and untrained workforce that FEMA deployed in order to be able to deliver those services, which your report very clearly outlines. Even the assertive and articulate clients had difficulty navigating that service system.

The report recommends better use of case managers in disaster response, especially for vulnerable people. A case management system to assist people who are displaced by disaster from their homes should be community based. You should not be calling a toll-free number and talking to a different person every single time. You should have a human being that you relate to, much as Ms. Paup described. A case manager, by definition, is one person working with one family.

We recommend consideration of assigning this responsibility to the public housing agencies. Now, go, "Oh, my God," but public housing—there are 3,500 public housing agencies. They serve local jurisdictions. They have a direct funding and accountability relationship with HUD. If we could design a system by which public housing agencies were the key agency in each community that would have to be responsible for housing needs during a disaster, both temporary and permanent, and have a core of caseworkers that they could call upon, not working for the agency at that point but people from faith-based, nonprofit, people who were trained to do this and who could be called up, just like you call up the National Guard in a disaster, call up this corps of caseworkers to take on this function, who would know all the programs and know how to navigate all those systems. HUD would need a lot more money to do that. Of course, we would not want HUD to be left doing that without the proper resources.

And then, finally, I think that it is important to note, despite all the complaints that we have had about the way the programs were

designed and the problems with the response, that just as Hurricane Katrina exposed extreme poverty in the United States, it also exposed the acute shortage of rental homes for the lowest-income people in our country. There are 9 million extremely low-income renter households—that is, people with incomes under 30 percent of area median income or less—and there are only 6.2 million rental homes that rent at prices that they can afford. Our analysis of the 2007 American Community Survey data shows us that for every 100 extremely low-income renter households in the United States, there are only 38 rental homes that they can afford, that are available and affordable to them. So there is a very serious gap, and we have given you a lot of data from our analysis.

So when HUD develops the National Housing Stock Plan that is called for in the report, it will become clear that there are serious housing stock deficiencies. The affordable rental housing shortage is a longstanding structural problem that affects millions of low-income Americans every day. It also is a structural impediment to a viable National Disaster Housing Strategy.

There has to be physical places for people to live. We do not have enough physical places for poor people to live in the United States.

So let me close by saying that the purpose of the National Housing Trust Fund that was established by Congress last year is to correct the structural deficit in the housing stock for the lowest-income people. We are now seeking sufficient funding for the National Housing Trust Fund that we will be able to produce and preserve \$1.5 million rental homes over the next 10 years, and I would submit that a National Disaster Housing Strategy would depend upon that kind of renewed commitment to housing the poor in the United States. Thank you.

Senator LANDRIEU. Very good, Ms. Crowley. Mr. Morse.

TESTIMONY OF REILLY MORSE,¹ SENIOR ATTORNEY, KATRINA RECOVERY OFFICE, MISSISSIPPI CENTER FOR JUSTICE

Mr. MORSE. Thank you for this in-depth report and for this invitation to testify. Most of all, thank you for confirming what tens of thousands of displaced and traumatized clients already knew who sought assistance from the Mississippi Center for Justice and similar organizations across the region. They were not the problem. Our government mismanaged the Nation's worst housing catastrophe, erroneously denied assistance to many thousands of people, and it required extensive, time-consuming, and costly legal intervention to begin to correct the government's mistakes. So some lawyers, Madam Chairman, were part of the solution.

The recommendations of this report would complete the task for future disasters, but there remains unfinished business in the Gulf region, particularly for renters. We welcome the call to establish a standing rental repair program and expedited repair sweep teams. In Mississippi, Hurricane Katrina damaged over 62,000 rental units, almost half of which were single-family rentals with less than major damage. The figures were orders of magnitude higher in Louisiana, but they point to the fact that repairing existing rentals is faster, more cost-effective, healthier, and more humane than

¹The prepared statement of Mr. Morse appears in the Appendix on page 102.

trailers, and it will also produce a quicker response than we currently struggle with in the CDBG-funded programs.

Like in Louisiana, Mississippi's CDBG-funded small rental repair program is slow to put products online, slow to put restored units online. The public housing repair program, likewise funded by CDBG and tax credits, also has failed to timely restore badly needed, very low-income rental units for our poorest residents. We invite consideration of any additional means to close the gaps, including retroactivity provisions to increase assistance for post-Katrina housing needs today, such as some of the matters you raised earlier: Retroactive provisions for Section 9(k) or for the pilot rental repair program.

Your report also touches on the alternative housing pilot program, and as Ms. Crowley mentioned, there needs to be coordination between the temporary and the permanent housing programs. This was a \$400 million experiment to allow FEMA to evaluate new alternatives for housing disaster victims. In Mississippi, this program funded 3,000 Mississippi cottages with larger living space, greater wind resistance than FEMA trailers, and they were also capable of being converted into permanent housing. Well, in Mississippi we are fighting local jurisdictions that are trying to prevent them from coming in, characterizing them as "no better than the Katrina trailers," even though there are substantial differences. But the time delay associated with that is eating up the time that is available for FEMA to cover the cost of permanently placing these units, and so the opportunity for some of the hardest-to-house people—and this is across the region; this will be as true for Louisiana as it is for Mississippi—the opportunity to use this pilot program successfully and provide FEMA a success rests with FEMA deciding to extend the deadline for using this money to permanently place them. And so we would ask you to invite FEMA to extend the deadline for the permanent conversion of these cottages to December 31—it is now set to expire in a couple of months—so these people can realize an important opportunity and FEMA can have a fully successful pilot program.

This report critiques the Stafford Act and explains all of these conflicts over policy interpretation and agency roles that help public interest lawyers understand the chaos we and our clients faced with FEMA. We welcome these recommendations for change, and those are covered in more detail in my written remarks, so I will pass those.

We also want to take a moment to recognize and be grateful for the change in the rules on the duplication of benefits that was referred to by Dr. Catchings, who is someone who came to the center early on, along with several other people with this same problem, and we are grateful that problem was solved.

In conclusion, Madam Chairman, I would like to speak as a third-generation Mississippi lawyer. We understand nothing in these catastrophes is normal. My parents went through the 1947 hurricane. My parents and I went through Hurricanes Camille and Katrina. No one should ever doubt the gratitude of those of us who are displaced by these storms. But no one should ever refrain from requiring a comprehensive accounting or a reform of what went wrong and how to fix it, which is what we have seen here, and we

are grateful to you for a high-quality and in-depth critique and set of recommendations and urge you to carry them into action.

Thank you.

Senator LANDRIEU. Thank you very much, Mr. Morse. And let me apologize for getting all the lawyers aggravated because there are some very excellent lawyers that helped, including the two that helped to write this report. So I stand corrected, and we are grateful to all the lawyers that have helped so many of our people in the Gulf Coast.

Let me ask two questions because time is really pressing us to close. Ms. Crowley, when you talk about the housing trust fund, which I am also optimistic can be designed in a way, how would you suggest that while we expand the opportunity for rental for low-income families—which is a great need that you have amply described and the evidence is really indisputable. How do we create rental programs that actually give people an opportunity to become homeowners? Which I think for many, it is still a real dream to move from, a lifetime of renting to an opportunity for homeownership, even with low income. Are there any models that you have seen that have worked? Or what are some of your suggestions?

Ms. CROWLEY. Well, I think we now have seen plenty of models that did not work, which has caused this horrible meltdown—I am sorry—this rush to all sorts of exotic products to try to get people who did not have the resources to become homeowners and that has led to the subprime crisis.

It is a question we often get asked because we are generally advocates for an improved rental housing system, and people want to know about what the next step is.

My very strong belief is that the best homeownership program for a low-income person is the development of a stable rental housing stock where the family can afford—you can afford the rent; you can live there stably; you can develop a credit history. You are not being forced to move from place to place. Your kids are able to stay in the same school. You can maintain employment. People who are very poor who are moving from one rental place to the next do not have that kind of stability.

So housing stability should be our first goal for people, and once you have housing stability, when you have created the kind of rental housing stock that people can live in and be proud of and can take care of, then people have the chance to do things like save for a downpayment, do all the things that lead to the ability to become a homeowner.

But there is no magic step that anybody has to take. It is really a matter of having the resources to be able to get into a home and maintain it. And that requires sufficient income. It also requires that people have a sense about what homeownership is going to require.

So the counseling programs we have I think are very good, and one of the things that is clear, when all the dust will settle on the subprime crisis, is that the people who went through really good homeownership counseling programs, through Federal agencies, federally funded agencies, the Neighborhood Reinvestment Corporation, NeighborWorks America, all of those kinds of places, they did fine because they were well prepared to be able to move into

their homes, and they did not get caught up in these crazy kinds of mortgages.

But for many people, that is not the case, and they are going to need to be able to do well in rental housing until their incomes improve.

Senator LANDRIEU. Well, I asked you that question because I really do believe that while we do need to stabilize the rental market and expand it, we should always have an opportunity or a pathway to homeownership, and there are models out there that have worked. Habitat for Humanity is one that impresses me everywhere I go, including in my own home State. There are counseling organizations—the New Orleans Foundation that started 25 years ago that has a default rate a fraction of what the regular commercial default rate is, even though they are serving families with incomes under \$16,000.

I think our government, if it wanted to, could look and find models that actually work and do both at the same time.

Ms. CROWLEY. Oh, I agree.

Senator LANDRIEU. Expand your rental and expand opportunities for people to create equity, not the least of which is a program some of us have been trying to get in place, an IDEA, basically an IRA for poor people where the government matches, allowing you to save for a downpayment for a home or save for an investment in a business, and to continue to believe that, if given the opportunity, most Americans are able—some are not because of serious mental or emotional or sometimes physical—in some cases not able, but most people, if given the chance, can really begin to move themselves firmly into the middle class.

Ms. CROWLEY. Senator, one of the programs that gets very little publicity but has worked for some people is a program that HUD runs called the Family Self-Sufficiency Program, and it is for people who are receiving Federal housing assistance through public housing or vouchers. And they have to be working, and they have to agree to participate in a variety of services, programs, educational programs. But they actually put money away, and that money is matched. Their rents do not go up during that time, and after a 5-year period, they have a chunk of money to use to start a business or buy a house.

So we do have those kinds of things. They have to be well funded and they have to be carefully structured, and the clients have to be people that we can do the kind of work with that will get them there. But you are right, there are models.

Senator LANDRIEU. OK. And let me just add, is there anybody that wants to make a 30-second close or feels like something they need to say needs to go on the record before we close out? I am sorry. I can only recognize those that are at the table, but I will speak with you privately afterwards.

Mr. Morse.

Mr. MORSE. Let me offer one other possible model that occurs in North Gulfport. It is a community land trust in which the organization owns the land, buys up distressed land, small lots in communities that have demographics almost identical, if not worse in some instances, to the 9th Ward. Houses are placed on them through various subsidized means. The trust sells the house to the

occupant, has a long-term lease to the property; when the house is resold, the occupant realizes part of the appreciation, the land trust keeps part of the appreciation, and there is an ongoing generational affordability built into that stream. It is a smaller-scale project. It is so far successful. But with greater support, I think it could become a model for communities that have to find ways to creatively layer financing and to also hold onto and build back the integrity of communities at risk of blight.

Senator LANDRIEU. Thank you, Mr. Morse. Ms. Paup.

Ms. PAUP. I would like to mention another model in Texas. We modeled a program after USDA's Self-Help Mortgage Program where the State offers 0-percent mortgages. We call it the "Bootstrap Program," and it is a self-help program that started in South Texas, in Colonias, where people have very few resources, but they are willing to build their homes. And the prices of those homes are very modest because they build a very modest home, but it is a means to homeownership for extremely low-income Texans.

Senator LANDRIEU. Thank you. If there are any other models that come to your mind, please submit them, because as I said, this report is as much an indictment of what went wrong as a blueprint to move forward, and we want to get your best suggestions.

As I close, let me especially thank the chief counsel Charlie Martel, who is here, who led this investigation with Donny Williams, our Staff Director; our Senior Investigative Counsel, Alan Kahn; our Professional Staff, Amanda Fox; Ben Billings, who is a Professional Staff with the Subcommittee; and Kelsey Stroud, who is the Clerk. This group behind me did a wonderful job. They worked very hard under very difficult circumstances, conducted hundreds and hundreds of interviews to produce this report that, again, we hope will serve as a foundation to improve the lives of so many in the Gulf Coast and reach out to people around the country and potentially even have an impact internationally as other communities and nations struggle to respond to these catastrophic disasters.

The hearing is concluded. Thank you very much.

[Whereupon, at 5:11 p.m., the Subcommittee was adjourned.]

A P P E N D I X

Written Statement of

Nancy Ward

**Acting Administrator
Federal Emergency Management Agency
Department of Homeland Security**

**Hearing: "A New Way Home: Findings from the
Subcommittee on Disaster Recovery's Special Report and
Working with the Obama Administration on a Way
Forward"**



FEMA

Before the

**Ad Hoc Subcommittee on Disaster Recovery
Homeland Security and Governmental Affairs Committee
United States Senate
Washington, DC**

March 18, 2009

2:30 pm

Page 1 of 9

Good morning Senator Landrieu, Ranking Member Graham, and other distinguished Members of the Subcommittee on Disaster Recovery; it is a privilege to appear before you today on behalf of the Department of Homeland Security and the Federal Emergency Management Agency (FEMA). As always, we appreciate your interest in and continued support of the challenging field of disaster recovery, and specifically disaster housing. I particularly appreciate the opportunity today to discuss some of the complex challenges facing the disaster housing mission, and the initiatives we have underway to address those challenges.

The Department appreciates the subcommittee's thorough review of FEMA's disaster housing operations. The recently released report provides the Department and FEMA another opportunity to review its housing initiatives and programs to ensure we are maximizing all available resources, and moving forward in our efforts to improve the delivery of disaster housing. The report recognizes what we, FEMA, and all of our housing partners have continuously reiterated, which is that one of the most difficult aspects of the recovery process in disaster housing, and how those challenges intensify and increase in a catastrophe. FEMA generally agrees with the report, and notes that many of the recommendations are addressed by and reflected in the National Disaster Housing Strategy (NDHS).

Fashioning and exercising a national disaster assistance capability that quickly and accountably meets and balances the often competing needs of individuals, families, special needs populations, communities, and cost-effectiveness is an enormous challenge. The fundamental issue is not whether FEMA and our partners *can* find and provide provisional housing to disaster survivors, we can. The fundamental challenge is whether we can provide those disaster survivors safe and secure housing *where* they and their communities want it, and do so in a timely and cost-effective manner. This latter challenge is, and will remain, our *greatest* challenge.

The Committee's report calls for a number of reforms and recommendations, among them the development of a National Catastrophic Housing Plan. FEMA agrees that more

comprehensive catastrophic disaster housing planning, on a national scale, is needed. While the Federal government has the ability and the resolve to provide a tremendous amount of assistance, and we are increasing our arsenal of capabilities all the time, the character of any catastrophic response will need to be tailored to, the unique geographic, social, demographic, and physical characteristics of the impacted area. Planning must include ALL Stakeholders, especially our State, Tribal and Local partners, and be from the bottom up. Plans must clearly identify the unique housing-related gaps and requirements facing communities and jurisdictions.. Planning must prioritize restoration efforts and ultimately pave the way for Federal support to be quickly and accurately mobilized and targeted to fill those gaps and address States' priorities.

As noted in your report, FEMA completed and released, in January of this year, the National Disaster Housing Strategy, a fluid document that, for the first time, organizes the many planning and operational elements and considerations of disaster housing within a single strategic framework. It is intended to ensure a common set of principles that will allow all housing stakeholders the necessary tools to create a concrete implementation plan. This Strategy, mandated by Congress under the Post-Katrina Emergency Management Reform Act, or PKEMRA, not only clarifies the variable characteristics of a disaster housing environment, but defines and outlines the intersection and interaction of Federal, State, and Local roles, responsibilities, resources, and options. Further, and perhaps most importantly, this Strategy recognizes and reinforces the need for States to plan and operationally prepare to play a much greater role in the disaster housing continuum. As we have reaffirmed the ability of the Federal government to effectively and quickly meet the needs of disaster survivors is appreciably improved when a State is an active and engaged partner. Too often, disaster housing is regarded as an exclusively Federal responsibility, rather than as assistance designed and provided to *support* and *augment* State capacity. Accordingly - and consistent with the Federal role set forth in the Stafford Act - the NDHS places substantial emphasis on the need for and importance of State-led Disaster Housing Task Forces, and strongly encourages every State to establish such a Task Force now, in advance of their next disaster. As envisioned by the Strategy, these Task Forces should be empowered to apply and leverage the full

range of housing resources available to States; as well as charged with identifying shortfalls and developing robust housing plans and strategies tailored to the unique characteristics of their vulnerable jurisdictions. Following a disaster, these State-led Task Forces would assume a more operational role, defining and characterizing the needs of affected populations, and synchronizing and guiding a unified effort, based on their advance planning, to meet those needs. Secretary Napolitano has also made her commitment to improving intergovernmental coordination. Almost immediately upon being confirmed, she issued an action directive on improving ties with State and local governments. The NDHS echoes this philosophy, by highlighting the roles and responsibilities of State and local governments, the need for closer collaboration, ensuring that the State and local governments are empowered and take the lead in determining the best and most appropriate housing options to meet the needs of the residents in their State.

While ensuring improved coordination with State and local governments, FEMA also fully recognizes the need for greater collaboration and planning at the Federal level. The Department is committed to and has made stronger efforts to improve relationships with our partner at the U.S. Department of Housing and Urban Development (HUD) and to explore opportunities for the Department to more effectively engage in and collaboratively support the Federal disaster housing mission. We hope to better align our roles and responsibilities, with FEMA focusing on the immediate, emergency needs of disaster victims such as sheltering and interim housing, and HUD taking the lead with their expertise in long-term housing. Recently, Secretaries Napolitano and Donovan made a joint visit to the Gulf Coast to assess outstanding recovery needs and also collaborated on extension of disaster assistance to the residents affected by Hurricanes Katrina and Rita. HUD has, as your report notes, a massive network of Public Housing Agencies in communities across the Nation, and those institutions have the pre-existing relationships and organic ability to work locally and directly with both tenants and landlords to secure safe and adequate rental housing, as well as provide case management assistance to housing occupants. The NDHS recognizes this and specifically calls for formalizing the HUD-FEMA partnership, to ensure we are maximizing the resources of

the Federal government being brought to bear in disaster housing operations. Recognizing the value of these Public Housing Agencies, HUD developed and implemented a Disaster Housing Assistance Program and assumed responsibility for tens of thousands of Hurricane Katrina and Rita households still receiving rental assistance from FEMA. More recently, HUD employed this Disaster Housing Assistance Program in support of the Federal response to Hurricanes Gustav and Ike. Make no mistake about it, this operational paradigm shift has been a learning experience for both FEMA and HUD, but we both believe the valuable lessons we are learning will help inform and guide the development of more responsive capabilities and increased efficiencies. It will also help us to develop a disaster implementation plan that will bring clarity to the specific resources, responsibilities, and roles of both FEMA and HUD.

Also, to support both the preparedness and response roles of State-led Disaster Housing Task Forces, the National Disaster Housing Strategy calls for the establishment of a complementary *National* Disaster Housing Task Force. We believe that this standing Task Force is the launching point for the NDHS. The task force is currently being organized, and will not only be staffed by Federal employees, but will engage and interact with key stakeholders at all levels of government, , the private sector, voluntary agencies and industry experts as well. To ensure input from our stakeholders, the task force will work with the National Advisory Council. The council, created by the Post-Katrina Emergency Management Reform Act, represents a significant cross-section of officials from across emergency management disciplines, and includes emergency response providers from State, local and tribal governments, the private sector and nongovernmental organizations.

The principal responsibilities and goals of the National Housing Task Force, in addition to overseeing implementation of the National Disaster Housing Strategy, will be to:

- Improve planning for all disaster housing response and recovery operations;
- Provide additional support to address the unique challenges of a catastrophic event;

- Build capabilities across all levels of government, nongovernmental organizations, and the private sector;
- Expand national resources to support preparedness; and
- Review and Assess Disaster Housing Authorities.

The Committee's report also addresses the need for more temporary housing options, recognizing that our traditional forms of direct housing, mobile homes and travel trailers, may not always be either appropriate or adequate, or available in sufficient numbers, to provide a comprehensive and timely solution to the needs of disaster survivors in a catastrophic housing environment. We agree with the need to explore all options and I am pleased to share that much ground work has been laid in order to guide informed decisions regarding options for temporary housing..

In 2006, FEMA launched a national alternative housing outreach and validation initiative, and established the Joint Housing Solutions Group to lead and sustain that effort. The Joint Housing Solutions Group, led by one of FEMA's most seasoned and experienced housing experts, Jack Schuback, brought in housing experts from both inside and outside of government to develop a template for thoroughly and authoritatively assessing the qualities of candidate temporary housing models, and encouraged manufacturers throughout the United States to submit their housing units for evaluation. As a result of and building on their efforts, in 2008 FEMA conducted a solicitation and awarded provisional contracts to seven alternative housing manufacturers. Under the supervision of the Joint Housing Solutions Group, one each of those units is in the process of being installed on the campus of FEMA's National Emergency Training Center, in Emmitsburg, Maryland, where they will be used to house students and allow the Joint Housing Solutions Group to assess how well each unit withstands the rigors of sustained occupation. The results of this carefully monitored practical assessment will help assure that the units are suitable for future use in support of disaster survivors.

FEMA is monitoring and evaluating the Alternative Housing Pilot Program. The AHPP was funded by Congress in 2006 so that FEMA could identify, develop and evaluate

alternatives to FEMA travel trailers and mobile homes, while, at the same time, providing needed housing to Hurricane Katrina and Rita disaster survivors. FEMA competitively selected pilot projects in Alabama, Mississippi, Louisiana and Texas for grant awards and will evaluate the projects as they progress.

The Committee's report expresses concerns about FEMA's decision to revisit the use of travel trailers as a temporary housing option. While FEMA fundamentally agrees that travel trailers, by virtue of their small size, are less-than-optimal solutions for disaster survivors, and particularly as a solution for a sustained, extended living requirement, we nevertheless must acknowledge that they may be useful in certain situations. FEMA will only consider use of travel trailers at the request of the State in extraordinary disaster conditions as a last resort, when no other form of interim housing is available, and only under the following strict conditions:

- Travel Trailers may only be authorized for use on private property.
- FEMA will not authorize Travel Trailer for use in Group Sites.
- FEMA will only authorize Travel trailer use for a maximum of six months occupancy, and only when the level of damage to the occupant's pre-disaster dwelling can be repaired in less than six months.
- FEMA will only provide Travel Trailers within formaldehyde levels the State has determined to be acceptable.

The Committee's report also discusses our recent efforts to simplify and streamline the application process for disaster survivors, and we and our Federal partners have made significant strides in this area, as well. In August 2006, President Bush signed an Executive Order, titled *Improving Assistance for Disaster Victims*, charging the Department of Homeland Security to lead an interagency effort to improve and simplify the process for disaster survivors to apply for Federal disaster assistance. On behalf of the Department, FEMA led an interagency task force in the development and implementation of a Disaster Assistance Improvement Plan that outlined a coordinated, actionable strategy to establish a consolidated and unified disaster application capability.

The fruits of this effort were realized on December 31, 2008, with the launch of DisasterAssistance.gov, a new, easy-to-use web site that consolidates information about forms of disaster assistance in one on-line location. Disaster survivors in need of assistance, including housing assistance, following a presidentially declared disaster designated for individual assistance are now able to go to DisasterAssistance.gov to register online for assistance with FEMA and other Federal agencies. This one-stop web-site improves and simplifies access to information about disaster assistance by creating a central, online location for all forms of Federal disaster aid. Sixteen Federal agencies have thus far partnered with FEMA to develop and populate the website, which currently offers more than fifty forms of assistance.

While DisasterAssistance.gov is up and operating, FEMA nevertheless continues to work with other Federal and voluntary agencies to include even more forms of assistance, to further expand the utility of this tool and better serve the needs of disaster survivors.

In addition, over the past three and a half years, Congress has added an arsenal of tools to the FEMA toolkit that dramatically influence the way we do business. One of those tools is the Rental Repair Pilot Program, which Congress authorized as part of PKEMRA legislation. This authority, which expired at the end of 2008, allowed FEMA to test and evaluate the efficacy and cost-effectiveness of coordinating and funding the timely repair of damaged multifamily dwellings, such as apartment complexes, to determine if such a capability should be permanently added to our toolbox capabilities. This pilot gave FEMA the opportunity to repair multi-family dwellings to house disaster victims. The authority was used in the State of Iowa following the Midwest floods and in the State of Texas following Hurricane Ike. FEMA is currently assessing the effectiveness of the pilot, and will provide recommendations and an analysis of those recommendations to improve the usefulness of this authority.

To summarize, while FEMA is pleased that we have made some progress on a number of fronts, we are by no means satisfied. The disaster housing environment will always be physically challenging and socially demanding, and never more so than under

catastrophic circumstances. FEMA will continue to march forward with Congress and our multilevel partners to aggressively explore new and innovative forms of housing; refine and improve delivery systems; expand and unify planning activities, and enhance our collaboration with States to improve their own disaster housing capabilities.

Thank you. I look forward to your questions.

WRITTEN STATEMENT OF NELSON R. BREGON

General Deputy Assistant Secretary for the Office of Community Planning
and Development

U.S. Department of Housing and Urban Development

Hearing before the Ad Hoc Subcommittee on Disaster Recovery

Committee on Homeland Security and Governmental Affairs

United States Senate



“A New Way Home: Findings from the Disaster Recovery Subcommittee
Special Report and Working with the New Administration on a Way
Forward”

March 18, 2009

Thank you Senator Landrieu and members of the committee for hearing my testimony here today. My name is Nelson R. Bregon and I am the General Deputy Assistant Secretary for Community Planning and Development at HUD. It is an honor to come before you today to discuss the Committee's Special Report, *Far From Home: Deficiencies in Federal Disaster Housing Assistance After Hurricanes Katrina and Rita and Recommendations for Improvement*.

First of all, I would like to commend you Senator Landrieu, your committee, your membership, including previous members of this committee, and your entire staff for putting together this report. With new leadership in the White House and new Secretaries and their staff in place across the Administration, we are re-evaluating and re-examining the role that federal agencies play in federal disaster housing assistance. A new Administration always ushers the opportunity to take a fresh look at the way government does business, and in regards to federal disaster preparedness, it is an opportunity that we must not waste.

Under the leadership of the new HUD Secretary Shaun Donovan, we welcome the opportunity to fully consider and discuss with our Federal partners the Special Report and the *National Disaster Housing Strategy*, which was issued in the 11th hour of the previous Administration. It is clear that the report highlights interagency issues to address and legislative proposals to consider. We look forward to working with our partners on both Capitol Hill and in other federal agencies, particularly FEMA, to resolve these issues and become effective leaders, as well as partners, in disaster recovery.

At the direction of the President and in coordination with the Committee, Secretary Donovan joined with DHS Secretary Napolitano to recently visit the communities in Louisiana and throughout the Gulf Coast. This visit was both enlightening and confirmative. The Secretary, through discussions with local leaders and housing advocates, learned that while some progress has been made still more must be done. He noted several times during his visit and since returning that he is personally committed to HUD's learning from and improving on its experience from Hurricanes Katrina and Rita.

It is in that spirit that I would now like to briefly discuss some of the issues from the Special Report that HUD is focusing on in our reviewing. HUD is considering a broad range of policy issues, from its role in recovery to strategic partnerships in providing long-term housing. Overall, the issues raised in the Special Report are consistent with our internal examination of agency-wide policies and practices that is being instituted by Secretary Donovan.

HUD will be a center of governmental reform and renewal in this Administration. As Secretary Donovan has been stating publicly, we will invest at an unprecedented level in research and evaluation and we will hold ourselves accountable to the highest standards. We strive to be results-oriented, so we can quickly learn from any missed opportunities and change. We will revitalize our policy development and research organization, and we will form broad

partnerships with foundations, universities, stakeholders, and state and local agencies on the ground.

Lastly, I would like to say that change takes time, and at the present, HUD is fully committed and engaged in reviewing the issues detailed in of the Special Report.

I again just want to thank you Senator Landrieu and the committee for your time today and I'm happy to take any questions that you may have. Thank you.

**Testimony of Karen Paup, Co Director, Texas Low Income Housing
Information Service, before the Ad Hoc Subcommittee on Disaster Recovery
of the
Committee on Homeland Security and Government Affairs
United States Senate**

March 18, 2009

Madame Chairwoman and committee members, my name is Karen Paup and I work as the co director of the Texas Low Income Housing Information Service in Austin, Texas.

For 25 years I have worked to solve affordable housing problems within my state. For the past 20 years, as the co director of the Texas Low Income Housing Information Service, I have worked directly with low-income populations, financial institutions, government agencies and nonprofit organizations to develop model solutions to the delivery of affordable housing to my state's poor. A major portion of my work involves understanding, analyzing and working to make more efficient government housing programs. We work independently yet closely with state and local government agencies to help them improve their delivery of these critical services.

Within a week after Hurricane Katrina struck the Gulf Coast we were working with state government and community organizations to understand the problem we faced and to endeavor to develop an effective programmatic response to the needs of Hurricane Katrina evacuees who we knew would seek temporary shelter in our state. From that point until today my organization has been engaged on a daily basis with hurricane housing issues related not just Hurricane Katrina but also the series of hurricanes that subsequently struck Texas, namely Rita, Dolly, and Ike.

It was with great interest that my organization has watched the deliberations of your Subcommittee over the course of many months. We share in your frustration as FEMA delayed producing the required plan. The issues the subcommittee raised in its hearings have accurately reflected what we have seen in Texas as problems with the federal housing disaster assistance program. The Subcommittee's Special Report, which we are here to discuss today, provides us a most valuable look into the decision-making processes within FEMA and HUD.

The findings and recommendations presented in the report would be uniformly embraced by the state and local leaders, community organizations, legal advocates for the poor, social service organizations and hurricane survivors with whom I have worked over the years. Each of the three successive hurricanes to strike my state since Hurricane Katrina have tragically demonstrated that few lessons have been learned or applied to remediate the deficiencies in federal disaster housing assistance.

recovery programs or even just those for the poor. We simply felt that HUD could do a better job of FEMA in running a temporary housing voucher program.

Yet, both for reasons cited in the Subcommittee Special Report and for other reasons which I will discuss in my testimony the implementation of the temporary voucher program by HUD has fallen far short of providing an adequate temporary solution to the housing needs of persons displaced by the hurricanes.

THE FLAWED PREMISE OF FEDERAL HOUSING DISASTER ASSISTANCE PROGRAMS

The most important thing I wish to convey in my testimony is a finding that is discussed in the Special Report, yet which I do not believe receives sufficient emphasis. I have come to believe that the fatal problem in federal housing disaster assistance is that the programs are primarily designed to help middle income persons recover from disaster and that by their nature these programmatic approaches simply do not work for an impoverished population that lacks the economic assets and earning potential of middle-class households. Federal housing disaster assistance is to a large extent a single programmatic approach when, in order to effectively assist households of different economic circumstances, it should be a series of programmatic approaches each applied based on the individual needs of the particular household through a case-management approach.

I can illustrate this problem with examples from each of the recent hurricanes.

As the Special Report notes Hurricane Katrina primarily impacted Texas with an influx of evacuees principally from Louisiana. Over 200,000 of these evacuees were relocated to Houston. A significant percentage of these evacuees were persons of extremely low incomes. Some had originally lived in public housing but many more lived before the hurricane in low cost privately owned housing that they owned or rented.

The FEMA one-size-fits-all model treated these households as persons who needed short-term temporary housing to tide them over until their original storm damaged homes were rehabilitated. Yet it was clear to those of us in Texas working with these evacuees that the most impoverished families would not be returning to Louisiana in the short term and many would likely not return at all. The critical need was to provide for the long-term integration of the impoverished subset of the hurricanes survivors in Texas into our communities in a manner in which they could obtain permanent, safe and decent housing and be linked to social services and job training resources so that they did not simply swell the already huge numbers of our economic underclass.

FEMA never provided the funding or program structure to allow this to happen.

Every action FEMA took undermined the ability to successfully integrate these households for success in Texas communities. For example, the temporary and tenuous nature of the housing assistance being provided was constantly being

communicated by FEMA to the evacuees. Despite the fact that little to no effective effort was being taken to assist in the rebuilding of affordable housing back in Louisiana evacuees were constantly reminded that their stay in Texas was a temporary one. The effect of this was to discourage responsible actions on the part of the evacuees to find permanent housing and jobs in their new communities. FEMA created the psychology of dependency between the evacuees and itself that modern welfare policy tells us is a formula for disaster.

Despite its good intentions and initial success, the City of Houston's Section 403 housing program, which identified large blocks of apartments to house evacuees, created profound social problems that continue until today. The city block leased large numbers of older, poorly constructed, deteriorating apartments within selected parts of the city, which had long suffered from inadequate public services, high rates of crime and delinquency, gang violence and low performing schools. The temporary relocation of large numbers of impoverished families, whose lives were profoundly socially, economically and sometimes psychologically disrupted, into this housing was clearly going to create problems. As the length of stay in these conditions increased, with the subsequent transfer of these households into the Section 408 program, the problems exploded.

With a large influx of low-income evacuees introduced into neighborhoods where crime, delinquency and poverty were already on the rise, conditions quickly became more chaotic and dangerous. Public support for the evacuees, which began at a high level, deteriorated rapidly. An indication of the persistence of this problem can be seen in the decision of the City of Houston to devote all of the funds for long-term disaster recovery received by the City to establishing enhanced police presence in these communities, directed at exploding crime levels, and in dedicating funding for repairing the massive substandard living conditions in these apartment blocks, which mostly existed before the evacuees were relocated there.

The tragedy is that none of this needed to happen. It could have been avoided had reasonable care been taken to not segregate the evacuees into some of the city's worst neighborhoods and if case managers had worked effectively to resettle the evacuees. It could have also been avoided if adequate provision had been in place to make the evacuees stay in Texas a truly temporary one. Evacuees could have been better integrated into the community and could have been more economically and socially successful had FEMA realistically assessed the likely duration of the evacuees stay in Texas and not kept the evacuees in a continual unsettled state by informing them that their housing assistance would shortly terminate.

HUD must also bear responsibility for allowing this situation to continue. HUD knows better than any other federal agency the dire consequences of economic over-concentration of the poor and racial segregation in housing. Yet it continued to allow its contractors to administer the DHAP program, serving these populations in segregated environments.

The breakdown of the FEMA model in dealing with low-income people can also be seen in our experience in Hurricane Rita. In this instance I can best illustrate the problem by telling the story of one hurricane survivor household.

The household is comprised of a 78-year-old woman and her 96-year-old husband who is a stroke victim. They have lived in the Texas Gulf Coast community of Port Arthur all of their lives. He was employed in low-wage jobs on ships and she worked as a maid and taking care of other people's children. In the 1950s they acquired a lot and built a home on their own, as they were able to accumulate money for materials. The construction of the home took place over several decades. It is a very modest home that probably suffered at the time of Hurricane Rita from some deferred maintenance issues. Their total income is small Social Security checks. She collects cans for recycling to supplement their income.

Hurricane Rita peeled off the roof of the house, toppled a tree onto the house, lifted the house slightly off its foundation and shifted it. The insurance company allowed only \$10,000. Lacking legal resources to appeal the insurance award the woman simply accepted the settlement offer.

The 78-year-old woman made regular trips to the FEMA field office to try to obtain assistance. FEMA staff informed her that she would need to expend her \$10,000 insurance settlement to repair the home before being eligible for additional housing repair assistance of \$5,200 through FEMA. She was offered no assistance in determining how to expend the \$10,000. Lacking any experience with contractors she contracted with an individual to "put a new roof on and do some work on the foundation."

After the work had been done she contacted a faith-based organization to request additional housing repairs. In performing a work write up on the home inspectors from the faith-based organization concluded that she had become the victim of a contractor swindle. The roofing work which had been done to the home was never permitted or inspected and was not done in conformance with wind code standards. The "foundation work" on the home was worthless and the house remains un-affixed to a permanent foundation and situated on a rakish angle. In essence, the \$10,000 insurance settlement was wasted for lack of information about the type of repairs that were needed and an inability to secure a competent contractor.

After spending her \$10,000 the woman recounts that she visited the FEMA field office to request additional housing repair assistance and was told that in order to obtain assistance she would have to solicit and obtain three written bids from contractors. She tried repeatedly to obtain bids but said that local contractors were unwilling to provide a written bid unless they were guaranteed that they could have the job. Frustrated, and with the roof continuing to leak and mold continuing to grow on the inside of the house and floors buckling she shifted her efforts to obtaining a trailer. She describes a long and difficult process of waiting for FEMA to locate a travel trailer on the back of her lot.

When I met her it was almost 3 years after the hurricane and she had no plan for how she was going to get her home repaired. FEMA was pressing her to move out of the travel trailer because of concerns about formaldehyde. She was resisting moving because all of her possessions were stored inside the home and she was convinced if she did not live on site the house would be broken into and she would lose all of her things.

This case illustrates the failure of FEMA policies to accommodate the needs of poor and elderly households who lack the resources and sophistication to secure home repairs without assistance.

The initial levels of damages to this house were such that they probably could have been repaired for less than the maximum statutory damages available under the FEMA program. The repairs certainly could have been made for the combined \$5,200 maximum repair grant, her \$10,000 insurance settlement and the cost of providing the travel trailer for many months. The failure to secure repairs in a prompt manner resulted in water infiltration into the house that drove the repair costs beyond the allowed levels. Delay in securing repairs to the house doomed this family. Today the house is considered unsalvageable.

This story is quite common among the homes of the poor damaged in Hurricane Rita. The tattered blue tarps installed by Army Corps of Engineers years ago and still in place today are testimony to the large number of homes in the same situation.

The civilian/military repair sweep teams originally called for in the 2002 FEMA plan and reiterated in the 2005 FEMA plan as reported in the Subcommittee Special Report (pages 228-229) would have been highly effective in dealing with situations such as this one.

The "blue tarp program" in which contractors for the Army Corps of Engineers place blue plastic tarps on the roof of homes damaged by hurricanes is in many cases the only tangible benefit, in terms of housing repairs, that FEMA provides to many low-income homeowners. As far as the program goes, it is effective. But as I have noted many if not most of the low-income homeowners do not get assistance with home repairs beyond the installation of the tarps.

Hurricane Rita also brought to light that a huge number of lower income Gulf Coast Texas homeowners did not have homeowners insurance. The estimate of the Texas governor's office in its "Texas Rebounds Report" chronicling the damage caused by Hurricane Rita and reporting information for the Texas Department of Insurance was that 70 percent of the homes destroyed or suffering major damage in the hurricane had no homeowners insurance.

Federal housing assistance programs under FEMA are predicated upon the assumption that private homeowners insurance will bear a substantial part of the cost of rebuilding or replacing the damaged home. Yet given these figures, that is clearly not the case. And the situation has only grown worse in light of the continuing round of hurricanes that have struck the region, further driving up the

cost of insurance. Texas now has the highest homeowners insurance rates of any state, with other Gulf Coast states following close behind. We have seen in our work that most of the low-income homeowners cannot afford to maintain insurance. With typical minimum insurance coverage premiums in the range of \$1200-\$1400 per year an elderly, low-income Social Security beneficiary would typically have to devote two months of her income simply to pay insurance costs.

A federal disaster housing assistance program, predicated upon an assumption that substantial assistance will be provided through homeowners insurance is clearly not going to be successful in aiding this population to recover from a disaster.

The failure of FEMA housing disaster assistance to provide for the needs of a low-income survivor population was once more made clear to us in the wake of Hurricane Dolly, which devastated large numbers of low-income owner occupied housing units located within the impoverished "colonias" of the Texas Rio Grande Valley.

These communities contain owner built single-family housing units constructed by extremely low-income households and located outside of municipal boundaries and constructed in irregular manners that often do not fully comply with contemporary building codes. Texas has tens of thousands of such housing units both along the Texas Mexico border and now extending into rural and ex-urban areas across the state. Many of these communities are located close to the coast and in flood plains that make them particularly susceptible to natural disasters. As is the case among the low-income and elderly populations in Southeast Texas, very few have homeowners insurance.

Hurricane Dolly resulted in substantial wind damage to the roofs of these structures and subsequent rains caused additional damages.

As these low-income homeowners sought assistance from FEMA many found that they were routinely denied assistance by FEMA inspectors. The inspectors cited as the reason for denial the "pre-existing condition" of the homes. In other words, the owner-builders of the homes, in building their houses did not apply building standards of sufficiently high quality or use proper materials to guarantee that the houses would likely survive the wind damages of a hurricane.

I have attached to my testimony (Appendix A) the pleadings from a lawsuit against FEMA filed on behalf of a number of low-income homeowners who were denied assistance on this basis by FEMA. Advocates on the behalf of the families have repeatedly sought from FEMA documentation regarding the agency's policy for denial of assistance on the basis of the "pre-existing condition" of the applicant's home. So far FEMA has refused to provide any documentation concerning such a policy.

As was the case with the low-income families whose homes were damaged by Hurricane Rita in Southeast Texas, these low-income victims of Hurricane Dolly in far south Texas have been placed in a situation in which their homes are rapidly

deteriorating to the point of being unsalvageable because of the denial of prompt and modest assistance by FEMA.

There is some indication that similar practices have been applied by FEMA to victims of Hurricane Ike within the city of Houston. We have heard, and the committee notes in its Special Report (page 208) that a very high number [according to the City of Houston 118,000] of families who registered for FEMA assistance were determined to be ineligible. We have been informed that the basis for denial includes both "insufficient damage" as well as "pre-existing conditions." We agree with the City that the solution offered to the family deemed ineligible to appeal their determination is not realistic and that FEMA needs staff on the ground to correct errors, identify missing and required information and explain eligibility determinations.

Hurricane Ike has offered more evidence of the deficiencies of federal disaster housing assistance for families of low income.

Based upon the experiences with low-income homeowner populations in Hurricane Rita the State of Texas, the City of Houston, faith-based organizations and housing advocates all pressed FEMA to allow for the quick establishment of a program we called "Windows Doors and Roofs." Since so much of the damage related to Hurricane Rita occurred as a result of water infiltration, not from flooding but rain over a period years as the homes awaited repairs, we felt that the ultimate cost of home repairs could be greatly reduced if roofs were replaced along with windows and doors to prevent additional water infiltration. While the blue tarp program administered by the Army Corps of Engineers was effective for a limited period of time, it was not an adequate solution to defer additional damages caused by rains that take place over the months and years necessary to secure the permanent repair of the home.

I raised these concerns and pressed for this program as a participant in the State-Federal Disaster Housing Task Force as did representatives of the State of Texas, other advocates and faith-based organizations. The Houston mayor's office met directly with leaders of FEMA to request that the City be allowed to carry out this program utilizing City funds that would be reimbursed by FEMA. FEMA either never responded or rejected all of these requests. The basis for FEMA's rejection was that FEMA had no statutory authority to enter into a contract to reimburse a state or local government for carrying out repairs to the homes of individuals.

Another area of FEMA policy that has directly frustrated long-term recovery efforts in the field of housing came to light in the wake of Hurricane Ike. We first observed in Hurricane Rita that the damage estimates reported by FEMA inspectors were at wide variance with those reported by local and county officials in regard to the number and extent of damage to homes. Having accurate damage estimates is obviously vital to Congress as it considers allocating CDBG funds to the states for home repairs, but is vital in other respects as well.

The failure of FEMA inspectors to gather the accurate and complete damage estimates necessary to determine the cost of housing repairs, coupled with the resistance of FEMA to disclose this data to state and local governments has produced disastrous results in the wake of Hurricane Ike. The State of Texas housing agency asked our organization to participate in the Joint State-Federal Hurricane Housing Task Force meetings in the aftermath of Hurricane Ike so that we could assist the state in developing long-term housing recovery strategies for low-income homeowners and renters. Our initial task was to identify the extent of housing damages incurred by low and moderate-income households eligible for the CDBG housing assistance provided by Congress to Texas. There are two basic pieces of information required for the planning process: the income of the affected households and estimates of their housing damages.

Working with a faculty member in the Community and Regional Planning Program at the University of Texas at Austin, Dr. Elizabeth Mueller, we sought to obtain the information from the reports compiled by FEMA inspectors; however, we were unsuccessful, with the result being that today decisions are being made to allocate the \$1.3 billion in CDBG disaster assistance in Texas without any accurate information regarding housing rebuilding needs.

While FEMA collects detailed information on the income of households applying for assistance it refuses to share the information with the State because of "privacy concerns." We argued that we did not need personally identifying information but simply information at the census tract level to no avail. After some negotiation we were successful in obtaining reports from FEMA on applicants for housing assistance at the county level. Yet because of the state's decision to allocate funds to local jurisdictions this data was not useful because we were not able to determine within each municipality the income of applicants requesting assistance and the amount repairing their homes would cost. Further, we were never able to obtain useful information from FEMA regarding the extent of damage to housing as determined by FEMA inspectors.

The result has been an allocation process that has produced disastrous results for the survivors of Hurricane Ike who suffered housing damage. The State was not able to provide any reliable data regarding housing needs to the regional entities the State tasked with allocating funding between housing, infrastructure and economic development activities. County and city officials used the lack of information about housing needs as an excuse to reduce funding levels for housing repair and to emphasize public works and economic development activities in the place of housing. I have attached an administrative complaint to HUD Secretary Donovan in which we recount this situation. (See Appendix B.)

All of these problems: the mismanagement of the relocation of Hurricane Katrina evacuees within Houston and other large Texas cities, the inability of low-income families to obtain repairs to their homes and the huge suffering that this has caused in Hurricanes Rita and Dolly and now the misdirection of the \$1.3 billion of CDBG funds for Hurricane Ike recovery are all attributable in large part to FEMA's failure

to apply an appropriate set of standards in dealing with the housing needs of low-income hurricane survivors.

My second major concern, which is also well documented in the special report, relates to the premise of federal disaster policy that, where feasible, state and local governments should take the lead in response and that "State and local governments are closest to those impacted by incidents, and always have the lead in response and recovery." (See page 3 of the Special Report).

While I certainly agree in theory that local control of disaster response makes sense, in the real world there are a number of problems with relying so heavily on local governments in particular to be able to provide housing assistance. In many Gulf Coast states like Texas local governments, and especially in counties and smaller local communities, have little if any experience in the provision of housing. Many do not even accept that it is their proper role to provide housing assistance directly to individuals. In such instances it is important that there be federal programs available to assist families who reside in such jurisdictions, and especially low-income families who cannot otherwise recover.

The reliance of several Gulf Coast states on local units of governments to allocate levels of funding between housing, public infrastructure and economic development activities places low-income hurricane survivors in a bad position. In some cases the local governments do not fund housing assistance because they feel themselves unable to manage programs in an area with which they have no experience. In other cases we believe local governments exclude funding for housing or reduce funding as a way to engage in a new form of urban renewal by removing or diminishing the number of low-income families from their communities. This has profound Fair Housing implications as well.

Because local funding decisions regarding the allocation of disaster recovery funds will always tend to favor public works and economic development activities over direct housing assistance it is vital that the Section 403 and 408 FEMA programs maximize the amount of housing assistance that is provided to disaster survivors. We believe that in the case of Hurricanes Rita, Dolly and Ike a very large number of the homes of low-income households could have been restored to habitability within the maximum funding levels available under these programs had FEMA elected to provide immediate and direct housing repairs. This would be even more so the case if funds under the temporary housing allowance were allowed to be used to also pay for housing repair.

OTHER OBSERVATIONS AND COMMENTS ON THE SPECIAL REPORT

In reaction to specific information and findings in the Special Report, I offer the following additional observations and recommendations based on my experience.

1) Congress should consider reducing the suffering and long-term displacement of elderly and disabled households in the wake of natural disasters by providing for an automatic assignment to those households who desire it a permanent Section 8

Housing Choice Voucher in instances where the cost of rehabilitating their home would exceed a certain threshold. (See Special Report page 151).

2) Congress should consider formally directing FEMA to establish civilian/military repair sweep teams to repair both owner occupied and rental occupied housing for re-habitation. It may be necessary to increase the amount of funds that FEMA can spend to assist an individual household with repairs. Yet the provision of timely repairs to housing units will greatly reduce the government's long-term cost in terms of temporary housing and CDBG disaster housing assistance requirements. (See Special Report pages 228-229).

3) The Section 408 housing assistance requirements related to duplication of benefits result in significant delays and financial barriers to getting the homes of lower income families repaired in Texas. In its effort to prevent duplication of benefits, FEMA has created a significant need for gap financing which is not always available. Gap financing needs have arisen primarily as a result of individuals receiving assistance from one of three sources: FEMA, private insurance or small business administration loans. Some individuals used FEMA funds designated for "housing repair and/or housing replacement" to cover long-term rental costs after FEMA's initial disbursement of designated rental assistance was exhausted. FEMA is now stating that covering longer-term rental costs is not an eligible use of the funds.

FEMA's correspondence with storm victims began with an initial letter that stated, "If you cannot live in your home because it was damaged or destroyed by the disaster, the money you receive from FEMA may be used for your emergency housing needs." The letter provided no limitation on use but did indicate that additional information can be found in the brochure "Help After a Disaster," which should have been mailed to applicants after the storm. However, many persons did not receive the booklet that contains a more restrictive list that FEMA is now using as a guideline.

If a survivor used FEMA funds for anything not on the more restrictive list in the applicants guide, it must be deducted from the amount of assistance the survivor can receive and thus causes a gap in what it takes to make their home livable or to provide them a new home. In cases where the applicant has an extremely low income they have no source for repaying these funds. As a result, they are put on hold until that gap is closed. The amounts range from as little as \$19 to \$10,500 in Texas. The average amount is about \$2,000. The solution is for FEMA to allow all expenses related to recovery from the storm without considering such expenses to be duplication of benefits. This policy is discussed but not explored in detail on page 56 of the Special Report.

4) The Special Report discusses the need for casework and an established casework system within FEMA. I strongly agree. We would expand upon this recommendation by suggesting that low-income and elderly households are in special need of a consistent single caseworker contact at FEMA and in particular during the transition

process between Section 403 and Section 408 programs. (See pages 253, 403 and 408 of the Special Report).

5) While the report implies that the problems with existing FEMA programs are largely confined to large-scale disasters I doubt this to be the case. Certainly large-scale disasters have made problems worse for the general population of FEMA clients. It is our belief, however, that FEMA programs are fundamentally flawed regardless of the size of a disaster as they are applied to low-income homeowners and low-income renters. (See page 132 of the Special Report).

6) The \$50 monthly increases associated with the DHAP Program is cited in the report as an incentive to encourage households to move out and seek non-FEMA subsidized housing. The decision to impose the monthly increase should be based on a case-by-case evaluation under a case management system. For the very poor and especially the elderly and disabled there may simply be no affordable housing present within the community. These monthly increases will have no other effect than to drive these households into homelessness. (See the Special Report page 145).

7) I feel it is important to praise FEMA for their decision to deny the request of the State of Texas and certain local communities within the state for access to travel trailers, which have been shown to have unacceptable levels of formaldehyde, to house Hurricane Ike survivors. Considerable political pressure was placed upon the agency to agree to make these trailers available if the potential occupants would agree to sign a waiver of liability. This was a completely inappropriate request on the part of state and local governments to place families in situations hazardous to their health. This is one instance in which FEMA made a clearly appropriate determination. (See Special Report page 170).

8) The interviews with local and state government officials contained in the Special Report beginning on page 190 concerning the great effectiveness of faith-based and nonprofit organizations is fully reflected in the Texas experience. To date, a great majority of the homes repaired for low-income Hurricane Rita survivors have been repaired not with public funds but through the efforts of faith-based organizations.

Through the Federal-State Joint Housing Task Force the State and the advocacy community repeatedly urged FEMA to establish better coordination between its services and resources and the faith-based/nonprofit communities. We reported on instances in which a failure to coordinate resulted in repairs being wasted or done over. Once again, an effective case management system in which decisions were made to direct particular households to faith-based/nonprofit providers with demonstrated capacity is what is called for. Furthermore, protocols need to be established within FEMA to allow for the direct reimbursement to faith-based and nonprofit organizations for the cost of building materials used as part of voluntary labor programs to do home repairs for hurricane survivors. Existing sources of funds are said by the faith-based/nonprofit community to be accompanied by so

many restrictions that few if any of these organizations seek to access the funds. This greatly limits the numbers of households that can be assisted.

9) I concur with the suggestion included in the Special Report that public housing authorities be allowed to apply for Section 406 funds when HUD and insurance funds prove to be inadequate to restore public housing developments damaged in disasters. Public housing is essential housing for the poorest of the poor who have no alternative in the private market. Bringing this housing back online and making it available to those families in an expeditious manner will save on temporary housing costs as well as reduce the suffering of the families. (See page 182 of the Special Report).

10) The Alternative Housing Pilot Program coordinated by FEMA is discussed only briefly on page 119 of the Special Report.

The Texas experience with administration of this program has to date not been particularly successful. The competitive selection process undertaken by FEMA resulted in a housing approach being selected for Texas that represents a prefabricated, flat packed house that can be erected quickly. Unfortunately, the appearance of the structure is that of a mobile home. Community acceptance of this housing has been difficult to secure. This has frustrated the implementation of this test model.

Working with the State of Texas, the Texas Society of Architects, Chase Bank and a leading Houston nonprofit housing provider, Covenant Communities we have been coordinating a local initiative to develop an alternative housing pilot program within the state known as the Texas Grow Home Project. The goal was to design a modular or prefabricated house compatible with existing residential neighborhoods which could be built at least partially in a factory setting, away from the disaster area, trucked to the home location and quickly erected by semi-skilled labor all within six weeks of the disaster. The project called for a two-bedroom model of the house to be capable of being produced for no more than \$65,000. Eighty-two designs were submitted by Texas architects. Homes based on the three winning designs will soon be constructed in Port Arthur, Texas. We hope that this effort will overcome the shortcomings of the designs of the house model awarded Texas under the FEMA Alternative Housing Pilot Program.

11) Finally, I would like to share thoughts on the appropriate role of HUD in federal disaster housing assistance.

I continue to feel that HUD is the appropriate agency to run temporary housing voucher programs in the wake of disasters. I have doubts, however, if HUD's role can be significantly expanded beyond that without greatly increased levels of funding and expertise.

The fact is that HUD does not "run" housing programs. Instead it contracts with other entities, most notably public housing authorities, local units of government and occasionally nonprofits to oversee and produce housing. The quality of

administration by public housing authorities of their programs varies widely from jurisdiction to jurisdiction. As the report notes, there are clearly jurisdictions in which public housing authorities have become dysfunctional and incapable of administering programs, most notably in this case New Orleans. Furthermore housing authorities are often plagued with local political constraints upon their ability to undertake housing programs that promote desegregated housing opportunities and comply with fair housing law.

The Galveston Housing Authority is a case in point. Hurricane Ike heavily damaged the housing authority's stock of public housing. In a letter dated February 5, 1997 (Case File No: 06--95-03-002-340) the US Department of Housing Office of Fair Housing and Equal Opportunity found the Galveston Housing Authority to be in statutory noncompliance with the Civil Rights Act of 1964 relating to the "siting, location and acquisition of housing."

HUD has not been particularly successful in undertaking case management efforts through its public housing contractors. The example of this is the "family self-sufficiency program" which is intended to develop plans to encourage public housing residents to obtain jobs and move out of public housing.

As the Special Report notes HUD has done a particularly bad job in getting its own existing housing stock back online in the wake of a disaster. This certainly does not bode well for it to assume additional responsibilities.

As a housing advocate I have long complained that the principal problem with HUD is that it is starved for financial resources. Yet the nature of disaster housing provision requires an agency to immediately gear up and administer large amounts of previously unavailable funding. HUD relies upon local and state governments public housing authorities and nonprofit corporations to deliver product. As I have noted earlier the political desire and the competency on the part of local governments within my state to administer housing programs varies widely from jurisdiction to jurisdiction. Relying on this type of infrastructure to primarily provide housing assistance would likely leave many people homeless.

Once again I would like to thank the Ad Hoc Subcommittee for inviting me to provide my views upon this excellent Special Report.

publishing them. Plaintiffs therefore seek injunctive relief to minimize ongoing irreparable harm to their families in the form of health hazards, displacement, and destruction of their property.

PARTIES

2. Plaintiff *La Union del Pueblo Entero* (LUPE) is a nonprofit membership organization comprised largely of farm workers whose primary residences are in Arizona, California, and Texas. LUPE was founded by Cesar Chavez to help meet the advocacy and organizing needs of farm workers. LUPE has operated an office in San Juan, Texas for decades, and now includes some seven thousand members in South Texas. LUPE uses its resources to conduct housing advocacy on behalf of its members. In response to Hurricane Dolly, LUPE staff organized meetings with officials and affected families to help members respond to flooding, utility restoration, and other damage to housing. In furtherance of LUPE's mission and purpose, LUPE helps members understand and access government housing benefits for which they qualify, including FEMA benefits. LUPE advocates for fair government treatment of low-income families, including disaster survivors. See www.lupenet.org. LUPE includes members who applied to FEMA for housing repair assistance, and whose applications were denied due to what FEMA called "insufficient damage."

3. The individual Plaintiffs reside in Cameron and Hidalgo counties. After their primary residences were damaged by Hurricane Dolly, they applied for housing repair assistance. FEMA denied their applications, in nearly all cases due to "insufficient damage," without telling them what legal standard was applied or what facts were relied upon to deny them assistance.

4. Defendant Federal Emergency Management Agency (FEMA) is an agency of the United States Department of Homeland Security, a cabinet department of the United States Government.

Congress charges FEMA with providing disaster relief to survivors under the Robert T. Stafford Disaster Relief and Emergency Assistance Act, 42 U.S.C. § 5121, *et seq.*

JURISDICTION

5. This Court has federal question jurisdiction pursuant to 28 U.S.C. § 1331.

VENUE

6. Venue is proper in this Court pursuant to 28 U.S.C. § 1391(e)(2) because a substantial part of the events or omissions at issue occurred in this district.

FACTS

A. Statutory and Regulatory Background

7. Congress allows each eligible family up to \$28,800 in total disaster relief services, including home repairs. 42 U.S.C. § 5174(c)(2) and (h).

8. Means testing of home repair assistance is forbidden except as to private insurance, so it is available to families regardless of their income or assets. *Id.* at § 5174(c)(2)(B).

9. Congress requires FEMA to “prescribe rules and regulations to carry out [housing repair assistance under 42 U.S.C. § 5174(c)(2)], including criteria, standards, and procedures for determining eligibility for assistance.” *Id.* at § 5174(j).

10. Congress also requires FEMA to issue regulations to “insur[e] that the distribution of [housing repair] assistance [is] accomplished in an equitable and impartial manner, without discrimination on the grounds of . . . economic status.” 42 U.S.C. § 5151(a).

11. FEMA attempted to comply with §§ 5151(a) and 5174(j) by adopting regulations that only repeat the language of 42 U.S.C. § 5174(c)(2). *See* 44 C.F.R. § 206.117(b)(2) and (c).

B. Absence of Ascertainable Standards for Housing Assistance

12. FEMA's various statements of the legal standards that it applies to decide housing repair applications are so vague that they are not consistently understood or applied by applicants, inspectors, local officials, FEMA contractors, or even FEMA officials themselves.
13. FEMA states that housing repair assistance is available to "insure the safety or health of the occupant" without stating what immediacy or magnitude of risk qualifies a repair for coverage, so that FEMA may choose to repair only items that pose an immediate or severe threat, or it may choose to repair anything that bears a conceivable relationship to health and safety. 44 C.F.R. § 206.117(b)(2); *id.* at § 206.117(c).
14. FEMA also states that housing repair assistance is available to "make the residence functional," 44 C.F.R. § 206.117(b)(2)(ii), and defines "functional" so broadly as to approach meaninglessness: "an item or home capable of being used for its intended purpose." *Id.* at § 206.111.
15. FEMA writes the following to applicants for housing repair assistance: "By regulation, the FEMA Individuals and Households Program (IHP) can address only your emergency repairs and needs. This program is not intended to fully restore your property to pre-disaster condition."
16. FEMA regulations *allow* assistance to repair homes up to minimal building codes, even if this improves homes beyond their pre-disaster condition. 44 C.F.R. § 206.113(b)(5). But FEMA never says if, how, or when it applies this regulation.
17. Unlike FEMA, the U.S. Department of Housing and Urban Development has shown that ascertainable housing safety standards can be produced in regulations. *See* 24 C.F.R. § 982.401.

18. Unlike FEMA, the U.S. Department of Agriculture has shown that ascertainable housing safety standards can be produced in regulations. *See* 7 C.F.R. § 3560.103.

C. Hurricane Dolly—Disaster No. 1780

19. Hurricane Dolly hit the South Texas Coast on July 23, 2008, resulting in major disaster declaration number 1780, which made federal disaster relief available to families in three South Texas counties: Cameron, Hidalgo, and Willacy.

20. Disaster No. 1780 covers the Rio Grande Valley, one of the poorest regions of the United States, and a region with much housing that is poorly constructed.

21. FEMA admits that its home repair denial rate is unusually high for Hurricane Dolly.

22. A FEMA official explained the high denial rate as follows: “A lot of the homes built were built from second hand materials. So the damage was, in most cases, caused from the faulty building of the house, and not the storm.”

23. FEMA collects, maintains, and uses information concerning a category of home repair applications that FEMA labels “deferred maintenance,” but publicly available legal standards do not mention “deferred maintenance” or explain how FEMA ascertains this information or uses it in its housing repair assistance decisions.

24. FEMA has applied unascertainable legal standards to deny housing repair assistance to somewhere between ten and fifteen thousand low-income families in the Rio Grande Valley since Hurricane Dolly struck, roughly half of all applicants.

25. In response to a written request from Plaintiffs’ counsel, FEMA has not provided or agreed to discuss its legal standards for deciding home repair applications.

26. Absence of ascertainable FEMA standards for equitable and impartial distribution of housing repair assistance, as required by 42 U.S.C. B 5151(a), produces the following consequences:

- a. FEMA makes arbitrary, subjective decisions about who gets housing repair assistance, and how much assistance is provided in each case;
- b. FEMA housing damage inspectors do not use consistent methods to gather the facts upon which its housing repair assistance decisions are based; and
- c. applicants for housing repair assistance are not provided sufficient factual or legal information to determine whether to undertake the effort necessary to appeal FEMA's denial of assistance.

D. Individual Plaintiffs

27. The individual Plaintiffs suffered damage to their homes from Hurricane Dolly, applied to FEMA for home repair assistance, and were denied this assistance without being told what facts and legal standard FEMA relied upon to deny this assistance.

28. FEMA sent the individual Plaintiffs a form letter denying their applications for housing repair assistance. Quoted below is the complete and only explanation that FEMA provides for its denial of home repair assistance:

We recognize how difficult a time this is for you and your family and we understand that many people need help following a disaster. We are committed to providing you any help we can, including important information to begin your recovery.

The Federal Emergency management Agency (FEMA) and State of Texas have carefully considered all available information regarding your request for assistance. Our decision(s) about your request is listed below:

CATEGORIES DETERMINATION

Housing Assistance	IID- Ineligible - Insufficient Damage
Total Grant Amount:	\$0.00

IID - Ineligible - Insufficient Damage

Based on your FEMA inspection, we have determined that the disaster has not caused your house to be unsafe to live in. This determination was based solely on the damage to your home that are related to this disaster.

Although the disaster may have caused some minor damage, it is reasonable to expect you or your landlord to make these repairs. At this time you are not eligible for FEMA assistance.

If you do not agree with our decision, you have the right to appeal. Please send us documents such as a statement from local officials, contractor estimates, etc. to show that the damage to your house was caused by the disaster and has caused unsafe or unlivable conditions.

a. Francisca Adame's roof leaks and there is mold growing on her ceiling and walls, which will probably cost around \$1500 to repair or replace, but she was denied any housing assistance benefits due to insufficient damage.

29. Plaintiff Francisca Adame, age 74, lives alone in Edcouch, Hidalgo County, Texas. Ms.

Adame has lived in this home for over 18 years.

30. Ms. Adame lives in extreme poverty. Her annual income is only \$6,756, comprised of social security disability benefits and Supplemental Security Income (SSI).

31. Hurricane Dolly damaged Ms. Adame's roof, loosening shingles and blowing some off entirely. As a result, the roof leaks when it rains. Ms. Adame tries to prevent damage where she can, putting out buckets to collect the water that leaks through. However, portions of the ceiling are now rotting and mold has developed on some interior walls.

32. She has been advised that repairs will cost close to \$1500. Ms. Adame does not have insurance or any other means to make the repairs.

33. A FEMA inspector came to Ms. Adame's home around August 8, 2008. He was unable to communicate directly with Ms. Adame because he did not speak Spanish. Ms. Adame's son acted as a translator. The inspector remained on the ground when he took photographs of the property even though Ms. Adame told the inspector she did not think it was possible for him to adequately inspect the damaged roof from the ground.

34. FEMA sent Ms. Adame a letter denying housing assistance and other assistance on August 12, 2008, listing the reason for denial as "IID-Ineligible - Insufficient Damage" and providing nothing but the form explanation quoted in paragraph 28 above.

35. On October 1, 2008, Ms. Adame appealed the denial of benefits and requested a second inspection of her home.

36. Although she would like to obtain a written estimate of the repair costs in order to include that with a FEMA appeal, Ms. Adame cannot afford to pay for such an estimate. A contractor told her orally that he would charge \$600 for labor, but this free estimate did not include the cost of materials.

37. Ms. Adame has not received any written decision following her October 1, 2008 appeal.

38. On November 3, 2008, a TRLA advocate called FEMA about the appeal. A FEMA representative informed Ms. Adame's advocate that assistance had been denied because the damages to Ms. Adame's pre-disaster home were not caused by the disaster. Rather, FEMA claims the damages resulted from a lack of maintenance prior to the disaster. The FEMA representative advised Ms. Adame's advocate that Ms. Adame would need to submit a new appeal if she wished to challenge FEMA's decision that the damages were due to lack of maintenance.

b. Alejandro Alvarado and Elizabeth Alvarado must repair or replace a leaking roof, cracked walls and ceilings, a flooded and uninhabitable bedroom, and molding carpet, but they were denied housing repair assistance due to "insufficient damage."

39. Plaintiff Alejandro Alvarado has but one home, where he has lived for 38 years with his family. The home is located in Lozano, Cameron County, Texas.

40. The Alvarados live in extreme poverty, with an annual income of about \$20,000 to support a household of five, including Alejandro's wife Herminia (age 57), his daughter Elizabeth (age 31, who is also a Plaintiff because she originally applied for FEMA repair assistance) and Elizabeth's two children, ages 14 and 2.

41. Elizabeth and her children have lived in the Alvarado home for their entire lives.

42. Hurricane Dolly caused structural and roofing damage to the Alvarados' home. Dolly's winds damaged the roof, blowing off shingles and boards creating holes in the roof and in the sides of the house through which water enters. Dolly also shook the house and caused large cracks to appear in the walls and ceiling. Water began to stream down the interior walls during Hurricane Dolly, and one of the house's two bedrooms was flooded. Large leaks remain throughout the house whenever it rains. Pungent mold continues to grow in the house with rain and heat. The Alvarados fear for the health of their family because of the mold. To this day the mold remains in the carpet of the home.

43. A contractor estimated that it would cost \$3,300 just to repair the Alvarados' roof.

44. The Alvarados do not have insurance or any other means to make the repairs.

45. The Alvarados applied for FEMA home repair assistance under 42 U.S.C. § 5174(c)(2).

46. FEMA sent an inspector to the Alvarados' home, who listened to the Alvarados' description of the damage caused by Dolly.

47. FEMA sent the Alvarados a letter denying home repair assistance on August 12, 2008, listing the reason for denial as "IID-Ineligible - Insufficient Damage" and providing nothing but the form explanation quoted in paragraph 28 above.

48. The Alvarados appealed and provided a contractor statement. As far as they know, their appeal remains pending at this time.

C. Manuel Benavidez's roof leaked, pouring water into his kitchen, living room, dining room and laundry room, but he was denied any housing assistance benefits due to "insufficient damage."

49. Manuel Benavidez, 67, and his wife, 70, have lived for about 30 years in El Charro, an informal subdivision or "*colonia*" located near San Juan, Texas.

50. Mr. Benavidez and his wife live in extreme poverty. Mr. Benavidez receives Social Security benefits of about \$590 a month. His wife receives Social Security benefits of about \$374 a month. They also receive Food Stamps in the amount of about \$34 a month.

51. When Hurricane Dolly struck the Texas coast, the torrential rain from the hurricane caused severe damage to Mr. Benavidez's roof. The weight of the rainwater on the roof caused beams and/or flashings under the roof, and/or the roof itself, to warp and buckle, so that water poured down the kitchen wall, the living room wall, part of the dining room wall and into the laundry room.

52. Ever since the hurricane, water has come into the house when it rains through the leaks caused when the roof buckled in Hurricane Dolly.

53. Also, ever since the hurricane, insects enter the house through the places where Hurricane Dolly caused the house to leak. Mr. Benavidez has been spraying insecticide on the pests but this does not stop them from coming. He did not have this infestation before Dolly.

54. Mr. Benavidez does not have any insurance to cover the repairs he needs to make due to the damage caused by Hurricane Dolly, or any other means to make the repairs that are needed.
55. On or about August 6, 2008 Mr. Benavidez applied for FEMA home repair assistance under 42 U.S.C. § 5174(c)(2).
56. FEMA sent an inspector to Mr. Benavidez's house to inspect the damage. Mr. Benavidez told the inspector that the damage was to the roof, and offered the inspector a ladder to go up and look at the roof. The inspector declined to go up on the ladder and look at the damaged roof. She told Mr. Benavidez that she didn't need to do that, that her camera "could do miracles" and she just took pictures from inside the house and at ground level. She did not take pictures of the part of the roof that was seriously damaged by the hurricane. She only took pictures of the areas that were not seriously damaged.
57. On or about August 13, FEMA sent Mr. Benavidez a letter denying housing assistance, listing the reason for denial as "IID-Ineligible - Insufficient Damage" and providing nothing but the form explanation quoted in paragraph 28 above.
58. In September 2008, Mr. Benavidez submitted an appeal to FEMA, together with a contractor's estimate regarding the damage to the house and the estimated cost to repair it.
59. On or about November 3, 2008, a representative from Texas RioGrande Legal Aid, Inc. called FEMA on Mr. Benavidez's behalf, and spoke to a FEMA representative. The representative stated that on October 15, 2008, Mr. Benavidez's appeal was denied, due to "deferred maintenance."
60. On or about November 11, 2008, FEMA sent Mr. Benavidez a letter denying his appeal and denying his request for repair assistance. Quoted below is the complete and only

explanation that FEMA provided for its denial of Mr. Benavidez's appeal for home repair assistance:

You recently appealed one of FEMA's decisions regarding your application for disaster assistance. We have thoroughly reviewed your case including all of the new information and documents you provided. Our decision(s) about your appeal is listed below.

<u>CATEGORIES</u>	<u>DETERMINATION</u>
Home Repair	IID- Ineligible - Insufficient Damage
Total Grant Amount:	\$0.00

IID - Ineligible - Insufficient Damage

In a previous letter, we explained that you were not eligible for FEMA housing assistance because when FEMA inspected your home it was determined that the disaster had not caused your home to be unsafe to live in. This determination was based solely on the damage to your home that is related to this disaster. We explained that although the disaster may have caused some minor damage, it was reasonable to expect you or your landlord to make these repairs. We described the documents that you could submit to us to show that the damage to your home was caused by the disaster and has caused unsafe or unlivable conditions.

We have reviewed your appeal and any additional documents that you may have provided, along with the FEMA inspection(s) on your home. We have determined that our initial decision was correct that you did not suffer disaster related damage that made it unsafe for you to live in your home.

61. Mr. Benavidez seeks a ruling on whether FEMA fairly considered his application for housing repair assistance to minimize the deterioration of his home and to protect himself and his wife from harm.

e. Maria Gallardo's roof lost shingles, destroying her daughter's bedroom and causing water to stream into the home and mold to grow on the sheetrock and carpet, but she was denied housing repair assistance due to "insufficient damage."

62. Plaintiff Maria Gallardo has but one home, located in San Juan, Hidalgo County, Texas.

Ms. Gallardo has lived there for over twenty years with her family, which at the time Hurricane Dolly struck included her husband, Rafael, her adult daughter Belinda, and Belinda's three children, ages 6, 4, and 11 months.

63. The Gallardos live in extreme poverty, with an annual income of about \$7,800. Rafael suffered a stroke and has partial paralysis on one side of his body and impaired vision as a result.

64. During Hurricane Dolly, the roof of the Gallardos' home was damaged. Shingles were torn off the roof by the wind, causing the roof to leak. The sheetrock in the ceiling and walls was soaked. The carpet got wet, and has begun rotting and growing mold and mildew. The bedroom where Belinda lived with her children was destroyed. Whenever it rains, water streams down the interior walls. There is a pungent odor of mold and mildew in the home.

65. The Gallardos do not have insurance or any other means to make the repairs.

66. The Gallardos applied for FEMA home repair assistance under 42 U.S.C. § 5174(c)(2).

67. FEMA sent an inspector to the Gallardos' home. The inspector did not speak Spanish, and Ms. Gallardo does not speak English, so Ms. Gallardo's daughter Belinda translated the conversation. The inspector told Ms. Gallardo, as translated by Belinda, that the home was unsafe to continue to live in.

68. On or about September 2, FEMA sent Ms. Gallardo a letter denying housing assistance, listing the reason for denial as "IID-Ineligible - Insufficient Damage" and providing nothing but the form explanation quoted in paragraph 28 above.

69. The Gallardos appealed FEMA's decision on September 24, 2008. Ms. Gallardo appealed FEMA's decision because of the statements the FEMA inspector made about her home being unsafe to live in and the reason listed in her denial letter from FEMA are a contradiction. Ms. Gallardo provided FEMA a contractor estimate for repairs included in the appeal.

70. Upon receiving FEMA's denial letter for housing assistance, Belinda and her children were forced to relocate to Iowa to because of the serious health concerns associated with constant exposure to mold and mildew in children and infants. Belinda reasoned that without financial assistance from FEMA to make necessary repairs, her mother's home would not be safe and habitable for her young children. However, she hopes to be able to return to Texas to live with her mother, because the family relied on sharing income and expenses to make ends meet.

71. According to the contractor estimate Ms. Gallardo obtained, it will cost approximately \$5,910.00 to make the necessary repairs to the Gallardo's home.

72. On October 18, 2008, FEMA sent Ms. Gallardo a letter denying her appeal and denying her request for repair assistance. Quoted below is the complete and only explanation that FEMA provided for its denial of Ms. Gallardo's appeal for home repair assistance:

You recently appealed one of FEMA's decisions regarding your application for disaster assistance. We have thoroughly reviewed your case including all of the new information and documents you provided. Our decision(s) about your appeal is listed below.

<u>CATEGORIES</u>	<u>DETERMINATION</u>
Home Repair	IID- Ineligible - Insufficient Damage
Total Grant Amount:	\$0.00

IID - Ineligible - Insufficient Damage

In a previous letter, we explained that you were not eligible for FEMA housing assistance because when FEMA inspected your home it was determined that the disaster had not caused your home to be unsafe to live in. This determination was based solely on the damage to your home that is related to this disaster. We explained that although the disaster may have caused some minor damage, it was reasonable to expect you or your landlord to make these repairs. We described the documents that you could submit to us to show that the damage to your home was caused by the disaster and has caused unsafe or unlivable conditions.

We have reviewed your appeal and any additional documents that you may have provided, along with the FEMA inspection(s) on your home. We have determined that our initial decision was correct that you did not suffer disaster related damage that made it unsafe for you to live in your home.

73. Despite FEMA's denial of her appeal, Ms. Gallardo agrees with the FEMA inspector's assessment that her home is significantly damaged and is unsafe to live in. She is concerned that she and her family will be sickened by the rotting ceiling, walls, and carpeting in their home, which will likely get worse as the roof continues to leak.

f. Jose Gonzales was denied any housing assistance benefits to repair over \$7800.00 in damage to his recently refurbished, disability-accessible home, due to "insufficient damage."

74. Plaintiff Jose Gonzales's only home is located in Harlingen, Cameron County, Texas.

75. Mr. Gonzales is 50 years old and is quadriplegic. He and his wife Marcelina struggle to meet their needs using their annual food stamp allotment of \$756 and the \$7,644 of supplemental security income that Mr. Gonzales receives annually as a result of his total disability.

76. Prior to Hurricane Dolly, Mr. Gonzales had received assistance from a non-profit agency for various modifications that made his home more accommodating to a person with a wheelchair. Those modifications included a ramp, increasing the size of the bathroom, and

widening of some of the home's doors. The agency that assisted Mr. Gonzales with these modifications provided them for free, because he could not afford to pay for them.

77. Hurricane Dolly caused extensive structural and roofing damage to the Gonzales home. Dolly's winds blew shingles off three quarters of his roof and caused it to warp. The roof then leaked, causing damage to some interior walls of the home interior walls of the home and the growth of mildew and mold.

78. A licensed contractor has estimated that it will cost \$7,829.81 to repair the disaster-related damage.

79. The Gonzales family does not have any insurance to cover the repairs, or other means to make the repairs.

80. Mr. Gonzales applied for FEMA home repair assistance under 42 U.S.C. § 5174(c) (2).

81. FEMA sent an inspector to the Gonzales home. The inspector took pictures of the home and told Mr. Gonzales that he should await a decision by FEMA.

82. FEMA sent Mr. Gonzales a letter denying home repair assistance on August 5, 2008.

83. Mr. Gonzales went to the FEMA Disaster Recovery Center in Harlingen and asked a FEMA worker why he had been denied. The worker told him that his damages were not caused by the hurricane but rather were due to deferred maintenance, and that he should already be used to living in a home in these conditions.

84. Mr. Gonzales received a form letter with the identical language quoted in Paragraph 28 above as FEMA's only written explanation for his denial.

85. Mr. Gonzales submitted appeals on August 21, 2008, and on September 5, 2008, and provided a contractor statement.

86. FEMA denied Mr. Gonzales's appeals on October 14, 2008.

87. Quoted below is the complete and only explanation that FEMA provided for this second denial of home repair assistance:

We have thoroughly reviewed your case including all of the new information and documents you provided. Our decision(s) about your appeal is listed below:

<u>CATEGORIES</u>	<u>DETERMINATION</u>
Housing Assistance	INO- Ineligible - Other

Total Grant Amount: \$0.00

Ineligible- Additional Repair Assistance

We have reviewed your appeal for additional Home Repair and any documents you may have provided, along with the FEMA inspection(s) of your home. We have determined that the previous amount of assistance we provided was correct. As a result, your appeal is not approved and you are not eligible for additional FEMA assistance of this type.

This decision only applies to your appeal for FEMA assistance of this type. Your request for any other form of assistance is considered separately.

88. Mr. Gonzales claims that FEMA has violated his statutory right to procedures that comply with 42 U.S.C. B 5151(a), and seeks a ruling on this issue to ensure that his claim for housing repair assistance is resolved fairly, and as promptly as possible to minimize threats to his shelter and safety.

g. Agustina Iglesias's damaged roof and sheetrock have made her daughter sick, but she was sent an unintelligible demand for documentation of her damages and has been denied housing assistance benefits.

89. Plaintiff Agustina Iglesias's home is located in San Benito, Cameron County, Texas.

90. Ms. Iglesias, 44, is a single mother and the head of a household that includes five of her children, ages 18, 17, 15, 13, and 1.

91. Ms. Iglesias supports a family of six on approximately \$20,000 annually. She is a temporary worker and will take any job she can find to pay her bills. She has worked as a health care provider and in packaging frozen food. She currently is working as a roofer's assistant.
92. Hurricane Dolly caused extensive damages to Ms. Iglesias' home. Shingles came off the roof and water flowed in through the ceiling, causing sheetrock to break off the ceiling throughout the house. Additionally, at least one wall of her home has fallen down.
93. Ms. Iglesias cannot afford to fix her home and does not have any insurance to cover the necessary repairs.
94. Ms. Iglesias and her five children have no other home to live in, nor any friends or relatives with whom they can stay, and are forced to remain in their damaged house. One of Ms. Iglesias's daughters suffers from severe allergies, which have been aggravated because of the condition of the home. Her eyes are constantly watery and she is frequently sent home from school because of the severity of her reactions.
95. Ms. Iglesias applied for FEMA home repair assistance under 42 U.S.C. § 5174(c)(2).
96. On August 19, 2008, FEMA sent Ms. Iglesias an award letter that did not address her request for home repair assistance and awarded her only \$406.63 for damaged personal property.
97. Subsequently, Ms. Iglesias submitted documentation to prove that she owned her home, in an effort to obtain home repair assistance.
98. On October 24, 2008, FEMA sent Ms. Iglesias a letter requesting additional documentation to support her request for home repair assistance. FEMA's request for documentation was incomplete and confusing. Quoted below is the language requesting additional documentation:

This letter confirms that we have received your correspondence requesting an appeal of our decision in your application for Housing Assistance from the Federal Emergency Management Agency (FEMA). In order to evaluate your situation, we need additional documentation. ...

ONE ITEMIZED ESTIMATE from a licensed contractor for disaster related damages to the following items. (Your estimate must include a verifiable contractor name and telephone number.)

TWO ITEMIZED ESTIMATES from licensed contractors for disaster related damages to the following items. (Your estimates must include verifiable contractor names and telephone numbers.)

Heating systems
(N/A)

99. As far as Ms. Iglesias knows, her appeal remains pending at this time.

h. A tree fell on Noe and Veronica Jimenez's home, breaking three windows and causing water damage to exposed walls and ceiling, but they were denied any housing assistance benefits due to "insufficient damage."

100. Noe and Veronica Jimenez, both 68 years old, are an elderly married couple supporting their two grandchildren.

101. The Jimenezes live in extreme poverty, with an annual income of about \$11,760 to support a household of four, including themselves and their two grandchildren, ages 15 and 11. 102. The Jimenezes' only home is located in Edinburg, Hidalgo County, Texas. Mr. Jimenez inherited the home from his grandparents, and has lived there with his wife since 1977.

103. Hurricane Dolly caused damage to the Jimenezes' home. Dolly's winds caused a tree to fall on the roof, and winds damaged the siding on one side of the house and destroyed three windows. Water entered and damaged the exposed walls and ceiling.

104. A contractor estimated that it would cost \$1,980 to repair the home.

105. The Jimenezes do not have any insurance to cover the repairs, or other means to make the repairs.

106. The Jimenezes applied for FEMA home repair assistance under 42 U.S.C. § 5174(c)(2).

107. FEMA sent an inspector to the Jimenezes' home, who listened to the Jimenezes' description of the damage caused by Dolly.

108. On or about August 4, FEMA sent the Jimenezes a letter denying housing assistance, listing the reason for denial as "IID-Ineligible - Insufficient Damage" and providing nothing but the form explanation quoted in paragraph 28 above.

109. The Jimenezes appealed and provided a contractor statement. Their appeal remains pending. They seek to fairly resolve their claim for housing assistance as promptly as possible to minimize threats to their shelter, safety, and health.

i. Ernesto and Norma Lopez saw their entire house flooded, the whole roof and a bedroom destroyed, and find their home uninhabitable due to mold, but they were denied housing repair assistance because of allegedly "insufficient damage."

110. Ernesto and Norma Lopez live in poverty, with an annual income of about \$20,000 to support a household of four, including themselves and their two adult sons, Carlos and Leo. Carlos is a policeman injured in the line of duty when a teenager shot him in the head.

111. The Lopezes' only home is located in Harlingen, Cameron County, Texas.

112. Hurricane Dolly caused damage to the Lopezes' home. Hurricane Dolly caused flooding of the entire house, and destroyed the entire roof and one of the bedrooms. Sheetrock is falling from the ceiling. There is mold growing throughout the house. The house is so damaged that the family suffered with respiratory problems and cannot live there, so they have moved into Ms. Lopez's mother's home.

113. The Lopezes do not have any insurance or other means to make the repairs.
114. The Lopezes applied for FEMA home repair assistance under 42 U.S.C. B 5174(c)(2).
115. FEMA sent an inspector to the Lopezes' home, who listened to the Lopezes' description of the damage caused by Dolly. The inspector asked Mr. Lopez if he wanted to "relocate." Mr. Lopez thought he meant to move permanently. It was not clear that the inspector was offering rental assistance.
116. FEMA sent the Lopezes a letter denying repair assistance due to insufficient damage.
117. The Lopezes appealed the FEMA denial on August 20, 2008, and made clear that they needed rental assistance because they have had to move out of the home until it is repaired.
118. In response to the appeal, FEMA sent a home repair grant of \$100.59.
119. A contractor estimated it will cost \$15,620.00 to repair the home.
120. The Lopezes appealed this amount based on the damage incurred and provided a contractor statement and pictures of the damage. Their appeal remains pending.
- i. Francisca Perez's home was flooded with two inches of water and then with the contents of her septic tank for several days, but she was denied any housing assistance benefits due to "insufficient damage."
121. Plaintiff Francisca Perez is the head of a household which includes her husband Enrique Silguero and Ms. Perez's three teenage children.
122. The five people in Ms. Perez's household struggle to meet their needs with an annual food stamp allotment of about \$8300 and the approximately \$7600 in supplemental security income that Mr. Silguero receives each year as a result of his disability. He suffers from several serious ailments that cause him to be disabled including arthritis and an ulcer.
123. Ms. Perez's only home is located in Elsa, Texas. She has lived there since 1994.

124. Ms. Perez's home suffered extensive damage as a result of Hurricane Dolly. Roof shingles were loosened and otherwise damaged and as a result, the roof leaked. The home was flooded with about two inches of water for two or three days. Portions of the floor warped and tiles loosened. Mold and mildew developed on her windows and portions of the ceiling and walls. Plumbing problems rendered Ms. Perez's bathtub and toilet unusable for over two weeks.

125. Waste water would back up out of the toilet and bathtub because the septic tank was overflowing with rain water.

126. Ms. Perez and her husband do not have insurance to cover the repairs, or other means to make the repairs. She had to clean the restroom three times a day for two weeks with bleach and other cleaning agents because the smell was unbearable. There was waste everywhere.

127. Ms. Perez's daughter, who suffers from asthma, had to go to the hospital because of the foul air near her home.

128. Ms. Perez applied for FEMA home repair assistance under 42 U.S.C. § 5174(c)(2). FEMA sent an inspector to inspect her home. The inspector ignored Ms. Perez's attempts to point out the disaster-related damages, walking away from her as she was speaking. He altogether neglected to inspect the bathroom with the non-functioning toilet and bathtub.

129. On August 12, FEMA sent Ms. Perez a letter denying housing assistance, listing the reason for denial as "IID-Ineligible - Insufficient Damage" and providing nothing but the form explanation quoted in paragraph 28 above.

130. Ms. Perez appealed on August 22, 2008, and provided a contractor statement, which was costly for her to obtain. Most contractors were too expensive and were charging between \$200 and \$250 to provide an estimate. Finally she found someone who said he would do it for a more

reasonable price. A licensed contractor estimated that \$6,650.00 would be needed for the disaster-related home repairs. He charged her about \$50.00 for his estimate.

131. Mrs. Perez took it upon herself to purchase a water pump and empty some of the septic tank water into her own backyard. It took two days to pump the waste out of the septic tank and into the yard. She expects rain to cause the problem to return.

132. FEMA denied her appeal on November 1, 2008. Quoted below is the complete explanation that FEMA provided for its second denial of home repair assistance:

You recently appealed one of FEMA's decisions regarding your application for disaster assistance. We have thoroughly reviewed your case including all of the new information and documents you provided. Our decision(s) about your appeal is listed below:

<u>CATEGORIES</u>	<u>DETERMINATION</u>
Home Repair	INO-Ineligible- Other
Total Grant Amount:	\$0.00

Ineligible- Additional Repair Assistance

We have reviewed your appeal for additional Home Repair any documents you may have provided, along with the FEMA inspection(s) of your home. We have determined that the previous amount of assistance we provided was correct. As a result, your appeal is not approved and you are not eligible for additional FEMA assistance of this type.

This decision only applies to your appeal for FEMA assistance of this type. Your request for any other form of assistance is considered separately.

133. Since Ms. Perez received her denial letter, her husband has been diagnosed with bronchitis. Other members of her family are also suffering with respiratory problems, and some are using nebulizers up to four times a day to alleviate their symptoms.

k. Rosa Elia Villarreal's roof blew off her home and landed in her yard, and her grandchildren have required emergency medical treatment for mold-related illness because of the mildew in their home, but she was denied housing repair assistance.

134. Plaintiff Rosa Elia Villarreal is the head of a household which includes her two daughters and three grandchildren, ages 5, 4, and 1.

135. Ms. Villarreal and her family live in extreme poverty. Ms. Villarreal works and earns an annual income of about \$4,800 and her daughter works and earns an annual income of \$10,400. Both incomes support a household of three adults and three children.

136. Ms. Villarreal's only home is located in Edinburg, Hidalgo County, Texas.

137. Hurricane Dolly caused extensive structural and roofing damage to the Villarreal's home. Dolly's winds damaged the laminate roof, blowing it off and into the yard. Her house has no laminate roof at this time.

138. Because there is no roof, rainwater is leaking into the home and has caused damage to the walls and the ceiling. Mold is spreading throughout the house. Dolly also shook the house so that cracks appeared in the walls and ceiling.

139. Ms. Villarreal and her family lost personal property such as mattresses, furniture, and clothing in the home during the disaster.

140. Ms. Villarreal's grandchildren have had to be taken to Edinburg Children's Hospital emergency room several times for treatment for allergies due to the mold.

141. A contractor estimated that the repairs to the home will cost \$5300.00 for labor and \$4701.98 for materials.

142. Ms. Villarreal does not have insurance or other means to make the repairs.

143. Ms. Villarreal applied for FEMA home repair assistance under 42 U.S.C. § 5174(c)(2).

144. FEMA sent an inspector to Ms. Villarreal's home. The inspector did not inspect all of the damage. The inspector did not climb up to see the roof damage and did not enter the damaged parts of the home. The inspector did not speak Spanish.

145. FEMA sent Ms. Villarreal a letter denying home repair assistance on August 18, 2008.

146. Quoted below is the complete and only explanation that FEMA provided for its denial of home repair assistance:

We recognize how difficult a time this is for you and your family and we understand that many people need help following a disaster. We are committed to providing you any help we can, including important information to begin your recovery.

The Federal Emergency Management Agency (FEMA) and State of Texas have carefully considered all available information regarding your request for assistance. Our decision(s) about your request is listed below:

<u>CATEGORIES</u>	<u>DETERMINATION</u>
Housing Assistance	INR- Ineligible - No Relocation
Medical	IID - Ineligible - Insufficient Damage
Personal Property	IID - Ineligible - Insufficient Damage
Total Grant Amount:	\$0.00

INR - Ineligible - Will Not Relocate

Based on our records, you told the FEMA inspector that you were not going to move from your damaged home while repairs are being made. Since you do not plan to move, you are not eligible for FEMA rental assistance at this time.

If you do need to move while repairs are being made, please contact the FEMA helpline.

147. Ms. Villarreal appealed and provided a contractor statement.

148. FEMA sent Ms. Villarreal another letter on November 11, 2008, but it awarded her only rental assistance and did not mention decisions on any other form of FEMA assistance. She is not certain whether FEMA is still considering her application for housing repair assistance.

1. Cruz Alejandro "Alex" Zamora's house moved on its foundation and was rendered structurally unstable, forcing his family to move into a credit-card financed travel trailer for safety, but he was denied any housing assistance benefits due to "insufficient damage."

149. Cruz Alejandro "Alex" Zamora is a disabled U.S. Army veteran whose only home is located in Harlingen, Cameron County, Texas. He has lived there since October 2001.

150. Mr. Zamora is the head of a household of five, which includes his wife, Leticia Zamora, and their three children, ages 14, 12, and 9.

151. Mr. Zamora and his family live close to the poverty line. As a partially disabled U.S. Army veteran, Mr. Zamora receives \$471 a month in U.S. Veterans Administration benefits. He also works as a computer information-technology consultant for a company called "Small Business Computer Services," although work there is only available to him sporadically. He has earned approximately \$20,000 from this work in 2008 to date.

152. Hurricane Dolly caused extensive structural damage to the Zamoras' home. The family took shelter in their house during the storm. The winds shook the house so hard that the family heard a cracking, popping noise, and felt the house move on its foundation.

153. Afterward, the house was so unstable that an adult stepping on the floor would cause the walls to tremble.

154. The house was structurally stable until it moved on its foundation during the hurricane.

155. Due to the damage from the hurricane, one wall of the house has bent inward, and there are cracks in the sheetrock of the house.

156. Dolly's winds also damaged the roof of the house, blowing off shingles and boards so that water entered the house and caused damage.
157. The Zamoras do not have any insurance to cover the repairs, or other means to make the repairs that are needed.
158. On or about August 5, 2008, the Zamoras applied for FEMA home repair assistance under 42 U.S.C. § 5174(c)(2).
159. FEMA sent an inspector to the Zamoras' home. Mr. Zamora explained what happened, and tried to show the inspector the damage. The inspector was rude to the Zamoras and did not allow them to say anything or point out any of the damages.
160. On August 12, FEMA sent Mr. Zamora a letter denying housing assistance, listing the reason for denial as "IID-Ineligible - Insufficient Damage" and providing nothing but the form explanation quoted in paragraph 28 above.
161. Mr. Zamora and his family did not feel safe living in a house that was no longer structurally sound because the hurricane had damaged it so much that the walls trembled when a person walked on the floor.
162. Since FEMA had denied them aid to repair the house, on or about August 22, 2008, Mr. Zamora and his wife bought a used, 1987 Skylark travel trailer, advertised by the seller as "Sleeps 4," in order to have a safe place to live.
163. The Zamoras moved into the trailer, and are living there now because it is not safe for them to live in their house, due to the damage caused by the hurricane.

164. Because the Zamoras did not have the money to pay upfront for the \$3,000 cost of the travel trailer, they had to use a credit card to finance the purchase. The Zamoras would not have spent \$3,000 to buy this trailer if their house was safe to live in.

165. The trailer that the Zamoras bought, which is designed as a travel trailer big enough to sleep up to 4 people, is not really large enough for a 5-member family to live in, but the Zamoras did not have money to buy a bigger trailer.

166. The five-member Zamora family, including the three school-age children, is now living in overcrowded conditions in this trailer, because without FEMA assistance they cannot restore their house to a condition that would be safe to live in.

167. On top of the other expenses that the Zamoras have incurred because FEMA has not provided aid to repair their house, they also now have to pay \$110 a month to rent a space for the travel trailer in a mobile home park.

168. Mr. Zamora appealed from FEMA's denial, submitting his appeal by facsimile to FEMA on September 25, 2008.

169. Since September 25, 2008, FEMA has neither granted nor denied the appeal, or even acknowledged receiving it.

CAUSES OF ACTION

170. FEMA violates 42 U.S.C. §§ 5151(a) and 5174(j) by failing to adopt and implement ascertainable standards necessary to insure that housing repair assistance under 42 U.S.C. § 5174(c)(2) is made available to victims of Hurricane Dolly in an equitable and impartial manner.

171. FEMA violates 42 U.S.C. § 5151(a) by implementing an unpublished and unascertainable “deferred maintenance” policy that effectively disqualifies low-income families from housing repair assistance, promoting rather than preventing economic discrimination.

172. Each FEMA decision to provide, limit, or deny housing repair assistance under 42 U.S.C. § 5174(c)(2) is a final agency action that is reviewable under 5 U.S.C. § 704.

173. FEMA’s failure to publish and apply ascertainable standards for its housing repair assistance decisions proximately causes ongoing irreparable injury to the individual Plaintiffs and their families, the organizational Plaintiff’s members, and the organizational Plaintiff itself in the form of danger to health, displacement, and unrecoverable costs.

174. The judicial review provisions of the Administrative Procedure Act, 5 U.S.C. § 701, *et seq.*, empower this Court to issue all injunctive relief necessary to secure FEMA’s compliance with 42 U.S.C. §§ 5151(a) and 5174(j).

PRAYER

175. WHEREFORE, Plaintiffs pray that the Court grant them all equitable relief necessary to ensure that FEMA housing repair assistance determinations in Disaster No. 1780 are made in compliance with 42 U.S.C. §§ 5151(a) and 5174(j), including:

- a. enjoin FEMA to publish and apply ascertainable standards to make its housing repair assistance decisions;
- b. enjoin FEMA to reconsider all denials of housing repair assistance for Disaster No. 1780 using the standards stated in paragraph a above;
- c. enjoin FEMA to provide timely and adequate notice of its actions to applicants for home repair assistance;
- d. award Plaintiffs their costs and litigation expenses; and
- e. award all other relief that the Court deems just and proper.

Respectfully submitted,

/s/

November 20, 2008

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CERTIFICATE OF SERVICE

I hereby certify that on November 20, 2008, I caused a true and complete copy of the foregoing document with any referenced exhibits and attachments to be served upon the following counsel for Defendant FEMA by overnight mail:

Donald J. DeGabrielle Jr.
U.S. Attorney's Office
Southern District of Texas
919 Milam Street, Suite 1500
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Mary Ellen Martinet, Senior Counsel
Office of the Chief Counsel
Federal Emergency Management Agency
500 C Street, SW
Washington, DC 20472

/s/

Jerome W. Wesevich

February 27, 2009

The Honorable Shaun Donovan
 Secretary
 United States Department of Housing and Urban Development
 451 Seventh Street, S.W.
 Washington, D.C. 20410

Administrative Complaint
Re: State of Texas Plan for Disaster Recovery after Hurricanes Ike and Dolly

Dear Secretary Donovan:

The signatories listed below are housing advocates for families with low and moderate incomes. Months after Hurricanes Ike and Dolly, tens of thousands of Texas families remain displaced or otherwise lack adequate housing. Texas officials are well aware of our work on their behalf, including the matter that we present to you below.

At issue is how Texas will administer \$1.3 billion in CDBG funds that HUD has currently allocated to Texas for disaster recovery. The statute appropriating this money provides:

[t]hat prior to the obligation of funds each State shall submit a plan to the Secretary detailing the proposed use of all funds, including criteria for eligibility and how the use of these funds will address long term recovery and restoration of infrastructure[.]

H.R. 2638, Pub. L. 110-329 (2008). On February 20, 2009, Texas attempted to comply with this statute by submitting a document to you entitled “Plan for Disaster Recovery” (Plan). See http://www.orca.state.tx.us/pdfs/Action_Plan_for_HUD_Approval_2_20_09.pdf. We raised several objections in our comments to prior drafts of the Plan. Having studied the final Plan that Texas has submitted to you for approval, we believe that only one of our objections is necessary at this time: **The Plan does not “detail the proposed use of all funds, including criteria for eligibility,” so HUD should not allow Texas to obligate any of the \$1.3 billion until Texas revises its Plan to do so.** Of course, in accord with HUD regulations, we seek an opportunity to comment on any revised plan that Texas proposes to comply with the statute. See 74 Fed. Reg. at 7250-51 (Feb. 13, 2009).

As now submitted, Texas’s Plan explicitly and repeatedly *defers* decision on how the disaster recovery money will be used. *E.g.* Plan at 5 (The Plan “will allow local officials and experts to

determine those priorities that most need to be addressed in their community.”). The Plan simply sub-allocates the \$1.3 billion among eleven regional Councils of Government (COGs), and leaves to the COGs all decisions as to what actions will be undertaken with the money, who will benefit, and what eligibility criteria will be applied. The Plan does not include those decisions. This cannot comply with the text, structure, history, or purpose of the statute.

The statutory text requires the Plan to state a proposed “use” for “all” allocated funds including “eligibility criteria.” Sub-allocation to units of local government cannot itself be a “use” of funds because sub-allocation alone provides no basis for determining “how the use of [the] funds will address long term recovery and restoration of infrastructure.” Sub-allocation only renders this determination more difficult by multiplying levels of authority and decision making. Moreover, if sub-allocation alone were a “use,” states could render the statute meaningless at will. Accordingly, HUD regulations indicate that a Plan is only sufficient if it identifies which *activities* and which *beneficiaries* will receive funding. *See* 74 Fed. Reg. at 7250, ¶ 5.b. Texas’s Plan decides neither activities nor beneficiaries, so it fails to state proposed “uses” for the money as required by the statutory text.

Texas may argue that by requiring COGs to follow federal statutes and regulations in deciding how to use each sub-allocation, its Plan does identify activities and beneficiaries. But of course all state agencies are bound by CDBG statutes and regulations regardless of whether any plan says so. Congress plainly required plans to do more than restate the obvious.

Texas’s sub-allocation proposal is also inconsistent with the structure of the appropriations statute and regulations. These laws require non-duplication of other benefits, a 50% floor for low and moderate income families, a 10% rental housing floor, affirmative efforts to promote non-discrimination, adherence to the three CDBG statutory objectives, and citizen participation in deciding how the funds will be spent. Every one of these requirements would be jeopardized or eviscerated if Texas were allowed to begin obligating funds based only on a commitment to sub-allocate, without any indication of how the state or the disparate end-users can practically achieve compliance with these critical requirements. Failure to comply with these requirements is not merely procedural; it has substantive consequences, particularly for low income households and populations protected under the Fair Housing Act.

As for legislative history, we emphasize that HUD’s decision as to the sufficiency of Texas’s Plan may influence the legislative history of the statute at issue. *See NLRB v. United Food & Commercial Workers Union*, 484 U.S. 112, 125 (1987) (agency interpretation of a statute near the time of enactment is evidence of congressional intent). The broad future implications of the decision before you, therefore, should not be discounted.

Finally, as a matter of policy all stakeholders want the money to be made available as quickly as possible. But the speed with which HUD releases money to the states is not the critical issue, what is important is how fast funds reach the families and communities that they are intended to benefit. Three years after Louisiana, Mississippi, Alabama, and Texas first received CDBG Disaster Recovery funds for Hurricanes Katrina and Rita, millions of dollars remain unspent,

funds have been diverted to projects unrelated to the storm, and the desperate need for affordable housing in devastated areas of the Gulf Coast remains unmet. Congress established specific criteria for these funds, and Congress's policy choices merit respect, for without safeguards, taxpayer funds could be wasted, and public support for disaster recovery efforts would be undermined.

For all of these reasons, we urge you to deem Texas's Plan insufficient to support obligation of CDBG funds at this time, and require revision and resubmission of the Plan after the abbreviated public comment provided in HUD's current regulations. We believe that if Texas were to work with us, an effective and efficient plan could be developed within a three or four weeks.

We would welcome an opportunity to discuss any of these matters further with you. Our contact information is listed below.

Sincerely,

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john@texashousing.org

Texas Appleseed
Madison Sloan, Staff Attorney
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Texas RioGrande Legal Aid

CC: Fred Tombar, Special Assistant
Jessie Handforth Kome, HUD Disaster Recovery and Special Issues Division

Testimony of Krystal Williams, Executive Director, Louisiana Housing Alliance,
presented to the Ad Hoc Subcommittee on Disaster Recovery
Of the
Committee on Homeland Security and Government Affairs
United States Senate

March 18, 2009

Madame Chairwoman and Committee Members, thank you for the opportunity to testify today on behalf of housing advocates in Louisiana about the deficiencies in Federal disaster housing assistance after Hurricanes Katrina and Rita

My name is Krystal Williams, Executive Director of the Louisiana Housing Alliance (LHA). Formed in 2006, we are a non-profit statewide coalition that works to ensure the preservation and production of quality affordable housing for low to moderate income Louisianans and those with special needs. Specifically this involves advocating for a greater coordination in public policy that supports quality affordable housing for low-income citizens, conducting research and policy analysis as to the housing needs in Louisiana, and educating as to best practices for providing affordable housing. This coalition consists of housing advocates, social service providers, Community Development Corporations, and Community Based Housing Organizations who realized the need for such an alliance after the devastation caused by Hurricanes Katrina and Rita. We are the only non-profit statewide housing policy advocacy organization in Louisiana.

Since these catastrophic disasters, the LHA has worked closely with a number of state and local government agencies, and national partner organizations such as the National Low Income Housing Coalition (NLIHC), Policy Link, Oxfam, and the Equity and Inclusion Campaign to assist our elected officials and government agencies in identifying the actual deficiencies in federal disaster housing assistance after Hurricanes Katrina and Rita and work with them to develop real solutions and recommendations for improvement. Overall, the findings of this report can be undoubtedly supported by many state and local agencies, and non-profit organizations that work without ceasing to ensure that the populations that they serve are assisted timely and fairly allowing them to return home. However, due to the fact that FEMA had no operational catastrophic housing plan when Hurricanes Katrina and Rita struck, housing recovery has been stalled, and thousands of people face the possibilities of homelessness while others remain in exile

Two critical issues that continue to slow recovery and the return Louisianans to their homes include: first, the effectiveness of Federal public assistance funds should not depend on which particular state they were allocated to due to the dependency of Federal agencies upon state and local governments. Second, FEMA's post-disaster housing assistance programs were not designed to address the needs of severely low income. According to the Stafford Act, major disaster must be based on the finding that "the disaster is of such severity and magnitude that effective response is beyond the capabilities of the State and the affected local governments and that Federal assistance is necessary." The responsibility of program implementation of Federal funds fell heavily

upon State and local government agencies that were beyond the capability to respond effectively. They lacked the capacity for case management to implement programs and administer assistance. This subcommittee report states that flawed FEMA public assistance programs blocked State and local governments from restoring public services needed for housing recovery.

The disbursement of the FEMA disaster vouchers has not led to the timely transition of families and individuals from temporary housing to affordable homes. Although these vouchers were needed and critical to recovery efforts, transition has been delayed because of the absence of available rental units. Many private developers participating in the Small Rental Program under the Louisiana Recovery Authority (LRA) built affordable rental units after Katrina but are still waiting on reimbursements from the State while families and individuals receiving assistance are still waiting to transition into homes. "Deadlines and numerous expirations on Disaster Vouchers and Temporary Housing Assistance continue to threaten families served by FEMA and DHAP assistance programs with eviction and homelessness, averted by last minute decisions that promise short extensions, yet program end dates are not tied to timing of permanent housing coming back on line. The lack of systematic case management systems hinders the movement of people from temporary housing programs to affordable homes coming on line."

In February of 2009, Secretary Donovan extended the Disaster Housing Assistance Program (DHAP) to August 31, 2009 allowing a six month extension. Those who are not eligible for vouchers are based on income (they make more than 50% AMI), are convicted felons, or sex offenders. The constant threat of DHAP expirations leaves many worried and stressed about where they will live; and this also raises concerns about rising levels of mental health problems in our communities.

The early refusal of FEMA to fund a rental repair program left many individuals and families with no other choice but to reside in trailers and hotels. While the State works to increase the stock of affordable housing, the deadline for the removal of FEMA trailers is constantly being extended. Just recently the deadline for removal of trailers was extended to May 1, 2009 by the Department of Homeland Security Secretary. It has been reported that of the 1,271 FEMA trailer sites that exist in Orleans Parish half of the homeowners living there have just begun to fix their homes and the other half have not even started. Leadership from FEMA and HUD should have administered funding and programs in such a way that resources were put into restoring communities through providing long-term solutions to maintain healthy communities rather than wasting resources with short-term fixes.

The lack of funding for case management is a critical issue in Louisiana. According to the Long Term Recovery Initiative Program (LTRO) of the United Way for the Greater New Orleans Area, servicing Orleans Parish and Jefferson Parish, there is a great need for federal case management funding for the non-profit sector to continue to assist Katrina and Rita clients. In Jefferson Parish alone, there are at least 22 clients of this organization who need continued assistance to rebuild. Most non profit organizations in this area have

hundreds, if not thousands of clients that may not have yet been assisted. Their greatest fear is that these clients will be left with no one to help navigate them through the process once agencies no longer have Long Term Recovery Case Management Programs due to lack of funding. These twenty-two cases have gone through extensive screenings to determine eligibility. This number may seem small but most of these cases need extensive rebuilding work done to their homes which can total over \$450,000.

All of the money the LTRO's have received for administrative costs and on behalf of clients is from other non profits or faith based organizations. None have come from government or the state. Most Katrina survivors go to non profits, such as United Way, for assistance. Once the case management programs are gone, there will be little assistance available for clients to be referred to. These clients, especially those in FEMA housing will ultimately end up homeless or in uncomfortable living arrangements.

Leadership and accountability from the Federal government must be provided for long-term disaster recovery of future catastrophic events to ensure an equitable recovery. Federal public assistance must be uniform across the Gulf Coast, not heavily reliant upon state and local government agencies to direct recovery in their time of suffering. Each state is under different leadership with different policies, therefore, it is no guarantee that the missions of FEMA and HUD will be successfully accomplished without providing stronger oversight and public assistance to states and local government agencies.

These problems will not end with Katrina and Rita; more storms will come; more storms have come; so FEMA must have an operational catastrophic disaster plan. Similar information regarding FEMA's response following Hurricanes Gustav and Ike has been reported. Bayou Interfaith Shared Community Organizing (BISCO) stated that Terrebonne Parish is experiencing "forced migration by federal policies." Following Hurricane Gustav, there is an increased need for extended mandatory evacuations, besides the inherent financial stressors, causes an increased need for sheltering and emergency housing, as well as short-term housing. Flood Zone Regulations that prohibit the use of federal emergency housing for entire parishes/regions of the state create the effect of delaying, deterring and preventing housing recovery for large numbers of people causing forced migration on populations that have lived in these communities for hundreds of years.

In February of 2009, housing advocates from across the Gulf Coast Region convened with our national partner organization organizations to discuss disaster recovery. We met with HUD, FEMA, the Office of Management and Budget, and elected officials from Alabama, Louisiana, Mississippi, and Texas. From that meeting, disaster recovery assistance problems were identified and recommendations for improvement were made to FEMA and HUD as follows:

Move FEMA outside of the jurisdiction of the Department of Homeland Security to again become an independent, cabinet-level agency. There is a need for more accountability

and less bureaucratic red tape that has been indicative of FEMA within the Department of Homeland Security structure.

Devise an effective National Disaster Housing Strategy. FEMA failed to submit this comprehensive disaster housing plan on time as required by law. The plan that was finally submitted fell far short of providing clear path forward for reforming how temporary and permanent housing recovery is conducted in an effective and equitable manner after a disaster. The Senate Disaster Subcommittee and Secretary Napolitano should review the strategy submitted by FEMA in January 2009 to ensure that both long term and short term disaster housing strategies are in place. Any new plan must address the fundamental flaws in procedure and recovery approach that were revealed over the last three years. The plan must set out agency roles to lead disaster housing efforts, particularly in the areas of interim housing, disaster preparedness and sheltering, as well as setting out responsibilities for individuals, local governments and nonprofit organizations, so that lessons from recent disasters benefit future victims in more effective response.

Articulate Clear Structure for Implementation. Devolution of disaster recovery resources to states and localities without sufficient guidance and technical support have meant inequitable treatment for victims of the same disaster, depending on their location and stance of inclusion or exclusion by their local and state governments. This has resulted in uneven recovery of individuals, neighborhoods and parishes.

Ensure that the 60-day extension of direct housing does not expire without a concrete plan to transition current residents into permanent homes. Families these programs assist have faced numerous expirations that threaten eviction and homelessness, averted by last minute decisions that promise short extensions. Concluding the temporary direct housing assistance program successfully will depend upon adequate case management funds to help survivors navigate resettlement and housing subsidy programs to make existing units affordable to temporary housing residents.

Revise the Robert T. Stafford Disaster Relief Act to Protect Against Future Disasters. The response to Hurricanes Katrina, Rita, Gustav, Ike and Dolly demonstrated that the need for a plan to address initial disaster response and long term disaster recovery is a matter of national security. State authorities are simply ill-equipped and unable to cope with recovery on a catastrophic scale. Federal government has the primary duty and responsibility to provide protection and humanitarian assistance for those displaced during catastrophic disaster, as well as lead long-term disaster recovery in such a way as to meet the needs of all displaced persons, with special attention to vulnerable populations, until conditions associated with displacement

Structure funding sources to address most vulnerable needs quickly. While CDBG funds were allocated as a 'flexible' source of federal funds to serve recovery needs of

individual households and community infrastructure—these funds are intended to serve low and moderate income households. Yet bureaucratic rules hampered this purpose, hampering programs and making the most vulnerable households the slowest to be served. More affluent neighborhoods in Louisiana, Mississippi, Alabama and Texas have returned to a spectrum of services and occupancy, while lower and moderate income neighborhoods in those states are still hobbled by the pace of recovery funding.

These recommendations support and add to the recommendations made by the Ad Hoc Subcommittee on Disaster Recovery. My testimony only highlights a few examples of the experiences of housing advocates on the ground in Louisiana resulting from the deficiencies in federal disaster housing assistance after Hurricanes Katrina and Rita. These flaws have caused increased stress on individuals and families needing assistance and state and local government agencies and nonprofit organizations that work to assist them. Those that work to assist recovery are victims themselves of Katrina and Rita. Yet we are overcoming and have not remained victims. Non-profit agencies across the state continue to analyze policies to make better recommendations for improvement, provide case management, build affordable housing while remaining flexible to fulfill any other need of the community that should arise.

The housing community in Louisiana has strengthened and will continue to support the work of this Subcommittee to improve the housing conditions of the people we serve. With a new administration in place it is our hope that a more integrative strategy will ensure that disaster assistance correlates with overall long-term recovery goals set by FEMA and HUD.

Thank you for inviting me and considering these recommendations supported by the Louisiana Housing Alliance which came from the work of so many housing advocates working across the Gulf Coast Region.

**Testimony of Sheila Crowley, MSW, Ph.D.
President of the National Low Income Housing Coalition
presented to the
Ad Hoc Subcommittee on Disaster Recovery of
The Committee on Homeland Security and Government Affairs
United States Senate
March 18, 2009**

Senator Landrieu and Members of the Subcommittee, thank you for the opportunity to testify today on the special report of the Subcommittee titled "Far From Home: Deficiencies in Federal Disaster Housing Assistance After Hurricanes Katrina and Rita and Recommendations for Improvement."

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. Since September 2005, NLIHC has advocated for a just and comprehensive federal response to the acute housing crisis of the low income people of the Gulf Coast in the aftermath of Hurricanes Katrina and Rita.

Let me begin by thanking you, Senator Landrieu, for undertaking this investigation and for producing a report of this caliber. Among its many attributes is that it affirms for the hundreds of thousands of people who have lived day in and day out with an incoherent housing response to the hurricanes that what they went through was indeed a failure of their government and not a problem of their own making. This report chronicles the incompetence, and too often indifference, with which federal employees failed to carry out their duty to assure that people in our country displaced by a disaster are afforded the decent housing to which they are entitled to under law. The flawed post-disaster housing response further traumatized people who had already lost their homes to the storms and floods.

What the report does not say explicitly, but what is clear to anyone who will choose to see, is that the people who received the shoddiest treatment from their government were by-and-large poor, aged, disabled, and/or Black. The narrative of the destruction of their homes and their neighborhoods and the disruption of family and community life will be repeated by the families of those who were displaced and disadvantaged for generations to come. Although

the storms may not have discriminated in who was attacked, the government response certainly has.

My testimony includes comments on some of the recommendations in the report as well as specific recommendations on what steps the federal government should take going forward to complete the housing recovery in the Gulf Coast. My comments are of a general nature; my colleagues and fellow panelists from the affected states have much richer detail to offer the subcommittee than I do.

Report Recommendation 1: Establish a Standing Rental Repair Program and Corresponding Stafford Act Authority.

The decision by FEMA to allow damaged rental homes to go unrepaired and instead spend billions of dollars on trailers and mobile homes will go down in the annals of “worst decisions” ever made. Everyone knew that the lack of rental housing stock was a serious problem in the hardest hit areas, but no one in a position of authority could see their way to the most obvious solution. Imagine how much more quickly neighborhoods could have rebounded if rental properties had been rapidly repaired and occupied. Even if FEMA officials truly believed they did not have the authority to expend funds to repair private property, common sense should have led them to seek such authority from Congress, which surely would have been granted. It was a stunning lack of imagination and initiative that comes with a failure of leadership. Obviously housing quality and reasonable cost standards must be observed, but those are the kind of details that a creative administrator would see as problems to be solved, not barriers to action.

Repair of public and assisted rental housing stock. The report references the numerous problems with repairing and reopening the public and other HUD-assisted rental housing stock after Katrina. Indeed, HUD has not yet done a full accounting of the HUD-assisted units that were damaged or destroyed and certainly has no idea what happened to many of the tenants. Just as the private rental housing stock needs to be repaired quickly so does the HUD-assisted stock. HUD must assure that all HUD-assisted properties are properly insured and that HUD has sufficient resources to repair and reoccupy these properties after a disaster. It was absurd that public housing agencies and private owners of HUD-assisted properties were left to compete with other developers for the GOZONE Low Income Housing Tax Credits and the CDBG dollars allocated to the states. Moreover, a disaster should not be used as an excuse to demolish and not replace public and assisted housing.

Report Recommendation 2: HUD Must Prepare a National Post-Disaster Housing Stock Plan.

Just as Katrina exposed the extreme poverty of U.S. citizens living in the Gulf Coast states, the housing response exposed the acute shortage of rental homes for the lowest income

people in our country. Today, there are 9 million extremely low income (incomes at 30% of area median or less) renter households nationwide and only 6.2 million homes that rent at prices they can afford. Using 2007 American Community Survey data, we know that for every 100 extremely low income renter households, there are only 38 rental homes that are both affordable and available to them nationwide. In Louisiana, there are 46 homes for every 100 such households. In Mississippi, the number is 55, and in Texas, it is just 34. (Attached are tables from a forthcoming National Low Income Housing Coalition report that detail the depth of the affordable rental housing shortage.) Prior to the Katrina and Rita, no place in the country had a sufficient supply of rental housing stock affordable to the lowest income people. The hurricanes only exacerbated that shortage.

I was struck by the references in the report to the lack of housing stock available to federal agencies to utilize for temporary housing. To my knowledge, with the exception of the Department of Defense, federal agencies do not directly own or operate residential properties. They take possession of federally insured properties in foreclosure from time to time (present day being a notable example), but in general, attempt to dispose of these properties as soon as possible. HUD officials were correct in reporting that HUD does not control a supply of housing itself.

HUD does provide funding to subsidize approximately 3 million rental units that make them affordable to the lowest income households. There are another approximately 1.4 million rental units that have been produced using the Low Income Housing Tax Credit program. This represents about 3% of all units of housing in the United States. I say approximately because much to the dismay of low income housing advocates, there is no central database that accounts for all federally subsidized rental housing units. (Advocates are seeking legislation that will require that each rental housing project that receives any federal subsidy be assigned a unique identifying number so that the status of each of these projects can be monitored.)

Thus, when HUD develops the National Housing Stock Plan called for in the report, it will become clear that there are serious housing stock deficiencies and shortfalls for affordable rental homes, the very sort of housing that disaster victims will need. The affordable rental housing shortage is a long standing structural problem that affects millions of the lowest income people in the U.S. everyday. It is also a structural impediment to a viable National Disaster Housing Strategy, especially in those disasters that result in the displacement of large numbers of low income people.

The rationale for the National Housing Trust Fund that was established last year is to correct this structural defect in the U.S. housing supply. We are seeking sufficient funding to support the production and preservation of 1.5 million rental homes affordable to the lowest income people over ten years.

Recommendation 3: The Feasibility of Expedited Repair Sweep Teams and an Expanded Role for the Department of Defense Must Finally Be Determined

We support the deployment of troops and the extensive resources of the Department of Defense to areas hit by natural disasters for the purpose of quickly repairing housing so that it is able to be occupied. People recover physically, emotionally, and financially sooner from disasters the closer they are to home and the more they are able to take part in the recovery. Rapid repair and reoccupancy of damaged housing should be the primary objective of a National Disaster Housing Strategy. The federal government should utilize the best possible person power it has at its disposal to do so. In most cases, that will be members of the U.S. military.

Recommendation 4: The Stafford Act Must Be Amended to Provide Enhanced Assistance for Catastrophic Disaster.

Katrina was a multistate disaster of such magnitude that the capacity of state governments to respond effectively was limited. Indeed, the devastation caused by Katrina was so extreme that it begged for a federal authority to oversee the response and recovery. In order to protect all citizens regardless of what state they happen to reside in, the President of the United States must have the authority to step in and take control. I also would submit that states vary considerably in their capacity and willingness to respond to emergencies in a manner that is in the best interest of all their residents. Just as someone who has been laid off from his or her job should be guaranteed the same unemployment benefits as any other U.S. citizen, no matter who their governor happens to be, so should citizens be guaranteed equal treatment in a disaster without regard to the state in which they reside.

Recommendation 5: FEMA Must Expedite and Complete Needed Administrative and Institutional Reform to Correct Deficiencies in its Post-Katrina Disaster Housing Response and Recommendation 6: The Policy and Planning Proposals FEMA Began Must Be Completed and Implemented.

One of the most serious flaws of the Katrina housing response was the disjointed and chaotic manner by which disaster victims received information (or misinformation) about services and programs to which they were entitled. Part of the blame lays in how federal disaster relief is structured, requiring people in crisis to interact with multiple agencies, and with the highly specified nature of how much money a given household can receive for what needs. That requires reform. Part of the blame also lays with the ad hoc nature of much of the post Katrina housing program design, the rental assistance program as a particularly egregious example. Yet another part of the blame must be attributed to the unskilled and untrained work

force that FEMA deployed to deliver services. Even the most assertive and articulate clients had difficulty understanding and navigating the FEMA labyrinth of rules and quirks.

Many, perhaps tens of thousands, of Katrina and Rita evacuees were erroneously or wrongfully denied or terminated from FEMA housing assistance. We recommend that the DHS Inspector General or other appropriate federal official undertake a case-by-case analysis of what happened to each person who applied for and/or received post Katrina/Rita housing assistance and determine who was not afforded the assistance to which they were entitled. These people should and must be made whole both for their own sake and for the sake of restoring public confidence in the ability and commitment of the federal government to meet its obligations.

This will not be an easy task. NLIHC filed a Freedom of Information Act request to FEMA in 2006 for data on range of questions concerning what happened to people who received housing assistance. We sued FEMA in 2007 in order to get a response. After much legal to-ing and fro-ing, we are in receipt of a database from FEMA. But the data are virtually useless because FEMA so far has been unable or unwilling to provide complete descriptions of several variables.

Case management. Much has been made of the need for case managers in the aftermath of disasters, especially for vulnerable people. Case management is a relatively recent invention in human services that was necessitated by increasingly complex and multilayered service systems that ordinary human beings, let alone people in crisis, could not be expected to navigate. By definition, no one should have more than one case manager. That case manager needs to be knowledgeable about the full range of services that are available to a given person or family and how to access them in a seamless fashion. No case manager should have more clients that can be reasonably assisted in the course of a normal day or week.

A case management system to assist people who are displaced from their homes by disaster should be community-based. People should be able to rely on a local agency that will be prepared to gear up in time of disaster to assist them. We recommend consideration of assigning that responsibility to public housing agencies. There are 3500 such agencies across the country, some big and some small. They have a direct funding and accountability relationship with HUD. They could be charged with the responsibility, along with the requisite resources, of providing case management services to all people in their jurisdiction who are displaced from their homes by a federally declared disaster. This would include finding temporary housing as well as determining what it will take to reoccupy the home that was damaged, along with all other needed services. PHAs do not employ enough people to take on this assignment, but could be charged with recruiting and training skilled caseworkers in their communities who would be "called up" in the case of disaster.

Disconnect between temporary housing and housing repair/replacement. One of the most serious flaws in the Katrina housing response has been the disconnect between the temporary housing programs and the housing recovery strategy. A renter displaced by Katrina and living in a trailer is told to come up with a permanent housing strategy. Yet the community in which the renter resides does not have a strategy for how it will replace the rental housing that was lost. A holistic approach to disaster housing assistance in which the temporary housing and permanent housing needs are addressed in a coordinated fashion, using skilled caseworkers, would be more effective, more humane, and certainly more cost effective.

Office of Gulf Coast Recovery.

Let me close by offering our recommendation for completing the recovery of the Gulf Coast, including rebuilding and expanding the housing supply so that all people who want to return home can do so. We strongly urge the President to establish an Office of Gulf Coast Recovery at the White House and appoint a Gulf Coast Recovery Advisor. While the Gulf Coast Recovery Advisor will be responsible for the full range of recovery needs and issues, the housing problems of the Gulf Coast are so severe that they will dominate the agenda. At the outset of his or her tenure, the Gulf Coast Recovery Advisor should undertake a thorough and complete assessment of the unmet housing needs and prepare a comprehensive plan to address all needs. This will necessitate a review of existing Gulf Coast housing recovery resources, an assessment of how to better deploy these resources, and recommendations for additional resources to be requested from Congress, if necessary. The housing plan should be completed within 180 days of the establishment of the Office of Gulf Coast Recovery.

A letter to the President to this effect will be circulated shortly for signatures from a wide range of Gulf Coast organizations and their national partners.

Thank you for again for the invitation to testify today.

National Low Income Housing Coalition
Research Note #08-04 (forthcoming)

Appendix: Table A1
2007 Renter Households by Income Category

	Renter Households (thousands)				
	Total	ELI	VLI	LI	Not Low Income
Alabama	530.6	146.9	102.7	101.1	179.9
Alaska	87.1	15.7	13.8	21.4	36.3
Arizona	716.6	142.0	121.3	164.4	288.9
Arkansas	356.7	89.7	69.6	73.8	123.7
California	5,120.2	1,046.7	875.7	1,016.8	2,181.1
Colorado	582.0	150.9	102.5	128.5	200.0
Connecticut	396.3	115.9	75.8	87.0	117.6
Delaware	90.3	22.3	13.8	22.9	31.3
District of Columbia	139.4	34.1	19.8	24.3	61.3
Florida	2,081.2	389.1	344.9	471.8	875.4
Georgia	1,072.6	259.5	189.0	235.6	388.4
Hawaii	178.6	30.2	25.9	44.5	78.0
Idaho	157.4	31.0	29.5	37.0	59.8
Illinois	1,422.2	400.5	258.8	293.3	469.7
Indiana	703.1	176.6	127.0	166.0	233.5
Iowa	318.8	83.8	64.9	73.4	96.7
Kansas	324.7	74.9	63.9	79.6	106.2
Kentucky	483.2	131.2	90.8	96.6	164.7
Louisiana	510.9	138.9	89.0	95.8	187.2
Maine	143.5	37.0	27.5	30.2	48.9
Maryland	627.7	155.9	109.1	145.6	217.1
Massachusetts	853.2	265.7	144.7	162.8	280.0
Michigan	965.0	293.1	186.8	187.1	298.0
Minnesota	508.8	139.1	105.9	113.4	150.4
Mississippi	311.0	78.7	55.0	61.1	116.1
Missouri	677.3	181.6	126.1	150.7	218.9
Montana	113.0	26.0	23.8	21.8	41.3
Nebraska	218.9	49.3	41.0	52.8	75.8
Nevada	378.0	58.7	57.2	83.6	178.6
New Hampshire	128.6	30.0	21.2	30.2	47.2
New Jersey	1,028.1	274.2	184.7	216.7	352.4
New Mexico	222.3	45.6	40.0	44.6	92.0
New York	3,157.1	791.4	486.4	586.8	1,292.5
North Carolina	1,121.1	268.8	208.0	242.4	401.9
North Dakota	95.7	26.1	18.7	19.9	31.1
Ohio	1,365.7	393.4	262.3	288.5	421.4
Oklahoma	448.2	110.4	79.7	102.0	156.1
Oregon	523.1	116.4	96.5	111.4	198.7
Pennsylvania	1,381.2	372.0	259.5	290.5	459.2
Rhode Island	147.1	46.2	28.1	27.9	44.8
South Carolina	509.6	123.4	91.2	102.0	193.1
South Dakota	101.4	21.9	19.4	25.6	34.5
Tennessee	727.3	183.9	125.7	151.0	266.7
Texas	2,869.3	632.7	495.2	620.4	1,121.1
Utah	235.8	45.9	45.3	56.6	87.9
Vermont	70.7	15.6	14.0	17.3	23.8
Virginia	895.1	208.8	139.9	195.6	350.8
Washington	848.4	198.7	139.6	199.1	310.9
West Virginia	186.3	53.3	36.8	35.7	60.6
Wisconsin	672.7	164.5	135.2	158.1	214.8
Wyoming	63.6	11.3	11.5	15.3	25.4
Puerto Rico	310.6	112.5	34.9	46.2	117.1
United States	37,177.0	9,011.9	6,529.5	7,826.7	13,808.9

Source: NLIHC tabulations of the 2005 and 2007 American Community Survey PUMS housing files.

National Low Income Housing Coalition
Research Note #08-04 (forthcoming)

Appendix: Table A2

2007 Gross Rent and Housing Cost-to-Income Ratio ¹

	Median Gross Rent			Median Gross Rent as a Percent of Household Income				Not Low Income
	2007	2005	% Change	Total	ELI	VLI	LI	
Alabama	\$562	\$510	10.3%	28%	71%	37%	26%	16%
Alaska	\$864	\$785	10.1%	23%	60%	37%	25%	16%
Arizona	\$813	\$703	15.6%	29%	90%	44%	31%	19%
Arkansas	\$549	\$515	6.7%	28%	71%	38%	28%	16%
California	\$1,061	\$968	9.6%	31%	89%	47%	33%	21%
Colorado	\$792	\$746	6.2%	29%	82%	40%	27%	17%
Connecticut	\$925	\$833	11.1%	29%	73%	40%	27%	17%
Delaware	\$895	\$794	12.7%	29%	90%	45%	30%	19%
District of Columbia	\$915	\$815	12.2%	29%	91%	46%	32%	20%
Florida	\$915	\$805	13.6%	32%	101%	53%	35%	21%
Georgia	\$752	\$703	6.9%	29%	86%	42%	29%	18%
Hawaii	\$1,169	\$938	24.7%	30%	88%	44%	34%	21%
Idaho	\$641	\$591	8.4%	25%	73%	36%	25%	17%
Illinois	\$783	\$724	8.2%	29%	82%	39%	27%	17%
Indiana	\$630	\$612	3.0%	26%	78%	37%	25%	16%
Iowa	\$549	\$561	-2.1%	24%	65%	34%	22%	13%
Kansas	\$610	\$573	6.5%	25%	72%	34%	24%	15%
Kentucky	\$539	\$510	5.8%	26%	67%	36%	25%	15%
Louisiana	\$615	\$550	11.7%	28%	81%	38%	28%	16%
Maine	\$651	\$591	10.1%	28%	58%	34%	28%	16%
Maryland	\$996	\$887	12.3%	29%	68%	40%	28%	18%
Massachusetts	\$935	\$897	4.2%	29%	66%	40%	28%	18%
Michigan	\$681	\$652	4.4%	30%	83%	39%	28%	16%
Minnesota	\$712	\$693	2.7%	28%	65%	36%	24%	17%
Mississippi	\$559	\$510	9.7%	28%	78%	41%	30%	16%
Missouri	\$610	\$581	5.0%	27%	71%	37%	26%	15%
Montana	\$549	\$528	4.0%	25%	68%	38%	26%	15%
Nebraska	\$605	\$540	12.0%	25%	66%	36%	24%	15%
Nevada	\$976	\$857	13.9%	29%	101%	48%	33%	21%
New Hampshire	\$905	\$869	5.2%	27%	63%	40%	28%	17%
New Jersey	\$1,017	\$938	8.5%	30%	79%	42%	29%	18%
New Mexico	\$620	\$571	8.6%	27%	76%	41%	30%	17%
New York	\$895	\$836	7.1%	29%	82%	44%	31%	18%
North Carolina	\$666	\$622	7.1%	28%	79%	40%	29%	16%
North Dakota	\$510	\$459	11.2%	24%	63%	33%	22%	12%
Ohio	\$641	\$612	4.8%	28%	76%	38%	26%	16%
Oklahoma	\$569	\$532	7.0%	26%	75%	38%	25%	14%
Oregon	\$742	\$693	7.1%	28%	84%	43%	29%	17%
Pennsylvania	\$671	\$632	6.2%	28%	70%	38%	26%	16%
Rhode Island	\$834	\$764	9.1%	30%	60%	43%	29%	17%
South Carolina	\$615	\$588	4.6%	27%	83%	39%	27%	17%
South Dakota	\$498	\$472	5.5%	23%	69%	30%	23%	14%
Tennessee	\$613	\$571	7.4%	27%	75%	39%	27%	17%
Texas	\$722	\$662	9.0%	28%	81%	41%	29%	17%
Utah	\$732	\$662	10.5%	26%	66%	39%	26%	16%
Vermont	\$752	\$676	11.3%	28%	72%	40%	28%	18%
Virginia	\$864	\$795	8.7%	27%	72%	40%	28%	18%
Washington	\$803	\$734	9.4%	28%	77%	41%	28%	18%
West Virginia	\$481	\$459	4.9%	26%	79%	34%	25%	14%
Wisconsin	\$671	\$642	4.5%	27%	69%	38%	25%	16%
Wyoming	\$600	\$520	15.4%	20%	55%	31%	22%	14%
Puerto Rico	\$256	\$264	-3.0%	32%	101%	35%	28%	17%
United States	\$773	\$713	8.3%	29%	80%	41%	29%	18%

Source: NLIHC tabulations of the 2007 American Community Survey PUMS housing file.

¹ Unlike ACS estimates produced by the Census Bureau, NLIHC includes households that pay no cash rent but that incur other housing costs (e.g., utilities) that are considered components of gross rent.

National Low Income Housing Coalition
 Research Note #08-04 (forthcoming)

Appendix: Table A3
 Percent of Renter Households in Severely Unaffordable Housing

	Proportion of Renter Households Spending More than 50% of Income on Gross Rent ¹									
	2007					2005				
	Total	ELI	VLI	LI	Not Low Income	Total	ELI	VLI	LI	Not Low Income
Alabama	25%	68%	23%	6%	---	24%	66%	25%	4%	---
Alaska	17%	67%	27%	---	---	17%	66%	22%	---	---
Arizona	24%	77%	35%	9%	---	24%	79%	38%	8%	---
Arkansas	23%	68%	27%	---	---	22%	68%	27%	6%	---
California	26%	76%	43%	14%	2%	27%	77%	43%	13%	2%
Colorado	25%	74%	26%	4%	---	24%	71%	26%	7%	---
Connecticut	26%	65%	26%	5%	---	24%	64%	22%	4%	---
Delaware	25%	73%	38%	---	---	21%	75%	19%	---	---
District of Columbia	25%	69%	34%	---	---	27%	70%	46%	18%	---
Florida	28%	78%	55%	15%	2%	27%	79%	52%	13%	2%
Georgia	25%	73%	32%	6%	---	24%	71%	31%	7%	---
Hawaii	24%	65%	44%	23%	---	22%	71%	37%	14%	---
Idaho	18%	67%	20%	---	---	20%	64%	28%	---	---
Illinois	26%	72%	24%	5%	---	27%	72%	29%	5%	---
Indiana	23%	71%	21%	3%	---	25%	72%	26%	3%	---
Iowa	20%	64%	15%	---	---	22%	71%	19%	---	---
Kansas	19%	64%	16%	---	---	21%	68%	20%	---	---
Kentucky	22%	63%	23%	---	---	23%	65%	24%	---	---
Louisiana	26%	69%	31%	8%	---	26%	69%	27%	6%	---
Maine	19%	55%	19%	---	---	20%	55%	27%	---	---
Maryland	23%	65%	27%	6%	---	22%	68%	21%	3%	---
Massachusetts	25%	59%	30%	7%	---	25%	59%	31%	9%	---
Michigan	28%	72%	26%	5%	---	28%	73%	28%	5%	---
Minnesota	22%	61%	22%	3%	---	21%	60%	21%	4%	---
Mississippi	25%	67%	32%	12%	---	26%	73%	32%	---	---
Missouri	24%	67%	23%	4%	---	23%	67%	25%	3%	---
Montana	19%	61%	18%	---	---	18%	70%	20%	---	---
Nebraska	17%	63%	14%	---	---	19%	62%	16%	---	---
Nevada	22%	82%	43%	10%	---	23%	82%	44%	9%	---
New Hampshire	20%	60%	25%	---	---	20%	63%	35%	---	---
New Jersey	26%	71%	32%	4%	---	26%	71%	29%	5%	---
New Mexico	20%	65%	29%	---	---	23%	73%	28%	8%	---
New York	26%	70%	39%	10%	1%	27%	72%	37%	12%	2%
North Carolina	23%	69%	28%	5%	---	24%	71%	32%	4%	---
North Dakota	20%	61%	11%	---	---	15%	59%	---	---	---
Ohio	25%	70%	22%	3%	---	26%	72%	27%	4%	---
Oklahoma	22%	68%	24%	3%	---	24%	75%	27%	4%	---
Oregon	25%	76%	32%	7%	---	27%	78%	36%	7%	---
Pennsylvania	23%	65%	24%	5%	---	24%	68%	27%	5%	---
Rhode Island	25%	56%	33%	---	---	24%	61%	27%	---	---
South Carolina	23%	71%	26%	3%	---	24%	77%	26%	4%	---
South Dakota	18%	62%	16%	---	---	17%	48%	16%	---	---
Tennessee	23%	66%	27%	4%	---	24%	69%	30%	5%	---
Texas	23%	73%	29%	6%	---	24%	75%	32%	6%	---
Utah	18%	64%	24%	---	---	20%	76%	22%	---	---
Vermont	20%	62%	23%	---	---	25%	71%	27%	---	---
Virginia	21%	66%	27%	5%	---	21%	68%	24%	5%	---
Washington	23%	70%	30%	7%	---	24%	70%	27%	7%	---
West Virginia	24%	71%	18%	---	---	22%	64%	17%	---	---
Wisconsin	21%	68%	19%	3%	---	23%	71%	23%	4%	---
Wyoming	13%	55%	---	---	---	15%	63%	---	---	---
Puerto Rico	36%	78%	32%	18%	3%	32%	73%	29%	21%	3%
United States	24%	70%	31%	7%	1%	25%	71%	32%	7%	1%

Source: NLIHC tabulations of the 2005 and 2007 American Community Survey PUMS housing files.
¹ 2007 estimates that are significantly different from 2005 are bolded and italicized. Other 2007 estimates are statistically unchanged compared to 2005. Significance was determined at the 90% confidence level.
 Note: --- indicates that the margin of error for the estimate is equal to 30% or more of the estimate itself. A relatively large margin of error is the result of too few observations and suggests that the estimate is too unreliable to report.

National Low Income Housing Coalition
Research Note #08-04 (forthcoming)

Appendix: Table A4
Affordable Units by Income Category ¹

	Absolute Surplus (Deficit) of Units Affordable at or Below Income Threshold ²					
	2007			2005 ³		
	ELI	VLI	LI	ELI	VLI	LI
Alabama	(4.9)	69.7	181.1	(9.4)	75.9	187.2
Alaska	3.6	7.2	28.7	2.5	7.7	32.2
Arizona	(67.5)	(52.1)	188.7	(57.7)	(61.9)	193.5
Arkansas	(14.2)	28.9	124.4	2.9	38.4	132.9
California	(591.1)	(841.7)	226.2	(604.7)	(892.7)	185.1
Colorado	(72.1)	35.8	193.3	(69.7)	10.5	174.2
Connecticut	(40.8)	11.6	100.4	(33.5)	24.3	115.2
Delaware	(8.4)	(5.5)	25.6	(5.2)	2.2	33.5
District of Columbia	(12.7)	(9.7)	13.3	(17.8)	(20.0)	0.3
Florida	(165.4)	(251.8)	295.9	(191.0)	(267.8)	267.3
Georgia	(67.5)	41.8	359.5	(64.7)	30.0	379.0
Hawaii	(2.9)	(6.0)	12.3	0.0	0.0	21.0
Idaho	(1.1)	21.7	57.3	(9.4)	12.0	47.2
Illinois	(156.2)	(2.9)	376.8	(150.8)	3.0	386.6
Indiana	(40.7)	135.2	283.2	(64.9)	83.0	272.6
Iowa	(0.4)	93.8	113.8	(6.4)	65.4	115.4
Kansas	4.2	77.9	120.8	(5.1)	70.0	127.8
Kentucky	(9.4)	78.8	190.4	(4.6)	62.7	178.5
Louisiana	(11.1)	25.3	136.1	(33.6)	18.0	167.7
Maine	(0.6)	5.8	41.8	(1.2)	11.9	45.8
Maryland	(38.4)	21.7	180.8	(49.6)	13.9	181.2
Massachusetts	(72.7)	(5.4)	162.0	(77.9)	(20.0)	148.4
Michigan	(123.9)	39.0	316.4	(117.1)	56.4	319.1
Minnesota	(30.2)	49.9	145.8	(21.2)	35.7	150.5
Mississippi	1.3	30.4	97.2	(6.9)	24.3	103.6
Missouri	(41.0)	89.3	233.9	(35.4)	80.1	238.0
Montana	3.0	17.1	37.9	4.6	21.7	43.9
Nebraska	0.2	52.8	88.1	2.6	51.3	76.6
Nevada	(32.2)	(40.0)	98.8	(28.3)	(44.0)	82.0
New Hampshire	(8.6)	1.7	37.7	(10.2)	(1.3)	38.9
New Jersey	(130.6)	(93.0)	251.7	(129.5)	(84.3)	247.0
New Mexico	0.1	13.3	78.6	(8.9)	5.8	62.9
New York	(312.6)	(143.9)	339.2	(353.4)	(206.4)	327.5
North Carolina	(52.6)	92.5	398.1	(64.1)	49.0	376.6
North Dakota	2.2	36.1	36.9	9.1	36.2	36.9
Ohio	(135.9)	187.1	511.9	(138.9)	140.6	512.0
Oklahoma	(14.2)	84.1	173.3	(20.6)	46.4	177.8
Oregon	(59.4)	(19.8)	158.4	(57.8)	(43.1)	143.4
Pennsylvania	(67.9)	154.5	407.4	(71.7)	147.4	417.7
Rhode Island	(15.1)	(3.8)	38.5	(11.7)	1.9	37.9
South Carolina	(5.7)	73.2	193.0	(12.8)	42.4	180.0
South Dakota	7.3	33.0	37.3	7.0	24.5	32.3
Tennessee	(29.6)	73.9	261.5	(26.1)	56.7	247.3
Texas	(229.8)	(13.5)	927.6	(269.0)	(176.7)	824.6
Utah	(13.5)	29.2	84.8	(14.4)	12.3	80.6
Vermont	(2.9)	0.9	18.6	(4.2)	1.1	20.8
Virginia	(23.5)	88.7	235.7	(20.9)	84.6	220.0
Washington	(83.3)	20.4	223.6	(99.0)	(24.6)	243.1
West Virginia	4.9	35.1	68.4	2.9	25.5	61.7
Wisconsin	(49.7)	111.0	247.7	(63.8)	85.9	225.9
Wyoming	6.5	27.3	28.3	3.9	21.8	22.3
Puerto Rico	(4.8)	11.4	30.7	9.2	14.5	31.9
United States	(2,811.7)	518.2	9,219.4	(2,998.5)	(247.6)	8,975.5

Source: NLIHC tabulations of the 2005 and 2007 American Community Survey PUMS housing files.

¹ Includes all rental units with no recorded housing costs, regardless of the income of the household occupying them.

² 2007 estimates that are significantly different from 2005 are bolded and italicized. Other 2007 estimates are statistically unchanged compared to 2005. Significance was determined at the 90% confidence level.

³ Estimates for 2005 differ slightly from NLIHC's *Housing at the Half* publication due to a methodological improvement that adjusts housing costs to 2005 dollars.

National Low Income Housing Coalition
Research Note #08-04 (forthcoming)

Appendix: Table A5

Affordable and Available Units by Income Category ¹

	Surplus (Deficit) of Affordable and Available Units at or Below Income Threshold ²						Affordable and Available Units per 100 Renter Households at or Below Income Threshold		
	2007			2005 ³			2007		
	ELI	VLI	LI	ELI	VLI	LI	ELI	VLI	LI
Alabama	(72.1)	(41.3)	34.1	(67.6)	(34.6)	42.4	51	83	110
Alaska	(9.7)	(9.9)	0.9	(9.5)	(9.1)	3.4	38	66	102
Arizona	(105.3)	(132.8)	4.7	(102.5)	(135.1)	6.3	26	50	101
Arkansas	(51.9)	(36.9)	22.6	(38.9)	(31.5)	25.8	42	77	110
California	(800.5)	(1,193.5)	(617.4)	(833.8)	(1,245.1)	(643.7)	24	38	79
Colorado	(103.2)	(63.3)	36.1	(104.1)	(80.3)	27.3	32	75	109
Connecticut	(66.7)	(52.9)	11.9	(64.6)	(50.6)	15.4	42	72	104
Delaware	(15.3)	(17.0)	3.1	(11.9)	(11.8)	6.0	31	53	105
District of Columbia	(20.0)	(25.0)	(10.5)	(22.9)	(27.7)	(18.3)	41	54	87
Florida	(276.2)	(426.9)	(110.6)	(297.5)	(444.3)	(173.7)	29	42	91
Georgia	(148.7)	(127.8)	73.5	(151.1)	(132.2)	74.8	43	72	111
Hawaii	(17.6)	(26.3)	(22.3)	(18.9)	(27.0)	(17.3)	42	53	78
Idaho	(18.3)	(16.0)	5.7	(23.8)	(18.3)	2.3	41	74	106
Illinois	(249.4)	(230.8)	39.9	(254.5)	(215.6)	45.6	38	65	104
Indiana	(100.6)	(34.6)	70.9	(115.0)	(55.3)	70.3	43	89	115
Iowa	(48.7)	(13.2)	22.8	(45.0)	(23.5)	22.4	42	91	110
Kansas	(35.9)	(16.0)	25.2	(40.5)	(14.0)	31.8	52	88	112
Kentucky	(63.3)	(34.4)	46.4	(63.2)	(41.7)	34.3	52	85	115
Louisiana	(74.7)	(65.9)	2.6	(91.3)	(77.7)	23.3	46	71	101
Maine	(17.8)	(17.9)	4.6	(15.9)	(15.1)	3.8	52	72	105
Maryland	(81.3)	(74.9)	24.7	(95.1)	(88.5)	16.0	48	72	106
Massachusetts	(133.4)	(127.4)	(14.2)	(139.1)	(135.9)	(39.7)	50	69	98
Michigan	(189.3)	(122.6)	71.9	(189.6)	(123.3)	72.2	35	74	111
Minnesota	(78.8)	(51.7)	22.8	(69.4)	(56.9)	25.9	43	79	106
Mississippi	(35.6)	(25.0)	14.7	(46.0)	(37.3)	14.5	55	81	108
Missouri	(102.4)	(60.2)	47.0	(95.5)	(65.0)	45.2	44	80	110
Montana	(14.0)	(11.0)	2.4	(14.1)	(10.1)	3.0	46	78	103
Nebraska	(25.7)	(9.5)	19.7	(26.9)	(9.6)	14.4	48	90	114
Nevada	(45.7)	(69.5)	1.5	(44.1)	(72.6)	(10.1)	22	40	101
New Hampshire	(15.3)	(17.0)	2.5	(17.5)	(19.8)	3.1	49	67	103
New Jersey	(180.2)	(204.4)	6.6	(183.1)	(201.3)	6.1	34	55	101
New Mexico	(24.1)	(24.9)	12.6	(32.3)	(31.7)	1.1	47	71	110
New York	(499.5)	(545.7)	(280.3)	(536.8)	(588.1)	(284.1)	37	57	85
North Carolina	(154.1)	(111.3)	67.0	(157.4)	(130.4)	67.6	43	77	109
North Dakota	(11.2)	0.9	7.4	(7.9)	(0.2)	6.9	57	102	112
Ohio	(235.3)	(96.9)	134.3	(233.0)	(123.3)	126.4	40	85	114
Oklahoma	(60.9)	(26.8)	37.7	(64.2)	(44.1)	37.3	45	86	113
Oregon	(88.3)	(98.2)	0.8	(88.2)	(107.3)	(0.2)	24	54	100
Pennsylvania	(197.3)	(136.5)	53.5	(204.3)	(132.5)	57.6	47	78	106
Rhode Island	(23.8)	(24.6)	3.3	(22.7)	(22.1)	3.3	49	67	103
South Carolina	(62.0)	(36.1)	43.4	(68.0)	(49.6)	35.6	50	83	114
South Dakota	(11.1)	(3.2)	5.0	(9.0)	(4.9)	5.6	50	92	107
Tennessee	(100.0)	(65.2)	49.6	(97.9)	(74.4)	42.0	46	79	111
Texas	(416.9)	(380.9)	176.4	(441.4)	(483.6)	132.0	34	66	110
Utah	(31.0)	(25.7)	9.3	(34.1)	(31.2)	11.3	32	72	106
Vermont	(9.1)	(11.0)	2.2	(10.8)	(11.2)	(0.6)	42	63	105
Virginia	(104.9)	(81.4)	24.6	(102.7)	(76.3)	14.1	50	77	105
Washington	(138.1)	(119.1)	0.6	(149.2)	(143.2)	13.2	30	65	100
West Virginia	(24.5)	(12.7)	16.8	(26.0)	(16.5)	10.6	54	86	113
Wisconsin	(103.3)	(57.8)	52.4	(110.3)	(69.3)	37.1	37	81	111
Wyoming	(4.1)	2.3	5.5	(6.9)	(1.5)	2.4	63	110	114
Puerto Rico	(52.7)	(44.7)	(26.0)	(45.5)	(43.7)	(28.2)	53	70	87
United States	(5,549.3)	(5,254.8)	239.9	(5,741.1)	(5,695.9)	23.9	38	66	101

Source: NLIHC tabulations of the 2005 and 2007 American Community Survey PUMS housing files.

¹ Includes rental units with no recorded housing costs only if they are occupied by households at or below the income threshold.

² 2007 estimates that are significantly different from 2005 are bolded and italicized. Other 2007 estimates are statistically unchanged compared to 2005. Significance was determined at the 90% confidence level.

³ Estimates for 2005 differ slightly from NLIHC's *Housing at the Half* publication due to a methodological improvement that adjusts housing costs to 2005 dollars.

WRITTEN STATEMENT OF REILLY MORSE
SENIOR ATTORNEY, KATRINA RECOVERY OFFICE
MISSISSIPPI CENTER FOR JUSTICE

UNITED STATES SENATE HEARING OF
AD HOC SUBCOMMITTEE ON DISASTER RECOVERY
“A NEW WAY HOME: FINDINGS FROM THE DISASTER SUBCOMMITTEE
SPECIAL REPORT AND WORKING WITH THE NEW ADMINISTRATION
ON A WAY FORWARD”

March 18, 2009

INTRODUCTION

Good afternoon. I am Reilly Morse, a senior attorney in the Katrina Recovery Office of the Mississippi Center for Justice in Biloxi, Mississippi. I thank Madam Chair Senator Landrieu, Ranking Member Senator Graham, and the members of the subcommittee for holding this hearing to address the findings of the investigative report, *“Far From Home: Deficiencies in Federal Disaster Housing Assistance After Hurricanes Katrina and Rita and Recommendations for Improvement,”* and also the U. S. Department of Housing and Urban Development (HUD) and the Federal Emergency Management Agency (FEMA) for their efforts to meet housing needs of the Gulf Coast States following emergencies and natural disasters.

The Mississippi Center for Justice (“MCJ”) is a nonpartisan, nonprofit, civil rights legal organization that was founded in 2003. It was formed to provide a home-grown means to advance racial and economic justice in Mississippi. In 2005, MCJ became the Deep South affiliate of the Lawyers’ Committee for Civil Rights Under Law, a national civil rights legal organization formed in 1963 at the request of President John F. Kennedy to harness the private bar’s resources to remedy racial discrimination. Shortly after Hurricane Katrina struck the region, MCJ opened a Katrina Recovery office in Biloxi, where we joined forces with the Lawyers’ Committee and attorneys and law students who descended from all corners of the nation to provide free legal representation to all kinds of people, but especially low income people. Our efforts yielded emergency shelter and temporary housing; access to FEMA trailers for disabled victims of the storm; protection of basic tenants’ rights in eviction proceedings from both public and private housing; disaster recovery grants and loans for homeowners; and protection for homeowners faced with inequitable foreclosures, insurance company stonewalling, contractor fraud, and heir title problems.¹

To achieve these results, MCJ and the Lawyers’ Committee conducted direct service clinics, research, surveys, policy advocacy on behalf of lower-income and minority hurricane victims and communities in the region. Further evidence of our projects appears in Appendix A to my testimony.

¹ MCJ’s responses draw in part upon our experiences in partnership with the Lawyers’ Committee for Civil Rights Under Law, which is described in Jonathan P. Hooks, Trisha B. Miller, *The Continuing Storm: How Disaster Recovery Excludes Those Most in Need*, 43 California Western Law Review 21 (Fall 2006).

I speak as a third-generation Mississippi lawyer, as a former municipal judge and before that a prosecutor for the city of Gulfport. I joined the Mississippi Center for Justice in October, 2005, after Katrina reduced my law office to a slab of concrete, forcing me into bankruptcy since the only thing remaining, literally, was the shingle hung out in front of my office. Entirely destroyed were all files from two decades of my practice in general civil, environmental commercial, insurance, and maritime litigation. My parents and grandparents weathered two major hurricanes of their day, the 1947 storm and Camille, but nothing approaching the damage from Hurricane Katrina. Miraculously, my family and I rode out Katrina safely, leaving me in the fortunate position to assist and speak for the clients I represent here today. On behalf of those clients, and on behalf of the brave and resilient souls of the Gulf Coast, I enthusiastically support the recommendations of this subcommittee's investigation.

Recommendation 1: Establish a Standing Rental Repair Program and Corresponding Stafford Act Authority.

The Subcommittee's proposal to amend the Stafford Act to authorize rental repair in catastrophes is sensible and should be adopted. Katrina damaged at least 62,470 rental units in Mississippi, over 29,000 of which were single family rentals that suffered relatively minor and remediable damage. Repairing existing rentals is faster, more cost effective, healthier, and more humane than trailers. Quickly repairing rental properties, regardless of the degree of damage, also would prevent further housing losses through mold infestation and other deterioration, and moreover curb community blight. Viewing Edgewood Manor Apartments two months after Katrina, a subsidized rental complex which the owners appeared to have walked away from, was shocking. The conditions included missing roofs, no running water, no trash pickup, and in some cases, no basic plumbing. The conditions are visually documented in a Lawyers Committee video, "Rebuilding Lives." The Mississippi Housing Data Project estimates that, as of June, 2008, at least 7,500 small rentals and 1,750 deep subsidy rentals with major to severe damage remain unrepaired. From my personal observations of coastal Mississippi since Hurricane Katrina, the blight due to the failure to repair rental properties remains pronounced. There were significant delays in creating and implementing rental rehabilitation projects in Mississippi, and too many of those projects were greenfield developments, as opposed to repair and rehabilitation, which forced residents to remain in temporary housing far longer than would have been the case if FEMA would have had authority to perform or cover the cost of repairs to existing rental housing.

Recommendation 2: HUD Must Prepare a National Post-Disaster Housing Stock Plan and Have Direct Access to DRF Funding if Post Disaster Housing Responsibility Increases

HUD should enhance its role in responding to catastrophes provided that it plans for housing stock needs and obtains funding to cover the cost. HUD will need to have a housing stock plan and a housing inventory database. The Mississippi Center for Justice conducted a student-led survey in 2006 to determine the condition of multifamily apartments to assist renters who sought legal assistance following evictions or other displacement. This report filled a gap left by

Mississippi itself, which failed to prepare and publicly release a detailed housing data report until January, 2009. In the aftermath of Katrina, government and other files were often as decimated as my own office was. Consequently, conflicting and mismatched data sets on the availability of public and subsidized housing crippled efforts to place displaced residents into repairable or available housing. HUD had difficulty serving its own population of tenants due to the high losses of subsidized and public housing. An improved response will require that HUD develop a plan and maintain a consolidated database cataloguing all federal housing available in each agency of the federal government. Having these records would have enabled agencies to better help displaced renters and homeowners who were forced into becoming renters. The necessary corollary is funding: HUD needs to have access to Disaster Recovery Funding to implement the plan. In particular, HUD needs the ability to use DRF for all necessary repair, housing stock on top of other recovery needs.

A single federal housing inventory database is essential to meet the various waves of housing needs that emerge in the wake of a catastrophic disaster. The need for such a database is obvious in the immediate aftermath, but it becomes no less important as the federal housing effort transitions residents into permanent housing. For example, as recently as January, 2009, FEMA put out a public appeal for landlords to enroll in a program to take Section 8 vouchers as part of the transition from FEMA trailers to HUD programs. See FEMA Press Release 1604-698. The poor coordination between FEMA and HUD, after the transition occurred, and more than 3 years after Katrina, needs to be remedied.

Recommendation 3: The Feasibility of Expedited Repair Sweep Teams and an Expanded Role for the Department of Defense Must finally be Determined.

Military teams and bases can play a crucial role in repairing infrastructure and providing housing after disaster strikes, adding significance to the already-important role of American military forces on the Mississippi Gulf Coast. Coastal residents recall with gratitude the Naval Construction Battalion's reconstruction following Hurricane Camille. Indeed, for many years, every traveller coming through the Gulfport/Biloxi Airport was welcomed by a huge metal SeaBee sculpture wearing a navy hat and wielding tools in each of its six hands. There are useful roles for military teams and military bases to fulfill in repairs and provision of housing, and it is worthwhile to properly define and lay out the lines of authority for those roles following a national disaster. The Federal Government should integrate military repair sweep teams and housing resources into the civilian-led housing response effort.

Recommendation 4: The Stafford Act Must be amended to Provide Enhanced Assistance for Catastrophic Disaster With a Catastrophic Designation.

Hurricane Katrina showed us the necessity of altering the Stafford Act to account for catastrophic disasters. Current restrictions in the Stafford Act generated problems and delays for people who then turned for assistance to Mississippi Center for Justice. The Act should extend emergency shelter and Section 408 assistance, increase financial assistance for individuals and households, and streamline administrative policies and procedures to more speedily solve thousands' of peoples housing and financial crises by efficiently transitioning them from

emergency shelter to Section 408 housing, resolving denials of re-certification, and remedying mass evictions and displacements.

Federal law must eliminate public cost shares and reimbursement-based assistance, now that we know what happens when three counties' local government are reduced to ruin in a matter of hours. Just as people and families need enhanced financial assistance to restore their stability, so also do local and county governments need federal public assistance without having to shoulder additional cost shares in the wake of a catastrophic loss. Restoring public infrastructure greatly facilitates the restoration of habitable housing, a goal that is best accomplished without burdening local governments with cost-shares at the very time when they can least afford the time or money to pay and process them.

Recommendation 5: FEMA must Expedite and Complete Needed Administrative and Institutional Reform to Correct Deficiencies in its Post-Katrina Disaster Housing Response.

The critique of Stafford Act and regulatory policy interpretations and agency coordination problems in this report helps the Mississippi Center for Justice better understand why FEMA housing assistance bureaucracy was so chaotic. The defects in the current language and structure of the Stafford Act I have just described severely hampered the Mississippi Center for Justice's efforts to assist storm victims with FEMA housing assistance. Mississippi Center for Justice, in cooperation with the Lawyers' Committee for Civil Rights Under Law and volunteer attorneys and law students from across the nation, navigated a veritable maze of barriers which could have been prevented by uniform, clear, and common-sense policies and procedures. The predominant difficulties were the government's:

- a. misapplying the "shared household" rule;
- b. requiring that storm victims apply for an SBA loan;
- c. erroneous conclusion that insurers had sufficiently compensated our clients;
- d. insufficiently conducting damage inspections;
- e. limiting people's use of federal funds (i.e., prohibiting them for security deposits and utilities);
- f. failing to more fully engage landlords in the direct assistance program;
- g. Failing to account for post-hurricane inflation in the rental market in monthly rental voucher rates;
- h. failing to supply adequate quantity of rental housing;
- i. failing to accommodate people with disabilities; and
- j. duplicating of benefits issues (i.e., vouchers vs. reconstruction subsidies).

The "Shared Household" rule simply ignored the often complex living situations necessitated by living on a lower-income, such as:

- a. adult relatives or friends living together for weeks or months, yet still functioning as economically separate entities;
- b. people renting a room in a relative or friend's home;
- c. live-in care givers; and
- d. separated or divorced adults temporarily sharing or splitting housing.

Requiring hundreds of thousands of people forcibly rendered homeless by Katrina to apply for an SBA disaster home loan produced extraordinary delay and confusion. The forms posed serious barriers to lower-income families with limited reading, literacy, or financial literacy abilities. The requirement was absurd, given SBA's high rate of rejection of applications.² This requirement ultimately was ruled illegal under the Stafford Act, which forbids conditioning housing assistance upon SBA loan applications. *McWaters*, 408 F. Supp. 2d 221, 232 (E.D. La. 2006). In a number of cases, applicants were not informed that they were actually eligible for temporary housing assistance while the SBA loan application was pending. In some cases, clients were approved for loans above their actual ability to pay which disqualified them for FEMA assistance and put them in greater debt.

Recommendation 6: The Policy and Planning Proposals FEMA Began Must Be Completed and Implemented.

A catastrophic disaster like Hurricane Katrina requires a national comprehensive case management system that can serve the diverse needs of a large population of displaced persons. The report correctly pinpoints the need for access to services and resources near post-disaster housing. Across South Mississippi, Hurricane Katrina compromised highways and bridges, destroyed personal and public transportation, damaged retail fuel outlets, and compromised communications networks. MCJ clients experienced problems with the availability or accessibility of FEMA employees or information, including:

- a. the inaccessibility of Disaster Recovery Centers ("DRC") to many lower-income families, including those without transportation;
- b. the reliance upon telephone and on-line registration in areas where these forms of communication were inaccessible, not functioning or, if functioning, not at sufficient capacity to handle the demand, resulting in long delays;
- c. poorly-trained intake workers with insufficient knowledge of the rules and limitations;
- d. pervasive inconsistency in the administration of the programs;
- e. lack of second-language materials and workers, including Spanish and Vietnamese, particularly early in the response. Even more than two years later, MCJ received some flyers purportedly in Vietnamese that were not written in the Vietnamese language; and
- f. difficulties in access for persons with physical disabilities.

Mississippi Center for Justice's clients with disabilities faced problems with FEMA trailers that led to our participation as local counsel in the federal class action, *Brou v. FEMA*, (No. 06-0838)(E.D. La. 2006). Ms. Brou, 78 years old, became paralyzed on her right side in both upper and lower extremities while serving in the United States Air Force. She was discharged as 100% disabled, and used a motorized scooter. Katrina completely destroyed her Ocean Springs, Mississippi house, which was customized for disability access. The FEMA trailer she was provided was inaccessible because her scooter could not fit through the door. A replacement trailer was equally difficult for her to access due to her right-sided paralysis. The interior of the

² Bill Walsh, *SBA Frustrated in Deliver of Disaster Relief, Loans Approved, but Conditions Must Be Met*, Times Picayune (New Orleans) March 10, 2006 at 4 ("The SBA continues to be criticized for its high loan rejection rate. Of 201,775 applications, 49,153 have been approved -- meaning three out of four applicants are denied.")

trailer was too small to enable her to maneuver, and its switches were not within her reach. Other elderly and disabled displaced storm victims experienced varying degrees of similar problems to those of Ms. Brou. A consent judgment was entered into with FEMA that required compliance. In 2007, Mississippi Center for Justice inspected various sites to verify that FEMA had complied with the terms of the consent decree, and found uneven performance of FEMA's obligations under the settlement. In short, the Federal Government needs to improve its performance with disability access in catastrophic disasters.

Mississippi Center for Justice supports the call to reform and streamline the transition process from Section 403 to Section 408 assistance and the eligibility determination for Section 408 assistance. Our experience is outlined in connection with Recommendation No. 5.

Mississippi Center for Justice also encourages greater coordination between FEMA and HUD in any current or future catastrophic housing situations. In May, 2008, FEMA began a process of transfer of persons from FEMA assistance to DHAP assistance, in connection with plans to close certain FEMA trailer park sites. During this process, Mississippi Center for Justice conducted interviews with 114 FEMA trailer park residents and determined that FEMA housing advisers had misinformed and pressured displaced storm victims as part of FEMA's push to close trailer parks. The largest discrepancy dealt with the final closing date of these parks. MCJ conducted a survey of ten of the fifteen FEMA trailer parks still in existence in Harrison and Hancock counties. Fifty-five of the 114 residents we spoke with had been told they had to leave their FEMA trailer park that summer (May-July 2008). Only residents of Coliseum North had received consistent, uniform confirmation of the park closing in the form of a flyer with the closing date of June 15, 2008. Fifty-one residents in the parks had been told by a FEMA employee that their park would be closing.

Others had received information by word-of-mouth and news media. Few residents had any knowledge that FEMA assistance will continue through March 1, 2009. Many people were under the impression that if they accepted hotel housing, at the end of their one month placement they would no longer be eligible for FEMA housing assistance. Some residents who planned to move into the hotel or were in the process of moving into the hotel were concerned about not being home during meal delivery. Some were told if their belongings were not out of the trailer by May 31, 2008, the door would be locked and trailer destroyed. A few residents did not know how to apply for FEMA rental assistance or even the option of FEMA rental assistance instead of hotel placement. Among those who did get FEMA rental assistance, many residents have not been able to find landlords that will accept housing vouchers. Others were unaware of HUD rental assistance availability after March 1, 2009. Eighty-seven were renters prior to Katrina. Eighteen owned homes, two were renting to own, and seven had other arrangements. The majority of people interviewed were employed. Twenty-nine residents were on disability, and seven had health-related issues not officially classified as disability. Forty-three attributed those health problems to formaldehyde.

Mississippi Center for Justice and its *pro bono* partners also directly represented clients directly who were seeking assistance in this transition. Some of these clients still remained in hotels or other temporary housing situations as recently as January, 2009.

For all these reasons, Mississippi Center for Justice welcomes the report's recommendation to create a single accurate database of information provided by disaster recipients to eliminate repetitive calls for identical information.

Recommendation 7: Operational Plans for Post-Disaster Housing Must be Developed, Implemented and Tested.

As already discussed in detail, the Mississippi Center for Justice agrees that a properly funded and operational catastrophic housing plan with clear guidance on the roles, programs, and procedures is essential for the Federal Government to change from what this report recounts into a more effective and, in the long term, less costly endeavor.

Thank you for the opportunity to bring our personal and professional stories to the discussion of how to prevent the disaster of Katrina from occurring on this scale again.

Very Truly Yours,

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APPENDIX

1. "Hurricane Katrina - Is Mississippi Building Back Better Than Before?" Steps Coalition, August 29, 2008, Reilly Morse, Mississippi Center for Justice, principal author.
<http://www.stepscoalition.org/downloads/news/reports/2008StepsReport.pdf>
2. "Mississippi CDBG Recovery Fund Report Card," Steps Coalition, January, 2008, Reilly Morse, Mississippi Center for Justice, principal author.
<http://www.stepscoalition.org/downloads/news/reports/2008ReportCard.1.pdf>
3. John Jopling, "Two Years After the Storm - The State of Katrina Housing Recovery on the Mississippi Gulf Coast," 77 Miss. L. J. 873 (2008)
<http://mslj.law.olemiss.edu/downloads/10%20Jopling%20Mar%2020.pdf>
4. Karen A. Lash and Reilly Morse, "Mitigating Disaster: Lessons from Mississippi," 77 Miss. L. J. 895 (2008)
<http://mslj.law.olemiss.edu/downloads/11%20Lash%20&%20Morse%20Mar%2018.pdf>
5. Reilly Morse, "Environmental Justice Through the Eye of Hurricane Katrina," Joint Center for Political and Economic Studies, 2008.
http://jointcenter.org/publications_recent_publications/environmental_projects/environmental_justice_through_the_eye_of_hurricane_katrina
6. Testimony of Reilly Morse before House Financial Services Subcommittee on Housing and Community Opportunity Hearing, "Emergency CDBG Funds in the Gulf Coast: Uses,

 **EQUITY AND INCLUSION CAMPAIGN**
AN INITIATIVE OF LDRF

The Honorable Senator Landrieu
Chairwoman, Ad Hoc Subcommittee on Disaster Recovery
Committee on Homeland Security and Governmental Affairs
340 Dirksen Senate Office Building
Washington, D.C. 20510

The Honorable Lindsey Graham
Ranking Republican, Ad Hoc Subcommittee on Disaster Recovery
Committee on Homeland Security and Governmental Affairs
340 Dirksen Senate Office Building
Washington, D.C. 20510

The Honorable Senator Lieberman
Chairman
Committee on Homeland Security and Governmental Affairs
340 Dirksen Senate Office Building
Washington, D.C. 20510

The Honorable Senator Collins
Ranking Republican
Committee on Homeland Security and Governmental Affairs
340 Dirksen Senate Office Building
Washington, D.C. 20510

April 8, 2009

Dear Senators Landrieu, Graham, Lieberman and Collins,

Equity and Inclusion Campaign applauds the Senate Committee on Homeland Security and Governmental Affairs and the Ad Hoc Subcommittee on Disaster Recovery for its important findings in its report, *Far From Home: Deficiencies in Federal Disaster Housing Assistance after Hurricanes Katrina and Rita and Recommendations for Improvement*.

The Subcommittee's very thoughtful, thorough and comprehensive investigation is apparent in its product. Equity and Inclusion Campaign welcomes the crucial findings of the report, and looks forward to amendments to the Robert T. Stafford Disaster Relief Act that will protect the lives of all Americans during future catastrophic disasters.

As you know, among the many severe challenges associated with recovery from the hurricanes of 2005 were legal interpretations of the Stafford Act by federal authorities which lent itself to an

ad hoc, disjointed and damaging federal response, as well documented by the Subcommittee's report. Hurricane Katrina also demonstrated without a doubt that times of catastrophic disaster are when Americans need their federal government the most, and that state and local authorities are simply ill-equipped to deal with disasters of that scale. Attached is testimony submitted to the Ad Hoc Subcommittee on Disaster Recovery, which serves to strengthen the Subcommittee's strong recommendations in amending the Stafford Act to uphold dignity and fairness during initial disaster response and long term disaster recovery for Americans everywhere.

We appreciate the leadership of your offices, which are essential to rebuilding the Gulf Coast and protecting Americans from future catastrophic disasters. We look forward to working with the full Homeland Security Committee to craft and introduce favorable amendments to protect Americans, and seek their speedy passage through the Senate, we hope with full support and leadership from each of your offices.

With Sincerest Regards,
The Equity and Inclusion Campaign Housing Working Group

All Congregations Together, Alabama Appleseed, Alabama Arise, Amnesty International USA, Bay Area Women's Coalition, Bayou Interfaith Shared Community Organizing, Biloxi NAACP, Boat People SOS, Boat People SOS, Center for Fair Housing, Inc., Churches Supporting Churches, Coastal Women for Change, Family and Youth of Southwest Louisiana, Greater New Orleans Fair Housing Action Center, Gulf Coast Fair Housing Center, Louisiana Association of Non-Profit Organizations, Louisiana Family Recovery Corps, Louisiana Housing Alliance, Mary Queen of Vietnam Community Development Corporation, Mississippi Coalition for Citizens with Disabilities, National Community Reinvestment Coalition, Neighborhood Housing Services of New Orleans, PolicyLink, Puentes New Orleans, Rebuilding Together Inc, South Bay Communities Alliance, Steps Coalition of Mississippi, United Hearts Community Action Agency, Unity of Greater New Orleans, Volunteers of America, Zion Travelers Cooperative Center

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**Senate Committee on Homeland Security and Governmental Affairs
Ad Hoc Subcommittee on Disaster Recovery**

**Statement by Equity and Inclusion Campaign Housing Working Group
*Restore the Gulf Coast and Protect Americans from Future Disasters***

April 8, 2009

Equity and Inclusion Campaign welcomes the findings of the Ad Hoc Subcommittee on Disaster Recovery of the Senate Committee on Homeland Security and Governmental Affairs in its report, *Far From Home: Deficiencies in Federal Disaster Housing Assistance after Hurricanes Katrina and Rita and Recommendations for Improvement*.

The Subcommittee's report presents a thorough and comprehensive investigation of one of the largest disasters in modern history: the displacement of over one million people and the death of over 1,500 during Hurricanes Katrina and Rita in August and September of 2005.

The recommendations put forth by the Subcommittee create an important step in reforming the Stafford Act to better anticipate and address post-disaster housing.

Equity and Inclusion Campaign

The Equity and Inclusion Campaign is a nonpartisan policy advocacy and public messaging campaign advocating for fulfillment of the federal commitment to confront persistent poverty and inequity during the Gulf Coast recovery and rebuilding process. The vision for the Equity and Inclusion Campaign is to establish sustainable Gulf Coast communities characterized by economic, social and environmental fairness. The Campaign is working to effect systemic change so that all people are included, valued and empowered.

The Robert T. Stafford Disaster Relief and Emergency Assistance Act

The Stafford Act, which governs federal disaster response upon declaration by the President of a National Disaster, gives FEMA broad authority to coordinate all and provide post-disaster assistance, including directing, “any Federal agency, with or without reimbursement, to utilize its authorities and the resources granted to it under Federal law”¹.

Among the many severe challenges associated with recovery from the hurricanes of 2005 were legal interpretations of the Stafford Act by federal authorities, such as expiration of Sec 403 emergency housing assistance and resulting successive extensions, which lent itself to an ad hoc, disjointed and damaging federal response, as well documented by the Subcommittee’s report.

However, it is also the spirit of the Stafford Act that fails to protect the lives of Americans. For example, while the U.S. Department of State issues foreign aid based on policies that detail a commitment by our government to protect human life through three phases of humanitarian assistance, transition and reintegration and long term development assistance², the same rights are not afforded to Americans displaced within our own borders by national disasters as declared by the President and executed by the Stafford Act.

This mismatch in foreign and domestic policy facilitates the catastrophic errors and detriment to lives and communities as witnessed post-Katrina and documented in this report. Less than a year after Hurricane Katrina, the United Nations (U.N.) Human Rights Committee called on the U.S. government to,

“review its practices and policies to ensure the full implementation of its obligations to protect life and the prohibition of discrimination, whether direct or indirect, as well as the U.N. Guiding Principles on Internal Displacement, in the areas of disaster prevention and preparedness, emergency assistance, and relief measures. In the aftermath of Hurricane Katrina, it should increase its efforts to ensure the rights of poor people and in particular African Americans are fully taken into consideration in the reconstruction plans with regard to housing, education, and healthcare.”³

Furthermore, nearly three years after Hurricane Katrina first made landfall, U.N. treaty monitoring bodies again called on the U.S. to uphold the rights of those still displaced. The U.N. Committee on the Elimination of Racial Discrimination again urged the U.S. government to,

“ . . . increase its efforts in order to facilitate the return of persons displaced by

¹ See the Robert T Stafford Disaster Relief and Emergency Assistance Act, (Pub. L. 93-288), 42 U.S.C. § 5170a (1)

² USAID Assistance to Internally Displaced Persons Policy, Oct. 2004, PD-ACA-558

³ UN Human Rights Committee, Concluding Observations on United States of America, 87th Session, July 10-28, 2006

Hurricane Katrina to their homes, if feasible, or to guarantee access to adequate and affordable housing in their place of habitual residence. In particular the Committee calls on [the U.S. Government] to ensure that every effort is made to ensure genuine consultation and participation of persons displaced by Hurricane Katrina in the design and implementation of all decisions affecting them.⁴

The disastrous and sometimes fatal response of the federal government during initial disaster response and long-term recovery of Hurricane Katrina demonstrates without a doubt that human rights standards, including the U.N. Guiding Principles on Internal Displacement, must be incorporated into U.S. domestic disaster relief and recovery in order to protect the dignity, lives and communities of Americans.

Recommendations

Equity and Inclusion Campaign applauds the Subcommittee's report, which makes vital recommendations and serves as an important step in reforming the Stafford Act and by extension U.S. domestic disaster response. The Subcommittee's very thoughtful, thorough and comprehensive investigation is apparent in its product.

While Equity and Inclusion welcomes the findings and recommendations of the report, the following comments are offered to strengthen the report's important recommendations and protect the lives of Americans during future disasters:

✓ *Designate a separate category for governmental response to a catastrophic national disaster that is defined as one that results in or contributes to displacing through mandatory evacuation orders at least 25% of a population in a local jurisdiction.*

Equity and Inclusion commends the Subcommittee for its recommended amendment to the Stafford Act, which calls for "Enhanced Assistance for Catastrophic Disaster with a Catastrophic Designation"⁵. However, it also urges the Subcommittee to establish criteria as described above to ensure that clear and accurate guidelines inform the President's declaration and provide consistency across Administrations.

✓ *Return and Transition Assistance Program that includes, at minimum, the provision of transportation to return home, grants to rebuild homes and businesses, and ensuring public participation of displaced individuals in the planning and implementation of federal, state, and local governmental recovery efforts.*

Equity and Inclusion urges the Subcommittee to consider the full scope of human rights guaranteed under the U.N. Guiding Principles on Internal Displacement, including public

⁴ UN Committee on the Elimination of Racial Discrimination, 72nd Session, February 18-March 7, 2008

⁵ *Far From Home: Deficiencies in Federal Disaster Housing Assistance after Hurricanes Katrina and Rita and Recommendations for Improvement*, pp. 278-279

participation of displaced individuals in their own return or reintegration process. It calls on the Subcommittee to consider recommendations that would establish provisions to explicitly and concretely advance participation of displaced persons in their own return process.

- ✓ *Displaced persons are able to access personal documentation which is typically needed to vote and to access public services, education, and healthcare.*

While the Subcommittee's report does make important recommendations in terms of "wrap-around" services such as access to case management services and healthcare⁶, and while this report's obvious focus is disaster housing assistance, Equity and Inclusion Campaign urges the Subcommittee to consider amendments to the Stafford Act that would facilitate access to services as set out by Sections 403 and 408 of the Act by mandating on-line access to personal documentation in the event of catastrophic disaster. This could be administered by FEMA, DHS or the Library of Congress. Any data tracking strategy should keep accurate track of displaced persons and can interface with the data systems of other federal, state and local agencies. Data systems should also be transparent and available for the use of nonprofits organizations as they plan coordinate response to disasters, while respecting all privacy requirements.

- ✓ *Displaced persons are able to fully and meaningfully participate in public affairs at all levels, including the right to vote, to stand for public office, and to participate in the planning and management of their return, resettlement, and reintegration.*
- ✓ *Displaced persons can voluntarily choose to return, resettle, or reintegrate that includes access to accurate information necessary for making an informed choice.*

The report goes a long way in supporting the voluntary return, resettlement or reintegration of families by addressing crucial operational aspects of disaster housing preparation and ongoing disaster recovery. Recommendations such as establishment of a standing rental repair program help to ensure that safer, more sustainable housing comes back on-line quicker in the future and is better able to reunite communities than travel trailers or hotels, while also contributing to the current stock of housing available to Disaster Housing Assistance Program (DHAP) assistance recipients.

Although the Subcommittee's report also makes important recommendations to improve communications between FEMA and individuals in need of assistance⁷ so as to meaningfully impact access to information, this recommendation should go further to ensure that Americans can make informed decisions for themselves and their families during and after catastrophic disasters. Communications improvements such as an on-line database for FEMA applicants to check the status of their claim; on-line information about the condition of structures and services in neighborhoods; on-line information about government contracts and the status of government contracted work as well as more and better trained telephone helpline workers would help families to make important decisions.

⁶ *Far From Home: Deficiencies in Federal Disaster Housing Assistance after Hurricanes Katrina and Rita and Recommendations for Improvement*, p. 282

⁷ *Far From Home: Deficiencies in Federal Disaster Housing Assistance after Hurricanes Katrina and Rita and Recommendations for Improvement*, Recommendation 5, Subset 3, p. 281

As duly noted by the report, a National Disaster Housing Strategy must be completed and implemented. The strategy submitted by FEMA in January 2009 should be reviewed to ensure that both long term and short term disaster housing strategies are in place. Any new plan must address the fundamental flaws in procedure and recovery approach that were revealed over the last three years. Furthermore, the plan must articulate clear structures for implementation, as devolution of disaster recovery resources to states and localities without sufficient guidance and technical support have meant inequitable treatment for victims of the same disaster, depending on their location and stance of inclusion or exclusion by their local and state governments. This has resulted in uneven recovery of individuals, neighborhoods and parishes.

Funding sources accompanying the plan should be structured to address the most vulnerable needs quickly. While CDBG funds were allocated as a 'flexible' source of federal funds to serve recovery needs of individual households and community infrastructure—these funds are intended to serve low and moderate income households. Yet bureaucratic rules stymied this purpose, hampering programs and making the most vulnerable households the slowest to be served. More affluent neighborhoods in Louisiana, Mississippi, Alabama and Texas have returned to a spectrum of services and occupancy, while lower and moderate income neighborhoods in those states are still hobbled by the pace of recovery funding.

- ✓ *Displaced persons have a right to governmental assistance and protection that does not intentionally discriminate or result in a discriminatory impact.*

The discriminatory impact of Hurricane Katrina during initial disaster response and long term disaster recovery is well-documented. While the Subcommittee's post-disaster housing recommendations, when taken in their entirety, will especially protect poor, elderly and other vulnerable populations, amendments to the Stafford Act should also explicitly protect the rights of people of color, people who are differently abled and women against discrimination or discriminatory impacts.

Women are an excellent example of a population at increased peril before, during, and after disasters due to heightened vulnerability in four areas: (1) decreased economic capacity both before and after disasters; (2) heightened exposure to violence and sexual assault in the immediate aftermath and during the protracted post-disaster recovery phase; (3) decreased mobility and increased resource needs due to care-giving responsibilities; and (4) policy practices that privilege the economic reintegration of men in post-disaster recovery efforts. Each of these levels of disadvantage reduces women's capacity to prepare for impending disaster and to rebound once disaster strikes.

The Stafford Act should be amended to explicitly protect all peoples from discrimination.

- ✓ *Define the category of "special needs/vulnerable populations" sufficiently broadly to include the unique needs of displaced women and girls given the alarming gender-specific deficiencies revealed by Hurricane Katrina.*

Equity and Inclusion Campaign welcomes the May 2006 bipartisan report from the Senate Committee on Homeland Security and Governmental Affairs, "Hurricane Katrina: A Nation Still Unprepared", which presents a frank account of inadequate governmental response and offers eighty-six detailed recommendations on ways to address the failure of government at all levels to plan, prepare for, and respond aggressively to disaster. Recommendations 45, 46, 49, 62 and 63 address the imperative of improving the government's response to vulnerable populations and to those with special needs.

✓ *Durability of Solutions: There is explicit recognition that displaced status does not end until solutions have proven to be lasting, including*

-Social reintegration: access to public services, including education, health services and pensions; family reunification; restoration of community links.

-Economic reintegration: access to employment; support for the rebuilding of permanent homes; assistance must meet the needs of the most acutely vulnerable.

Equity and Inclusion Campaign welcomes the Subcommittee's recommendations to authorize extensions for Sections 403 and 408 assistance during catastrophic disasters. The Subcommittee's prospective amendments to the Stafford Act will ameliorate the need for repeated assistance extensions as well as the undue stress put on families facing successive deadlines for termination of assistance.

While the report reveals an intimate understanding of the many challenges associated with displacement on a catastrophic scale, Equity and Inclusion Campaign urges amendments to the Stafford Act that also establish criteria for when displacement ends, based on the social and economic reintegration of individuals and families. For example, indicators of the durability of solutions in regards to social and economic reintegration include family reunification, an adequate standard of living and revitalization of communities. Equity and Inclusion Campaign is particularly concerned that residents displaced from all HUD assisted housing will remain in limbo until all said housing is replaced on a one-for-one basis.

Finally and most importantly, the discretionary provisions of the Stafford Act must be amended. Hurricanes Katrina and Rita demonstrated without a doubt that it is during times of catastrophic disaster that Americans need their federal government the most, and that states and municipalities are simply ill-equipped to respond to disaster of catastrophic scale. Congress must include language that makes catastrophic disaster response by the federal government obligatory and legally binding, to include a meaningful process for governmental accountability.

The U.S. has long upheld the U.N. Guiding Principles for Internally Displaced Persons as a useful framework for disaster response and relief abroad. The Equity and Inclusion Campaign strongly recommends that the Stafford Act is amended to comply with these international standards, specifically:

- 1) National governments have primary duty to prevent or mitigate conditions that cause displacement. Hurricane Katrina demonstrated beyond a doubt that state authorities are simply ill-equipped to respond to disasters of catastrophic scale;
- 2) Displaced persons have a legal right to request and receive protection and humanitarian assistance from governmental authorities as well as voluntarily return or resettle with safety and dignity. Discretionary functions of aid during catastrophic disasters must be eliminated;
- 3)

Displaced persons receive assistance and protection that does not intentionally discriminate or result in discriminatory impact. Discrimination must be understood to extend beyond an intentional act of discrimination; 4) Housing assistance, educational and training facilities and medical services to include mental health care and social services must be afforded all persons displaced during a catastrophic disaster until displacement ends.

Again, Equity and Inclusion Campaign commends the Subcommittee for its in-depth and thorough investigation. We welcome recommended disaster housing amendments to the Stafford Act as put forth by the Subcommittee in its report. The U.S. government has the capacity and obligation to respond to the needs of citizens displaced within its own borders. We urge the Subcommittee to seek passage of these additional recommendations in order to secure the dignity and well-being of Americans still displaced from the current disaster and for generations to come.

Question#:	1
Topic:	capacity
Hearing:	A New Way Home: Findings from the Disaster Recovery Subcommittee Special Report and Working with the New Administration on a Way Forward
Primary:	The Honorable Mary L. Landrieu
Committee:	HOMELAND SECURITY (SENATE)

Questions and Responses submitted for the Record from Nancy Ward, FEMA

Question: How do you assess FEMA's capacity to deliver disaster housing assistance should a catastrophe strike tomorrow?

Do you believe that we are any more prepared, that there are any more tested and proven options today than on August 29th?

Answer:

While FEMA's capacity for delivering disaster housing assistance has improved significantly; the housing environment will always be physically challenging and socially demanding, especially under a catastrophic circumstance. FEMA continues to build upon its partnership with HUD to administer long term financial assistance and case management for large-scale and catastrophic disaster housing operations. FEMA is better prepared to provide direct housing assistance with a safer and more diverse range of available housing units, more efficiently administered contracts, and a national strategy for providing the continuum of services that will be required to transition from mass evacuation and sheltering towards sustainable interim and permanent housing in a catastrophic event

Additionally, FEMA's Disaster Housing Plan outlines the steps that FEMA will take to address housing needs, including:

- **Maximizing Available Housing Resources (e.g. apartments, hotels and motels);**
 - Implement and Provide Immediate Repair and Replacement Assistance;
 - Implement Financial Rental Assistance;
 - Catalogue Vacant Rental Properties;
 - Use Transitional Shelters;
- **Using Traditional Forms of Interim Housing (e.g. factory-built housing);**
 - Provide Factory-Built Housing Assistance;
 - Conduct Pre-Placement Interviews for Housing;
 - Catalogue Vacant Commercial Manufactured Housing Pads;
 - Identify Sites for Placement of Units on Applicant's Private Property;
 - Identify Prospective Community Site Locations;
 - Accelerate Production and Delivery of Manufactured Housing;

Question#:	1
Topic:	capacity
Hearing:	A New Way Home: Findings from the Disaster Recovery Subcommittee Special Report and Working with the New Administration on a Way Forward
Primary:	The Honorable Mary L. Landrieu
Committee:	HOMELAND SECURITY (SENATE)

- **Employing Innovative Forms of Interim Housing;**
 - Identify Alternative Forms of Direct Housing

- **Authorize Permanent Construction**
 - Implemented in those rare and unusual cases where preceding forms of interim housing are unavailable, infeasible, or not cost effective

The use of these provisions will depend on the availability of resources, the cooperation of State and local governments, and individual applicants. The plan may be applied progressively or, in a truly catastrophic event, may occur simultaneously to meet the housing needs arising from the disaster. Within these actions are a myriad of options and capabilities.

Question: Do you believe that we are any more prepared, that there are any more tested and proven options today than on August 29th?

Answer:

FEMA is more prepared with tested, proven options that were not available prior to Katrina.

- All new temporary housing units manufactured for FEMA are independently tested and certified to emit less than .016 parts per million (ppm) of formaldehyde by an independent, American Industrial Hygiene Association (AIHA) certified laboratory. FEMA has temporary housing units within inventory that are certified to meet accessibility requirements by the United States Access Board. Neither of these housing options was available from FEMA prior to Katrina. However, it should be noted that travel trailers are only used as an option of last resort.
- FEMA continues to aggressively explore alternative forms of temporary and semi-permanent housing, including pre-fabricated housing, through our Joint Housing Solutions Group and the Alternative Housing Pilot Project. These efforts have already identified several alternative forms of housing, of which

Question#:	1
Topic:	capacity
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Primary:	The Honorable Mary L. Landrieu
Committee:	HOMELAND SECURITY (SENATE)

FEMA is currently installing prototypes at the National Emergency Training Center, for occupation and evaluation.

- o FEMA has piloted the Individuals and Households Rental Repair Pilot on two disasters. A report of findings and recommendations for future implementation is being finalized for Congressional review.
- o FEMA and HUD continue to evaluate the Disaster Housing Assistance Program (DHAP).

Question#:	2
Topic:	improvements
Hearing:	A New Way Home: Findings from the Disaster Recovery Subcommittee Special Report and Working with the New Administration on a Way Forward
Primary:	The Honorable Mary L. Landrieu
Committee:	HOMELAND SECURITY (SENATE)

Question: What would you say are the five most significant improvements made to the disaster housing apparatus since Hurricanes Katrina and Rita?

What plans are in place to ensure that changes are made to the apparatus that will result in more effective disaster housing in the future?

Answer:

Significant improvements in the disaster housing arena are as follows:

Alternative Housing Pilot Program (AHPP)

The AHPP is a one-time, four-year pilot to identify and evaluate better ways to house disaster victims. AHPP was a \$400 million Congressional appropriation in 2006 and is identified as a key program in the Federal Emergency Management Agency's (FEMA) National Disaster Housing Strategy. Designed as a grant program to address disaster housing needs, five (5) projects were awarded to four (4) States through a competitive bid process. While each project explores a different solution to locally acceptable transitional and permanent disaster housing, all projects must ensure that individuals continuing to receive housing assistance from the 2005 hurricane season are given first priority for occupancy.

To evaluate the structural integrity of the units and their impact on individual recovery, the Department of Housing and Urban Development (HUD) is performing building and social science research for FEMA under an Interagency Agreement. Once completed, HUD will present their findings to Congress and FEMA.

Joint Housing Solutions Group

FEMA launched the Joint Housing Solutions Group (JHSG) initiative as a multi-year effort to develop a systematic process to evaluate and rate various disaster housing options, identify viable alternatives to FEMA travel trailers and manufactured homes, and recommend improvements for conducting disaster housing operations.

The Joint Housing Solutions Group evaluated proposals and initiated contracts with seven alternative housing manufacturers. Each manufacturer has been tasked with delivering one prototype unit to FEMA's Emergency Management Institute (EMI), where the units will undergo pilot testing by EMI students who have volunteered to live in the

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Topic:	improvements
Hearing:	A New Way Home: Findings from the Disaster Recovery Subcommittee Special Report and Working with the New Administration on a Way Forward
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units. In addition, the JHSG continues to develop and field test the Housing Assessment Tool to facilitate decisions related to the selection and use of temporary and alternative housing units.

Rental Repair Pilot

The Rental Repair Pilot Program (RRPP) was launched in Iowa under DR-1763-IA and in Texas under DR-1791-TX. The RRPP provides funding for repairs to privately owned multi-family complexes in exchange for the use of repaired units as temporary housing. The RRPP works through the State led Housing Task Force and includes partners from HUD and U.S. Army Core of Engineers (USACE). FEMA's pilot program authority provided under PKEMRA expired on December 31, 2008. FEMA is finalizing a Congressional report on the implementation of the RRPP and recommendations for future use.

DHAP

FEMA continues to work with HUD partners on a daily basis to ensure that all families referred to DHAP are receiving timely assistance. This new pilot program has allowed FEMA to transfer long-term housing assistance to HUD. HUD is able to use its existing network of local Public Housing Authorities (PHAs) to administer rental assistance and provide case management services. FEMA continues to monitor the number of families transferred to the program in order to ensure a seamless transition into DHAP. FEMA has also contributed to the development of Standard Operating Procedures (SOPs) that have increased the overall efficiency of the program and reduced waste in how the local PHAs receive their funding.

State-Led Housing Task Force

As directed under the National Disaster Housing Strategy (NDHS), several States have launched multi-agency State-led Housing Task Forces when disaster damages have necessitated broad-reaching decisions on direct housing requirements.

- **Hurricane Ike:** A State-led Housing Task Force has been established in Texas. The task force consists of representatives from State and local housing agencies, HUD, FEMA, Department of Agriculture (USDA), Department of Veterans Affairs (VA), and the Small Business Administration (SBA). The task force is working to address issues that include the rapid inventory and availability of rental resources and direct housing requirements.
- **Midwest Floods:** In response to the Midwest floods, five States formed and led Housing Task Forces to collaboratively resolve housing issues in the most impacted

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Topic:	improvements
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Committee:	HOMELAND SECURITY (SENATE)

areas. These task forces typically consist of State and local housing agencies, non-profit organizations such as the Habitat for Humanity and Christian Reformed World Relief Services, Federal partners like FEMA, HUD, SBA, USDA, and VA, and other interested parties to include the disabilities advocates and the private sector. The State-led task force empowers the States and locals to more directly define the housing solutions in their communities, and ensure State and local visibility on issues affecting their populations. Missouri, Illinois, Iowa, Indiana, and Wisconsin all had actively participating State-led task forces.

The Wisconsin Task Force was able to engage directly in problem solving for communities with standing water and inaccessible properties. FEMA was able to help problem solve by working with individual property owners to access their homes for inspections with help from the Coast Guard. Options for property acquisition programs and issues of repetitive damage were also tackled by the Task Force.

The Iowa Housing Task Force helped scope the direct housing mission and identify available commercial properties for placing temporary housing units. They also helped to troubleshoot access, permitting, and utilities issues for the housing mission. The Task Force was able to identify a suitable project for the RRPP, and is still leading the effort to complete that project.

Housing Strategy

In January 2009 FEMA released the NDHS and its accompanying annexes. The strategy encompasses the entire continuum of disaster housing, from sheltering through permanent housing. Strategy development took months of extensive coordination with multiple internal and external partners to ensure the integrity and accuracy of the end product. The National Disaster Housing Strategy is the first single document to identify the roles, programs, authorities, and responsibilities of all entities that collaborate to provide disaster housing assistance. The NDHS outlines the most efficient and cost-effective options for meeting disaster housing needs, and serves as the basis for pre-event planning by all organizations with roles or responsibilities in disaster housing.

Factory-Built Housing Units, Travel Trailers and Reduced Formaldehyde Construction

FEMA issued an Interim Direction in August 2007 establishing that, henceforth, no manufactured housing or travel trailers of any kind would be provided to disaster victims unless it had been tested for formaldehyde levels in advance, and the test results shared with the State. States would be required to approve the deployment/provision of any FEMA-provided manufactured housing or travel trailers. Further, per FEMA's Disaster

Question#:	2
Topic:	improvements
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Housing Plan, travel trailers will only be used as an option of last resort in very limited circumstances.

FEMA also initiated efforts to purchase new factory-built housing and travel trailers designed specifically to have extremely reduced formaldehyde levels, and has taken delivery and is using manufactured housing and park models that have tested at or below .016 ppm, which is well below standard residential living environments.

Question#:	3
Topic:	repair pilot program
Hearing:	A New Way Home: Findings from the Disaster Recovery Subcommittee Special Report and Working with the New Administration on a Way Forward
Primary:	The Honorable Mary L. Landrieu
Committee:	HOMELAND SECURITY (SENATE)

Question: FEMA is due to report to Congress by March 31, 2009 on the rental repair pilot program you referred to in your statement. An expanded repair program is one of the Report's recommendations. How many units have been repaired by FEMA under the pilot program? How many people have been housed under the program?

What would have to be done in order for a repair program to be successful for housing large numbers of people after a catastrophe?

Answer:

In September 2008, FEMA selected a property in Cedar Rapids, Iowa, in support of the Presidentially-declared disaster due to severe storms, tornados and flooding in the State of Iowa. This project resulted in the rehabilitation of seven apartment units, which allowed FEMA to provide housing to seven households (13 individuals). In December 2008, FEMA selected a 32-unit apartment complex in Galveston, TX, in support of the Presidentially-declared disaster due to Hurricane Ike in the State of Texas. This property provided housing to 32 households (39 individuals) who were displaced by the disaster.

FEMA is developing a report to be submitted to Congress, as required by Section 689i (a)(4) of the Stafford Act. This report examines the effectiveness of the pilot program. Once the report has been submitted, a copy of the report will be sent to this committee.

Question#:	4
Topic:	expanded
Hearing:	A New Way Home: Findings from the Disaster Recovery Subcommittee Special Report and Working with the New Administration on a Way Forward
Primary:	The Honorable Mary L. Landrieu
Committee:	HOMELAND SECURITY (SENATE)

Question: If an expanded repair program is used, should it be administered by HUD, FEMA, or jointly by both agencies? If a repair program should be implemented jointly by FEMA and HUD, describe how responsibilities should be split between the two.

FEMA documents and strategies suggest that rental repair is a more cost-effective way to house people than other programs, including trailers. Do you share this view, and if so should we place more resources into repair programs?

Would a rental repair program be an effective way of meeting housing needs that still exist in areas hit by hurricanes Katrina and Rita?

Answer:

As stated in response to question 3, FEMA is developing a report to be submitted to Congress, as required by Section 689i (a)(4) of the Stafford Act. This report examines the effectiveness of the pilot program. Once the report has been submitted, a copy of the report will be sent to this committee.

It is premature to determine if in its current form, the pilot authority would or would not be an effective housing solution for satisfying the outstanding housing needs of Hurricanes Katrina and Rita applicants.

Question#:	5
Topic:	trailors
Hearing:	A New Way Home: Findings from the Disaster Recovery Subcommittee Special Report and Working with the New Administration on a Way Forward
Primary:	The Honorable Mary L. Landrieu
Committee:	HOMELAND SECURITY (SENATE)

Question: In its 2009 Strategy and in your statement, FEMA claims that trailers are a last resort, but during the investigation two FEMA officials told our investigators that trailers would be a large part of post-catastrophe response. How heavily would FEMA rely on trailers if another Katrina size disaster left a quarter million people in need of housing?

What alternatives exist that would allow us to provide less costly, more permanent and safer housing and to rely less on trailers?

Answer:

Travel trailers are included in FEMA's 2009 Disaster Housing Plan as a measure of last resort. Under this plan, FEMA's prioritized approach to interim housing is as follows:

- First:** Maximize available housing resources
- Second:** Use factory-built and alternative interim housing
- Third:** Employ innovative forms of interim housing
- Fourth:** Authorize permanent construction

As stated in the 2009 Disaster Housing Plan, the use of travel trailers is contingent on the construction and procurement of new travel trailers specifically designed to improve air quality and air exchange. FEMA may authorize travel trailers for use as interim housing in declared disasters only under the following conditions:

- ONLY at the specific request of the State;
- ONLY on private property (i.e., not in group, community or cluster sites);
- ONLY for a maximum of six months occupancy (i.e., when the level of damage to the occupant's pre-disaster dwelling can be repaired in less than six months, as verified by the FCO and SCO);
- ONLY after the State has determined an acceptable level of formaldehyde for units PRIOR to occupation; and
- ONLY if such units have air exchange controls that meet or exceed FEMA specifications.

FEMA continues to identify and evaluate alternative forms of housing through the Alternative Housing Pilot Program (AHPP) and the Joint Housing Solutions Group

Question#:	5
Topic:	trailors
Hearing:	A New Way Home: Findings from the Disaster Recovery Subcommittee Special Report and Working with the New Administration on a Way Forward
Primary:	The Honorable Mary L. Landrieu
Committee:	HOMELAND SECURITY (SENATE)

(JHSG). In addition, FEMA recently piloted the Individuals and Households Rental Repair Pilot Program. This program authorized FEMA to pilot the identification and repair of existing rental units in order to house disaster victims. Finding and recommendations from this pilot program are being captured in a draft Congressional Report.

In terms of permanent construction, FEMA is only authorized to provide financial or direct assistance to applicants for the purpose of constructing permanent or semi-permanent housing in insular areas outside the continental United States and in other locations when alternative housing resources are not available and other types of temporary housing assistance are either unavailable, infeasible, or not cost-effective. When semi-permanent or permanent housing assistance is warranted, FEMA and HUD will work with the State Housing Solutions Task Force and our various federal and private partners to ensure that permanent solutions for housing are provided.

Question#:	6
Topic:	plans
Hearing:	A New Way Home: Findings from the Disaster Recovery Subcommittee Special Report and Working with the New Administration on a Way Forward
Primary:	The Honorable Mary L. Landrieu
Committee:	HOMELAND SECURITY (SENATE)

Question: FEMA has recognized since at least 2002 that operational plans are needed for successful post-disaster housing, yet these plans still have not been prepared. In its 2009 Strategy FEMA states that operational plans will be developed by a housing task force, which you indicate still has not been formed. When will this task force be formed and ready to begin work? What needs to be done in order for FEMA to complete the preparation of operational plans?

Answer:

Since its inception, FEMA has been providing disaster housing assistance to disaster victims based on FEMA authorities and subsequent policies. These policies have been reviewed and updated over the course of time based on lessons learned from the practical application of disaster housing missions. Following the catastrophic housing mission associated with Hurricanes Katrina and Rita, acute lessons were learned, and policies and authorities were greatly adjusted.

In 2008, FEMA issued a Disaster Housing Plan at the start of the hurricane season and worked diligently to develop a National Disaster Housing Strategy. The Strategy that was promulgated in January 2009 recognized several key concepts, especially that disaster housing is a national issue and not just a FEMA issue, and that while FEMA and the Federal government have key resources to conduct the disaster housing mission, the guiding principles and selection of the specific programs to apply to a given disaster require State and local decisions. For that reason, the Strategy calls for the development of State-led task forces, both to conduct pre-need planning and assessment, and to implement a housing mission in the event of a disaster.

The Strategy also directs the task force to take a long view and develop a(n):

- o Implementation Plan;
- o Concept of Operations;
- o Concept of Operations for catastrophic planning;
- o Review of authorities and responsibilities; and,
- o Work to expand national resources.

The Implementation Plan will describe national roles and responsibilities to achieve the goals of the strategy, primarily to nationalize disaster housing.

Question#:	6
Topic:	plans
Hearing:	A New Way Home: Findings from the Disaster Recovery Subcommittee Special Report and Working with the New Administration on a Way Forward
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Committee:	HOMELAND SECURITY (SENATE)

The Concept of Operations will describe the current and emerging programs that can be applied to support a disaster housing mission.

While a permanent, singularly-focused task force has not yet been established, FEMA has appointed Jack Schuback as the Interim Executive Director of the National Disaster Housing Task Force. Jack will lead the interagency implementation of the National Disaster Housing Strategy, to include leading national-level disaster housing planning and preparedness efforts.

Incoming selections for the FEMA positions on the task force are pending input from the FEMA Administrator.

The Task Force will be jointly led by FEMA and the U.S. Department of Housing and Urban Development. In addition to these agencies, adjunct Federal membership on the Task Force is anticipated to come from the U.S. Department of Agriculture, the Department of Veterans Affairs, the U.S. Department of Health and Human Services, the Small Business Administration, and the Army Corps of Engineers.

Question#:	7
Topic:	HUD
Hearing:	A New Way Home: Findings from the Disaster Recovery Subcommittee Special Report and Working with the New Administration on a Way Forward
Primary:	The Honorable Mary L. Landrieu
Committee:	HOMELAND SECURITY (SENATE)

Question: What is your view of the role HUD should play in post-disaster housing? In your statement you indicate that efforts have been made to improve post-disaster coordination between FEMA and HUD improved. Please explain how interagency coordination has improved.

Answer:

By law, FEMA is authorized to provide temporary housing following a disaster. FEMA is working closely with HUD to capture lessons learned from the implementation of the Disaster Housing Assistance Program (DHAP) under Hurricanes Katrina, Gustav, and Ike, and make recommendations for delegated authority to implement DHAP on future disasters as warranted.

In terms of permanent construction, FEMA is only authorized to provide financial or direct assistance to applicants for the purpose of constructing permanent or semi-permanent housing in insular areas outside the continental United States and in other locations when alternative housing resources are not available and other types of temporary housing assistance are either unavailable, infeasible, or not cost-effective. In those rare and catastrophic circumstances, when Federal semi-permanent or permanent housing assistance is warranted, FEMA and HUD will work with the State-led Housing Task Force and our various federal and private partners to ensure permanent solutions for housing are provided.

Specific examples of improved interagency coordination include the following:

- Continued collaboration under the jointly administered and implemented Disaster Housing Assistance Program and efforts to streamline program for use on future disasters.
- With joint membership under the National Disaster Housing Task Force, both agencies will continue to build on lessons learned through previous disasters and will work to further clarify roles and responsibilities in these instances, and propose a formal delineation of responsibilities.
- FEMA and HUD continue to exchange applicant data in order to identify FEMA applicants receiving excess or duplicate housing benefits.
- HUD is a key partner in the Joint Housing Solutions Group to identify, evaluate and test alternative housing solutions for large numbers of disaster victims.

Question#:	7
Topic:	HUD
Hearing:	A New Way Home: Findings from the Disaster Recovery Subcommittee Special Report and Working with the New Administration on a Way Forward
Primary:	The Honorable Mary L. Landrieu
Committee:	HOMELAND SECURITY (SENATE)

- FEMA has partnered with HUD to conduct a building performance evaluation on direct housing units being occupied under FEMA's Alternative Housing Pilot Program. This evaluation will examine the construction, installation, short and long term durability, as well as reuse of units.
- FEMA continues to work with HUD to capture all available HUD rental properties in a comprehensive Housing Portal, which will be available to disaster victims in need of housing resources.
- HUD continues to be an essential partner under Emergency Support Functions #6 and #14 and support disaster field operations by placing subject matter experts in Joint Field Offices and Transitional Recovery Offices.

Question#:	8
Topic:	repair teams
Hearing:	A New Way Home: Findings from the Disaster Recovery Subcommittee Special Report and Working with the New Administration on a Way Forward
Primary:	The Honorable Mary L. Landrieu
Committee:	HOMELAND SECURITY (SENATE)

Question: FEMA recommended military/civilian emergency repair sweep teams before and after Katrina, concluding that such repairs would be a relatively inexpensive and more permanent housing solution. However, repair teams were not deployed after Katrina. Why not? Have FEMA and the Department of Defense conferred to determine whether it is feasible to use such teams? If so what conclusions have been reached?

Answer:

Repair sweep teams may be employed to conduct emergency roof repairs using plastic sheeting to allow occupants to remain in their homes. Typically, FEMA mission assigns the U.S. Army Corps of Engineers (USACE) to conduct these operations (Operation Blue Roof). FEMA, in coordination with State and local governments, makes the decision to implement emergency residential roof covering based on the following considerations: 1) the event is of such a magnitude that it is obvious local roof covering supplies in the area are insufficient; 2) the event is of such a magnitude that it is obvious that local roofing contractors do not have the capacity to make repairs within a reasonable amount of time; and 3) there is a lack of space at traditional shelters and other short term lodging resources (such as motels and hotels).

Repairs of this nature are authorized under Section 403 of the Stafford Act and as such, include a State cost-share.

FEMA maintains pre-scripted mission assignments to support such repairs.

Question#:	9
Topic:	waivers
Hearing:	A New Way Home: Findings from the Disaster Recovery Subcommittee Special Report and Working with the New Administration on a Way Forward
Primary:	The Honorable Mary L. Landrieu
Committee:	HOMELAND SECURITY (SENATE)

Question: In its 2009 National Disaster Housing Strategy, FEMA often states that housing for individuals is linked to overall community recovery, including restoration of public infrastructure and services. In view of this, does FEMA agree that public assistance cost-shares and reimbursement based aid should be eliminated following catastrophes so that cash-strapped local governments don't have to pay up front for critical recovery work? If so, should the Stafford Act be amended to provide for these waivers?

Answer:

Under the Stafford Act, FEMA may provide supplemental assistance to State, local and Tribal governments, as well as certain private non-profit organizations, to assist them in recovering from the impact of a major disaster or emergency. As part of the Public Assistance Program, FEMA provides assistance to help pay for the cost of emergency protective measures and debris removal after a disaster. FEMA also provides assistance for the repair or replacement of damaged public facilities and infrastructure.

The Public Assistance Program is a joint effort between FEMA and the State or Tribal government serving the grantee. Under the Stafford Act and FEMA regulations, Public Assistance funding is cost-shared with State and/or local governments. The standard cost-share is 75% Federal funding and 25% non-Federal.

In the event of a major disaster that has exceptionally severe impacts on States and localities, FEMA has the authority under the Stafford Act and FEMA regulations to recommend an increase in the Federal cost share from 75% to 90% for eligible Public Assistance costs, including emergency work (Sections 403 and 407) and permanent work (Section 406). This is done whenever a disaster is so extraordinary that all Federal obligations under the Stafford Act, excluding FEMA administrative costs, exceed a threshold of \$122 per capita (for the 2009 calendar year).

Additionally, FEMA currently has the authority under the Stafford Act and FEMA regulations to recommend to the President up to 100% percent Federal funding for emergency work for a limited period in the initial days of the disaster, irrespective of the per capita impact, if it is warranted by the severity of the impact of the major disaster.

Question#:	9
Topic:	waivers
Hearing:	A New Way Home: Findings from the Disaster Recovery Subcommittee Special Report and Working with the New Administration on a Way Forward
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Committee:	HOMELAND SECURITY (SENATE)

The Governor of the impacted State makes a request for supplemental Federal assistance to the President through FEMA and may request an adjustment to the cost-share for Public Assistance. As with the declaration of a major disaster or emergency, FEMA makes a recommendation to the President, and that recommendation is based on statute, regulation and policy. The President maintains the discretion to declare major disasters and emergencies and provide adjustments to the cost-share to the Public Assistance Program.

Question#:	10
Topic:	training
Hearing:	A New Way Home: Findings from the Disaster Recovery Subcommittee Special Report and Working with the New Administration on a Way Forward
Primary:	The Honorable Mary L. Landrieu
Committee:	HOMELAND SECURITY (SENATE)

Question: Some officials interviewed during the investigation linked poor training of new employees to the confusion and mistakes in implementing FEMA programs after Katrina. Has FEMA taken any action to improve the quality and training of its post-disaster reserve workforce? If so, please describe what FEMA has done.

Answer:

To improve the Agency's ability to fulfill its mission, the Disaster Reserve Workforce Division (DRWD) launched an Agency-wide credentialing effort in June of 2008 to ensure that FEMA's Disaster Workforce has a documented plan for credentialing its members.

Through the DRWD, Disaster Assistance Employees (DAEs) continue to receive basic training that includes an overview of FEMA's mission and rules as well as an introduction to essential agency programs and support functions, including Individual Assistance and Public Assistance Programs, as well as Logistics and Community Relations.

In disaster situations, FEMA maintains the ability to provide additional training to DAEs through the delivery of just-in-time training that combines essential elements of existing program courses together with mentoring and on-the-job training.

Within the Disaster Assistance Directorate, the following resources are in place to promote and enhance the quality of DAE training:

- o The Public Assistance Program offers three week-long courses (Public Assistance Operations I and II and Debris Operations) to DAEs when they are not engaged in disaster duty. Completion of these courses, in combination with on-the-job training and mentoring, is required before a new DAE is proficient in providing timely and consistent guidance on the Public Assistance program.
- o The Individual Assistance Division has:
 - Revised and updated more than 10 field courses in 2008.
 - Developed and piloted new courseware:
 - o Crisis Counseling Program, Disaster Unemployment Program, Disaster Legal Services Specialist Training – December 2008

Question#:	10
Topic:	training
Hearing:	A New Way Home: Findings from the Disaster Recovery Subcommittee Special Report and Working with the New Administration on a Way Forward
Primary:	The Honorable Mary L. Landrieu
Committee:	HOMELAND SECURITY (SENATE)

- Direct Housing Operations Program – January 2008
- State Individual Assistance Officer – January 2009
- Both the Individual Assistance and Public Assistance Divisions continue to partner with the Emergency Management Institute to: 1) produce higher-quality training in a timely manner using project management methods and tools and 2) increase the frequency of training delivery to ensure that relevant training reaches the workforce in a timely manner. In 2009, 5471 individuals, including state and local planners, completed Individual Assistance program related courses.

Question#:	11
Topic:	internal review
Hearing:	A New Way Home: Findings from the Disaster Recovery Subcommittee Special Report and Working with the New Administration on a Way Forward
Primary:	The Honorable Mary L. Landrieu
Committee:	HOMELAND SECURITY (SENATE)

Question: During the investigation and in its Strategy, FEMA stated that it is conducting an internal review of laws, regulations and policies pertaining to post-disaster housing. When can we expect FEMA to conclude and report on this review? Given the importance of reform in this area, can FEMA conclude this review within the next 90 days?

Answer:

FEMA has been conducting an internal review of many programs, including the Individuals and Households Program. The result of this process includes the proposal of new initiatives including regulatory changes and policies that will implement lessons learned, institute new authorities passed in recent legislation, and improve efficiency and consistency in the delivery of assistance.

In addition, the National Disaster Housing Task Force is working on the development of an implementation plan for achieving the vision and goals identified in the Strategy. This includes assessing key principles, reviewing current practices, and prioritizing future directions for post-disaster housing.

Question#:	12
Topic:	program
Hearing:	A New Way Home: Findings from the Disaster Recovery Subcommittee Special Report and Working with the New Administration on a Way Forward
Primary:	The Honorable Mary L. Landrieu
Committee:	HOMELAND SECURITY (SENATE)

Question: A comprehensive case management program would greatly improve communications between the federal government and those who receive post-disaster assistance. Is such a program in place and if so is it capable of meeting needs in a disaster as large as Katrina?

Answer:

FEMA has initiated several disaster case management pilots, including pilots in response to Hurricanes Katrina and Rita, with the scope and level of services tailored to meet the targeted needs of disaster survivors.

Each pilot includes:

- Standard operating procedures/program guidance/implementation guidelines that describe the management and expected execution of the program;
- The ability to scale to the size of the declared disaster;
- A defined target population to receive services;
- Requirements for Privacy Act compliance, addressing special needs and disabilities;
- A program coordinator assigned to the FEMA Joint Field Office for technical assistance;
- A defined timeline for program completion;
- A requirement for a third party evaluation

FEMA has contracted with Alon, Inc. to perform a separate evaluation of the pilot programs to produce timely, credible and objective findings from reviewing essential program components and performance outcomes. The intent is to extract lessons learned and best practices from each pilot to produce workable solutions for meeting the needs of the applicants, developing a new program and cultivating partnerships with other Federal and voluntary agencies. Once the review is complete, FEMA will utilize the information garnered to define the final FEMA Disaster Case Management Program.

Question#:	13
Topic:	errors
Hearing:	A New Way Home: Findings from the Disaster Recovery Subcommittee Special Report and Working with the New Administration on a Way Forward
Primary:	The Honorable Mary L. Landrieu
Committee:	HOMELAND SECURITY (SENATE)

Question: After Katrina, overly complicated processes led to widespread errors that delayed or denied assistance to tens of thousands of people. You mention the Disaster Assistance Improvement Plan as an on-line accessible source of information about federal programs, but did not mention whether the programs themselves have been made simpler and easier to follow. What has FEMA done to simplify its eligibility procedures and reduce errors?

Answer:

FEMA has implemented several improvements that have simplified the eligibility determination process and reduced errors. Most noteworthy improvements include:

- Controls have been built into NEMIS that prevent improper payments to applicants who are either not eligible for disaster assistance or are registering fraudulently. Included in these controls are identity, home occupancy and home ownership verification checks during the Registration Intake process, and flagging of non-residential addresses to prevent automated payments and disallowing duplicate registrations.

Hurricanes Gustav and Ike were the first disasters to put the automated fraud controls in NEMIS to the test. These were the first disasters since Katrina and Rita where a form of assistance was made available to eligible applicants after they passed an automated identity and occupancy verification, without an inspection. Nearly 400,000 Hurricane Gustav and Ike applicants were eligible for Transitional Shelter Assistance, all of whom passed both identity and occupancy verification.
- The National Coordination Team (NCT) Assistance Group was established to provide clear, consistent and timely guidance regarding Individual and Household Policies (IHP) and case processing procedures to the NPSC front line workers through an internal help desk. The overall goal of the group is to reduce case processing errors, improve operational efficiency and overall delivery of service. The most recent audit of IHP payments conducted by the OCFO shows less than a 2% error rate for non-Katrina/Rita registrations.
- Over the past four years, FEMA has expanded self service options for the applicant so that they can register for disaster assistance and follow-up on their registration over

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the internet at FEMA's Disaster Assistance Center (DAC). Applicants can also learn the status of their application over the phone, 24 hours a day by calling FEMA's 1-800 number and using an automated status prompt. Currently 50% of the attempted calls to 1-800-621-FEMA have chosen the Automated Status prompt, and only half of those callers have requested to be transferred to a live agent afterwards. Over 60% of Hurricane Gustav and Ike applications were completed on-line.

- A team of FEMA subject matter experts have rewritten all FEMA applicant letters and redesigned the main eligibility letter to provide applicants more detailed information about the award decision. Applicants are also informed of eligibility requirements for disaster assistance in their letters.
- Rental Recertification procedures have been clarified and streamlined so that applicants are required to submit to FEMA only those documents necessary to make to make an eligibility determination. Additionally, the updated Recertification procedures are consistently applied to all disasters.
- Since Hurricane Katrina, the Critical Needs Assistance (formerly known as Expedited Assistance) Policy and guidance has been written and distributed. The assistance has been reduced from \$2000 to \$500 and it is paid only to applicants who declare a critical disaster related need at the time they register for disaster assistance. All Critical Need Assistance recipients must pass an identity and occupancy verification prior to receiving the award. Critical Needs Assistance is paid on a cost share basis with the State.
- The NPSCs have established specialized teams of employees dedicated to the processing of Appeals and Recoupments. These groups are staffed by IHP program specialists who have not been involved in the initial award determination. This allows them to look at Appeals and Recoupment cases objectively. These groups are also responsible for making recommendations to the Agency for reducing the number of Appeals and Recoupments and ensuring registrations are processed correctly in the first place.

Question#:	14
Topic:	locations
Hearing:	A New Way Home: Findings from the Disaster Recovery Subcommittee Special Report and Working with the New Administration on a Way Forward
Primary:	The Honorable Mary L. Landrieu
Committee:	HOMELAND SECURITY (SENATE)

Question: You state that the greatest challenge is providing safe and secure housing where survivors and communities want it, and doing so in a timely and cost-effective way. What has FEMA done to improve where post-disaster housing is located, so that it is where survivors and communities want and need it? What has FEMA done to insure that assistance gets to those who urgently need it without the delays we saw after Katrina? What has FEMA done to improve the cost-effectiveness of its programs? Have comprehensive cost-effectiveness studies been done? If so, what has been the result. If not, why not?

Answer:

Annexes Two and Four of the National Disaster Housing Strategy provide essential information on community site selection, as well as considerations for the delivery of essential services to displaced individuals.

When the determination is made to develop community sites, appropriate site selection and development is important in the disaster recovery process, and community site plans must be developed with consideration for the climate, geography, and accessibility and cultural needs of the affected community. If appropriately selected, these sites can offer individuals and households the opportunity to return to their pre-disaster communities when permanent housing resources have been destroyed. Additionally, these sites offer the community the opportunity to address housing needs for its residents and reestablish its workforce, tax base, and population following the loss of permanent housing stock due to a disaster. FEMA has also worked closely with the National Advisory Council (NAC) Housing Sub-Committee Wrap-Around Services Task Force which identified services and infrastructure supports for families who have been displaced to the loss of their residence.

A basic pre-requisite of identifying and developing community sites is occupant access to critical services and resources including but not limited to food, power, water, sewer and wastewater treatment, communications, emergency medical care, fire protection/emergency services, as well as wrap-around services including social services, schools, health care, child care, and job opportunities and training. Accessibility to these services assists individuals and households in returning to self-sustainability. The following approaches may be used to ensure that disaster survivors in temporary housing have access to these resources:

Question#:	14
Topic:	locations
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- o Individuals and households may be housed in established communities where resources are available.
- o Individuals and households can be housed in available rental resources or temporary housing units in the affected area during the rebuilding process.
- o Following a catastrophic event, a “Host State” concept may be utilized as appropriate, whereby entire communities are relocated and existing resources are augmented to accommodate the incoming population.

If vital infrastructure is intact or able to be rapidly restored, disaster survivors may also be housed in available rental resources or in temporary housing units placed in the affected area during the rebuilding process. In particular, the restoration of utility infrastructure must be coordinated and prioritized to support the timely, facilitated return of displaced households. A lack of operating utility infrastructure may hamper or impede the recovery process and potentially cause health and safety issues. This may also impede the ability of affected residents to stay in their homes or on their properties.

FEMA evaluates cost effectiveness through contracting practices and ensures that when determining a housing mission the costs are included in the decision making process through evaluating the various alternatives for housing resources.

Question: What has FEMA done to insure that assistance gets to those who urgently need it without the delays we saw after Katrina?

Answer: Reference response provided for question 13, which outlines processing, eligibility, and policy improvements that facilitate the expedited delivery of needed disaster recovery assistance.

Question#:	15
Topic:	states
Hearing:	A New Way Home: Findings from the Disaster Recovery Subcommittee Special Report and Working with the New Administration on a Way Forward
Primary:	The Honorable Mary L. Landrieu
Committee:	HOMELAND SECURITY (SENATE)

Question: You indicate that states should take a greater role, perhaps the leading role, with federal support. What is the appropriate federal role in a catastrophic disaster like Katrina, which overwhelms state and local response capacity? Is FEMA prepared for responding to a disaster in which it would have to lead and provide the vast majority of assistance?

Answer:

Disaster response and recovery activities should always be led by the localities and States impacted by the event, with Federal support as needed. As the National Response Framework states, even when a State or community is overwhelmed by an incident, there is still a core, sovereign responsibility to be exercised at the State and local level.

The National Response Framework outlines organizational structures for response that are scalable and flexible – adaptable specifically to the nature and scope of a given incident. These principles enable the Federal Government to respond to a wider range of incidents while maintaining the integrity of the jurisdictions affected. Principles of a unified command provide structure to enable agencies with different legal, jurisdictional, and functional responsibilities to coordinate, plan, and interact effectively. At the request of the Governor, senior officials from the affected State and key Federal departments and agencies form a Unified Coordination Group to establish mutually developed incident objectives and strategies to coordinate and deliver response and recovery support to the affected area.

However, in certain catastrophic disaster events, there may be circumstances in which State, local, or tribal authorities are unable to initially establish or maintain a command structure for incident response and even to manage the recovery. In these situations, under the National Response Framework, the Federal Government, at the direction of the Secretary of Homeland Security, may establish a unified command structure with minimal or no State and local participation, led by the Unified Coordination Group (UCG), to save lives, protect property, maintain operation of critical infrastructure/key resources (CIKR), contain the event, and protect national security. Once the State or Tribal government is capable of reestablishing their incident command, the Federal Government would transition to its role of coordination and support within the Unified Coordination Group.

Question#:	15
Topic:	states
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Since 2005, FEMA and its interagency partners have strengthened their shared capability to act in emergencies, and to do so more expeditiously and comprehensively, based on lessons learned and innovative initiatives. Accomplishments related to the disaster housing capabilities discussed at this hearing include but are not limited to:

- o Expansion of registration, helpline, and home inspection capabilities;
- o Design and implementation of the National Emergency Family Registry and Locator System (NEFRLS) and the National Shelter System (NSS);
- o Development of low formaldehyde emission specifications for temporary housing units;
- o Development and distribution of the National Disaster Housing Strategy and Annexes. The Strategy encompasses the entire continuum of disaster housing, from sheltering through permanent housing;
- o Continued pilot and evaluation of temporary and semi-permanent housing, including pre-fabricated housing, through our Joint Housing Solutions Group and Alternative Housing Pilot Project;
- o Pilot of the Individuals and Households Rental Repair Pilot on multiple disasters;
- o Continued implementation and refinement of the Disaster Housing Assistance Program (DHAP). Lessons learned will be incorporated into future DHAP models to enhance program efficiency;
- o Continued development of the National Donations Management Network;
- o Continued coordination with high-risk States to identify gaps in response and recovery capabilities, plan against identified shortfalls, and conduct joint exercises;
- o Launch of multiple Disaster Case Management pilot programs; and,
- o Development of an Evacuation Support Planning Guide.

Should the nation be faced again with a disaster of the magnitude of Hurricane Katrina or worse, FEMA is poised to marshal necessary Federal and partner resources immediately to assist the impacted communities and individuals.

**Post-Hearing Questions for the Record
Submitted to Nelson Bregón
From Senator Mary L. Landrieu**

**“A New Way Home: Findings from the Disaster Recovery Subcommittee Special Report
and Working with the New Administration on a Way Forward”**

March 18, 2009

HUD’s Capacity to Play a Larger Role—

- 1) Since Hurricanes Katrina and Rita, a debate has ensued over the roles of both HUD and FEMA in providing long-term disaster housing assistance in the wake of a catastrophe. Many in the emergency management community believe that HUD should play the lead role during a long-term recovery. Our report states that IF we are to give HUD that role, HUD’s capacity to deliver housing should be strengthened.
- Do you believe that HUD should take the lead housing role in the event of a catastrophe?
 - In your estimation, does HUD have the capacity to effectively deliver long-term disaster housing assistance? If so, do you believe that HUD should be given greater authority to increase its capabilities? What type of greater capacity should HUD be given?
 - What factors (should it be a specified period of time or other trigger) do you believe should determine the hand-off or transition from FEMA’s shorter-term housing assistance to HUD’s longer-term assistance?

HUD response: HUD is the Federal Government’s housing agency. It is also the Federal Government’s urban development agency. As such, the Department and its program partners, cities, counties, states, public housing agencies, housing counseling agencies, fair housing agencies, and others, have had years of experience financing, building and operating programs that can be vitally important to rebuilding houses and communities after a catastrophe.

In my estimation, HUD has the framework of programs and partners to deliver long-term disaster housing assistance but greater authority, modification of some existing authority, and corresponding resources, are necessary for preparedness. Some areas among others that HUD is looking at include:

- Permanent authorization for Community Development Disaster (CDBG) Recovery Assistance, a key program for housing and community rebuilding that has been funded with two dozen supplemental appropriations since 1992, and sufficient organizational infrastructure to support it;
- Permanent authorization for a disaster voucher program with case management services and organizational infrastructure, e.g., the Disaster Housing Assistance Program, so that HUD can help those displaced find and pay for housing costs during a recovery period;
- Appropriations options acceptable to OMB and the Congress for quickly making funding available to HUD for permanently authorized CDBG Disaster Recovery Assistance and a disaster voucher program following a catastrophe;
- Modifications of the HUD FHA Section 203(h) Mortgage Insurance for Disaster Victims program to improve its utility;

- Increasing authority to staff catastrophic planning;
- Increasing research and demonstration efforts to develop workable housing construction surge capability;
- Authority to staff, to train, and to maintain a reserve corps, e.g., FEMA and SBA, to supplemental HUD capabilities following a catastrophe.

The Administration would be glad to share its legislative proposals with Committees of the Congress at the appropriate time.

In looking at the hand-off or transition from FEMA's short-term housing assistance to HUD's longer-term housing assistance, we would actually transition from FEMA to HUD in 30 to 60 days following a disaster yielding significant housing needs. Within 30 to 60 days following such an event, HUD would activate a disaster voucher program that would provide temporary housing options where available housing units exist. HUD's longer-term assistance would activate by permitting grantees to reprogram their existing unobligated, unexpended HUD funding until new appropriated funds were available.

HUD/FEMA Coordination—

- 2) Our investigation discloses that both FEMA and HUD have made positive gains since Katrina, identifying some of the very reforms and needed changes this Report calls for. However, the Report also indicates that FEMA/HUD coordination problems (*for example prior 9(k) funding disputes*) resulted in inaction and delay of these needed changes (*e.g., FEMA's call for a new, as yet unformed, Task Force to deal with many of these problems*).
 - The 2009 Hurricane season is less than six months away and other known and unknown disasters may come sooner. Can HUD accomplish needed **changes in this timeframe (within six months from now)**?
 - Has HUD already identified changes in institutional or inter-agency initiatives for disaster recovery that it believes need reform? What are they?

HUD response: The 9(k) funding issue was a matter of appropriations law regarding potential augmentation of appropriations. It has been remedied by the repeal of 9(k). This change should allow public housing agencies with damaged properties to receive funding from the Disaster Relief Fund the FEMA Public Assistance program under section 406 of the Stafford Act.

Regarding changes in institutional or inter-agency initiatives for disaster recovery, as mentioned above, HUD is exploring seeking permanent authorization for a disaster voucher program whereas previously the Disaster Housing Assistance Program was funded through an interagency agreement with FEMA. HUD is exploring with FEMA the linking of the FEMA Housing Portal to the HUD National Housing Locator System to reduce duplication of effort and better coordinate databases of post-disaster housing opportunities. Beyond this, HUD is continuing to review initiatives that need reform.

Rental Repair—

- 3) The Report's **First Recommendation** calls for establishment of a standing **Rental Repair Program with Stafford Act Authority**. FEMA legal interpretations prevented use of such a program after Katrina and costly and harmful trailers were used instead. Tens of thousands of

people could have been housed in Apartments that could have been used for longer term recovery and repopulation of damaged townships and cities.

- Does HUD have the capacity to implement a rental repair program and is it better suited than FEMA to do so if properly funded?
- If given this authority, could HUD, as it did with DHAP, be in a position to utilize its housing expertise in a disaster rental repair program for a population beyond just previously assisted HUD clients in a catastrophe?
- HUD has discussed in the past, a program for renters to become homeowners. Could this program be developed to be an alternative to unsafe and costly trailer use after federally declared disasters?

HUD response: HUD's Community Development Block Grant program, HOME Investment Partnerships program, and Community Development Block Grant Disaster Recovery Assistance all have the capability to fund local rental repair programs. This would allow local governments to surge their capacity with rehabilitation programs they already operate, or assist neighboring governments incapacitated by a disaster.

HUD already has a number of programs such as those mentioned above with which local grantees may fund homeownership incentives when those programs are adequately funded. Also, FHA has a discounted home sales program and mortgages insurance programs.

- 4) After Katrina, federal agencies combined to offer approximately 10,000 units of housing. As expected, because these federal agencies are not in the business of owning housing, the available units fell well below what was needed, and trailers filled the gap.
- Do you believe that a rental repair can be utilized as an **alternative to reliance on insufficient federal housing stock and trailers**?
 - Can a HUD housing stock plan that anticipates these housing shortfalls be put in place so that a DHAP type program used in future catastrophes will be able, to not only give people affordable vouchers, but also identify, locate, and give these people housing options in a rebuilding region in which to use those vouchers?

HUD response: Whether a rental repair effort, regardless of how it is funded, can be utilized as an alternative to reliance on insufficient federal housing stock and trailers is dependent on a number of factors including availability of rental housing stock to repair, availability of a labor force, code inspectors, etc.

HUD is in the process of looking at options for a "HUD housing stock plan" as you describe it that anticipates shortfalls in housing inventory following a catastrophe and includes strategies for increasing that inventory.

HUD Disaster Housing Planning—

- 5) Our Report's **Second Recommendation** focuses on HUD, calling for **pre-disaster planning**. We saw, as this investigation uncovered, that FEMA planning going back to 2002, 2004, and 2005 prior to Katrina, identified needed planning considerations in anticipation of a Katrina-like catastrophe, but that such planning was not carried out to the

point that it could be utilized after Katrina. Clearly, the need to plan prior to disasters is paramount.

- Does HUD have the capacity and knowledge to develop a plan for housing needs in the event of a future catastrophe like Katrina?
- Should HUD authority and **access to funding**, through FEMA's Disaster Relief Fund, accompany any future HUD intermediate and long term housing responsibility?

HUD response: We believe that HUD has the knowledge but not sufficient capacity at this point to fully develop a plan for housing needs in the event of a future catastrophe like Katrina. We cannot continue to split the attention of our senior staff resources from our major programs to develop such catastrophic planning.

The idea that HUD authority and access to funding through the Disaster Relief Fund or similar account should accompany any future HUD intermediate and long-term housing responsibility is definitely worth pursuing.

National Federal Housing Inventory Database—

- 6) HUD has the National Housing Locator System (NHLS), launched in 2006. There is also a National Shelter System (NSS), and the FEMA Housing Portal, which consolidates rental resources and uses HUD's NHLS to provide consolidated housing information to disaster survivors and FEMA staff.

(None of these databases are fully coordinated, and all are insufficient to meet the demands of the types needed in a Katrina-like disaster).

- Could HUD coordinate with FEMA and the other Agencies to develop a Housing Stock database coordinated among the 10 FEMA designated disaster regions throughout the country?
- Wouldn't such a database help HUD anticipate and plan for any private market and other solutions needed to meet housing shortfalls in identified regions?

HUD response: HUD is already coordinating with FEMA, USDA, and VA, with respect to the National Housing Locator System (NHLS). HUD is in discussions with FEMA to link its Housing Portal to the NHLS to work out technology issues, protocols, security, etc., between the systems. In the meantime, HUD has given FEMA staffs access to the NHLS so that they can work side by side with HUD staffs in Disaster Recovery Centers identifying housing opportunities for persons displaced by disasters. HUD's use of the NHLS with data made available from on-line rental housing services and other sources can help anticipate housing inventory shortages, especially in the rental market.

Responses to questions posed by the subcommittee offered by Karen Paup, co-director, Texas Low Income Housing Information Service, April 24, 2009.

I would like to thank the subcommittee for the opportunity to testify March 18 on the committee's Far From Home report. Several questions were posed during the hearing, which I will attempt to answer here.

11. What level of income do you consider low?

In my testimony I stated that there needed to be a differentiation between FEMA's approach to providing housing assistance to lower income people. I would specifically recommend that the different approach apply to households earning 80% and below of the median family income based on family size, with special consideration in terms of higher subsidies for people who are at or below 50%, and who are at or below 30%.

In our experience these are the households that have experienced the greatest difficulty obtaining repairs to their homes and affording suitable rental housing. These income levels of low- (at or below 80%), very low- (at or below 50%), and extremely low- (at or below 30%) income are also the primary beneficiary levels for the CDBG program.

12. Could you mention one or two models or programs that you could recommend for review? Do you know how many homes were actually repaired?

The relief ministries of the United Methodists, Baptists, Lutherans, Mennonites, and other denominations have done an incredible job repairing homes. These organizations made more than 2,700 homes, which were damaged by Hurricane Rita "safe, sanitary, and secure." In addition, Southeast Texas Interfaith completely rehabilitated 78 homes, which were damaged by Rita. Gulf Coast Interfaith is now working on Ike recovery.

One of the unique, and most useful, activities was the attempt by the interfaith organizations to coordinate the efforts of faith-based organizations with the resources of the federal and state governments. They played an essential role in coordinating rebuilding, case management, and local government, and using their local knowledge to inform implementation of state and federal recovery efforts.

I would like to share with the committee eight lessons from Gulf Coast Interfaith based on their experience in coordinating between the faith-based groups and government.

(1) Speed Matters—Homes with damaged roofs or which flooded will continue deteriorating until they are repaired. A quick program to repair damaged roofs is

critical so that ongoing rain does not continue damaging the house. Blue tarps — which last 6 months to a year — are insufficient to hold the house over until larger repairs are available. The Homeowner's Assistance Program (HAP) will end up replacing over 2,000 homes damaged by Hurricane Rita, many of which could have been made "safe, sanitary and secure" if they had been roofed in the first 12 months after Hurricane Rita.

(2) Outreach Matters--There needs to be extensive outreach right away to identify families who might need and qualify for assistance that will come in the future. These families need to be informed right away how to use their FEMA funds appropriately and how to document that use so they do not have duplication of benefits problems later because they cannot prove they used their FEMA repair funds on their home. They need to be encouraged to appeal FEMA denial of benefits and to avoid being defrauded by unscrupulous contractors. Above all, the government must hold out some hope for recovery. After three years, some elderly homeowners Southeast Texas have lost hope. They have given up and will not complete applications to the state Homeowners Assistance Program (HAP).

(3) Case Management Support Matters--Many families will need substantial help to complete the documentation required in a CDBG funded program. For many, especially the elderly, disabled and very poor who will likely be served by this program, the program staff must work at developing a level of trust before the homeowner will share documents such as deeds. The program must simplify applications and affidavits so they are understandable to people persons who are traumatized and who have little experience with lengthy documents.

(4) Benefit levels matter—It is expensive to rehabilitate storm damaged, older homes. Yet many homeowners would prefer to rehabilitate their existing home rather than replace it with a smaller new home of 800 to 900 square feet. It appears that almost all of the homes in the HAP program will have to be demolished because they cannot be rehabilitated within the \$40,000 maximum award for rehabilitation. The repair and rehabilitation limits need to be high enough so these are real options for homeowners. Otherwise, the program is pushing these same families into the much more expensive reconstruction program.

(5) Administration matters: Using CDBG funds for housing repairs, even in the case of disaster recovery has proven to be quite complex and difficult. Some municipalities may be able to administer such funds effectively and others do not have personnel with the necessary expertise or experience. The State of Texas should seek as many waivers as possible from the new HUD administration. The Councils of Governments (CoGs) should not, however, re-grant CDBG funds to municipalities unless it is clear they have the capacity to administer a very

complex program.

(6) Don't be paralyzed by fear of fraud—In our experience, very few people attempt to commit fraud in a program dealing with their home. Fraud is easy to spot and has been very infrequent in the housing assistance programs conducted by faith-based groups, the CoGs and HAP. What we save in preventing fraud, we will lose thousands of time over if we have long delays while we attempt to design fraud proof documents and systems.

(7) Plan now to overcome the inevitable obstacles that will develop: (1) families living in inherited homes that have passed from generation to generation without a deed being recorded will need assistance proving they have a legal interest in the home; (2) eligible families which cannot prove how they have spent 100% of their FEMA award for home repairs will need gap funding. (3) Families will drop out of a qualifying process that is overly complex or prolonged—We should plan for a streamlined process from the beginning. TDHCA must assure that state and local solutions are developed to take advantage of the lessons we are learning from both of the Hurricane Rita recovery programs.

(8) Work closely with long-term recovery organizations—These organizations used donated labor to repair moderately damaged homes. They know their communities and know what people want and need in recovery. The state funded programs must coordinate with them so that faith-based groups are not repairing homes that the Assistance Program intends to fully rehabilitate or demolish. No one likes it when limited resources are wasted. Likewise, many homes with moderate damage could be fully repaired and the case closed through the efforts of long-term recovery organizations. These cases will not then be competing for scarce resources with other households, which have much greater need.

13. Do you know of any models to make homeownership work for extremely low-income families?

I agree that the two models described by Ms. Crowley are effective: the family self-sufficiency program operated by public housing authorities and stable, affordable rental housing, in which a family can proceed to address their other needs. I particularly remember a single mother who, after renting an affordable home could quit a second job, go to school, get a better job, and then buy her own home.

I also mentioned the Texas Bootstrap Owner Builder Housing Program. The State of Texas has operated Bootstrap for more than a decade providing interest free loans to extremely low-income families who contribute a minimum of 60% of the labor to build their own homes through a local nonprofit. Bootstrap has helped extremely poor Texas families to own a home by both eliminating labor costs and reducing the cost of financing through a State provided interest-free mortgage

loan. This program is often paired with USDA's Section 523 Mutual Self-Help program. In Texas many Habitat for Humanity chapters also take advantage of the Texas Bootstrap Owner Builder Housing Program.

I would like to elaborate on another model for the committee's consideration, which I described only briefly in my written testimony. This model combines volunteer labor from nonprofits, faith-based organizations, or the low-income beneficiary. It is a pilot program that we call the Texas Grow Home housing demonstration program.

BACKGROUND on the TEXAS GROW HOME PILOT

A group of Texas housing professionals became concerned that there needed to be models for rebuilding the homes of low-income families after natural disasters. We recognized that low-income victims of natural disasters were not able to fully recover their homes with the assistance system that FEMA has in place. We worked from the premise that investing in a family's permanent housing recovery would serve low-income people better and potentially cost the government less than the FEMA trailer program.

We considered the Katrina Cottage as an interesting alternative to FEMA trailers, but were struck by the resistance it encountered in Gulf Coast communities. We determined that we needed a housing model that would be:

- 1) Available as permanent re-housing within two weeks after the disaster, so that people can proceed on with their lives.
- 2) Appropriate from a design standpoint for rebuilding in existing neighborhoods and thus not bear the burden of looking like "government housing" or a mobile home.
- 3) Extremely affordable (our goal: \$65,000 for a 2-bedroom / 1-bath and \$75,000 for a 3-br / 2-bath), so that the money saved by FEMA in not providing long-term temporary housing could be granted back to low-income families in home equity.
- 4) Designed so that faith-based and community volunteers (and the survivor's family themselves) could play a major role in rebuilding the home and thus further reduce the cost of the house to the survivor.

In short we needed a well-designed home that was highly affordable, that could be built on the survivor's lot within two weeks after a disaster, and that was simple enough to build that volunteers and the family themselves could play a major role in the construction.

Along with the Texas Society of Architects, we conducted a design competition among Texas architects for a house that met these four criteria. The response was amazing. With 82 teams of architects submitting designs, totaling more than 350 Texas architects and home designers, this competition became the largest affordable housing design competition in state (and perhaps US) history.

On January 8, 2008 a jury picked four winning designs. The jury was made up of an even number of Southeast Texas representatives and prominent architects. To use one jurist's analogy, we have a bouquet of designs—one traditional, one modern, one which uniquely yields itself to modular housing fabrication, and one, which combines all three elements.

I have attached a DVD that contains all 82 entries along with the four winning designs.

CONSTRUCTION DETAILS:

Construction of the winning designs is underway with a nonprofit developer, Covenant Community Capital overseeing construction of the houses. Their intent is to bid the work to one or more manufactured housing contractors and one or more site contractors. They are soliciting statements of interest from the manufacturers and contractors at this time.