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BEFORE THE

FINANCIAL SERVICES COMMITTEE
AND
HOMELAND SECURITY COMMITTEE

UNITED STATES HOUSE OF REPRESENTATIVES

JUNE 4, 2008

Good morning Chairwoman Waters, Chairman Cuellar and Members of the Subcommittees. I am Carlos J. Castillo, the Assistant Administrator of the Disaster Assistance Directorate in the Department of Homeland Security's Federal Emergency Management Agency (FEMA). Thank you for the opportunity to be here today to represent the Department and FEMA, to discuss our role and responsibility in responding to the affordable housing needs of Gulf Coast States following emergencies and natural disasters.

Much has been said about the methods and ways in which FEMA has housed disaster victims following the 2005 Hurricane Season. While we readily acknowledge that we could have done some things better, we must not lose sight of the fact that nearly three years after the most damaging storms in American History, close to two-thirds of those whose homes were impacted by the disaster have either returned to their pre-disaster housing or have moved on to other housing options. In response to the 2005 Hurricane Season, FEMA provided more housing assistance – direct and financial – than it had cumulatively over the previous 5 years. And while we continue to face challenges, we have learned and applied many lessons, and we have renewed focus on our mission to assist communities and disaster victims.

New programs, policies, initiatives, partnerships and collaborations define the changes and improvements that have taken place within FEMA since Katrina and Rita. Many of the lessons we learned have been institutionalized, and are now being implemented nationwide. FEMA continues to marshal the efforts and expertise of the community of Federal, State and local emergency managers and voluntary organizations to aggressively and compassionately address the needs of individuals, families and communities devastated by disasters.

Today, I will highlight FEMA's Gulf Coast Housing Strategy Action Plan and the Joint Federal/State Housing Relocation Task Force. Second, I will highlight the Disaster Housing Assistance Program and how the federal government is helping individuals and families displaced by Hurricanes Katrina and Rita transition to secure long-term housing. Third, I will address the Department of Housing and Urban Development Memorandum of Understanding outlining eligible emergency repair assistance. Finally, I will provide an update on the National Disaster Housing Strategy and additional measures FEMA is taking to prepare for the 2008 hurricane season and future housing missions.

Gulf Coast Housing Strategy Action Plan

Led by FEMA's Gulf Coast Recovery Office (GCRO), FEMA continues to work with remaining temporary housing occupants to ensure they have access to a broad range of housing options. The FEMA GCRO developed a formal housing strategy in early 2007 to close travel trailer group sites and ensure a comprehensive approach to transitioning occupants to more suitable long term housing options.

Each FEMA Transitional Recovery Office (TRO) developed a Housing Action Plan to detail specific goals, metrics and tools for accomplishing this mission.

Since early 2006, FEMA has offered immediate alternative housing to anyone who has requested to move out of their unit for any reason, including concerns about formaldehyde. FEMA has never believed that travel trailers are an acceptable long-term housing solution, and it is our desire to ensure that all residents move into permanent housing as soon as possible.

FEMA is aggressively identifying alternate temporary and long-term housing and matching up housing occupants with available units as quickly as the occupants can accept the offer and move. Those occupants who have voiced a health concern in response to continued engagement from FEMA have all been offered multiple options to relocate out of their travel trailer.

FEMA has assigned case workers to contact every applicant currently residing in a travel trailer, park model or mobile home in the Gulf Coast to make them aware of available housing resources, and we continue to provide case management services to applicants while they make final decisions about their housing alternatives. No occupant of a FEMA provided travel trailer has to wait for the results of air quality testing to take advantage of these alternative housing options -- they are available now. It is important to note that nearly 84% of the remaining travel trailers and park models in use in the Gulf Coast are on private home sites. These households are, for the most part, making repairs so they can return to their pre-disaster dwelling.

FEMA previously announced a plan to close all group sites and relocate residents by June 1, 2008 and has continued this activity as part of our ongoing efforts. FEMA has already moved over 120,500 households out of temporary housing units as residents move into long-term housing solutions. While a majority of group site residents have successfully transitioned into more functional and long-term housing, some of the remaining residents are experiencing challenges. FEMA officials understand this and have worked diligently to remove many of the barriers residents have faced in relocating. As of May 30, 2008, there are 22,437 households still occupying temporary housing units in the Gulf Coast, 728 households still in group sites.

FEMA is also actively working to increase the rental resources available to the applicants by utilizing the following resources:

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

Affordable housing, particularly rental units, is very limited in many areas along the Gulf Coast. However, FEMA has taken steps to increase the amount of available rental units and reduce the other barriers that may slow the process for an applicant. FEMA redefined the current CLC contract on August 24, 2007, to encourage greater landlord participation and expand the universe of rental properties and reduce common barriers for the remaining disaster population. These incentives and additional actions include:

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

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

On February 14, 2008, the Centers for Disease Control and Prevention (CDC) released preliminary test results where FEMA and CDC outlined the steps to be taken to provide for the safety and well being of the residents of temporary housing units. CDC's preliminary evaluation of a scientifically established random sample of 519 travel trailers and mobile homes tested between December 21, 2007 and January 23, 2008 found that, in many of the travel trailers and mobile homes tested, formaldehyde levels were higher than typical levels (based on recent sampling) of U.S. indoor exposure in single-family homes and apartments. The average level of formaldehyde was about 77 parts per billion (ppb), or .077 parts per million (ppm). In general, formaldehyde levels in travel trailers were higher then levels found in manufactured homes.

FEMA coordinated with CDC to provide occupants with additional public health information. Specifically, CDC and FEMA teams visited each of the CDC tested units to provide occupants with the specific results for their home and advise them on a course of action.

In addition, FEMA provided caseworker assistance to all temporary housing occupants to ensure best access to information and programs that can lead to permanent housing and self sufficiency.

Following the announcement of preliminary findings, FEMA took additional steps to address health concerns of occupants of temporary disaster housing by awarding a contract to complete follow-on testing of occupied trailers that will be done on request from occupants nationwide. As of May 30, 2008, 2,807 applicants have requested their unit be tested, 1,690 test have been completed and 1,748 tests have been schedule for testing.

As part of the effort to provide occupants with alternate housing, FEMA is implementing new and expanded policies and executing contracts to:

- Enter into direct contracts with hotels in order to obtain additional hotel/motel capacity if needed.
- Utilize contract resources to support local relocation.

- Provide food vouchers or stipends for households relocated to hotels without cooking facilities.
- Enter into direct lease agreements with landlords.
- Contract for temporary storage and/or shipping of household property.
- Contract for the boarding and care of household pets for families relocated to hotels or apartments that do not allow pets.
- Provide furniture for rental units by working with Voluntary Agencies where possible, or purchasing the furniture when necessary.
- Contract for moving teams and equipment to assist in the movement of households with special medical needs.
- Provide additional staff to our offices on the ground to facilitate and manage the expedited relocation of households.

Joint Federal/State Housing Relocation Task Force

This year, Administrator Paulison wrote to the Governors of Louisiana and Mississippi to establish a Joint Federal/State Housing Relocation Task Force. Both states, as well as our key federal partners, identified representatives for the task force. The task force is intended to share resources, identify solutions to barriers, and develop joint policies and messaging for those still in need of housing. The task force members will also be charged with identifying opportunities for collaboration with local governments. Leadership from FEMA's Transitional Recovery Offices (TRO) in each state will also ensure that the local officials have visibility on the Task Force efforts and an opportunity to identify issues or concerns needing Task Force attention. The local governments are invited to share any concerns or input that they may have with their State and FEMA partners, for consideration and coordination by the Task Force. Additional local participation will be identified as needed by the State representation.

FEMA hosted the first Louisiana Joint Federal/State Housing Relocation Task Force meeting in New Orleans on March 19, 2008. Representatives from FEMA, Louisiana Recovery Authority, Louisiana Department of Social Services, and HUD were in attendance for this meeting. Since that meeting, task force members have been meeting in smaller sessions to continue to work the action items identified during the meeting. The second meeting of the Joint Federal/State (Louisiana) Task Force was April 2, 2008. The third meeting in LA was on April 28, 2008 and the Louisiana Recovery Authority provided a draft copy of the Comprehensive Housing Strategy.

FEMA's Gulf Coast Recovery Office and our MS TRO recently held a coordination briefing with Mississippi officials in preparation for the full Task Force meeting on April 3, 2008 in Biloxi, Mississippi.

Because of the lack of housing resources in the Gulf Coast, FEMA has been working with our other Federal partners, State and local governments, housing experts and associations, and Congress to identify alternative options and methods of housing disaster victims.

Transitioning to Permanent Housing - Disaster Housing Assistance Program (DHAP)

One of our biggest challenges has been, and continues to be, helping families displaced by Hurricanes Katrina and Rita transition to secure long-term housing. While, over the years, FEMA has continued to be able to provide short-term temporary housing, we recognize that the expertise for longer-term housing resides in our Federal partners at the U.S. Department of Housing and Urban Development (HUD). HUD is responsible for administering the Housing Choice Voucher Program (HCVP), the nation's largest tenant-based subsidy program. HUD with its recognized expertise in providing long-term housing programs has been a particularly important partner in working with FEMA to create the new pilot Disaster Housing Assistance Program (DHAP).

On July 26, 2007, FEMA and HUD executed an Interagency Agreement (IAA) establishing the DHAP, a temporary housing rental assistance and case management program for eligible individuals and households displaced by Hurricanes Katrina and Rita. The program is currently being administered through HUD's existing infrastructure of Public Housing Agencies (PHAs). Local PHAs were awarded grants to provide rent subsidies to eligible individuals and households for a period not to exceed 15 months beginning December 1, 2007 and ending March 1, 2009. The designated PHAs will also provide case management services, which will include a needs assessment and individual development plan (IDP) for each family. The objective of the case management services is to promote self-sufficiency for the participating individuals and households. Ultimately, over 40,000 eligible residents displaced by the 2005 Gulf Coast hurricanes will have been provided assistance through this partnership with HUD.

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

The transition is conducted in phases as applicants are moved into rental assistance.

- **Phase 1:** FEMA transferred applicants who were receiving FEMA rental assistance prior to DHAP.
  - 30,213 applicants transferred to HUD Disaster Housing Assistance Program (DHAP) in August 2007.
  - Participants have been charged $50 rent in March 2008 and will continue to be charged incremental $50 payments until the period of assistance ends in March 2009.

- **Phase 2:** FEMA transferred applicants who had been living in FEMA-provided temporary housing units and were transitioned to FEMA rental assistance through direct payments provided to the landlords by Corporate Lodging Consultants (CLC).
  - 8,750 applicants transferred to HUD HDAP in March 2008.
  - This group of applicants will transition into DHAP but will not have to pay the $50 rent fee.

- **Phase 3:** HUD and FEMA have partnered to assist applicants in transitioning directly into DHAP to reduce confusion and frustration for applicants.
  - Training for Gulf Coast FEMA field staff began April 15 in Louisiana and will continue in Mississippi. Approximately 600 field staff will be trained.
  - FEMA field staff will assist applicants in locating alternate housing/landlords that will participate in DHAP and work with the occupant and landlord to transition directly into DHAP, instead of CLC.

In Louisiana, staff from the FEMA and HUD hosted housing information sessions last week for area residents currently living in FEMA-provided travel trailers and mobile homes. The sessions provided residents with information about transitioning directly into DHAP. Residents can now move directly from travel trailers or mobile homes into the DHAP program with no break in assistance between the two programs.

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

HUD and FEMA Memorandum of Understanding - Repair of Public Housing Following Emergencies and Natural Disasters

I am also aware that Chairman Frank has expressed concern over FEMA's ability to fund emergency repairs to Public Housing Authorities damaged as a result of Hurricane Katrina.

FEMA has a memorandum of understanding with HUD outlining eligible emergency repair assistance. Section 403 of the Stafford Act authorizes FEMA to meet immediate threats to life and property resulting from a major disaster. Under the MOU, HUD and FEMA have agreed that FEMA will, in its discretion, provide for essential assistance authorized under Section 403 of the Stafford Act to eligible public housing authorities, For example, FEMA has provided $7.4 million to the Housing Authority of New Orleans for emergency protective measures.

Under Section 406 of the Stafford Act, FEMA is authorized to contribute to State and local governments for the repair, restoration, and replacement of damaged public facilities. Under this authority, public housing authorities would qualify to receive FEMA Section 406 assistance if such assistance did not fall under another agency's purview.

When another Federal agency is authorized by Congress to perform a specific response or recovery activity, FEMA defers to the agency specifically authorized to provide such services to avoid augmenting another agency's appropriation. For example, in August 2007, the Interstate-35 Mississippi River bridge in Minneapolis, Minnesota, collapsed. The President issued an emergency declaration, and FEMA provided assistance under the Stafford Act to supplement state and local response efforts in the area impacted by the bridge collapse in Minneapolis. In addition, the

Department of Transportation received $195 million in emergency funding as part of the 2007 Consolidated Appropriations Act (PL 110-161) for I-35 bridge reconstruction under DOT's own authority to provide Emergency Relief.

In this case, Section 9(k) of the National Housing Act, as amended, authorizes HUD to award grants to public housing in response to natural disasters.

Recognizing the situation in the Gulf Coast, FEMA and HUD are working together to identify alternatives to address the need for repair assistance for public housing facilities.

A Comprehensive, Collaborative Approach to Disaster Housing

Update on National Disaster Housing Strategy

In 2006, Congress through the Post-Katrina Emergency Management Reform Act directed FEMA to develop a National Disaster Housing Strategy (Strategy). This task has proved to be a challenging one, and one that has taken more time than anticipated. However, FEMA recently completed the draft of the Strategy, and has now begun the necessary and beneficial process of review. The Strategy has been delivered to the FEMA National Advisory Committee, and has been submitted for internal review within the Administration.

2008 Disaster Housing Plan

FEMA will work with States, local communities and individual disaster victims to meet housing needs during the 2008 hurricane season. FEMA's approach is to provide flexible, scalable interim housing assistance that can be adjusted to the range of requirements generated by a disaster. The 2008 Disaster Housing Plan can expand to employ the full range of interim housing options and capabilities. FEMA may, in close coordination and collaboration with the State, provide interim housing to eligible disaster victims when they are either unable to quickly return to their pre-disaster dwellings, or are unable to quickly secure permanent housing.

FEMA's approach to interim housing is based on the following sequence of interim housing assistance:

- First: Maximize Available Housing Resources. This includes providing repair and replacement assistance, providing rental assistance, using transitional shelters (e.g. hotels/motels), and cataloging vacant rental properties.

- Second: Use Traditional Forms of Interim Housing. If no fixed apartments or other rentable properties are available at the Fair Market Rate within a reasonable commuting distance, temporary housing units may be needed. When requested by a State, FEMA will provide a range of options for temporary housing units, which may include mobile homes, park models, or other alternative forms of acceptable temporary housing. Under NO circumstances will FEMA provide temporary housing units (mobile homes, park models, or

other alternative forms of acceptable temporary housing) that have not been tested for formaldehyde.

- Third: Employ Innovative Forms of Interim Housing. FEMA will actively search for opportunities to field test alternative forms of direct housing which have been recommended by FEMA's Joint Housing Solutions Group.

- Fourth: Authorize Permanent Construction. If needed, FEMA will coordinate with HUD to search for cost-effective opportunities to conduct one or more multifamily apartment rehabilitation projects under the authority of the IA Pilot Program. In addition, FEMA will coordinate with HUD and the affected States to authorize Permanent Housing Construction in those rare and unusual cases where preceding forms of interim housing are unavailable, infeasible, or not cost-effective.

Alternate Housing Options

FEMA only provides temporary disaster housing units when all other housing resources, including rental units, are unavailable. This assistance is only used as a last resort to provide safe, secure, and sanitary housing for eligible disaster victims. This form of temporary housing has proven enormously successful in many smaller-scale disasters, where the duration of occupation typically does not extend beyond 18 months. However, while many forms of traditional manufactured housing may prove invaluable to disaster victims anticipating a short occupation period, they were never designed for long-term occupation.

Alternative Housing Pilot Program (AHPP)

Recognizing that mobile homes and trailers are not ideal housing solutions, Congress provided $400 million in the 2006 Emergency Appropriations Act for FEMA to conduct an Alternative Housing Pilot Program (AHPP) to identify and evaluate alternatives to travel trailers and mobile homes. After a competitive process, pilot projects in Alabama, Mississippi, Louisiana and Texas were selected for grant awards. Projects submitted by the States included state-of-the-art engineering standards, designed to maximize energy efficiency with environmentally sound materials. Once tested and proven, these alternatives could potentially be used in response to future disasters. The AHPP sites will also include recreational areas for children and adults, community spaces, and support services for disaster-affected households.

Upon completion, these alternative housing projects are expected to provide between 4,100 and 4,900 units for occupation in Gulf Coast States. Actual occupation of units began in June 2007 (in one of the Mississippi projects) and is all units are projected to be occupied by December 2008, with the exception of Louisiana which expects to have its units occupied by March 2009.

The AHPP will be evaluated by the US. Department of Housing and Urban Development's (HUD) Office of Policy Development and Research. The evaluation will be used in two ways:

(1) To learn what type of temporary housing solution is the best approach for a full range of housing needs - from a stay of only a few months to a semi-permanent, long-term housing solution.; and

(2) To assess how well States administer temporary housing programs.

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

Joint Housing Solutions Group

In September, 2006, FEMA established the Joint Housing Solutions Group (JHSG). The JHSG's purpose is to develop a systematic process to evaluate and rate various disaster housing options, identify viable alternatives to travel trailers and manufactured homes, and recommend improvements for conducting disaster housing operations. After the issuance of FEMA's July 31, 2007, Interim Direction suspending the use of travel trailers and park models, FEMA tasked the JHSG to identify and evaluate feasible forms of alternative housing on an accelerated timeline. The Joint Housing Solutions Group has evaluated 40 different types of units located across the country. They have looked at Gulf Coast cottages with front porches and standing-seam roofs, modular 'folding houses' that could transition to permanent housing, a steel modular modernist-design unit already in use in some areas, and housing units that basically are converted shipping containers. Costs range from $15,000 to $150,000, with most falling between $20,000 to $50,000.

To facilitate the identification and delivery of appropriate alternative housing units, the JHSG has developed a comprehensive Housing Assessment Tool (HAT) designed to collect information on housing products and help FEMA determine whether proposed housing options are suitable for local disaster housing needs. The assessment tool contains 175 questions related to range of use, livability, timeline for occupancy, and unit cost.

FEMA is prepared to utilize these housing options in pilot tests in future disasters where we can further study their effectiveness in the field, and gage occupant's responses to the alternative housing. In the meantime, the JHSG will continue to identify and assess the relative merits of additional forms of alternative housing.

Updated Housing Specifications

FEMA has also implemented new requirements for future purchases of to-be-built manufactured homes, park models, and other new forms of alternative temporary housing that will ensure such units are specifically designed and constructed to emit (and tested to assure) the lowest possible levels of formaldehyde. FEMA has updated housing specifications for purchases of Uniform Federal Accessibility Standard (UFAS) and non-UFAS park models, as well as mobile homes. These units must meet the design and construction requirements established in Title 24 of the Code of Federal Regulations sections 3280.308-309. Units must include weather radios and manufacturers must not use materials which emit high levels of formaldehyde during production.

Summary

In summary, we remain committed to managing a housing program that meets the needs of communities and disaster victims. All aspects of our programs today reflect the lessons learned from Katrina and Rita, due processes for registration, the delivery of disaster assistance quickly, and the provision of disaster victims with a broader range of housing options and case management services. We are a more effective partner with other federal agencies and the states. And FEMA is a better steward of the taxpayer's dollars.

The challenges have sometimes seemed insurmountable, and many times, FEMA has stood alone and received criticism, while continuing to carry out our mission in hundreds of other disasters around this country. FEMA remains committed to utilizing the new resources and authorities provided by Congress to assist communities and victims of disasters affect a full recovery. We expect and look forward to continued close collaboration and cooperation with Congress, as well as with our Federal, State and local government, private sector and voluntary agency partners in emergency management. Thank you for the opportunity to testify. I would be pleased to answer any questions you may have.