

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

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

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

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

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

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

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

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

- \$2.30 billion of rental assistance, distributed to over 870,000 households. As of March 25, 2007, 32,885 households continue to receive some form of rental assistance payment.
- Over \$436 million in home repair payments, helping make more than 185,000 Katrina or Rita-damaged homes habitable across the Gulf Region.
- More than \$339 million to over 33,000 households to assist them with the purchase of replacement housing.
- In Louisiana alone, approximately \$5.5 billion to individuals and families under our Individual Assistance programs, with more than \$270 million distributed since the one year anniversary of Katrina.

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

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

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

- Over the last 20 months, FEMA has housed more than 120,000 households in travel trailers and mobile homes.
- As of April 12, 2007, the total number of households currently living in temporary housing has decreased to 83,463, including 54,986 in Louisiana and 26,181 in Mississippi.
- 81 percent of our temporary housing units are on private sites where individuals are rebuilding their homes.
- In order to house pre-disaster renters or those without access to a private site, FEMA constructed 162 group sites across the Gulf, including 115 in Louisiana. As of April 12, 2007, 141 group sites were still open along the Gulf Coast (106 in Louisiana, 35 in Mississippi).

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

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

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

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

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

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

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

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

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

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

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

Thank you. I look forward to discussing FEMA's recovery efforts with the committee.