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United States Government Accountability Office  
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Congressional Requesters

Subject: *Disaster Housing: Implementation of FEMA's Alternative Housing Pilot Program Provides Lessons for Improving Future Competitions*

The Department of Homeland Security's (DHS) Federal Emergency Management Agency (FEMA) provides direct temporary housing assistance in response to disasters primarily through a combination of travel trailers and manufactured homes and for a period of up to 18 months.<sup>1</sup> In 2005, Hurricanes Katrina and Rita devastated much of the housing stock across the Gulf Coast region, leaving thousands of persons in need of temporary housing for lengthy periods. Uncertainty with respect to neighborhood and community recovery and individual and community resistance to the use of travel trailers for extended temporary housing challenged the effectiveness of FEMA's traditional temporary housing options.

Recognizing these challenges, Congress, in the Fiscal Year 2006 Emergency Supplemental Appropriations Act for Defense, the Global War on Terror, and Hurricane Recovery,<sup>2</sup> provided for alternative housing pilot programs in the areas hardest hit by Hurricane Katrina and the other hurricanes of the 2005 season, and appropriated \$400 million to DHS for this purpose. To implement this provision of law, FEMA announced a competitive grant program—the Alternative Housing Pilot Program (AHPP)—inviting the five Gulf Coast states (Alabama, Florida, Louisiana, Mississippi, and Texas) to submit proposals for projects that would demonstrate alternatives for housing disaster victims. FEMA convened a panel of officials to evaluate and score the projects. In December 2006, FEMA announced that it was awarding Mississippi up to \$281.3 million for two projects, Louisiana up to \$74.5 million for one project, Texas up to \$16.5 million for one project, and Alabama up to \$15.7 million for one project.

You asked us to review FEMA's implementation of the AHPP. This report examines (1) the processes FEMA followed for soliciting and evaluating AHPP project proposals, and for selecting projects for funding and determining the funding amounts; (2) how FEMA's processes compare with those of other agencies that carry out similar types of competitive grant programs; and (3) how the group of projects FEMA selected for AHPP funding, as well as other funding options, addresses the goal of identifying alternative forms of disaster housing.

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<sup>1</sup>FEMA has used travel trailers primarily for short-term housing needs and placed the units on private sites while the homeowner's permanent residence is under repair or in group configurations to support displaced renters. FEMA has used manufactured homes for both short- and long-term disaster housing needs and placed the units on commercial pads or in group sites.

<sup>2</sup>P.L. 109-234, 120 STAT. 418.

To assess the processes FEMA followed for soliciting and evaluating AHPP project proposals, and for selecting projects for funding and determining the funding amounts, we reviewed the AHPP guidance and application materials prepared by FEMA, and interviewed agency officials knowledgeable about the development of these documents. In addition, we reviewed the applications and the 29 project proposals submitted by the five states, and interviewed state officials knowledgeable about the preparation of these documents. We also analyzed documentation of FEMA's evaluation of the project proposals, including the written comments of the evaluation panel members. We interviewed FEMA officials and three members of the evaluation panel to ascertain how the evaluation and scoring process worked in practice and obtain their views on the program guidance and related issues. We did not independently verify FEMA's calculations of aggregate scores for the 29 projects based on the panelists' individual scores. To assess how FEMA's processes compare with those of other agencies that carry out similar types of competitive grant programs, we compared FEMA's processes to those of three other federal agencies: the Environmental Protection Agency (EPA), the Department of Education (Education), and the Department of Housing and Urban Development (HUD). We selected these agencies on the basis of our familiarity with their competitive grant processes and their implementation of recommendations we previously made to improve these processes. We reviewed the competitive grants procedures for FEMA and the other three federal agencies, and interviewed officials at each agency knowledgeable about the procedures. To assess how the group of projects FEMA selected for AHPP funding, as well as other funding options, addresses the goal of identifying alternative forms of disaster housing, we analyzed documents describing the rationale for FEMA's selection and funding of project proposals and interviewed cognizant officials. In addition, we reviewed the DHS Inspector General's March 2007 evaluation report on the AHPP.<sup>3</sup> The DHS Inspector General's evaluation was conducted in accordance with the Quality Standards for Inspections prescribed by the President's Council on Integrity and Efficiency. We also interviewed staff who prepared that report about the work they conducted as well as their findings and conclusions. We determined that the information presented in the DHS Office of the Inspector General (OIG) report was sufficiently reliable for the purposes of our work. Last, we reviewed statements and testimony from a hearing on the AHPP conducted by the Senate Homeland Security and Government Affairs Committee, Subcommittee on Disaster Recovery, on April 24, 2007. We conducted our work in Washington, D.C., from February 2007 through August 2007, in accordance with generally accepted government auditing standards.

## Results in Brief

FEMA solicited applications for the AHPP based on guidance developed by staff with disaster housing expertise, convened a national evaluation panel to review and score project proposals from the states, and selected projects for funding based on the evaluation panel results and other considerations. Overall, FEMA elected to implement the AHPP as a competitive grants program, and in September 2006 released written guidance to solicit applications and project proposals. According to FEMA officials, the agency restriction of eligible applicants to the five Gulf Coast states was consistent with its understanding of the legislation authorizing the pilot program. In addition to providing information on how states should apply and the deadlines for submitting applications, the guidance went on to explain the five criteria against which FEMA would rate the applications, and how FEMA would ultimately make project selections. To

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<sup>3</sup>Department of Homeland Security, Office of the Inspector General, *Evaluation of the Federal Emergency Management Agency's Alternative Housing Pilot Program*, OIG-07-39 (Washington, D.C.: April 20, 2007).

evaluate the 29 distinct project proposals that the states subsequently submitted, FEMA convened a national panel of 11 federal and private sector individuals, whose backgrounds represented a variety of disciplines such as architecture, community recovery, disaster housing operations, and engineering. The panelists scored each project based on the established rating criteria. According to FEMA, 19 of the 29 projects scored competitively, and four of the five states (the exception was Florida) submitted at least one competitive project. To select projects for funding, FEMA designated a selecting official and provided the official with the results of the national evaluation panel, written comments and recommendations from individual panelists, and the written project proposals, including the requested funding amounts for each. To assist the selecting official, FEMA's Deputy Director for Gulf Coast Recovery distilled the panel's results into three options for allocating the available funds; these options called for selecting from as few as 2 to a maximum of 10 competitive projects. According to FEMA, the chosen funding option—partially funding the single highest-scoring project from Alabama, Louisiana, Mississippi, and Texas at 85 percent of the requested funding amounts, and allocating the remaining funding to the next-highest-scoring project, which was submitted by Mississippi—maximized the number of competitive states receiving AHPP awards.

FEMA's competitive grant processes for the AHPP were generally similar to those of Education, EPA, and HUD, but we identified differences—including a generally shorter time period for submitting applications, the absence of established maximum (or minimum) award amounts, and the absence of explicit weights or indicators of the relative importance of the rating criteria—that could have affected the program's results. The three agencies' processes include a number of similar requirements. For example, each agency generally requires that its program offices establish a review panel to evaluate applications and that the panelists independently review applications based on criteria outlined in the program guidance. Each agency also requires that the selecting official recommend applications for funding based on the review panel's ranking and recommendations and document the basis for any deviation from the rankings. However, we found several differences between the processes used by Education, EPA, and HUD and the processes FEMA followed for the AHPP:

- The three agencies generally provide applicants longer time frames (ranging from 45 to as much as 180 days) to submit applications for new or complex competitive grant programs; in comparison, FEMA provided its applicants 35 days for the AHPP. According to FEMA officials, the agency desired to assist victims affected by the 2005 hurricanes in the fastest amount of time. However, officials in each of the five states told us that it was difficult to prepare their applications within the 35-day time frame, and they would have benefited by having additional time. Similarly, the DHS Inspector General reported that FEMA might have been able to solicit and fund more innovative and creative disaster housing solutions had the agency allowed applicants more time.
- Education, EPA, and HUD officials told us that they generally include minimum and/or maximum award amounts for their competitive grant programs, which helps to ensure that the program offices will fund multiple proposals—as in the case of a pilot program—without having to partially fund any project. According to FEMA officials, the agency did not specify minimum or maximum AHPP grant amounts because they believed that any limitations would constrain the market-driven nature of the program. However, a HUD grants official told us that it can be more difficult to judge competitive grant applications without award limits, because the requested funding amounts may vary widely (the requested funding amounts for the 29 AHPP project proposals ranged from \$600,000 to \$400 million). Similarly, the DHS Inspector General reported that it

would have been easier to compare the costs of each project had FEMA requested that each project include a budget showing the minimum amounts required to implement each concept, rather than allowing the applicants to submit a “wish-list” budget for each project.

- Education, EPA, and HUD disclose the relative importance of rating criteria used to evaluate applications in the program guidance for their competitive grant programs. In contrast, FEMA’s AHPP guidance provided no indication regarding the relative importance of the five rating criteria. According to FEMA officials, the AHPP guidance could have more clearly stated that the rating criteria would be weighted equally.

Because agencies have some discretion in designing competitive grants processes, these differences do not represent a lack of compliance with applicable law or regulations. However, they may have affected the quality and thoroughness of the proposals FEMA received, reduced the amount of time it had to answer questions from potential applicants, and potentially reduced the number of disaster housing alternatives explored through the program. In this regard, FEMA’s implementation of the AHPP provides lessons that can inform similar competitions in the future.

According to FEMA, its selection of five projects for AHPP funding helped to identify alternative forms of disaster housing by maximizing the number of competitive states that received grant awards. However, by choosing a different funding option, FEMA could have similarly maximized the number of states receiving grant funding and, at the same time, doubled the number of projects it funded. According to FEMA, the five projects selected for funding offer a number of housing options that will improve upon FEMA’s traditional disaster housing in areas such as innovative design, energy efficiency, ease of construction, and community support. To meet the AHPP’s goal of identifying disaster housing alternatives, FEMA elected to maximize the number of competitive states that received grant awards (four) and, within those states, to fund the top-rated projects. According to FEMA officials, this funding option best reflected the competitive nature of the program—what the market brought to them in response to the solicitation for proposals—and allowed them to fund the strongest proposal in each state. However, given the number of projects determined to be competitive, based on the aggregate scores of the national evaluation panel members, FEMA could have funded more projects under a variety of possible options. For example, FEMA could have doubled the number of projects funded—and more thoroughly addressed the program goal of evaluating alternatives—by awarding smaller amounts to the top projects and using the remaining funding for five additional competitive projects (an option that would have allowed the agency to award grants to the same four states as in the case of its chosen option). According to FEMA, doing so would have penalized the “most competitive” proposals by significantly reducing their funding. However, the DHS Inspector General reported that by choosing to fund only five projects, FEMA did not fund an optimum number of “innovate and creative” disaster housing solutions, citing specifically the example of FEMA’s choice to award one project \$275 million of the \$388 million available.<sup>4</sup> We found that evaluation panel members’ comments showed similar concerns, as 10 out of 11 panelists recommended partially funding this large project—some at significantly lower levels. While the funding option FEMA chose is consistent with the authorizing legislation, it resulted in fewer housing alternatives to evaluate under the AHPP.

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<sup>4</sup>FEMA awarded grants totaling \$388 million, as 3 percent, or \$12 million, of the \$400 million appropriated for the AHPP was allocated for administrative costs, management costs, pilot project evaluations, and amendments as needed.

This report includes a recommendation that, in the event that FEMA conducts future competitive grant processes for the purpose of identifying alternative, new, or innovative forms of disaster housing, the Secretary of DHS direct FEMA to consider (1) longer time frames for applicants to prepare and submit applications, (2) minimum and/or maximum funding amounts for grant awards, and (3) stating explicitly the relative importance of the rating criteria that the agency will use to evaluate applications. In reviewing a draft of this report, DHS concurred with the recommendations and offered no other comments. HUD also reviewed the draft report but had no comments.

## **Background**

FEMA was established in 1979 in an effort to consolidate many federal policies related to the management of emergencies, including preparedness, mitigation, and disaster response and recovery. Since its inception, FEMA's responsibilities have been wide-ranging, including, among other things, coordination of civil defense and civil emergency planning, federal disaster relief and disaster preparedness, and coordination of preparedness and planning to reduce the consequences of major disasters or terrorist incidents. FEMA became part of the new DHS in March 2003.

The Robert T. Stafford Disaster Relief and Emergency Assistance Act<sup>5</sup> (the Stafford Act) grants the principal authority for the President to provide assistance in mitigating, responding to, and preparing for disasters and emergencies such as earthquakes, hurricanes, floods, tornadoes, and terrorist acts. FEMA administers the Stafford Act and provides direct temporary housing assistance (e.g., travel trailers and manufactured homes) under its Individual and Households Program (IHP).<sup>6</sup> FEMA provides these units, acquired by purchase or lease, directly to disaster victims, who, because of a lack of available housing resources, would be unable to make use of financial assistance to rent alternate housing accommodations (fig. 1).

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<sup>5</sup>The Stafford Act is codified as amended at 42 U.S.C. § 5121 et seq.

<sup>6</sup>Direct assistance is one of the five types of housing assistance authorized under section 408 of the Stafford Act. The other four types include financial assistance to (1) rent alternate housing accommodations; (2) repair owner-occupied private residences, utilities, and residential infrastructure; (3) replace owner-occupied private residences; and (4) construct permanent or semipermanent housing in insular and other areas where no alternative housing resources are available and other forms of authorized temporary housing assistance are unavailable, infeasible, or not cost-effective.

**Figure 1: Example of FEMA Travel Trailer**



Source: FEMA/Robert Kauffman.

Hurricane Katrina made landfall in late August 2005 and devastated much of the Gulf Coast; the storm surge caused major or catastrophic damage along the coastlines of Alabama, Mississippi, and Louisiana. Hurricane Rita caused further devastation, making landfall on the Gulf Coast in September 2005. According to FEMA, several factors related to these storms have challenged the efficacy of the agency’s traditional temporary housing options, which are limited to an 18-month period by the Stafford Act.<sup>7</sup> These factors include the following:

- A significant number of homes on private lots were completely destroyed.
- Complete neighborhoods were destroyed.
- Many communities face protracted recovery timelines, with the likelihood that temporary housing may be required in some cases for extended periods.
- A shortage of resources for reconstruction of homes, uncertainty with respect to community and neighborhood recovery, and labor shortages (among other things) have limited the pace of recovery.
- Communities and individuals are resistant to the extended use of FEMA’s travel trailers for temporary housing.

Section 2403 of the Fiscal Year 2006 Emergency Supplemental Appropriations Act for Defense, the Global War on Terror, and Hurricane Recovery authorizes “alternative housing pilot programs in the areas hardest hit by Hurricane Katrina and the other hurricanes of the 2005 season” under the IHP. According to FEMA, the AHPP represents a onetime exception to the limitations on its authority under the Stafford Act to provide nontemporary housing solutions

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<sup>7</sup>After the 18-month period, FEMA may charge fair market rent for each temporary housing unit provided unless the President extends the 18-month free-of-charge period due to extraordinary circumstances. According to FEMA, the temporary housing assistance programs for Gulf Coast hurricane victims have been extended until March 1, 2009. As of May 25, 2007, FEMA data showed that the agency was providing direct temporary housing assistance to 76,187 households as a result of Hurricanes Katrina and Rita.

and enables FEMA to explore, implement, and evaluate innovative approaches to both short- and intermediate-term housing solutions that may be worthy of future consideration.

FEMA established four objectives for the AHPP:

- evaluate the efficacy of nontraditional short- and intermediate-term housing alternatives for potential future use in a catastrophic disaster environment;
- identify, develop, and evaluate alternatives to and alternative forms of FEMA disaster housing to assist victims of the 2005 hurricanes in the Gulf Coast;
- consider the feasibility of these options as part of the standard package of housing assistance that could be made available by federal government agencies or state agencies for other disasters of various sizes, locations, and impacts; and
- ensure that pilot projects address the needs of a variety of populations, such as persons with disabilities and the elderly, historically underserved populations as well as renters, homeowners, single-family dwelling occupants, and multifamily dwelling occupants.

FEMA designated its Gulf Coast Recovery Office, located in New Orleans, to be responsible for carrying out the AHPP.

### **FEMA Developed Processes for Soliciting and Evaluating Proposed Projects, while Selecting Official Made Final Selections and Determined Funding Amounts**

Overall, FEMA elected to award grants through a competitive process, which it outlined in the *AHPP Guidance and Application Kit* published on September 15, 2006, inviting the five Gulf Coast states—Alabama, Florida, Louisiana, Mississippi, and Texas—to submit applications for the funding available under the pilot program.<sup>8</sup> According to FEMA officials, the agency’s Gulf Coast Recovery Office developed the AHPP guidance in consultation with agency staff that had disaster housing expertise. FEMA also received assistance from HUD staff in developing the AHPP guidance. HUD officials told us that their agency’s staff assisted FEMA in developing various aspects of the AHPP guidance, such as the appropriate building code requirements for projects and the rating criteria for evaluating proposals. In addition, HUD provided FEMA with copies of funding announcements for certain HUD competitive grant programs that the department had previously implemented. HUD staff also worked with FEMA to develop the evaluation component of the AHPP, under which the projects selected for funding will be evaluated after the housing has been in place for 24 months or more.<sup>9</sup>

FEMA officials told us that the agency designed the AHPP guidance to be consistent with its understanding of the legislation authorizing the pilot program, restricting the eligible applicants to the five Gulf Coast states to comply with the requirement that the pilot program be implemented in the areas hardest hit by Hurricane Katrina and the other hurricanes of the 2005 season. (Each state designated a state agency as the applicant under the program.) FEMA also stipulated that individuals placed in the housing should be those displaced by the 2005 hurricanes with continuous posthurricane housing needs not adequately met by traditional

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<sup>8</sup>Specifically, “agencies designated by the Governors” of these five states.

<sup>9</sup>According to the guidance, HUD is to conduct two interrelated evaluations of the AHPP—a short-term evaluation to address factors associated with the type, codes, cost, time frames, and acceptability of the projects selected, and a concurrent evaluation to address the longer-term energy and maintenance costs, durability, consumer perceptions, and effect of the housing on individual and long-term community recovery and well-being.

forms of temporary housing. According to FEMA, the authorizing legislation did not define any other requirements for the pilot program, giving the agency substantial discretion in deciding the terms and conditions under which it would make AHPP grant awards. As such, after consultation with HUD, FEMA published the guidance. In addition to providing information on, among other things, how states should apply and the deadlines for submitting applications, the guidance went on to explain the criteria against which FEMA would judge the applications, and how FEMA would ultimately make project selections. More specifically, the guidance provided the following:

- *Award information*—FEMA instructed state agencies to submit applications for an allocation of the \$400 million appropriated for the pilot program, and encouraged state agencies to propose multiple projects as part of their applications. The guidance stipulated that specific funding levels would not be predetermined or allocated to specific states, and that one or multiple awards might be made based on the quality of the proposals. While the guidance required information on each project’s life cycle cost, it did not specify any minimum or maximum amount that state agencies could request for each project.
- *Rating criteria*—FEMA established five rating criteria to evaluate proposed projects: (1) the manner and extent to which the project improved upon the conditions characteristic of existing temporary housing and improved long-term recovery; (2) the extent to which the project could provide ready-for-occupancy housing within time frames and in quantities sufficient to meet disaster-related needs under a range of scenarios, including sudden onset catastrophic disasters; (3) estimated life cycle cost, including the cost to acquire, transport, install/construct/repair, and maintain the housing during the period of occupancy by disaster victims; (4) the capacity of the proposed project to be utilized in and adapt to a variety of site conditions and locations; and, (5) the extent to which local officials, local neighborhood associations, and other community organizations were part of or support the project in the community in which it was to be placed. The guidance provided no indication of the relative importance of any of the rating criteria.

According to FEMA, the AHPP guidance also adhered closely to the agency’s draft standard operating procedures for competitive grants.<sup>10</sup> For example, these procedures state that FEMA’s basic policy is to seek maximum open and free competition for competitive grants. To meet this basic policy for the AHPP grants, FEMA officials chose not to predetermine or allocate specific funding levels to the eligible states. In addition, these procedures stated that FEMA would conduct a preliminary technical review of applications; an independent panel would review applications against established criteria; and the approving official would consider the ranking, any comments and recommendations from the independent reviewers, and any other available advice or information before deciding which applications to approve—and document any deviation from the ranking. As discussed later in this report, FEMA followed these procedures in implementing the AHPP.

As with any new grant program, FEMA’s Grants Management Office reviewed the AHPP guidance prior to its release. The purpose of the Grants Management Office’s review is to

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<sup>10</sup>According to a FEMA Grants Management Office official, the agency refers to the procedures as “draft” because it has not yet incorporated them into its *Grants Handbook*, which spells out policies and procedures for all of its grants management activities (that is, including those that take place after grants are awarded). According to this official, FEMA has followed the procedures outlined in the draft since 2004, and the officials who designed the AHPP were required to adhere to them.



ensure compliance with overall agency policies as well as those of the Office of Management and Budget (OMB), and advise the program office (in this case, the Gulf Coast Recovery Office) of any suggestions or concerns that may affect the conduct of the proposed competitive grant program. According to the Grants Management Office official who reviewed the draft AHPP guidance, the office raised two issues, one of which resulted in a change in the final guidance and one that did not. The first issue was the biweekly reporting proposed to be required of grantees, a reporting frequency greater than OMB's prescribed quarterly or semiannual reporting for federal agencies. To require more frequent reporting, FEMA would have had to obtain an exception from OMB, which, the FEMA Grants Management Office official believed, would likely have delayed the issuance of the AHPP guidance. The Gulf Coast Recovery Office subsequently revised the draft guidance and specified a quarterly reporting requirement in the final AHPP guidance.

The second issue was the proposed time frame for states to submit applications. FEMA proposed to require the state-designated agencies to submit applications within 35 days following the release of the AHPP guidance. The Grants Management Office, noting that this represented a very tight deadline, recommended that the Gulf Coast Recovery Office provide the states with 90 days to submit applications. The Grants Management Office official told us that a longer time frame would have been beneficial because, for example, it would have enabled the agency to conduct "town hall" meetings with the states to answer any questions they might have had regarding the application process. The Deputy Director for Gulf Coast Recovery told us that he did not recall receiving this advice. Further, he reiterated his belief that, at the time during which the guidance was being developed, the states were sufficiently aware of the program and of alternative housing concepts and that this, coupled with the agency's interpretation of congressional intent to award the grants quickly, justified the 35-day application deadline.

#### FEMA Convened a National Evaluation Panel to Review AHPP Project Proposals

The AHPP guidance stated that FEMA would chair a national evaluation panel composed of representatives from DHS, HUD, the private sector, and not-for-profit organizations, and that the selection panel would evaluate and rate all proposals and make recommendations to the FEMA senior manager about which proposals, or portions of a proposal, to fund. While developing the AHPP program guidance, FEMA's Gulf Coast Recovery Office also identified candidates to serve on the national evaluation panel. According to FEMA officials, the agency sought individuals within DHS, and specifically within FEMA, with various types of experience that, collectively, could allow them to assess project proposals relative to the purposes of the AHPP—including individuals with expertise in mitigation, flood plain management, building science, engineering, environmental requirements, and historical preservation requirements. In addition, FEMA sought expertise from officials with pertinent private and nonfederal public sector expertise, including those with architectural, construction, and emergency management backgrounds. Ultimately, FEMA's Deputy Administrator and Chief Operating Officer selected 11 individuals to participate on the national evaluation panel, including representatives from the American Institute of Architects, National Emergency Management Association, and a private sector construction/engineering firm, and staff from the Office of Federal Coordinator for Gulf Coast Rebuilding, HUD, FEMA, and DHS Preparedness.<sup>11</sup>

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<sup>11</sup>The American Institute of Architects represents the professional interests of architects and promotes excellence in design and livability in buildings and communities; the National Emergency Management Association is the professional association for state emergency management directors.

FEMA convened the national evaluation panel in November 2006. According to FEMA, each panelist reviewed all 29 project proposals submitted by the five states. In addition, FEMA assigned each panelist two to four projects as the primary reviewer and an additional two to four projects as the secondary reviewer. The primary reviewer presented the details of the project to the other members of the review panel, with the secondary reviewer providing any additional observations regarding the project. After the review panel members discussed any questions regarding the project, each of the panelists individually recorded a score of one (unsatisfactory) to five (excellent) for each of the five rating criteria described in the AHPP guidance. Panelists shared their initial scores for the project with the review panel as a whole, and were provided time for further discussion. Finally, each panel member recorded a final score for the project independent of the other panelists. FEMA computed an aggregate score for each of the 29 projects, based on the panelists' individual scores. According to FEMA, the average score was about 120, and FEMA considered the 19 projects with a score over 120 as competitive. Table 1 shows the 19 projects in national evaluation panel rank order that FEMA considered as competitive.

**Table 1: Competitive AHPP Projects in National Evaluation Panel Rank Order**

| Rank | State       | Project name                       | Score |
|------|-------------|------------------------------------|-------|
| 1    | Mississippi | Green Mobile <sup>a</sup>          | 184   |
| 2    | Mississippi | Park Model and Mississippi Cottage | 182   |
| 3    | Louisiana   | Cypress Cottage Partners           | 176   |
| 4    | Texas       | Heston                             | 159   |
| 5    | Mississippi | Modular Town Home                  | 157   |
| 6    | Alabama     | City of Bayou La Batre             | 155   |
| 7    | Alabama     | Mobile County Proposal B           | 146   |
| 8    | Texas       | Palm Harbor Homes                  | 145   |
| 9    | Alabama     | Baldwin County                     | 141   |
| 10   | Louisiana   | Home at Last                       | 135   |
| 11   | Louisiana   | Phoenix Systems Built Home         | 135   |
| 12   | Texas       | Centera                            | 133   |
| 13   | Alabama     | Mobile County Proposal A           | 129   |
| 14   | Louisiana   | Palm Harbor                        | 129   |
| 15   | Texas       | Octogon                            | 128   |
| 16   | Alabama     | City of Greensboro                 | 126   |
| 17   | Alabama     | City of Thomasville                | 125   |
| 18   | Alabama     | City of Andalusia                  | 121   |
| 19   | Louisiana   | Homes Now                          | 121   |

Source: FEMA.

<sup>a</sup>According to a Mississippi state agency official, the Green Mobile project is currently referred to as the Mississippi Eco Cottage.

The AHPP guidance stated that the national evaluation panel would make recommendations to the FEMA senior manager about which proposals or portions of a proposal to fund. However, FEMA officials told us that they did not intend for the panel to reach a consensus on projects to fund; rather, they considered the panelists to be making individual recommendations about the merits of each project. As discussed subsequently in this report, several panelists individually recommended that certain of the projects they reviewed receive funding, but commented that the funding should be less than that requested by the applicant.

#### FEMA Selected Projects and Determined Related Funding Amounts Based on the National Evaluation Panel Results and Other Considerations

The AHPP guidance stated that the approving federal official (the selecting official) at FEMA would consider the national evaluation score, the comments and recommendations from independent panelists, and any other pertinent information in determining which projects to

select, up to the amount of funds available for the program. FEMA's Deputy Director for Gulf Coast Recovery chose to summarize the results of the national evaluation panel in a December 2006 memorandum to the AHPP selecting official. Specifically, this memo included an overview of the AHPP, a list of the 29 project proposals in national evaluation panel rank order, a summary of the panelists' comments for each project proposal, and three possible funding options. Specifically:

- *Option 1:* Fully fund the *highest scoring projects* until money is exhausted. FEMA would fund the top scoring project from Mississippi at 100 percent of the requested funding and the second highest scoring project (also from Mississippi) at 95 percent of the requested funding.
- *Option 2:* Optimize the number of *housing alternatives* funded within the competitive range. FEMA would fund 10 of the top scoring projects in a manner allowing for a variety of housing solutions to be tested. However, some of the larger and most competitive projects would be substantially reduced.
- *Option 3:* Maximize the number of *competitive states* that receive awards. FEMA would fund the top project from each state (excluding Florida because the panel scored none of its projects as competitive—i.e., with a score of 120 or greater) at 85 percent of requested funding. FEMA would allocate the remaining funding to the Park Model and Mississippi Cottage project, the next highest scoring project proposal.

According to the Deputy Director for Gulf Coast Recovery, the intent of this memorandum was to summarize the results of the national evaluation panel for the selecting official and distill options for dealing with the results of the panel's deliberations. The Deputy Director told us that no one requested that he develop the three options, and that his intent was to best reflect the competitive process and to secure funding for the most competitive projects. The Deputy Director also told us that, in developing the three funding options, he considered the rank order of projects—that is, the aggregate score for each project as determined by the panelists' individual scores—and the amounts requested for each project, but did not factor the individual comments made by the panelists into the options. He acknowledged that any number of options could have been developed, and also commented that the three funding options were not binding—that is, the AHPP selecting official did not have to select or fund projects in accordance with any of the options.

The AHPP selecting official chose option 3 proposed by the Deputy Director for Gulf Coast Recovery, which was characterized as maximizing the number of competitive states that receive awards and resulted in five projects receiving funding (see table 2). Specifically, FEMA (1) selected for AHPP grant awards 5 of the 29 project proposals submitted by the states based on the selecting official's review of the project proposals and consideration of the recommendations from the national evaluation panel and (2) funded them at reduced amounts (i.e., less than the amounts requested in their applications), based on these factors, further analysis of the amounts requested, and the funding FEMA had available for the program. This resulted in FEMA funding the top scoring project proposal from Alabama, Louisiana, Mississippi, and Texas at 85 percent of requested funding and allocating the remaining available funding to the next highest scoring project (the Park Model and Mississippi Cottage), which had been proposed by Mississippi.

**Table 2: Summary of AHPP Selecting Official’s Recommended Project Selections and Funding Allocations**

| Project name                       | State       | Requested funding | Recommended funding amount | Percentage of requested funding | National evaluation panel ranking |
|------------------------------------|-------------|-------------------|----------------------------|---------------------------------|-----------------------------------|
| Green Mobile                       | Mississippi | \$6,930,450       | \$5,890,882                | 85.0                            | 1                                 |
| Park Model and Mississippi Cottage | Mississippi | \$400,000,000     | \$275,427,730              | 68.9                            | 2                                 |
| Cypress Cottage Partners           | Louisiana   | \$87,696,906      | \$74,542,370               | 85.0                            | 3                                 |
| Heston Group                       | Texas       | \$19,378,500      | \$16,471,725               | 85.0                            | 4                                 |
| City of Bayou La Batre             | Alabama     | \$18,432,110      | \$15,667,293               | 85.0                            | 6                                 |
| <b>Total</b>                       |             |                   | <b>\$388,000,000</b>       |                                 |                                   |

Source: FEMA.

In commenting on the recommendations, the AHPP selecting official stated that the selections reflected choosing the strongest project from each of the competitive states and a second project from Mississippi that met the AHPP rating criteria exceedingly well and received the second highest score from the national evaluation panel. How this option, as well as possible others, compares with the program’s goal of exploring alternative forms of disaster housing is discussed later in this report.

**While Generally Similar to Competitive Grants Processes of Education, EPA, and HUD, FEMA’s Processes Differed in Time Frames, Maximum Award Amounts, and Application Rating Criteria**

FEMA’s AHPP grant processes were generally similar to the competitive grant processes of Education, EPA, and HUD. For example, program officials at each agency identify individuals with relevant skills, knowledge, or expertise as candidates for their panels that review applications. In addition, these agencies generally select at least three individuals to participate on their review panels, although the level of the official making the final selections varied among the agencies. FEMA’s Gulf Coast Recovery Office followed a similar process in identifying candidates for the AHPP national evaluation panel, and the agency ultimately selected 11 individuals to participate on the panel. Each agency also requires that the panelists independently review applications in accordance with the criteria stated in its respective program guidance. Further, each agency requires the selecting official to base project selections and funding decisions on the review panel’s ranking and recommendations, and to document any deviation from the ranking. Table 3 summarizes these and other similarities between FEMA’s AHPP grant processes and the competitive grant processes of Education, EPA, and HUD.

**Table 3: Similar Features among Selected Agencies Competitive Grants Processes**

- Applications are subject to initial eligibility determination.
- Program officials identify individuals with specific relevant skills, knowledge, or expertise as candidates for review panels.
- Three or more individuals are selected to participate on review panels.
- Panelists must independently review applications based on established criteria.
- A rank-order list of applications is developed based on panel evaluation.
- Selecting official is obligated to consider the results of panel evaluation when determining which applications will be awarded grants.

Source: GAO analysis.

FEMA's AHPP processes also complied with relevant OMB grant guidance that applies governmentwide. For example, FEMA had grant applicants submit standardized applicant forms, in accordance with OMB Circular A-102, *Grants and Cooperative Agreements with State and Local Governments*. Furthermore, FEMA directed state grantees to require that sub-grantees comply with the audit requirements of OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*.

#### Differences in FEMA's Processes May Have Affected the AHPP Results

We identified differences between the processes FEMA followed for awarding AHPP grants and the competitive grant processes of Education, EPA, and HUD. While the differences do not represent a lack of compliance with applicable law or regulations, they may have affected the quality and thoroughness of the proposals FEMA received, reduced the amount of time it had to answer questions from potential applicants, and potentially reduced the number of alternative proposals the evaluation panel ultimately had to consider in its deliberations. More specifically:

- *Application deadline*—FEMA provided the five eligible states 35 days to submit their applications under the AHPP. Education, EPA, and HUD program offices generally provide applicants with longer time frames to submit applications for new or complex grant programs. For example, Education's competitive grant procedures require program officials to provide applicants a minimum of 60 days to submit applications for funding under new programs, compared with 45 days for existing programs. In addition, EPA's competitive grants procedures, for open competitions, generally require program officials to provide applicants at least 45 days to submit applications. The director of HUD's Office of Departmental Grants Management and Oversight told us that, depending on the complexity of the program, the time frame for submitting applications for HUD grants can be as little as 45 days and as much as 180 days. According to FEMA officials, the agency determined that time frames for implementing the AHPP needed to be short in order to assist victims affected by the 2005 hurricanes in the fastest amount of time. FEMA officials also told us that the agency established a shorter time frame for submitting applications because the concept of alternative housing options was not new when the agency released the AHPP guidance, as FEMA and state officials had discussed various alternatives to the FEMA travel trailer and manufactured home and some concepts had been presented. For example, Mississippi sponsored a forum in October 2005 where architects, engineers, and community planners discussed rebuilding options, including one concept presented as an alternative to the FEMA

travel trailer. For this reason, FEMA officials contended that the 35-day time frame did not have an effect on the quality of the AHPP project proposals that the agency received.

However, officials from each of the five state agencies told us that it was difficult to prepare the application and project proposals within the 35-day time frame and they would have benefited by having additional time. For example, some state agency officials told us that they did not have enough time to secure title to the sites for proposed projects; one state official noted that this process can take up to 6 months. In other cases, state agency officials told us that they did not have enough time to follow their normal procurement practices for soliciting ideas for alternative housing solutions. Furthermore, some state agency officials also told us that a longer time frame would have provided additional time to ask FEMA questions regarding the AHPP guidance and application process. Similarly, in its April 2007 report on the AHPP, the DHS OIG reported that FEMA might have been able to solicit and fund more innovative and creative disaster housing solutions had the agency allowed applicants more time.<sup>12</sup> Finally, the three AHPP review panelists we interviewed also told us that they did not believe 35 days was a sufficient amount of time for states to develop proposals.

- *Minimum/maximum award amounts*—The AHPP guidance did not specify a minimum or maximum amount that the states could request for each project, and the funding requests for the 29 projects submitted ranged from \$600,000 to \$400 million. Officials of Education, EPA, and HUD told us that, when they have discretion in designing competitive grant programs because the authorizing statutes for the programs have not prescribed certain provisions, such as minimum or maximum amounts that applicants may request, they typically choose to establish them. According to FEMA officials, the agency placed no limitations on the amounts that the states could request for each project because it sought to obtain the best ideas from the marketplace and felt that any limitations would constrain this process. In addition, FEMA was not certain how many eligible states might submit AHPP applications or how many project proposals the agency might receive, and did not want to place constraints on the amount it might award to any one proposal.

A senior official in EPA's Office of Grants and Debarment told us that award limitations help to ensure that program offices will fund multiple projects—as in the case of a pilot program—without having to partially fund a project. In addition, the director of HUD's Office of Departmental Grants Management and Oversight told us that it can be more difficult to judge applications under a competitive grant program without award limitations, because the budget amounts may vary widely. The DHS OIG also noted in its April 2007 report that it would have been easier to compare the costs of each project had the AHPP guidance requested that each project include a budget that showed the minimum amounts required to implement each concept (with some adequate-for-testing-and-evaluation number of units, such as 25 or 50), rather than allowing the applicants to submit a “wish-list” budget for each project.<sup>13</sup> Furthermore, one AHPP review panelist we interviewed told us that it was more difficult to evaluate and make comparisons among the project proposals because the funding requests varied greatly.

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<sup>12</sup>OIG-07-39.

<sup>13</sup>OIG-07-39.

- *Rating criteria*—The AHPP guidance provided no indication of the relative importance of any of the five rating criteria, and in fact FEMA did not assign weights but rather treated each criterion equally. In contrast, Education, EPA, and HUD program offices disclose in the program guidance information regarding the relative importance of rating criteria that will be used to evaluate applications. According to FEMA officials, the AHPP guidance could have more clearly stated that the rating criteria would be weighted equally. These officials also told us that, in retrospect, the agency could have given more consideration to which of the five rating criteria were more important than others. Similarly, the DHS OIG’s April 2007 report noted that it was unusual when some evaluation factors are not considered to be more important than other factors, and concluded that the project assessments were possibly unbalanced in that every factor was given the same weight as all of the other factors.<sup>14</sup>

### **Selected Projects Will Provide Housing Alternatives, but FEMA Could Have Funded More Projects**

According to FEMA, the five projects selected for AHPP funding to help identify alternative forms of disaster housing for evaluation were chosen to maximize the number of competitive states that receive grant awards. FEMA officials indicated to us that this option, among all of those the selecting official considered, best balances the competitive nature of the AHPP, which was intended to solicit ideas from the marketplace and secure funding for only the most competitively rated projects. As a result, FEMA elected to fund the top rated projects from the four states that submitted competitive proposals (excluding Florida) at 85 percent of requested funding and allocate the remaining funding to the next highest rated project, which was from Mississippi. (The latter, while a single “project” for purposes of the competition, consists of proposals to construct two types of units.)

The five projects FEMA chose for funding offer a number of housing options, including single family modular homes that can be deconstructed, one-story multifamily units that offer varying layouts, modular units placed on an undercarriage and frame, and prefabricated panelized housing. In addition, the group of projects is intended to improve upon FEMA’s traditional housing options in areas such as innovative design, energy efficiency, ease of construction, and community support. For example, Mississippi’s Green Mobile project is intended to provide an improved emergency housing alternative by emphasizing innovative design features that are durable and energy efficient and can be adapted to varied family needs. In addition, Louisiana’s Cypress Cottage Partners project is intended to provide semipermanent and permanent housing solutions that can be built relatively quickly. Figure 2 describes the five projects selected for AHPP funding.

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<sup>14</sup>OIG-07-39.

**Figure 2: Projects Funded under the AHPP**

**Park Model and Mississippi Cottage**



**Mississippi cottage** (shown in photos): Alternative to the FEMA manufactured home. Modular two or three bedroom unit that can be installed on a permanent foundation, making it convertible to permanent housing.

**Park model:** Alternative to the FEMA travel trailer. Similar to the travel trailer with several enhancements, including an air conditioned attic for additional storage, rot/mold/moisture resistant materials, and a front porch. Designed to remain on wheels permanently.



**State requested \$400 million for:**

- 7,261 park model units
- 1,279 two-bedroom Mississippi cottages
- 654 three-bedroom

**City of Bayou La Batre (Alabama)**



- Serves as an alternative to the FEMA manufactured home.
- Single-family modular housing unit built using cement fiber materials. Units feature a front porch and exterior design and materials that compliment surrounding areas.

**State requested \$18.4 million for:**

- 194 units on two sites

Artist's rendering (production units subject to change)



### Heston Group (Texas)

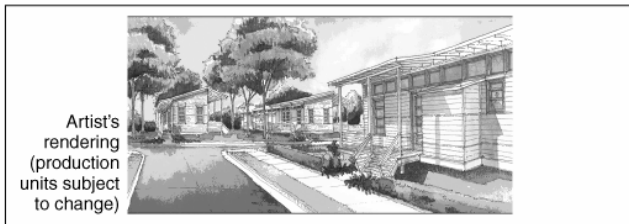


- Serves as an alternative to the FEMA travel trailer and manufactured home.
- Single-family prefabricated, panelized housing unit that can be constructed in as little as 8 hours. Unit can be broken down, stored flat, and reused.

**State requested \$19.4 million for:**

- 50 one-bedroom units
- 50 two-bedroom units
- 100 three-bedroom units

### Green Mobile (Mississippi)

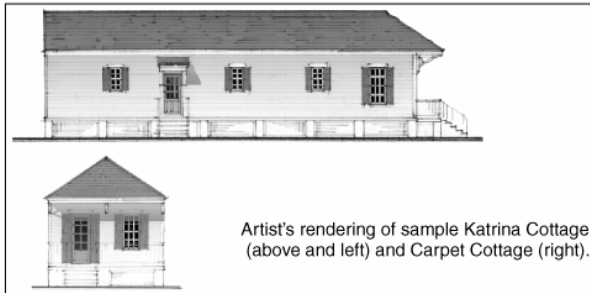


- Serves as an alternative to the FEMA travel trailer and manufactured home.
- Features open interior design that can be adapted to various family needs.
- Emphasizes green building technologies that should result in reduced energy consumption.

**State requested \$6.9 million for:**

- 80 one-bedroom units
- 20 two-bedroom units

### Cypress Cottage Partners (Katrina Cottage and Carpet Cottage, Louisiana)



**Katrina cottage:** Alternative to FEMA manufactured home. Single-family unit that offers two- and three-bedroom layouts for a diverse population.

**Carpet cottage:** One-story multifamily unit that offers one-, two-, and four-bedroom layouts for a diverse population.

**State requested \$87.7 million for:**

- 475 of the two types of units

Sources: Mississippi Emergency Management Agency (Park Model and Mississippi Cottage, Green Mobile/Mississippi Eco Cottage); Galbraith & Associates, LLC/The Mitchell Company Inc./ Palm Harbor Homes, Inc. (City of Bayou La Batre); Texas Department of Housing and Community Affairs (Heston Group); Cypress Realty Partners, Duany Plater-Zyberk & Company (Cypress Cottage Partners); and FEMA.

## FEMA Could Have Funded More Alternative Housing Projects Using a Different Funding Allocation

FEMA could also have increased the number of projects to evaluate under other funding options. As previously noted, the Gulf Coast Recovery Office developed three possible options for allocating the funding available under the AHPP. Under one of these options, FEMA would have funded 10 competitively ranked projects (worthy of consideration) in four states (Alabama, Louisiana, Mississippi, and Texas, the same states that ultimately received AHPP grant awards) by scaling down some of the funding allocations of the top five projects and using the remaining funding for five additional competitive projects. Specifically, FEMA would have partially or fully funded three projects in Louisiana, three projects in Mississippi, two projects in Alabama, and two projects in Texas. Table 4 provides details on the projects and the recommended funding amounts they would have received had the FEMA selecting official chosen this option.

**Table 4: Option FEMA Considered to Fund More Projects under the AHPP**

| Project name (state)                             | Requested funding | Recommended funding under this option | Percentage of requested funding | Rank based on scores of national evaluation panelists |
|--|-------------------|---------------------------------------|---------------------------------|---|
| Green Mobile (Mississippi)                       | \$6,930,450       | \$6,930,450                           | 100                             | 1   |
| Park Model and Mississippi Cottage (Mississippi) | 400,000,000       | 99,283,657                            | 24.8                            | 2   |
| Cypres Cottage Partners (Louisiana)              | 87,696,906        | 87,696,906                            | 100                             | 3   |
| Heston Group (Texas)                             | 19,378,500        | 16,972,906                            | 87.6                            | 4   |
| Modular Town Home (Mississippi)                  | 88,800,000        | 46,336,731                            | 52.2                            | 5   |
| City of Bayou La Batre (Alabama)                 | 18,432,110        | 18,432,110                            | 100                             | 6   |
| Mobile Country Proposal B (Alabama)              | 32,500,650        | 32,500,650                            | 100                             | 7   |
| Palm Harbor Homes (Texas)                        | 25,212,300        | 25,212,300                            | 100                             | 8   |
| Home at Last (Louisiana)                         | 13,540,513        | 13,540,513                            | 100                             | 10 (tied)   |
| Phoenix Systems-Built Home (Louisiana)           | 91,455,038        | 41,093,770                            | 44.9                            | 10 (tied)   |
|  |                   | <b>\$387,999,993</b>                  |                                 |   |
| <b>Total</b>                                     |                   |                                       |                                 |   |

Source: FEMA.

Note: According to FEMA, the ninth ranked project (Alabama Baldwin County) was not recommended for funding under this option because it proposed the same housing solution as the eighth ranked project (Texas Palm Harbor Homes).

According to FEMA’s Deputy Director for Gulf Coast Recovery, this option of funding 10 projects represented one of many options that the AHPP selecting official could have recommended to allocate funding under the pilot program. In developing this option, the Deputy Director indicated that it would enable FEMA to fund the top projects in a manner that allowed for a variety of housing solutions to be tested. However, the Deputy Director remarked that this option would not have been the best choice because it “penalized” some of the most competitive proposals by significantly reducing the requested funding amount. Similarly, FEMA indicated that another funding option it considered but did not choose had drawbacks as well. That option, under which FEMA would have funded only the highest scoring projects until it exhausted its available funding, would have resulted in the agency awarding all of the AHPP funds to two projects (both in Mississippi)—assuming that the projects were funded up to the amount requested for each, rather than at some lesser amount as recommended by some individual panel members. According to the Deputy Director and the selecting official, choosing this option would have quickly exhausted the available funding and precluded it from funding excellent, competitive projects from the other states and increasing the alternative housing options it would develop under the AHPP. As a result, the Deputy Director believed that the selection of five projects for AHPP funding represented the best funding solution consistent with the competitive process.

In its review of FEMA’s implementation of the AHPP, the DHS Inspector General raised a concern about the effect of FEMA’s choice to award AHPP funds in the manner it did. Specifically, the OIG reported that, had the selecting official chosen the option under which

FEMA would have maximized the number of competitive projects receiving awards (the option funding 10 projects), the AHPP grant funds would be much more effective in exploring and testing “innovative and creative” alternative solutions to disaster housing.<sup>15</sup> Furthermore, the OIG stated that FEMA did not fund an optimum number of “innovate and creative” disaster housing solutions because, by selecting and funding the 5 projects it did rather than the 10 under this option, FEMA awarded the vast majority of the available funds (about 71 percent) to one project in one state (Park Model and Mississippi Cottage).

Our analysis of the evaluation panel member’s comments on the project proposals showed similar concerns with awarding to 1 project such a substantial portion of available AHPP funding and the effect this might have on the goal of developing housing alternatives to evaluate. We found that 10 out of 11 panelists recommended partially funding the \$400 million requested for this large project—some at significantly lower levels. For example, 1 panelist strongly recommended that the project be funded at a maximum of 10 percent of the proposed level, noting that the intention of the program is to test different forms of housing as a pilot; another panelist suggested the funding level be at 20 percent.

Although the AHPP selecting official ultimately recommended funding this project (the Park Model and Mississippi Cottage) at 69 percent of requested funding (or \$275.4 million), in doing so he stated that there were issues requiring resolution, one of which may have reflected the concerns the panelists raised. Specifically, the official noted that this project should “address the proposed balance between the Park Model and Mississippi Cottage to provide for a better evaluation of the efficiency of one option versus the other.” As a result, FEMA officials stated that, in subsequent postaward negotiations with Mississippi, they were working to adjust the mix of these two types of housing for which the state would ultimately receive grant funds in order to reduce the number of Park Model units to be built. The selecting official also noted a concern with the similarity between the Park Model units and some of the existing manufactured homes through which FEMA currently provides disaster housing (also named Park Model), writing in his recommendation to fund the project that consideration should be given to “expanding the available square footage of the Park Model to demonstrate more contrast to the existing Park Model options.”

## Conclusions

The legislation creating the AHPP did not specify in detail how FEMA was to design and implement the program and award the grant funds. FEMA’s choice of a competitive grant program, to be implemented expeditiously, was intended to be consistent with the authorizing legislation. In designing the program, FEMA planned for the AHPP to not only address continuing housing needs, but also to generate ideas for how to do so in better ways in future disasters. FEMA’s choices will likely meet these goals. However, the experience of implementing the AHPP, as well as insights from other agencies’ competitive grants’ processes, provide useful lessons that may be worth exploring as part of any future attempt on FEMA’s part to identify alternative, new, or innovative forms of disaster housing. Specifically:

- Allowing applicants more time could increase the quantity and quality of proposals. Perceiving some urgency to quickly implement the program, FEMA gave applicants 35 days to prepare and submit their applications for AHPP grants, even though the program was new and intended to elicit innovation. The other federal agencies whose competitive

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<sup>15</sup>OIG-07-39.

grants processes we examined—Education, EPA, and HUD—advised that giving applicants more time to apply, particularly for a new program, makes it more likely the agency will receive more proposals to evaluate.

- Establishing minimum and/or maximum grant award amounts could help ensure comparability among proposals and ultimately lead to funding a greater number of innovative proposals. In the absence of such limits, FEMA received applications for individual projects ranging from \$600,000 to \$400 million. When they can, officials at Education, EPA, and HUD typically establish minimum or maximum amounts, which help to ensure that they will fund multiple projects.
- Determining the relative weight of each rating criterion, and explicitly stating these weights in program guidance, would also help promote comparability among proposals. The other agencies we consulted disclose this information. FEMA’s failure to do so, according to the DHS Inspector General, created the possibility that panel members’ reviews of grant applications could have been unbalanced. FEMA officials acknowledged that they could have more clearly stated that they weighted all of the criteria equally.

### **Recommendations for Executive Action**

In the event that FEMA conducts future competitive grant processes for the purpose of identifying alternative, new, or innovative forms of disaster housing, the Secretary of DHS should direct FEMA to consider:

- longer time frames for applicants to prepare and submit applications,
- minimum and/or maximum funding amounts for grant awards, and
- stating explicitly the relative importance of the rating criteria that the agency will use to evaluate applications.

### **Agency Comments and Our Evaluation**

We provided DHS and HUD with a draft of this report for review and comment. In an e-mail from its Audit Liaison Office, DHS concurred with the recommendations in the draft report and offered no other comments. HUD officials indicated that they had no comments on the draft report.

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As we agreed with your office, unless you publicly announce the contents of this report earlier, we plan no further distribution of it until 30 days from the date of this letter. We will then send copies to the Secretary of Homeland Security, the Secretary of Housing and Urban Development, and interested congressional committees. We will also make copies available to others upon request. In addition, the report will be available at no charge on the GAO Website at <http://www.gao.gov>.

If you have any questions concerning this report, please contact me at (202) 512-8678 or [woodd@gao.gov](mailto:woodd@gao.gov). Contact points for our Office of Congressional Relations and Public Affairs may be found on the last page of this report. Key contributors for this assignment were Bill MacBlane, Assistant Director; Marshall Hamlett; Simin Ho; and John McGrail.



David G. Wood  
Director, Financial Markets  
and Community Investment

*List of Congressional Requesters*

The Honorable Mary L. Landrieu  
Chair  
Subcommittee on Disaster Recovery  
Committee on Homeland Security and Governmental Affairs  
United States Senate

The Honorable David Vitter  
United States Senate

The Honorable Rodney Alexander  
House of Representatives

The Honorable Richard Baker  
House of Representatives

The Honorable Charles W. Boustany, Jr.  
House of Representatives

The Honorable William J. Jefferson  
House of Representatives

The Honorable Bobby Jindal  
House of Representatives

The Honorable Jim McCrery  
House of Representatives

The Honorable Charlie Melancon  
House of Representatives

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