

Statement of

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Good Morning Chairman Waters, Ranking Member Biggert, and Members of the Subcommittee.

My name is Gil Jamieson, and I am the Deputy Director for Gulf Coast Recovery in the Federal Emergency Management Agency (FEMA), within the Department of Homeland Security (DHS). It is my pleasure to be here with you today to discuss FEMA's involvement in the Federal housing response to Hurricane Katrina.

On January 26, 2006, I was appointed FEMA's Deputy Director for Gulf Coast Recovery under Director R. David Paulison. Reporting directly to Director Paulison, I lead and coordinate FEMA's Gulf Coast recovery efforts and serve as the principal point of contact between FEMA and Donald Powell, the President's Coordinator for the Recovery and Rebuilding of the Gulf Coast Region. My position was established in order to ensure that FEMA's programs are consistently and effectively administered throughout the Gulf Coast Region. Prior to this appointment, I served under Admiral Thad Allen as his Deputy Principal Federal Official (PFO) during the response to Hurricanes Katrina and Rita. I am a long-time FEMA civil servant, having worked in the Agency since its inception.

We at the Department of Homeland Security and FEMA appreciate your interest in the housing challenges presented by the scope and scale of Hurricane Katrina that we continue to face. Hurricane Katrina, in conjunction with several other devastating storms of the 2004 and 2005 Hurricane Seasons, thoroughly tested the capabilities of FEMA, the Department, and the Nation, including the many States and communities across the country who hosted displaced evacuees from the affected Gulf Region. The magnitude of devastation from Hurricanes Katrina and Rita was overwhelming; it taxed and strained assistance resources and capabilities at all levels. Yet, while these disasters tested our plans and processes as never before, FEMA, working closely and collaboratively with our Federal and State partners, has provided more assistance, and provided that assistance faster, than ever before.

- 44 States and the District of Columbia received Emergency Declarations and have been reimbursed for over \$750 million in sheltering expenses.
- Approximately \$6.3 billion has been provided to over 1 million households through FEMA's Individual and Households Program (IHP).
- More than 120,000 households have been provided temporary housing units (travel trailers and mobile homes) through FEMA's Direct Housing Mission.
- Over \$6 billion of Public Assistance funding has been provided to LA, MS and AL to reimburse expenses for Emergency Protective Measures, Debris Removal and Infrastructure Repair.

While much work remains, and years of rebuilding lie ahead, we have made tremendous progress, and will continue to do so.

I recognize the Committee's focus today is centered on the ongoing efforts to rebuild housing in the Gulf Coast Region, so I will focus my comments on the FEMA Recovery Programs and initiatives that directly relate to this important and continuing effort.

Under section 408 of the Robert T. Stafford Disaster Relief and Emergency Assistance Act, FEMA is authorized to provide housing assistance via our individuals and households program, which includes: rental assistance, home repair assistance, home replacement assistance, and direct housing. I'll discuss each briefly, but before doing so would like to note that FEMA's temporary housing assistance programs and authorities were not designed to provide long-term housing solutions. FEMA Temporary Housing Assistance, as authorized by Section 408 of the Stafford Act, was instead designed to provide a safety net, allowing FEMA to support eligible victims with timely but temporary accommodations while they work to find a permanent housing solution as part of their individual road to recovery. Nevertheless, FEMA will continue to work closely with those agencies and organizations that are able to assist those remaining victims with continuing long-term housing needs.

Let me begin with Financial Assistance: FEMA may provide financial assistance to eligible individuals whose homes have been made uninhabitable or inaccessible due to the disaster and whose insurance benefits do not cover alternative living expenses in order to rent housing accommodations. In the case of Hurricane Katrina, the majority of this assistance has been provided to evacuees residing outside of the damaged area. In total, \$2.1 billion of rental assistance has been distributed to over 700,000 households. Currently 35,000 households continue to receive a form of rental assistance payment.

Home Repair Assistance. For eligible applicants from Hurricanes Katrina and Rita, FEMA is authorized to provide up to \$5,200 in home repair assistance. Repairing a home to make it livable, where that option exists, is a preferred remedy, as it is a cost effective way to keep people in their homes and in their communities. In an event as massive and destructive as Hurricane Katrina, however, this is not always a viable option as many families suffered major damage to, or total destruction of, their homes. For the many families that sustained moderate or minor damage to their homes on the other hand, this is often the fastest and best housing assistance remedy. To date, FEMA has provided over \$318 million in home repair payments, helping make more than 129,000 homes habitable across the Gulf Region following Katrina.

Home Replacement Assistance. FEMA is authorized to provide up to \$10,500 in home replacement assistance to eligible victims of Hurricanes Katrina and Rita. Thus far, in the four Gulf States most heavily impacted by Katrina and Rita (Alabama, Louisiana, Mississippi, and Texas), FEMA has provided more than \$300 million to over 30,000 households to assist them towards the purchase of replacement housing. It is important to note that neither the repair nor replacement assistance that FEMA provides is intended to substitute for insurance, nor can FEMA assistance duplicate any insurance benefits.

In most disaster settings, temporary housing needs can be adequately addressed by FEMA financial, repair, or replacement assistance as disaster victims return home quickly or have housing stock available. However, as we are all acutely aware, Katrina was no typical disaster. Katrina destroyed or significantly damaged tens of thousands of housing resources, greatly limiting our standard temporary housing options. In such a situation, where traditional fixed housing resources are not available, FEMA can provide direct housing assistance, in the form of temporary housing units, to eligible applicants.

Direct Housing Assistance can be acquired from the Federal government by purchase or lease, (such as apartments), but, most often, through the provision of manufactured housing (travel trailers and mobile homes). Following Katrina, both options were employed. Direct leases were secured to house evacuees outside the impacted area and manufactured housing was provided within the most heavily damaged areas of Louisiana, Mississippi, and Alabama, providing the option for many disaster victims to remain in their communities and close to their jobs, families, friends, and schools. In some cases, families were able to remain on their own property.

- Over the course of the last 17 months, FEMA has housed more than 120,000 households in temporary housing units (travel trailers and mobile homes).
- In a sign of progress, the total number of households currently living in temporary housing has decreased to 91,000.
- 83 percent of temporary housing units are on private sites where individuals are rebuilding their homes.
- For pre-disaster renters or those without a private site, FEMA has constructed over 115 group sites in order to house individuals in Louisiana.

Direct housing is initially authorized by the Stafford Act for up to 18 months from the date of the disaster declaration, but President Bush directed FEMA to provide an extension of both the direct housing and the financial housing assistance programs because of the extraordinary circumstances; the new extension allows FEMA to continue to provide housing assistance through August 31, 2007. This extension gives us additional time to continue our work with disaster victims, federal, state and local partners, and volunteer organizations, to transition victims to more permanent housing solutions.

Many disaster victims are reaching the \$26,200 limit on financial assistance under FEMA's Individuals and Households Program (IHP). For those who have reached the cap but still have a need for housing assistance, FEMA is continuing to provide temporary housing through direct housing assistance options.

The primary challenge for the Individual Assistance Program going forward is to work with the remaining 91,000 families who are still being housed by FEMA. Travel trailers and mobile homes are intended only as short-term solutions to fill the need for emergency housing. As we progress from the response phase to recovery, FEMA and the States face a challenge in transitioning individuals into permanent housing solutions. While the National Flood Insurance Program insurance, Small Business Administration loans, and State homeowner grant programs help address the needs of homeowners, renters are experiencing difficulties in finding solutions to their long-term housing requirements. This population is significant, as the proportion of renters in pre-Katrina New Orleans was reported to be 53 percent of residents. However, FEMA is acting on other alternatives, including:

- Creating a Rental Resource team that assists households by researching available rental resources in the affected areas. Lists of properties are made available to households and the Disaster Recovery Center staff so that as properties become available, households have more alternatives in reaching their permanent housing solution. In the last month alone, the team

identified more than 3,000 available houses, apartments, and condos in Orleans, Jefferson and St. Tammany parishes in Louisiana.

- Using recertification teams that visit families living in travel trailers and mobile homes to discuss their permanent housing plans, provide information about available rental resources, and identify mobile homes and travel trailers that may no longer be needed.
- Opening a Welcome Home Center for individuals in the New Orleans area. In addition to providing FEMA, the Small Business Administration, and case management services through the City of New Orleans, the center serves as a resource for mitigation specialists, crisis counselors, and voluntary agencies working to help households recover.

Building Back Better

FEMA's primary mitigation efforts over the last year have focused on working with local communities to rebuild better and safer communities.

- FEMA's Hazard Mitigation funding is available for individuals and public entities to prevent future losses of lives and property due to disasters; to implement State or local hazard mitigation plans; to enable mitigation measures to be implemented during recovery from a disaster; and to provide funding for previously identified mitigation measures to benefit the disaster area. Grants are administered through the State and may be used for both pre- and post-incident mitigation activities.
- FEMA is also re-evaluating its floodplain maps, many of which have not been updated since 1985. While those flood maps are being modernized, FEMA provided local communities with the Advisory Base Flood Elevations (ABFE) as interim guides on rebuilding. The ABFEs are guidance for minimum elevation levels.

Hazard Mitigation Grant Program (HMGP)

Authorized under the Stafford Act, HMGP funding is available to States following a disaster to fund cost-effective mitigation projects. Funds available under HMGP may be used to flood-proof existing properties; acquire and relocate homes from hazard-prone areas; and develop State and local standards to protect new and substantially improved structures from future disaster damage. Potential projects submitted by applicants must conform to the State Hazard Mitigation Plan, Local Hazard Mitigation Plan, and meet environmental/historic preservation requirements. By statute, FEMA may only contribute up to 75 percent of the costs of the projects. This program is not designed for immediate response, but as a long-term future-looking solution to flooding and other hazards. The amount of HMGP funds made available to the State is formula-driven, based on a percentage of the total amount of disaster grants provided. It is 7.5 percent for Hurricanes Katrina and Rita.

Louisiana HMGP

For Louisiana, over \$1.47 billion is expected to be available under the HMGP for Hurricanes Katrina and Rita. The State has until March 2008 to submit its proposals to FEMA.

- To date, FEMA has formally received eight HMGP project applications. One of the projects has been approved, one has been denied, and the remaining six are under review.

- The State has also provided an additional 150 project applications to FEMA for a preliminary, informal review and we have completed those reviews and returned them to the State.
- Due to the extraordinary circumstances resulting from Katrina and Rita, FEMA worked with the State Emergency Management agencies affected by the Hurricanes in Louisiana and Mississippi to develop the Katrina/Rita Reconstruction Pilot. This Pilot policy will provide a 75 percent Federal cost share of up to \$150,000 to eligible homeowners to demolish and rebuild their homes, provided the reconstruction does not exceed 110 percent of the structure's original footprint.

HMGP and Louisiana's Road Home Program

Although some HMGP funds are available to local governments in a typical manner, Louisiana proposed to administer the majority of HMGP funds through the state's Road Home Program. FEMA continues to work with Louisiana to try to facilitate the implementation of the HMGP in a manner that meets objectives of *The Road Home* and also meets the statutory and regulatory requirements of the HMGP. The HMGP, which is authorized by the Stafford Act, is FEMA's traditional post-disaster mitigation program designed to help States and communities reduce the loss of life and property during future disasters. Under *The Road Home*, HMGP would be used to acquire properties, and provide homeowners with the funds to relocate out of harm's way. Land acquired using HMGP funds would be dedicated to open-space, or green space, in perpetuity to eliminate all future risk. *The Road Home*, which is funded primarily by the Department of Housing and Urban Development's Community Development Block Grant program (CDBG), is designed to provide individual homeowners with the resources to stay in their homes if they choose and to restore communities through community redevelopment.

FEMA and the State have worked collaboratively, and have addressed many of the differences in requirements between *The Road Home* and the HMGP programs; however, legal barriers remain concerning equitable treatment in the distribution of HMGP funds. These barriers cannot be overcome without some changes in the implementation of *The Road Home*, including the involvement of local communities in making land-use decisions about redevelopment and open-space or changes in the way the state determines how much to offer a property owner to buy his or her home.

Specifically, the State has established a 40% reduction in funds for homeowners leaving the state, or staying in state but not committing to owning property for 3 years. Recently the state exempted seniors from the 40% reduction if they choose to leave the State. Therefore the purchase offer amount will vary based on age of applicant and ability to own 3 years in-state, which conflicts with provisions of Federal law, including the Stafford Act.

FEMA advised the State in writing of these issues and potential solutions on December 13, 2006, and has offered to continue to meet with the State to identify options for moving forward. The Louisiana Redevelopment Authority continues to question the rationale for the requirements, to push back with reasons why they cannot meet HMGP program requirements, and to suggest options that FEMA cannot agree to because of the discrimination issues. When Louisiana signed the FEMA-State agreement for Hurricanes Katrina and Rita, as States do for all disasters, it agreed to comply with the Stafford Act and FEMA regulations.

A significant factor contributing to the conflict of program requirements is that FEMA was not involved in the design of the Road Home program until after critical decisions on program requirements had been made, and those requirements are in conflict with the HMGP program legal requirements. In a letter dated February 6th, FEMA notified the State that the *Road Home* application cannot be approved as submitted, provided specific information concerning the deficiencies, and extended a commitment to continue to work with the State in resolving the issues and supporting the State's recovery activities. The Application Submission deadline for all HMGP projects is March 1, 2008. Until that time, the State may submit another project or modify the existing project such that it meets FEMA's eligibility criteria. A copy of that letter is attached to this testimony.

Mississippi HMGP

FEMA continues to support the State of Mississippi on the implementation of the HMGP. The current amount available to Mississippi under the HMGP is expected to be \$433 million. FEMA has extended the application submission deadline for all HMGP projects to March 1, 2008. Until that time, the State may submit project applications for the use of HMGP funds.

The use of HMGP funds does require a 25% non-federal match, which is typically provided by state or local governments. Mississippi is still in the process of finalizing a strategy, but has indicated it intends to meet this requirement through global match. Global match occurs when the 25% non-Federal share is derived from several non-Federally funded mitigation actions or properties that are included in the HMGP project, in this case CDBG funds, which are aggregated to make up the non-Federal commitment to the HMGP grant award. Global Match will require that mitigation actions funded with CDBG that are used to meet the non-federal match meet all HMGP requirements. FEMA is continuing to coordinate with the State as needed to assist in finalizing a strategy to meet HMGP match requirements.

Flood Insurance

FEMA is actively involved in two areas regarding flood insurance: disbursement of the National Flood Insurance funds and flood insurance rate maps (FIRMs). The National Flood Insurance Program has paid out over \$16 billion in NFIP claims in the Gulf Coast, including \$13 billion on over 187,000 claims in Louisiana alone. To date, over 99 % of all claims filed have been closed. We see that as a significant step towards recovery as individuals are able to make choices about long-term housing plans.

Advisory Base Flood Elevations (ABFEs) and Flood Insurance Rate Maps (FIRMs)

In the aftermath of Hurricane Katrina, FEMA responded quickly to State and local officials' requests for updated flood hazard information to help them make smart rebuilding decisions. FEMA responded by issuing advisory base flood elevations, or ABFEs, for areas of Louisiana and Mississippi where the effects of the storm had significantly altered the floodplain, or demonstrated that current base flood elevations were outdated.

The post-Katrina ABFEs, for 15 affected Louisiana parishes and 3 Mississippi counties, are generally higher than the base flood elevations shown on the current effective Flood Insurance Rate Maps. The ABFEs are advisory for purposes of the NFIP, and have no impact on the

availability of flood insurance. Existing flood insurance policies continue to be rated based on current effective FIRMs, and if a structure is built to ABFE standards, flood insurance premiums may be much lower.

From a recovery standpoint, ABFEs represent the best available data on flood risk and FEMA encourages property owners and building officials to consider them when making decisions about rebuilding. As such, FEMA has issued a policy requiring Mississippi and Louisiana communities to use the ABFEs for reconstruction and mitigation activities paid for through FEMA grant programs, including Public Assistance, HMGP, the PreDisaster Mitigation grant program, and the Flood Mitigation Assistance program.

FEMA's work with the FIRMs will also provide more accurate estimates of risk and potential flood hazard areas. FEMA provides the maps to communities that participate in the National Flood Insurance Program, and FEMA plans to release updated maps this year. The first step in this process was the release of the ABFEs and this will be followed by the preliminary maps, which will be released this year.

Legislative Improvements

Congress recently took some important legislative steps to help us address the challenges of disaster housing, both for those affected by Hurricane Katrina, and those who may be faced with similar housing needs in future disasters.

In the June 2006 Emergency Supplemental bill, Congress appropriated \$400 million to FEMA for a pilot program that could identify and evaluate new alternatives for housing victims in the aftermath of a disaster. That legislation required that FEMA target the funding and assistance to those States most affected by the hurricanes of 2005. Accordingly, Alabama, Florida, Louisiana, Mississippi, and Texas were invited to submit applications as part of a competitive process to identify the most innovative and promising alternative disaster housing solutions. This competitive grant process was designed to ensure that those proposed projects that met the greatest number of selection criteria received first consideration. The Alternative Housing Pilot Program (AHPP) grant guidance was released September 15, 2006, and applications from the five eligible gulf coast states were due October 20, 2006. Each of the five eligible states submitted applications, which collectively contained 29 discrete project proposals. The 29 proposals totaled almost \$1.2 billion in requested grant money, well in excess of the \$388 million made available for award, with the remaining \$12 million (three percent of the total) reserved for necessary administrative costs, management costs, the pilot evaluations, and any needed amendments. The Department of Housing and Urban Development (HUD), a key partner of ours in this pilot program, will lead a formal evaluation of all approved pilot projects. Five projects were selected for potential grants across the states that submitted competitive applications. Each project is being reviewed to ensure viability, and, upon successful completion of that review, will move forward to funding.

The FY 07 Homeland Security Appropriations Bill also made broad changes to the Stafford Act, many designed to allow FEMA greater flexibility in meeting future disaster housing needs. Key changes include the requirement for a pilot program that will allow for the repair of pre-existing

rental units under FEMA housing assistance, as well as a requirement to develop a national disaster housing strategy. There are other changes, and work on all of them is well underway.

While finding housing for the many displaced households of Hurricane Katrina has been, and will continue to be a challenge, FEMA remains committed to providing or coordinating continued assistance to these victims. Together, with our federal, state, local, private, and voluntary agency partners, we will continue to pursue assistance solutions that will effectively and compassionately help individuals and households recover and re-establish their lives in the gulf coast region.

Thank you. I am prepared to answer any questions you may have.