

February 2007

DISASTER
ASSISTANCE

Better Planning
Needed for Housing
Victims of
Catastrophic Disasters





Highlights of [GAO-07-88](#), a report to congressional addressees

Why GAO Did This Study

In 2005, Hurricanes Katrina and Rita destroyed thousands of homes and displaced over 1 million people. In light of widespread Congressional and public interest in U.S. agencies' performance in assisting hurricane victims, GAO initiated work under the Comptroller General's authority to examine federal housing assistance. Specifically, this report examines (1) the extent to which the National Response Plan (NRP) clearly described the responsibilities and capabilities of federal agencies and the Red Cross; (2) the extent to which these organizations had plans for providing sheltering and housing assistance; and (3) the perceptions of victims and others regarding the assistance needed and provided. GAO reviewed the NRP and related documents, interviewed Red Cross and federal agency officials and a limited number of storm victims, and convened a group of experts to discuss these issues.

What GAO Recommends

GAO recommends that HUD, Treasury, USDA, and VA propose revisions to ESF-6 that fully reflect their capabilities; that these agencies and Defense develop fact sheets as required by standard operating procedures; and that HUD, USDA, and VA develop operational plans for their ESF-6 responsibilities. These agencies generally concurred with our recommendations.

www.gao.gov/cgi-bin/getrpt?GAO-07-88.

To view the full product, including the scope and methodology, click on the link above. For more information, contact David G. Wood at (202) 512-8678 or woodD@gao.gov.

DISASTER ASSISTANCE

Better Planning Needed for Housing Victims of Catastrophic Disasters

What GAO Found

In general, the NRP, including its annex covering sheltering and temporary housing (emergency support function no. 6 or ESF-6) clearly described the overall responsibilities of the two primary agencies—the Red Cross and the Federal Emergency Management Agency (FEMA). However, the responsibilities described for the support agencies—the Departments of Agriculture (USDA), Defense, Housing and Urban Development (HUD), Treasury, and Veterans Affairs (VA)—did not, and still do not, fully reflect their capabilities. For example, USDA provided temporary housing for victims, and Treasury acted to make available vacant rental units subsidized through a tax program, but the ESF-6 annex did not reflect these capabilities. Further, the support agencies had not, and have not yet, developed fact sheets laying out their roles and responsibilities, notification and activation procedures, and agency specific authorities, as called for by ESF-6 operating procedures. FEMA's ability to effectively coordinate federal housing assistance was limited because the agency was not aware of the support agencies' full capabilities.

The Red Cross and federal agencies generally lacked plans for providing shelter and temporary housing in response to catastrophic disasters such as Hurricanes Katrina and Rita but have since taken some steps to improve their response capabilities. Some ESF-6 support agencies had not developed operational plans for meeting their ESF-6 responsibilities, and while they were ultimately able to contribute much-needed assistance, it was not as timely as it might have been. For example, HUD and VA worked out agreements with FEMA after the storms to provide vacant properties, but it took several months before some were available to victims. HUD, USDA, and VA have formed an informal working group to work out procedural details for providing housing assistance, in order to avoid the need to do so after a disaster event. However, this group is not intended to address the full range of these agencies' responsibilities under ESF-6, and does not have a specific timetable for its activities.

The specific needs of victims and their perceptions of the assistance that was provided varied, depending in part on circumstances such as where they were located after the disaster, whether they were homeowners or renters, and whether they had special needs. Most victims were eligible for some form of federal temporary housing assistance—such as rental assistance or a travel trailer—and those we contacted had mixed perceptions of the assistance they received. Our interviews with victims, as well as our expert group, indicate that temporary housing needs include not just shelter, but also access to medical facilities, public transportation, schools, employment opportunities, and other social services—and, particularly for those displaced to distant locations, information about all of these things. Legislation enacted in October 2006 requires a strategy that is to address a number of these ancillary needs for victims of future catastrophic disasters, and FEMA has initiated this effort.

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Abbreviations

DOD	Department of Defense
DHS	Department of Homeland Security
ESF	Emergency Support Function
FEMA	Federal Emergency Management Agency
HUD	Department of Housing and Urban Development
IHP	Individuals and Households Program
IRS	Internal Revenue Service
NRP	National Response Plan
USDA	Department of Agriculture
VA	Department of Veterans Affairs

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United States Government Accountability Office
Washington, DC 20548

February 28, 2007

Congressional Addressees:

In late August 2005, Hurricane Katrina struck the Gulf Coast, and Hurricane Rita struck the same region less than 1 month later. These two storms destroyed or damaged several hundred thousand homes and displaced more than a million people from their residences. Federal agencies, the American National Red Cross (Red Cross), and other organizations provided emergency shelter and temporary housing for victims of these storms. However, these storms illustrated the limitations of the nation's readiness and ability to respond effectively to a catastrophic disaster—that is, a disaster whose effects almost immediately overwhelm the response capacities of affected state and local first responders and require outside action and support from the federal government and other entities. Congressional and other reports on the federal response to Hurricane Katrina have identified various failures, including those related to the federal government's efforts to provide housing assistance to victims of this storm.

The federal government provides support for emergency shelter and temporary housing for victims of disasters under several legislative and executive provisions. The Robert T. Stafford Disaster Relief and Emergency Assistance Act (the Stafford Act) primarily establishes the programs and processes for the federal government to provide major disaster and emergency assistance to states, local governments, tribal nations, individuals, and others. In addition, the Homeland Security Act of 2002 required that the Department of Homeland Security (DHS) consolidate existing federal government response plans into a single, coordinated national response plan. In December 2004, DHS issued the National Response Plan (NRP) to establish a comprehensive approach to domestic incident management across a spectrum of activities including prevention, preparedness, response, and recovery. The NRP "base plan" describes the structure and processes for integrating the efforts and resources of federal, state, local, tribal, private-sector, and

nongovernmental organizations during incidents of national significance.¹ In addition, the NRP includes 15 Emergency Support Function (ESF) “annexes” that describe responsibilities for federal agencies and the Red Cross in specific functional areas. The NRP also requires each ESF to develop standard operating procedures and notification protocols and to maintain current rosters and contact information for the function.² Further, the NRP includes a separate Catastrophic Incident Annex and a more detailed Catastrophic Incident Supplement that describe additional responsibilities for federal agencies in the event of a catastrophic incident.³

ESF-6 addresses the nonmedical mass care, housing, and human services needs of individuals impacted by incidents of national significance. ESF-6 designates the Federal Emergency Management Agency (FEMA) as the coordinator for this function. The ESF-6 annex also identifies the Red Cross as the primary agency for coordinating federal assistance for mass care (including emergency shelter) and FEMA as the primary agency for coordinating federal assistance for housing and human services. Further, ESF-6 identifies several support agencies, such as the Departments of Agriculture (USDA), Defense (DOD), Housing and Urban Development (HUD), Treasury, and Veterans Affairs (VA), as having responsibilities for providing sheltering or housing assistance. In addition to its responsibilities as a primary agency under ESF-6, the Red Cross is expected to provide relief services to the public in the event of a disaster under the terms of a congressional charter.⁴

In light of widespread congressional and public interest in U.S. agencies’ performance in providing assistance to hurricane victims, we prepared

¹The NRP defines an incident of national significance as an actual or potential high-impact event that requires a coordinated and effective response by an appropriate combination of federal, state, local, tribal, nongovernmental, and private sector entities in order to save lives, minimize damage, and provide the basis for long-term community recovery and mitigation activities.

²Throughout this report, unless otherwise noted, our reference to the NRP includes the base plan, supporting annexes, and standard operating procedures. The standard operating procedures for ESF-6 were in draft form at the time of Hurricanes Katrina and Rita.

³The more detailed Catastrophic Incident Supplement was in draft form at the time when Hurricanes Katrina and Rita struck. DHS issued the final supplement in August 2006.

⁴The Red Cross generally does not provide shelter to people with medical and/or special needs such as those with physical or mental disabilities. States and localities generally have responsibility for providing shelter for these populations.

this report under the Comptroller General's authority to conduct evaluations on his own initiative to review the events and aftermath surrounding Hurricanes Katrina and Rita. This report is part of a continued effort to assist Congress in identifying lessons from Hurricanes Katrina and Rita that can be used to improve federal assistance for victims of future catastrophic disasters. Specifically, this report examines: (1) the extent to which the NRP clearly described the responsibilities and capabilities of the Red Cross and federal agencies for providing shelter and temporary housing assistance, (2) the extent to which federal agencies and the Red Cross had operational plans for providing sheltering and housing assistance in response to such catastrophic disasters, and (3) the perceptions of victims and others of victims' sheltering and housing needs and the federal assistance provided after Hurricane Katrina to address those needs.

We included the following federal agencies and other organizations in our study: DOD, FEMA, HUD, Treasury, USDA, and VA, as well as the Red Cross, the Federal Home Loan and Mortgage Corporation (Freddie Mac), and the Federal National Mortgage Association (Fannie Mae).⁵ To examine the extent to which the NRP clearly described the responsibilities of federal agencies and the Red Cross, we reviewed the NRP and its ESF-6 annex along with relevant federal statutes and regulations pertaining to emergency shelter and disaster housing assistance. In addition, we obtained information from each organization about the types of sheltering and temporary housing assistance they provided following the two hurricanes and determined the extent to which the assistance was provided under a responsibility described in the NRP. To examine the extent to which federal agencies and the Red Cross had operational plans for providing sheltering and housing assistance in response to catastrophic disasters such as Hurricanes Katrina and Rita, we analyzed available agency and Red Cross documents, including policies, plans, and procedures these organizations had for providing assistance at the time of the disasters. In addition, we interviewed federal agency and Red Cross officials in Washington, D.C., about the plans and procedures they used to provide assistance following the hurricanes. While our focus was on the

⁵ESF-6 also mentions the Small Business Administration (SBA) as having responsibilities for providing housing assistance. We excluded SBA from this report because GAO is reporting separately on SBA. See GAO, *Small Business Administration: Actions Needed to Provide More Timely Disaster Assistance*, [GAO-06-860](#) (Washington, D.C.: July 28, 2006) and *Small Business Administration: A Additional Steps Needed to Enhance Agency Preparedness for Future Disasters*, [GAO-07-114](#) (Washington, D.C.: Feb. 14, 2007).

response to Hurricanes Katrina and Rita, we have incorporated information on relevant steps that the organizations within the scope of our study have taken since those events. To obtain the perceptions of victims and others of victims' shelter and housing needs and the federal assistance provided to address those needs after Hurricane Katrina, we conducted standardized telephone interviews with a purposeful stratified sample of 38 victims of Hurricane Katrina.⁶ While the results cannot be statistically generalized to all victims of the storm, they do provide useful insights into the experiences and needs of victims of this disaster. We also convened a group of experts on the provision of disaster housing assistance by the federal government.⁷ Finally, to address all of our objectives, we reviewed relevant literature on disaster housing and recent reports on the federal response to Hurricane Katrina, including those issued by the Department of Homeland Security Office of Inspector General,⁸ the House of Representatives,⁹ the Senate,¹⁰ and the White House.¹¹ While these reports addressed a broad range of issues related to the preparedness for and response to Hurricane Katrina, our report focuses exclusively on federal assistance for sheltering and for providing temporary housing—the activities covered by ESF-6.¹² Accordingly, we

⁶A purposeful stratified sample is used in qualitative data collection to gather data from individuals who can provide detailed information about the issues of central importance to the purpose of the study, but which also uses characteristics to divide the sample into smaller groups with the purpose of attempting to capture major variations in the issues across the groups.

⁷Appendix II identifies and contains a summary of the views expressed by the group of experts.

⁸Department of Homeland Security, Office of Inspector General, *A Performance Review of FEMA's Disaster Management Activities in Response to Hurricane Katrina*, [OIG-06-32](#) (Washington, D.C.: March 2006).

⁹United States House of Representatives, Select Bipartisan Committee to Investigate the Preparation for and Response to Hurricane Katrina, *A Failure of Initiative* (Washington, D.C.: Feb. 15, 2006).

¹⁰United States Senate, Committee on Homeland Security and Governmental Affairs, *Hurricane Katrina: A Nation Still Unprepared* (Washington, D.C.: May 2006).

¹¹The White House, *The Federal Response to Hurricane Katrina: Lessons Learned* (Washington, D.C.: February 2006).

¹²Although this report focuses on sheltering and housing activities covered by ESF-6, the federal agencies included in this study also have responsibilities under other ESF annexes as well. For example, in addition to having responsibilities under ESF-6, USDA's Forest Service also has responsibilities under other ESF annexes, such as ESF-1 (Transportation) and ESF-2 (Communications).

included a comprehensive summary of the various types of housing assistance provided by each of the ESF-6 agencies to the victims of the two hurricanes. These summaries appear in appendixes III through XI.

We conducted our work between November 2005 and February 2007 in accordance with generally accepted government auditing standards. See appendix I for a detailed description of our scope and methodology.

Results in Brief

The overall responsibilities of the two ESF-6 primary agencies—the Red Cross and FEMA—for coordinating federal sheltering and housing assistance generally were clear under the NRP and related documents. However, the responsibilities described in the ESF-6 annex for some support agencies did not fully reflect their capabilities. The NRP clearly described that the Red Cross is to coordinate federal mass care assistance to support state and local sheltering efforts. For the most part, the NRP clearly described FEMA’s responsibilities, though neither the ESF-6 annex nor the draft standard operating procedures fully described the scope of FEMA’s responsibility to work with appropriate private-sector organizations to maximize use of all available resources, and FEMA experienced challenges working with Fannie Mae to house victims in over 1,500 properties that this organization made available.¹³ As part of a housing task force, FEMA is currently exploring ways of incorporating housing assistance offered by private-sector organizations. Finally, while the ESF-6 support agencies’ responsibilities were generally clearly described in the NRP’s ESF-6 annex, the document did not and currently does not fully reflect the disaster housing capabilities of HUD, USDA, VA, and Treasury. For example, USDA’s Rural Development provided temporary housing for victims of the disasters, and Treasury acted to make available some vacant rental units subsidized through a tax program, but the ESF-6 annex did not mention either of these capabilities. According to FEMA officials, as the only multiagency all-hazards plan, the NRP (including the annexes) should enable participating agencies to clearly delineate what assistance other agencies are capable of providing and to be aware of what might be expected of them as well, in order to properly plan to provide that assistance if required. Officials of the support

¹³Congress established and chartered Fannie Mae, as well as Freddie Mac (discussed later in the report), as government-sponsored enterprises that are privately owned and operated. Their mission is to enhance the availability of mortgage credit by purchasing mortgages from lenders (banks, thrifts, and mortgage bankers) that use the proceeds to make additional mortgage loans to home buyers.

agencies told us that the ESF-6 annex did not fully reflect their agencies' capabilities in part because of the limited time to provide input into its development. Also, Treasury officials believed that the NRP did not need to reflect the Internal Revenue Service's (IRS) capability to make tax program properties available to house disaster victims because this measure is taken only after extraordinary events. Relatedly, none of the support agencies had developed fact sheets—required by the ESF-6 draft standard operating procedures—that included their appropriate roles and responsibilities, notification and activation procedures, and agency-specific authorities. Support agencies had not prepared the fact sheets because they generally were not aware of this requirement. The lack of fully reflected support agency capabilities within the NRP and the lack of information required by the fact sheets hampered FEMA's ability to provide leadership in coordinating and integrating overall federal efforts associated with housing assistance. For example, as noted in the White House's February 2006 report on the federal response to Hurricane Katrina, FEMA employees' unfamiliarity with USDA's programs made it difficult to take advantage of USDA's capabilities for providing temporary housing.

The Red Cross and federal agencies generally lacked operational plans for providing shelter and temporary housing in response to catastrophic disasters such as Hurricanes Katrina and Rita, but have taken some steps to improve their planning. Specifically:

- To provide disaster relief services to victims of the storms, the Red Cross followed a specific response plan for tropical storms and hurricanes that it updates annually. However, the Red Cross did not anticipate the magnitude of an event like Hurricane Katrina. For example, the Red Cross initially planned to open shelters in 5 states, and had 306 shelters open or on standby when Hurricane Katrina struck, but it ultimately opened more than 1,000 shelters in 27 states due to the large number of displaced victims. The House Select Committee noted that the Red Cross experienced many problems in obtaining enough food to satisfy client needs. The Red Cross has taken a number of actions intended to improve its planning and response for future hurricanes, including expanding its warehouse capacity for disaster response operations.
- FEMA had initiated various catastrophic planning efforts, but they were incomplete at the time of Hurricanes Katrina and Rita. These efforts included preparing a draft Southeast Louisiana Catastrophic Hurricane Plan that outlined the response and recovery for a major hurricane that would flood New Orleans and the surrounding parishes; however, this and

other planning efforts were incomplete when the storms struck. FEMA was overwhelmed by the large number of people displaced by the storms, and it experienced difficulties that not only delayed providing housing assistance to some victims but also increased the potential for fraud, waste, and abuse. FEMA officials told us that the agency has taken steps to better plan for providing housing assistance. For example, in July 2006, FEMA issued a high-level strategy for providing sheltering and housing assistance in support of a presidentially declared emergency or major disaster involving a mass evacuation. FEMA intends to develop more detailed policies to support this strategy. However, these policies were not completed as of January 2007.

- The NRP requires support agencies named in ESF annexes to develop supplemental plans and procedures for carrying out assigned responsibilities. However, due to the lack of preexisting operational plans detailing how the support agencies would provide disaster housing assistance—including plans for meeting their ESF-6 responsibilities—some agencies had to work out details or improvise in the aftermath of Hurricanes Katrina and Rita, and this affected the timeliness with which some victims were provided with temporary housing. For example, VA worked with FEMA for months after the storms in order to make vacant properties from its programs available to disaster victims. In contrast, Treasury’s IRS and DOD’s Army Corp of Engineers each had a document that addressed meeting its responsibilities under ESF-6. HUD, USDA, and VA officials told us that in an attempt to improve their operational plans for providing housing assistance under ESF-6, the agencies formed an informal working group since Hurricanes Katrina and Rita to work out certain procedural details for providing housing assistance, including developing better means of communicating and sharing information, to avoid the need to do so after a disaster event. However, the informal working group is not intended to address the full range of each of these agencies’ responsibilities under ESF-6, and does not have a specific timetable for its activities.

According to victims, experts, and others we spoke with, the shelter and housing needs of victims and the perceptions of the federal assistance provided to meet these needs varied. For example, most victims needed shelter, food, water, and other necessities in the immediate aftermath of the hurricane, but many perceived that the assistance provided fell short. In particular, many shelters were not prepared to accommodate the large number of victims who were displaced and were not prepared to provide assistance over an extended period of time. In most cases, victims with a need for temporary housing in the weeks and months that followed were eligible for some form of federal disaster housing assistance, such as

rental assistance or travel trailers from FEMA or rental assistance from HUD. The specific needs of victims, however, and their perceptions of the assistance that was provided varied. Often those needs depended, at least in part, on victims' own circumstances, such as where they were located after the storm, whether they were homeowners or renters, and whether they had special needs. Victims we contacted expressed both positive and negative perceptions of the temporary housing assistance they received. For example, victims perceived that rental assistance generally was helpful in meeting their housing needs because it allowed them to find a place to live and pay the rent while they "got back on their feet," but some noted that the process of having to recertify their eligibility for FEMA's rental assistance every 3 months left them uncertain about whether they would continue to receive aid. Similarly, some victims who received a travel trailer that was located on their property said that it enabled them to remain in close proximity to their home during repairs. But other victims who had travel trailers placed on their property indicated that the units were too small for the number of family members needing housing. Further, our interviews with victims, as well as our group of experts, indicated that temporary housing needs include not just shelter, but also access to medical facilities, public transportation, schools, employment opportunities, and other social services—and, particularly for those displaced to distant locations, information about all of these things. Many victims needed but did not always get access to reliable and accurate information about the assistance they were eligible to receive and help locating temporary housing. FEMA has initiated development of the national disaster housing strategy mandated by Public Law 109-295 (October 4, 2006), which is to address a number of these issues, including housing populations with special needs, clustering temporary housing near appropriate services, and providing information about eligibility for assistance.

To help ensure that FEMA, as the designated primary agency for housing and as the overall coordinator for ESF-6, can effectively coordinate federal assistance in providing temporary housing for victims of future disasters, we are recommending that (1) HUD, Treasury, USDA, and VA propose revisions needed to ensure that the NRP fully reflects their capabilities for providing temporary housing assistance under ESF-6 and (2) Defense, HUD, Treasury, USDA, and VA develop fact sheets as required by the ESF-6 standard operating procedures. To help ensure that ESF-6 support agencies are prepared to help expeditiously house victims of future disasters, we are recommending that HUD, USDA, and VA develop operational plans detailing how they will meet their housing responsibilities under ESF-6.

We provided a draft of this report to the American Red Cross and the Departments of Agriculture, Defense, Homeland Security, Housing and Urban Development, Treasury, and Veterans Affairs. The Red Cross did not provide comments. Defense, HUD, Treasury, and VA concurred with our recommendations; these agencies' comments are discussed later in the report and are reproduced in appendixes XII through XV. USDA responded that it will continue to develop its capabilities, fact sheets, and operational plans in order to meet ESF-6 responsibilities, as we recommended. DHS, along with HUD, Treasury, and VA, provided technical comments, which we incorporated into the report as appropriate. In addition, we provided relevant segments of this report to Fannie Mae and Freddie Mac and incorporated technical comments from these organizations where appropriate.

Background

Hurricane Katrina struck the Gulf Coast region in late August 2005, causing approximately \$81 billion in estimated property damage and over 1,500 deaths.¹⁴ Hurricane Katrina caused extensive damage and significant loss of life in Louisiana and Mississippi, but damage from this disaster also extended into Alabama, Florida, and Georgia, ultimately covering approximately 90,000 square miles. Hurricane Katrina was also the most expensive disaster in history, devastating far more residential property and completely destroying or making uninhabitable an estimated 300,000 homes. Hurricane Rita made landfall near the Texas and Louisiana border in late September 2005, causing approximately \$10 billion in estimated property damage. Hurricane Rita created a wide swath of damage from Alabama to eastern Texas and caused flooding in some areas of Louisiana that had seen flooding from Hurricane Katrina about a month earlier. Hurricane Rita severely damaged or destroyed more than 23,600 housing units in Southwest Louisiana and Southeast Texas. Hurricanes Katrina and Rita displaced more than 1 million people from their residences. According to the Red Cross, 8 months following the disasters more than 750,000 persons remained displaced across all 50 states.¹⁵

The National Response Plan

DHS issued the NRP in December 2004, intending for it to be an all-discipline, all-hazards plan establishing a single, comprehensive

¹⁴Preliminary estimate as reported by the National Oceanic and Atmospheric Administration in August 2006.

¹⁵The number of displaced persons includes those impacted by Hurricane Wilma, which struck the United States in October 2005.

framework for the management of domestic incidents where federal involvement is necessary. Major federal government agencies and the Red Cross are signatories to the plan. The NRP is designed on the premise that local jurisdictions generally handle disaster response. In the vast majority of disasters, local emergency personnel, such as police, fire, public health, and emergency management personnel, act as first responders and identify needed resources to aid the community. Local jurisdictions can also call on state resources to provide additional assistance. If an incident is of such severity that it is deemed an incident of national significance, DHS and FEMA—an agency within DHS—coordinate with other federal agencies to provide the affected state and local governments with additional resources and supplemental assistance. In these instances, state and local governments can request federal assistance for needed items. The Secretary of Homeland Security declared Hurricane Katrina an incident of national significance on August 30, 2005. This was the first time the federal government used the NRP in response to an incident of national significance.

In addition to outlining the organizational structure used to respond to disasters, the NRP includes (1) 15 Emergency Support Function annexes that serve as the coordination mechanism to provide assistance to state, local, and tribal governments or to federal departments and agencies conducting missions of primary federal responsibility; (2) 9 Support Annexes that describe the framework through which federal departments and agencies; state, local, and tribal entities; the private sector; volunteer organizations; and nongovernmental organizations such as the Red Cross will coordinate and execute common functional processes and administrative requirements; and (3) 7 Incident Annexes that address contingency or hazard situations requiring specialized application of the NRP. For example, the Private-Sector Coordination Support Annex describes the policies, responsibilities, and concept of operations for federal incident management activities involving the private sector during actual or potential incidents of national significance. In addition, the Catastrophic Incident Annex establishes the context and overarching strategy for implementing and coordinating an accelerated, proactive national response to a catastrophic incident.

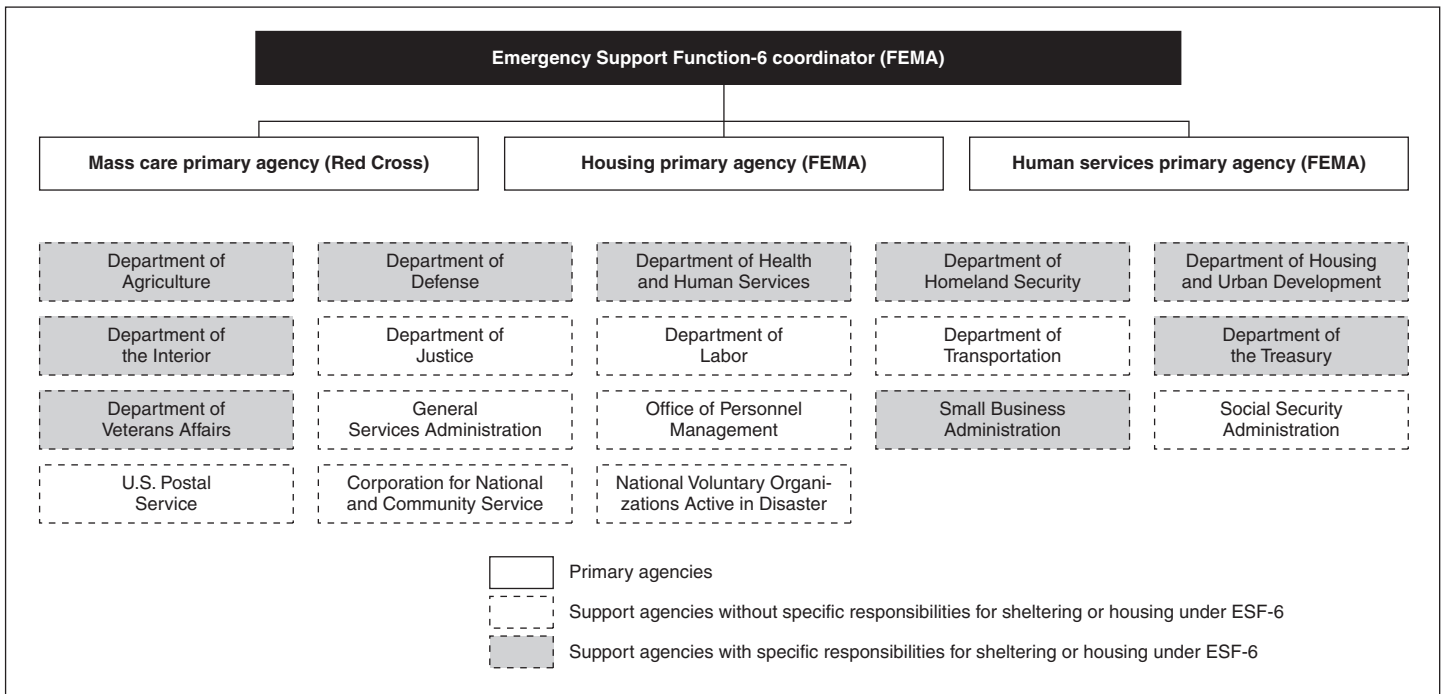
Emergency Support Function-6

ESF-6, which is particularly relevant to sheltering victims and providing temporary housing assistance, creates a working group of key federal agencies and voluntary organizations to coordinate federal assistance in support of state and local efforts. The efforts are aimed at providing:

-
- mass care, including sheltering, feeding, and emergency first aid;
 - housing, both short and long term; and
 - human services, such as counseling, processing of benefits, and identifying support for persons with special needs.

ESF-6 designates a “primary” agency for each of these three areas. FEMA has two roles under ESF-6: it serves as both the overall ESF-6 coordinator and the primary agency for both housing and for human services (fig. 1). As ESF-6 coordinator, FEMA oversees the implementation of ESF-6 and ensures overall coordination among mass care, housing, and human services. As the primary agency for housing and human services, FEMA coordinates federal efforts to provide these services to the victims of disasters. The Red Cross is designated under ESF-6 as the primary agency for mass care, which includes sheltering, feeding, and the provision of emergency first aid. In this capacity, the Red Cross coordinates federal mass care assistance in support of state and local mass care efforts. Since 1905, the Red Cross also has had a congressional charter, requiring the organization to provide volunteer humanitarian assistance to the armed forces, serve as a medium of communication between the people of the United States and the armed forces, and provided disaster prevention and relief services.

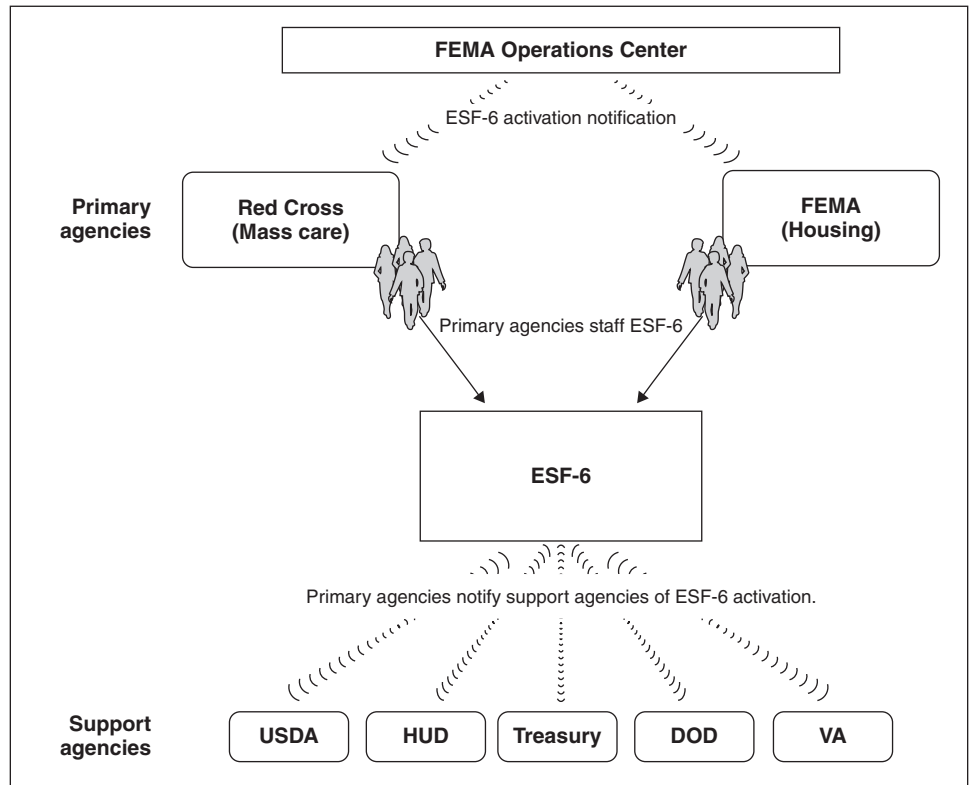
Figure 1: Organizational Structure for Emergency Support Function-6



Source: GAO analysis of the National Response Plan.

Figure 2 illustrates the process for activating ESF-6’s mass care and housing areas in response to an incident of national significance. The FEMA Operations Center activates ESF-6 and notifies the primary agencies. The primary agencies—Red Cross and FEMA—then deploy staff to the designated ESF-6 location. The primary agencies also notify and request assistance from support agencies. ESF-6 support agencies are expected to conduct operations, when requested by DHS or the designated ESF primary agency, using their own authorities, subject-matter experts, capabilities, or resources.

Figure 2: Process for Activating ESF-6's Mass Care and Housing Functions



Sources: GAO analysis; Art Explosion (clip art).

While ESF-6 Agencies' Responsibilities Were Generally Clear, the National Response Plan Did Not Fully Reflect Support Agencies' Capabilities

The responsibilities of the two ESF-6 primary agencies for mass care and housing—the Red Cross and FEMA—generally were clearly described in the NRP. However, under its role as the primary agency for housing, FEMA's responsibility for working with private-sector organizations was less clearly described in the NRP, and FEMA experienced challenges working with a private-sector organization to make housing units available to victims of the disasters. In general, the NRP clearly described the responsibilities for ESF-6 support agencies, but the plan did not fully reflect all of these agencies' capabilities for providing housing assistance in part because of the limited time agencies had to provide input into its development. As a result, FEMA's ability to provide leadership in coordinating and integrating overall federal efforts associated with housing assistance was limited.

The Red Cross's and FEMA's Responsibilities Under ESF-6 Were Generally Clear

The Red Cross's responsibilities as the primary agency for mass care (which includes sheltering) under ESF-6 were clearly described in the NRP. For example, the ESF-6 annex to the NRP clearly states that the Red Cross is to coordinate federal mass care assistance in support of state and local mass care efforts. In addition, the more detailed ESF-6 standard operating procedures in effect at the time of Hurricanes Katrina and Rita clearly described additional Red Cross primary agency responsibilities, such as assisting with the identification and coordination of (1) nonmedical mass care services for sheltering and feeding operations, (2) emergency first aid at designated sites, and (3) bulk distribution of emergency relief items during incidents of national significance. To fulfill its responsibilities, the Red Cross—after receiving requests from state or local governments for federal resources to help meet sheltering or other mass care needs—identifies resources to meet the needs or calls FEMA to meet the needs. The Red Cross's responsibilities as the primary agency for mass care under ESF-6 also included mass care reporting—that is, providing to FEMA sheltering, feeding, and other mass care information.

FEMA's responsibilities as the primary agency for housing under ESF-6 were also generally clear. For example, the ESF-6 annex notes that FEMA is to provide leadership in coordinating and integrating overall federal efforts associated with housing services. In addition, the more detailed draft ESF-6 standard operating procedures state that FEMA is to (1) assist with the data collection of housing resources potentially available within proximity of the impacted area, (2) coordinate temporary housing resources needed to support sheltering shortfall, and (3) address the short-term and long-term disaster related housing needs of victims during incidents of national significance. Further, the introduction to the NRP's emergency support function annexes states that any primary agency named in the plan is to notify and request assistance from designated support agencies, manage mission assignments,¹⁶ coordinate with appropriate state agencies, and work with appropriate private-sector organizations to maximize the use of all available resources.

¹⁶A mission assignment is a FEMA request to another federal agency to provide a specific service. FEMA uses mission assignments to support federal operations in a major disaster or emergency declaration under the Stafford Act. It orders immediate, short-term emergency response assistance when an applicable State or local government is overwhelmed by the event and lacks the capability to perform, or contract for, the necessary work.

While their responsibilities under the NRP were generally clear, the Red Cross and FEMA disagreed about the operational role of the ESF-6 coordinator—a FEMA official with overall responsibility for leading efforts to coordinate federal mass care, housing, and human services assistance—as we reported in June 2006.¹⁷ The Red Cross maintained that the ESF-6 standard operating procedures in effect at the time permitted it to take requests for FEMA assistance directly to the Operations Section Chief—a FEMA official responsible for coordinating operational support to incident management efforts. Specifically, the procedures stated that the Red Cross would “not be precluded” from taking priorities directly to the Operations Section Chief. However, following Hurricane Katrina, FEMA instructed the Red Cross to direct these requests through the ESF-6 coordinator, who would pass the requests to the Operations Section Chief. Red Cross officials told us that it complied with this procedure, but that this added time to the process. In our June 2006 report, we recommended that the Secretary of DHS direct FEMA to work with the Interim President and Chief Executive Officer of the Red Cross as soon as possible on the operating procedures they would both use in an incident of national significance. FEMA and the Red Cross have worked to clarify their understanding of the role of the ESF-6 coordinator. For example, FEMA issued revised ESF-6 operating procedures in September 2006. The revised procedures state that it is not envisioned that the ESF-6 coordinator will have a direct operational role during response activities. During our work for this current review, FEMA and Red Cross officials told us that both organizations now agree that the Red Cross can take requests for FEMA assistance to the Human Services Branch Chief for referral directly to the Operations Section Chief. As a result, this should clarify both organizations’ understanding regarding the role of the ESF-6 coordinator and the process for requesting FEMA assistance under ESF-6.

The DHS Inspector General’s March 2006 report on the response to Hurricane Katrina also suggested that the scope of the Red Cross’s mass care reporting activities might not have been mutually clear to both the Red Cross and FEMA.¹⁸ According to the report, a senior Red Cross official

¹⁷GAO, *Hurricanes Katrina and Rita: Coordination between FEMA and the Red Cross Should Be Improved for the 2006 Hurricane Season*, [GAO-06-712](#) (Washington, D.C.: June 8, 2006).

¹⁸Department of Homeland Security Inspector General, *A Performance Review of FEMA’s Disaster Management Activities in Response to Hurricane Katrina*, [OIG-06-32](#) (Washington, D.C.: Mar. 31, 2006).

said that it was responsible for coordinating and reporting only on the Red Cross' own mass care operations, while FEMA was relying on the Red Cross to coordinate and report on non-Red Cross mass care operations as well. The Inspector General recommended that FEMA establish an ESF-6 working group to define the explicit roles and responsibilities for each agency, develop standard operating procedures, and implement a concept-of-operations plan for response activities that address all levels of disasters. Red Cross officials told us that, notwithstanding the official's statement in the Inspector General's report, the Red Cross was clearly responsible under ESF-6 for reporting to FEMA on both Red Cross and non-Red Cross sheltering operations, and that the organization relies on state and local officials to supply some of this information. However, Red Cross officials also told us that, following Hurricane Katrina, it was unable to obtain complete information from some state and local officials. FEMA officials told us that it had to gather information on its own regarding some non-Red Cross shelter locations in response to the storm.

Further, the NRP did not clearly describe the scope of FEMA's responsibility to, or delineate how the agency would, work with appropriate private-sector organizations to maximize the use of all available housing resources for incidents of national significance. During our review, we found that Fannie Mae approached FEMA in September 2005 with an offer to make some 1,500 of its properties available for temporarily housing victims of the disasters. Because FEMA and Fannie Mae had no prior working relationship, the organizations initially experienced operational challenges regarding the leasing of these units. For example, FEMA officials told us that Fannie Mae did not have a mechanism in place for accepting calls from disaster victims that FEMA referred to the organization. Also, according to Fannie Mae officials, it expected that FEMA would be responsible for managing its offered housing units. However, because FEMA did not have this capability, Fannie Mae had to develop a mechanism for managing the units through its network of brokers. According to Fannie Mae officials, structuring a brand new process for these operational issues created some delays in providing benefits to disaster victims. FEMA and Fannie Mae eventually did reach an agreement for placing disaster victims in Fannie Mae-owned housing units, and disaster victims began occupying these properties in October 2005.

Freddie Mac also offered assistance to victims of the disasters, placing more than 1,000 families in temporary housing, including properties from its own inventory. However, Freddie Mac provided this assistance through nonprofit organizations rather than coordinating through FEMA. Freddie

Mac officials noted that it would have been difficult for FEMA to have been involved in this effort in the absence of a previous relationship or specific plans for coordination. According to FEMA officials, the agency is assessing whether to develop agreements with private-sector organizations as part of the agency's housing task force. The agreements would outline processes for utilizing housing resources offered by these organizations during catastrophic disasters.

ESF-6 Support Agencies' Responsibilities Were Generally Clear, but Their Capabilities Were Not Fully Reflected in the NRP

The ESF-6 annex clearly described responsibilities for support agencies, but the annex did not fully reflect the housing-related capabilities of these agencies. According to a FEMA official, the NRP (including the annexes) should enable participating agencies to clearly delineate what assistance other agencies are capable of providing and to be aware of what might be expected of them as well, in order to properly plan to provide that assistance if required. Further, as we have previously testified, in the event of a catastrophic disaster, leadership roles, responsibilities, and lines of authority for the response at all levels must be clearly defined and effectively communicated in order to facilitate rapid and effective decision making.¹⁹

With the exception of DOD, each of the support agencies in our study described to us assistance that they provided to victims of Hurricanes Katrina and Rita that was not reflected in the NRP. Specifically:

- *Department of Agriculture*—The ESF-6 annex clearly described that USDA's Forest Service is to provide available departmental resources (e.g., cots, blankets, sleeping bags, personnel) for shelters. However, USDA's Rural Development also provided temporary housing for victims of Hurricanes Katrina and Rita in multifamily units financed by the department and in its inventory of single-family properties, but the ESF-6 annex did not reflect these capabilities.²⁰ In addition, USDA provided other forms of housing assistance that the ESF-6 annex did not reflect, including (1) rental assistance to low-income disaster victims, in the form of a subsidy to help cover their rent and (2) requests to holders of program mortgages to provide temporary moratoriums on payments and to

¹⁹GAO, *Hurricane Katrina: Preliminary Observations Regarding Preparedness, Response, and Recovery*, [GAO-06-442T](#) (Washington, D.C.: Mar. 8, 2006).

²⁰Like HUD and VA, USDA may at any given time have an inventory of vacant homes, commonly referred to as "real estate-owned" or REO properties. This inventory results from defaults in the agencies' mortgage loan and loan guarantee programs.

exercise forbearance (i.e., refrain from foreclosures) for program borrowers in the affected areas. While temporary suspensions of mortgage payments and foreclosures are not, in themselves, forms of temporary housing, they can help make it financially possible for homeowners to rent alternative housing until their homes can be reoccupied.

- *Department of Housing and Urban Development*—The ESF-6 annex clearly described that HUD is to provide information on available housing units owned or in HUD possession for use as emergency shelters and temporary housing and utilize available HUD staff when needed to assist with mass care and housing operations. However, HUD provided other forms of housing-related assistance in response to Hurricanes Katrina and Rita that the ESF-6 annex did not reflect. For example, HUD waived certain requirements in its existing grant programs to assist disaster victims with rehabilitating or purchasing a residence. Also, similar to USDA, HUD asked lenders to adopt temporary payment moratoriums and to exercise forbearance for victims with HUD-insured mortgages. In addition, FEMA tasked HUD through a mission assignment to create a housing voucher program for disaster victims who, prior to the disaster, were served by HUD’s rental assistance programs or were homeless.²¹
- *Department of Treasury*—The ESF-6 annex clearly described that IRS is to distribute disaster kits containing tax forms and publications to help victims determine the amount of a casualty loss deduction for destroyed property. However, in response to Hurricane Katrina, IRS also provided housing-related assistance that the ESF-6 annex did not reflect. For example, IRS, at the request of governors of the affected states, temporarily suspended the income limits that normally restrict eligibility for certain low-income housing tax credit projects in order to allow displaced individuals to occupy vacant low-income units.²² IRS also offered tax relief under the Katrina Emergency Tax Relief Act of 2005. For example, IRS permitted taxpayers who provided housing in their main

²¹HUD administers a variety of rental assistance programs, including public housing; project-based Section 8 rental assistance; programs for the elderly and persons with disabilities; and housing choice vouchers, which are used by recipients to rent privately owned units.

²²Administered by IRS and state agencies, the Low-Income Housing Tax Credit Program provides developers of and investors in eligible affordable housing developments a dollar-for-dollar reduction in their federal taxes. These tax credits are available for projects in which (1) at least 20 percent of units are both rent restricted and rented to households with incomes of 50 percent or less than the area median income, or (2) at least 40 percent of units are both rent restricted and rented to households with incomes of 60 percent or less than the area median income.

homes to individuals displaced by Hurricane Katrina to claim additional exemptions of \$500 per displaced person (up to \$2,000) in 2005 or 2006.

- *Department of Veterans Affairs*—The ESF-6 annex clearly described that VA is to provide available facilities suitable for mass shelter and develop and maintain plans to make VA-owned housing assets available for use by disaster victims. However, VA—like USDA and HUD—also provided mortgage assistance by asking the holders of program mortgages to offer temporary moratoriums on payments and to exercise forbearance for borrowers in the affected areas, but the ESF-6 annex did not reflect this capability.

Appendixes III through XI contain a more detailed listing of the shelter, temporary housing, and other types of housing assistance that the Red Cross, FEMA, ESF-6 support agencies, and other organizations provided in response to Hurricanes Katrina and Rita.

The introduction to the NRP states that the purpose of the plan, among other things, is to describe the capabilities and resources and establish responsibilities to help protect the nation from natural and other hazards. If such capabilities change over time, any department or agency with assigned responsibilities may propose a change to the plan. In addition, the NRP states that DHS and FEMA are responsible for the ongoing management and maintenance of the plan, including coordinating all proposed modifications with primary and support agencies and other stakeholders and issuing an official notice of change for all approved modifications.²³

The ESF-6 annex did not fully reflect support agency capabilities for several reasons. For example, during the period in which DHS was developing the NRP—essentially, between February 2003 and December 2004—some ESF-6 support agency officials told us that there was a limited amount of time to provide input into the development of the annex. In addition, a FEMA official told us that many of the support agency responsibilities under the ESF-6 annex were simply carried over from the Federal Response Plan, a previous plan for disaster management, with very few revisions, even though the scope of ESF-6 expanded under the

²³DHS is also responsible for coordinating full reviews and updates of the NRP every 4 years, or more frequently if the Secretary of DHS deems necessary. The review and update will consider lessons learned and best practices identified during exercises and responses to actual events.

NRP to include housing and human services (in contrast, under the Federal Response Plan, ESF-6 covered mass care activities only). Further, a Treasury official told us that DHS described ESF-6 to them as being more related to first responders and caring for basic human needs, so Treasury decided that it would have very little to offer. However, Treasury officials stated that they did not believe it was necessary to include certain agency capabilities under ESF-6. For example, these officials indicated that it was not appropriate for ESF-6 to reflect the IRS's capability to temporarily waive income limitations for subsidized rental units because this action was not required for every presidential disaster declaration. Finally, a USDA official told us that the agency provided housing-related responsibilities to a centralized office within USDA for inclusion in ESF-6, but these responsibilities were not incorporated into the final document.

While the NRP calls for fully reflecting support agencies' capabilities, the ESF-6 draft standard operating procedures in effect at the time of Hurricanes Katrina and Rita also required each support agency to develop a fact sheet with appropriate roles and responsibilities, notification and activation procedures, and agency-specific authorities; and to review the fact sheet annually in order to keep it up to date. However, none of the ESF-6 support agencies had developed the fact sheets, and most support agency officials we spoke with were not aware of this requirement.

The lack of fully reflected support agency capabilities within the NRP and the lack of information required by the fact sheets hampered the ability of FEMA to provide leadership in coordinating and integrating overall federal efforts associated with this assistance. For example, FEMA was not aware in many cases of housing assistance that ESF-6 support agencies could provide that was not reflected in the NRP. As noted in the White House's report on the federal response to Hurricane Katrina, USDA had capabilities for providing temporary housing but had difficulty getting FEMA to take advantage of those capabilities because some FEMA employees were unfamiliar with USDA programs. Having USDA's full capabilities reflected in the ESF-6 annex or having access to a fact sheet about the agency's capabilities and programs might have helped to avoid this problem.

Recent legislation (Public Law 109-295, October 4, 2006) requires FEMA, in consultation with other federal agencies, state and local governments, and the Red Cross, to develop and provide a national disaster housing strategy within 270 days. The legislation requires that the strategy, among other things, (1) identify the most efficient and cost-effective federal programs for meeting the short-term and long-term housing needs of individuals

affected by a major disaster, and (2) clearly define the role, programs, authorities, and responsibilities of each entity involved in providing that assistance, including FEMA, HUD, USDA, VA, and any other relevant federal agency. However, the legislation does not specify the relationship of the strategy to the existing NRP and its ESF-6 annex. According to FEMA, a stakeholders group planned to begin work on the strategy in mid-February 2007, and the initial report from the group was due to Congress on July 4, 2007.

According to FEMA officials responsible for coordinating housing assistance under ESF-6, notwithstanding the strategy required by the legislation, the NRP should fully reflect the capabilities of the ESF-6 support agencies with disaster housing responsibilities. The ESF-6 unit leader also confirmed that the fact sheets required by the ESF-6 standard operating procedures are important because support agencies must clearly define for the primary agencies what types of housing assistance they can provide in response to a disaster. In commenting on a draft of this report, FEMA stated that the agency is working with ESF-6 partner agencies to rewrite the ESF-6 annex as part of full revision of the NRP. FEMA also stated that the ESF-6 standard operating procedures are being revised in partnership with the support agencies and that the revised procedures would include fact sheets developed to describe support agency disaster programs.

The Red Cross and Federal Agencies Generally Lacked Adequate Plans for Providing Shelter and Temporary Housing to Victims of Catastrophic Disasters

The Red Cross and federal agencies generally lacked adequate plans for providing shelter and temporary housing to victims of catastrophic disasters such as Hurricanes Katrina and Rita. For example, the Red Cross followed its existing planning documents but had difficulty providing relief services because of the magnitude of destruction and the significant number of displaced residents. FEMA's catastrophic planning efforts were incomplete at the time of the disasters, and as a result the agency was overwhelmed by the large number of people displaced by the disaster. In addition, some of the steps that FEMA took in response to the storms increased the potential for fraud, waste, and abuse. Both the Red Cross and FEMA have taken steps since the storms to better plan for their response to future catastrophic disasters. Finally, ESF-6 support agencies generally had not developed specific operational plans for meeting their housing-related responsibilities at the time of Hurricanes Katrina and Rita. Agency officials whom we spoke with said that they relied on existing statutory authorities and other agreements to provide assistance to victims of the disasters. However, the lack of preexisting operational plans detailing how the support agencies would provide disaster housing

assistance meant that the agencies had to work out details or improvise in the aftermath of Hurricanes Katrina and Rita, and this affected the timeliness with which some victims were provided with temporary housing.

Red Cross Had Plans for Sheltering Hurricane Victims Under Its Congressional Charter, but Has Taken Steps to Expand Capacity for Large, Catastrophic Events

In addition to its responsibilities as the primary agency for mass care under ESF-6, the Red Cross is expected to provide disaster relief services under its congressional charter.²⁴ According to the Red Cross, it has frequently executed a specific response plan for tropical storms and hurricanes because these events pose a recurring threat to a substantial number of individuals in the United States. This plan, which is updated annually, outlines the systematic approach that the Red Cross will take to prepare for and respond to hurricanes, including pre- and postlandfall activities. Further, the plan calls for the Red Cross to initiate an anticipated service delivery plan before a hurricane makes landfall, including recommended resource allocations, locations for service centers, aid stations, and long-term shelters. For Hurricane Katrina, Red Cross officials told us that it initially planned to open shelters in five states and had 306 shelters open or on standby when the storm made landfall.

However, Red Cross officials told us that the organization did not anticipate the magnitude of the destruction of Hurricane Katrina or the number of residents who would be displaced. As the extent of the damage became clear, the Red Cross faced several challenges providing relief services to victims impacted by the storm. These included:

- *The need for long-term shelter*—Many individuals displaced by the storms—particularly those in New Orleans—faced not being able to return to their residence for weeks or months. Red Cross officials noted that during most disasters, victims were generally able to return to their residences within 48 hours following the event. After Hurricane Katrina, the Red Cross had to develop a national strategy to provide assistance to the large number of individuals who required longer-term shelter, and it ultimately opened more than 1,000 shelters in 27 states. Complicating matters was a shortage of trained managers to operate such a large number of shelters for extended time periods.

²⁴The detailed supplement to the NRP's Catastrophic Incident Annex notes that the responsibilities assigned to the Red Cross as a primary agency under ESF-6 do not supersede the organization's responsibilities under its congressional charter.

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- *Supply shortages*—The May 2006 Senate Report on Hurricane Katrina noted that many shelter residents found conditions quite difficult because of shortages of food and water and sanitation problems. The report concluded that the Red Cross’s planning needed to be more detailed for such a catastrophic disaster, during which residents typically need longer-term shelter.²⁵ Similarly, the House Select Committee in its report on Hurricane Katrina noted that the Red Cross did not have a logistics capacity sophisticated enough to deal with a catastrophic disaster the size of Katrina, especially with regard to food service, as the organization had many problems simply getting enough food to satisfy victims’ needs.²⁶ Officials at one local Red Cross chapter told us that they had prepositioned supplies to support Red Cross shelters for 3 days but that the supplies were stretched for 7 days to support both Red Cross and non-Red Cross shelters. These officials also told us that they experienced challenges transporting supplies to shelters because of damage to the roadways.

According to Red Cross officials, on August 28, 2005—the day before Hurricane Katrina made landfall in New Orleans—FEMA, anticipating the activation of ESF-6, contacted the Red Cross and asked for its estimates of the sheltering needs expected from the storm. The officials said that early on the morning of August 29, 2005, they provided estimates of resources that would be needed, including kitchen supplies, meals, and personnel. The officials noted that they based these estimates on assumptions contained in the Catastrophic Incident Annex—that is, up to 300,000 victims needing sheltering assistance for an extended period of time. However, Red Cross officials told us that later that day, at FEMA’s request, they reduced the estimates but still did not ultimately receive all of the items requested.

- *The need for stronger relationships with partners*—The Red Cross reported that their experiences in responding to Hurricane Katrina highlighted the fact that the organization had not developed strong and enduring local partner relationships in certain sections of hurricane-prone states. As a result, the Red Cross did not react consistently when opportunities to cooperate with new partners surfaced. For example, a

²⁵United States Senate, Committee on Homeland Security and Governmental Affairs, *Hurricane Katrina: A Nation Still Unprepared*, (Washington, D.C.: May 2006).

²⁶United States House of Representatives, Select Bipartisan Committee to Investigate the Preparation for and Response to Hurricane Katrina, *A Failure of Initiative*, (Washington, D.C.: Feb. 15, 2006).

Red Cross headquarters official told us that the organization did not clearly communicate what community-based sheltering partners could expect of the Red Cross. Although the Red Cross provided substantial resources to community-based shelters, this official acknowledged that coordination with and support of Red Cross sheltering partners could be improved.

Since Hurricanes Katrina and Rita, the Red Cross has taken a number of actions intended to improve its planning and response during future hurricane seasons. The June 2006 report that outlined these actions focused primarily on the disaster relief services that the Red Cross provides, but it also identified actions that the organization planned to take regarding its role at the federal level.²⁷ These actions included (1) hiring Red Cross employees in key risk states to work with state emergency management to better prepare at-risk communities for disasters; (2) working with appropriate federal agencies to clarify roles and expectations, in particular the Red Cross's role under the NRP as primary agency for coordinating federal mass care resources to support state and local governments; and (3) creating a nationwide shelter database with FEMA.

The Red Cross also has acted to enhance its ability to respond to large-scale events. For example, the organization:

- launched a national pilot program to proactively recruit and train corporate employees as local disaster response volunteers and partnered with a nonprofit service that matches potential volunteers with community service organizations via the Internet;
- increased its prepositioned supply inventory to support shelters for up to 500,000 people and 1 million meals per day;
- expanded its warehouse capacity for disaster response operations to more than 1.3 million square feet in over 30 locations in 24 states and territories; and

²⁷American Red Cross, *From Challenge to Action: American Red Cross Actions to Improve and Enhance Its Disaster Response and Related Capabilities for the 2006 Hurricane Season and Beyond* (June 2006).

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- developed basic written agreements that will establish roles, responsibilities, and the general parameters for service delivery for local entities that wish to be service providers during major disasters.

FEMA Had Not Completed Catastrophic Planning Efforts Prior to Hurricanes Katrina and Rita and Faced Challenges in Providing Temporary Housing

Although FEMA had initiated various catastrophic planning efforts prior to Hurricanes Katrina and Rita, those efforts were incomplete at the time of the disasters. For example, in 2004 FEMA sponsored a disaster exercise called “Hurricane Pam.” The purpose of this exercise was to develop a response and recovery plan specifically for a major hurricane that would flood New Orleans and the surrounding parishes and identify any deficiencies in current capabilities. In addition to widespread flooding, the exercise included extensive evacuations and the resulting need to shelter thousands of individuals left homeless after the storm. From the Hurricane Pam exercise, FEMA produced a draft Southeast Louisiana Catastrophic Hurricane Plan and also made efforts to finalize agreements with hospital and university officials to create temporary medical operation staging areas around the state. However, by the time of Hurricane Katrina, FEMA had not yet finalized plans for evacuating those with special needs or for providing postlandfall care. Also, in early 2005 FEMA issued a draft strategy for catastrophic incident planning that was intended to establish a comprehensive set of goals and objectives for fiscal years 2005 to 2009 and to prioritize capability-building initiatives to meet the challenges posed by an incident of catastrophic magnitude. However, this strategy was not finalized or distributed.

In the absence of completed plans for catastrophic events, FEMA’s efforts to provide temporary housing to victims of Hurricanes Katrina and Rita were overwhelmed, and it faced several challenges in providing temporary housing to victims of the storms. Red Cross officials told us that the organization kept some shelters open for up to 4 months after Hurricane Katrina because FEMA was not able to transition victims to temporary housing assistance more quickly. For example, FEMA experienced difficulties in making available travel trailers to disaster victims.²⁸

²⁸ Mobile homes and travel trailers (also referred to as “direct” temporary housing assistance) are one of five types of financial assistance that FEMA may provide under the Individuals and Households Program. The other four include financial assistance to rent alternative housing accommodations, existing rental units, manufactured housing, recreational vehicles, or other readily fabricated dwellings; repair owner-occupied private residences, utilities, and residential infrastructure; replace owner-occupied private residences; and construct permanent housing in insular and other remote areas where no alternative housing resources are available and other forms of authorized temporary housing assistance are unavailable, infeasible, or not cost effective.

According to the House report on the response to Hurricane Katrina, the nation's manufacturing capacity was about 6,000 trailers per month at the time of the storm, limiting how quickly FEMA could obtain travel trailers and make them available to disaster victims. Further, DHS's Inspector General reported in March 2006 that FEMA had difficulty identifying acceptable sites for the travel trailers and manufactured homes and was slow in identifying applicants to occupy these units.

FEMA also experienced difficulties utilizing the program housing units made available by three support agencies—HUD, USDA, and VA. In addition to its inventory of single-family properties, USDA identified vacant units in multifamily properties that it financed. These agencies made properties available to FEMA for victims of the storms, but FEMA had difficulty utilizing them for several reasons:

- FEMA officials told us that many of the housing units offered to disaster victims needed repairs, and it did not have a means of assuring that the repairs were made. As discussed later in this report, VA—in response to Hurricane Katrina—sought to enter into an interagency agreement with FEMA under which VA's Veterans Benefits Housing Fund would be reimbursed for repairs needed to make its available housing units habitable for disaster victims. According to VA officials, the two organizations could not come to an agreement because of FEMA's budgetary constraints.
- FEMA officials also told us that some of the offered properties were located in rural areas that were not central to public transportation or medical services desired by disaster victims.
- FEMA also encountered difficulties verifying that housing units offered by the support agencies were indeed available. According to FEMA officials, such verification was very important when placing victims in temporary housing, as it did not want to refer victims to housing units that were no longer available. FEMA officials told us that the support agency housing databases it relied on to determine the availability of housing units were not always kept up to date.
- FEMA officials told us that because each of these entities had its own rules, regulations, and authorities that affected the conditions under which the properties could be made available, it was difficult to coordinate and match disaster victims with properties. According to the officials, during the aftermath of the disasters FEMA worked on developing a document to facilitate its understanding of each organization's authorities related to

leasing housing units to disaster victims, but the agency never finalized the document.

In part because plans for catastrophic events had not been completed, some of the steps FEMA took in response to Hurricanes Katrina and Rita increased the potential for fraud, waste, and abuse. For example:

- DHS's Inspector General testified in February 2006 that FEMA might have purchased more manufactured homes and modular homes than it needed. According to the Inspector General, FEMA purchased 24,967 manufactured homes at a cost of \$857.8 million and 1,295 modular homes at a cost of \$40 million. However, because FEMA regulations prohibited using mobile homes in flood plains, some of these homes and the manufactured homes and modular homes could not be used where they were most needed (i.e., in parts of Louisiana and Mississippi). FEMA also paid to store and maintain the unoccupied units, and the Inspector General testified that more than 10,000 manufactured homes at one site were improperly stored without adequate support, causing the units to sink in the mud and their frames to bend.
- As we testified in February 2006, the need to provide assistance quickly led FEMA to implement expedited assistance with limited controls to verify eligibility for the initial expedited assistance payments.²⁹ We also reported in September 2006 that the unprecedented challenges posed by Hurricanes Katrina and Rita exposed FEMA's Individuals and Households Program (IHP) to fraud and abuse.³⁰ We estimated that, as of February 2006, 16 percent, or approximately \$1 billion, in FEMA IHP payments were improper and potentially fraudulent because of invalid application data such as Social Security Numbers and addresses.³¹ Further, we testified in December 2006 that FEMA continued to lose tens of millions of dollars

²⁹GAO, *Expedited Assistance for Victims of Hurricanes Katrina and Rita: FEMA's Control Weaknesses Exposed the Government to Significant Fraud and Abuse*, [GAO-06-403T](#) (Washington, D.C.: Feb. 13, 2006).

³⁰IHP provides temporary housing or financial assistance to eligible victims. See GAO, *Hurricanes Katrina and Rita: Unprecedented Challenges Exposed the Individuals and Households Program to Fraud and Abuse; Actions Needed to Reduce Such Problems in the Future*, [GAO-06-1013](#) (Washington, D.C.: Sep. 27, 2006).

³¹The 95 percent confidence interval associated with our estimate of improper and potentially fraudulent registrations ranges from a low of \$600 million to a high of \$1.4 billion in improper and potentially fraudulent payments.

through potentially improper and/or fraudulent payments from both Hurricanes Katrina and Rita.³²

- Because FEMA was unable to immediately implement IHP assistance (under section 408 of the Stafford Act) that would provide funds to move victims from short-term lodging—including shelters, hotels and motels—to longer-term housing alternatives such as mobile homes and apartments, the agency used public assistance funds. Normally, FEMA uses public assistance funds (authorized under section 403 of the Stafford Act) only for immediate emergency sheltering efforts. FEMA officials said if the agency had followed its normal practice of using IHP assistance, the program's rules would have left many applicants waiting months for assistance. Under the IHP program, each applicant's damaged dwelling must be inspected before FEMA provides any assistance. However, the DHS Inspector General reported in March 2006 that the use of public assistance funds was problematic for two reasons. First, FEMA did not know whether those it housed were actually eligible for assistance as a direct result of the disaster, and second, using this type of assistance increased the potential for duplication with other assistance programs.³³

To address the difficulties FEMA encountered in providing temporary housing to victims of Hurricanes Katrina and Rita, the agency formed a joint housing solutions group to identify manufactured housing options for disaster operations. The group's goal is to help identify situation-appropriate manufactured or other housing options for disasters. FEMA also convened a housing task force, which began meeting in summer 2006. The task force had two goals: to resolve procedural problems encountered in response to the hurricanes, and to establish better working relationships with other housing providers. As of January 2007, the housing task force had not released any findings or taken any actions.

FEMA has taken other steps to improve its plans for providing temporary housing assistance for large-scale disasters. For example:

- In July 2006, FEMA issued a high-level strategy for providing sheltering and housing assistance in support of a presidentially declared emergency or major disaster involving a mass evacuation. FEMA intends to develop

³²GAO, *Hurricanes Katrina and Rita Disaster Relief: Continued Findings of Fraud, Waste, and Abuse*, [GAO-07-252T](#) (Washington, D.C.: Dec. 6, 2006).

³³[OIG-06-32](#).

more detailed policies to support this strategy. However, these policies were not completed as of January 2007.

As previously noted, the ESF-6 annex did not reflect the capabilities of USDA's Rural Housing Service to provide temporary housing to victims of disasters.

- In December 2006, FEMA awarded grants totaling up to \$388 million to states in the Gulf region to develop alternatives to FEMA travel trailers and mobile homes under its Alternative Housing Pilot Program.

Support Agencies Generally Lacked Plans for Providing Assistance in Response to Hurricanes Katrina and Rita

The NRP requires federal agencies to develop supplemental plans and procedures for carrying out the responsibilities assigned in the ESF annexes. As we have previously testified, the NRP base plan and its supporting catastrophic incident annex need to be supported and supplemented by more detailed and robust operational implementation plans that further define any capabilities that might be needed in a catastrophic disaster.³⁴ More detailed planning would provide greater visibility and understanding of the types of support that support agencies could be expected to provide following a catastrophic event, including the types of assistance and capabilities that might be provided and what might be done proactively and in response to specific requests.

The ESF-6 support agencies generally had not developed specific operational plans for the housing assistance they provided in response to Hurricanes Katrina and Rita, whether or not the agencies' capabilities for providing the assistance were specifically reflected in the NRP. Rather, officials from the ESF-6 support agencies told us that they generally worked out the procedures for providing the assistance after the hurricanes struck, relying on preexisting statutory authorities or interagency agreements or, in some cases, acting in response to FEMA mission assignments or legislation enacted after the storms. For example:

- HUD officials noted that the department relied primarily on existing statutory authorities to expedite the delivery of assistance in disaster situations. However, it was not until after Hurricane Katrina struck that HUD and FEMA entered into an interagency agreement—on September 12, 2005—that defined how HUD would make its properties available to

³⁴GAO-06-442T.

victims. As noted above, in response to a FEMA mission assignment after Hurricane Katrina, HUD also created a housing voucher program to house disaster victims who were previously assisted by HUD or were homeless.

- USDA officials told us that the department relied on existing statutory authorities to provide housing-related assistance in disaster situations. As previously noted, the ESF-6 annex did not reflect the capabilities of USDA's Rural Development to provide temporary housing to victims of disasters. However, the department had a preexisting 1982 memorandum of understanding that outlined the terms under which FEMA might utilize housing units owned by USDA to provide temporary housing to victims of disasters. USDA officials told us that the department followed this memorandum in response to Hurricanes Katrina and Rita but did not locate any single-family properties that qualified under the terms of the memorandum.
- VA officials said that, while they had a memorandum of understanding with FEMA—outlining the working relationship with respect to disaster preparedness and relief activities after a major disaster or emergency—dating back to 1982, after Hurricane Katrina they attempted a new interagency agreement similar to the one between FEMA and HUD. However, according to the officials, FEMA and VA could not reach an agreement, primarily because of differences over the reimbursement of property expenses to VA's Veterans Benefits Housing Fund. FEMA and VA ultimately revised the 1982 memorandum in December 2005.

In contrast, Treasury's IRS, while also relying on existing statutory authorities, had a preexisting reference tool that identified specific actions that IRS will take to provide tax relief in response to disasters or other significant emergencies, and the officials and functional organizations responsible for carrying out these actions. As noted previously, one of IRS's responsibilities specifically described in ESF-6 is to help victims determine the amount of a casualty loss deduction for destroyed property. While encompassing a wider range of activities, IRS's reference tool does address the responsibilities described in ESF-6 annex. Similarly, DOD's Army Corp of Engineers had procedures in place detailing how the agency would provide temporary roofing for minimally damaged homes.

Due to the lack of preexisting operational plans detailing how the support agencies would provide disaster housing assistance—including plans for meeting their ESF-6 responsibilities—the agencies had to work out details or improvise in the aftermath of Hurricanes Katrina and Rita, and this affected the timeliness with which some victims were provided with temporary housing. For example, VA's attempt to develop a new

interagency agreement—before ultimately revising an existing memorandum of understanding with FEMA—delayed the availability of VA properties for disaster victims until several months after the storms. VA made 600 properties available for rent in 11 states in January 2006. HUD, USDA, and VA officials told us that, in an attempt to improve their operational plans for providing housing assistance under ESF-6, they formed an informal working group since Hurricanes Katrina and Rita to work out certain procedural details, including developing better means of communicating and sharing information. The USDA official involved in this effort noted the practical importance of working out such operational details before a disaster strikes in order to avoid the need to do so following the event. However, the informal working group is not intended to address the full range of each of these agencies' responsibilities under ESF-6, and as of January 2007 does not have a specific timetable for its activities.

Victims Expressed Varying Views about Sheltering and Temporary Housing Needs and the Assistance They Received

According to victims, experts, and others we spoke with, the sheltering and housing needs of victims and the perceptions of the federal assistance provided to meet these needs varied. For example, most victims needed shelter, food, water, and other necessities in the immediate aftermath of the hurricane, but many perceived that the assistance provided fell short of meeting these needs. Over the weeks and months following the hurricane, many victims developed a need for temporary housing while they made arrangements to have their homes repaired or other plans to recover from the disaster. In most cases, victims with a need for temporary housing were eligible for some form of federal disaster housing assistance, such as from FEMA or HUD. However, victims expressed both positive and negative perceptions of the temporary housing assistance they received. Furthermore, many victims needed, but did not always receive, access to reliable and accurate information about the assistance they were eligible to receive and help locating temporary housing. More than a year after the hurricane, some people continue to have temporary housing needs, including some of the most vulnerable individuals—the elderly, persons with disabilities, and those from the most devastated areas. The recent amendments to the Stafford Act call for provisions in the mandated disaster housing strategy that appear to address a number of the issues that victims and others raised regarding the assistance provided after Hurricane Katrina.

Most Victims Had Similar Immediate Sheltering and Related Needs, but Some Victims' Needs Were Not Met

According to current and former Gulf Coast residents affected by Hurricane Katrina, experts, and others we spoke with, immediately before and after the hurricane made landfall many victims needed shelter, food, water, and clothing. Some victims, such as those who voluntarily evacuated before the storm made landfall, sought shelter in a variety of locations, including the homes of family and friends, hotels, and shelters operated by the Red Cross and others. Many other victims, including those without transportation, those with special needs such as the disabled and the elderly, and those who would not abandon their homes or pets, ended up in shelters of last resort such as the Louisiana Superdome.³⁵ Regardless of where victims took shelter, however, those providing it generally were unprepared for the number of people needing help or the length of time they would have to remain and did not have adequate resources to help all of them.

Many victims we spoke with did not feel that their immediate sheltering and related needs were met for a number of reasons. According to victims and others we spoke with, regardless of the type or provider of shelter—family, Red Cross or church shelters, or a hotel—conditions were generally overcrowded and uncomfortable, and supplies were lacking. For example, many victims we spoke with evacuated from their homes with limited supplies of food and water and just the clothes on their back. One victim we spoke with said that she evacuated from Mississippi and went to stay with family, taking with her just a suitcase with some clothing and some canned food. Another victim told us that when she and her family evacuated, they only brought enough clothing for 3 days. While some shelters had supplies on hand to assist evacuees, resources were strained because they generally did not anticipate the number of victims who were seeking shelter or the length of time people would need shelter. For example, Red Cross officials told us that they only planned to operate shelters for 7-10 days in 5 states following Hurricane Katrina, but as noted previously, some shelters were open for up to 4 months, and the organization's operations covered 27 states. As noted previously, Red Cross officials told us that they kept shelters open for this long because FEMA was not able to transition victims to temporary housing assistance more quickly.

³⁵The Louisiana State Emergency Operation Plan identifies a shelter of last resort as a place for persons to be protected from the high winds and heavy rains of the storm. Unlike other shelters, there may be little or no water or food and possibly no utilities.

Victims whose circumstances made it impossible for them to evacuate prior to the storm or who chose not to evacuate were probably even less likely to feel their immediate sheltering needs were met than those who evacuated prior to the storm. Many of these victims ended up at shelters of last resort such as the Louisiana Superdome. These shelters were overcrowded and lacked an adequate amount of supplies. One victim we spoke with who was evacuated to the New Orleans Convention Center after the storm said that she needed food, water, and clothing and that the Convention Center had none of these items. Further, some victims avoided centralized shelter due to concerns about safety. For example, one victim we spoke with said that her family chose to crowd 15 people into a small house rather than go to a shelter because they had heard that the shelters were unsafe.

Although members of our group of experts suggested that victims should be presented with a range of choices about where to relocate, some of the victims were evacuated without knowing where they would end up—for example buses and flights were diverted en route to new destinations. One victim with whom we spoke said that the Navy evacuated him from an apartment building in New Orleans a week after the storm and put him on a plane to Washington, D.C., but that he was not told where he was headed until the plane had taken off. Another victim we spoke with who was evacuated from the New Orleans Convention Center said the U.S. Army flew her from the Convention Center to Austin, Texas even though she had not asked to go there. She was in Austin at a shelter for 5 more days before being flown to Georgia, where she had family. Other victims said they were given a choice about where to go. For example, one victim said when the Army Corps of Engineers came to evacuate her from Xavier University where she had taken shelter, she was able request that she be sent to Fort Worth, Texas, because she had family there.

Some of those who could not evacuate ahead of time were special needs populations, especially the elderly and persons with disabilities. As we previously reported, state and local governments have primary responsibility for evacuating these populations, but state and local governments in the areas affected by Hurricane Katrina likely faced challenges in transporting many special needs residents out of the disaster area due to legal and social barriers and other factors.³⁶ Further, many

³⁶See GAO, *Transportation-Disadvantaged Populations: Actions Needed to Clarify Responsibilities and Increase Preparedness for Evacuations*, [GAO-07-44](#) (Washington, D.C.: Dec. 22, 2006).

shelters were not prepared to accept special needs persons, such as those with physical or mental disabilities, in part because the Red Cross typically leaves sheltering of those with special needs to the state and local government. As a result, at the time Hurricane Katrina made landfall, some special needs individuals ended up in shelters that were not prepared to meet their needs. For instance, one elderly victim we spoke with said that she was at the New Orleans Convention Center in poor conditions for more than 5 days before being evacuated out of the city, and added that she did not feel safe or secure while she was there. Eventually, many of those in the mass shelters in New Orleans were evacuated to cities such as Houston and Atlanta where they were provided shelter while awaiting temporary housing.

Victims' Temporary Housing Needs and Their Views of Federal Assistance Varied with Circumstances

In the weeks and months following the hurricane, the housing needs of many Gulf Coast residents evolved as they assessed storm damage, and many realized that they would not be able to return home immediately. In general, most victims were eligible for at least some form of temporary federal disaster housing assistance, such as rental assistance or travel trailers from FEMA or—if prior to the disaster they were among those in HUD's rental assistance programs or were homeless—housing vouchers from HUD. The specific needs of victims, however, and their perceptions of the assistance that was provided varied and depended, at least in part, on victims' own circumstances such as their postdisaster location relative to their pre-disaster home, whether they were homeowners or renters, and if they had special needs. More specifically:

- *Postdisaster location*—We found that victims' temporary housing needs were often closely related to their postdisaster location. In particular, many victims we spoke with either evacuated to or were transported to other cities to find shelter from the devastation. Because in many cases the extent of damage made immediately returning to their pre-disaster homes uncertain or unlikely, these victims needed access to some form of temporary rental housing while they assessed their options and made plans for returning home and repairing their residence or living somewhere else. However, victims and experts that we spoke with emphasized that temporary housing needs included not only shelter, but also proximity to schools, grocery stores, jobs, and other necessities. As discussed below, for those who found themselves in new locations away from their pre-disaster homes, this meant a need for information about both available housing and services.

In contrast, for a variety of reasons, some victims we spoke with preferred and were able to remain in or near their predisaster communities after the hurricanes and needed temporary housing that could accommodate their circumstances, particularly if they could not quickly reoccupy their predisaster home. In light of the shortage of available rental housing in the Gulf Coast area after the hurricanes, travel trailers were one of the few options available for victims who wanted to remain near their predisaster residences or communities.

- *Homeownership status*—In some cases, homeowners and renters had different needs for temporary housing. For example, some homeowners who could not reoccupy their predisaster homes expressed a need for temporary housing that allowed them to be in close proximity, so that they could monitor repair or reconstruction and interact with insurance companies and contractors. In some of these cases, FEMA was able to place travel trailers directly on victims' property to address this need. Because renters had little influence over the repair or reconstruction of the apartment units they resided in prior to the hurricanes, they generally needed temporary housing assistance until they could make decisions about whether to remain in, or return to, their predisaster locations or to reestablish themselves in another area altogether. This generally came in the form of rental assistance—either cash from FEMA or vouchers from HUD. In cases where renters desired to remain in the disaster area, some were able to obtain FEMA travel trailers, which were generally placed on either FEMA-operated or privately operated group sites.
- *Special needs populations*—The elderly and those with disabilities that we spoke with expressed a need for temporary housing that could accommodate their special needs. For example, those who were mobility impaired needed housing that was wheelchair accessible, while those who were elderly expressed a need to be close to family and medical providers. Access to transportation was another need mentioned to us by elderly and disabled victims; those with special needs said without access to transportation, they had difficulty finding temporary housing. One disabled victim we spoke with said that it would have been helpful to her to have received transportation assistance to look for housing since she uses a wheelchair, while another disabled victim said that she received help from the Red Cross which transported her around to find housing.

Members of our group of experts noted that special needs populations are often overlooked in planning for disaster housing assistance. These experts and others said that disaster assistance often does not accommodate the needs of special populations such as the elderly, homeless, those with mental and physical disabilities, and residents of

domestic violence shelters. For instance, the elderly or disabled may need to be placed in ground floor units to facilitate wheelchair access. Additionally, these populations may face related needs that cannot be addressed by temporary housing alone.

Victims expressed both positive and negative perceptions of the temporary housing assistance they received, whether in the form of rental assistance or a travel trailer. In general, victims who received rental assistance perceived that it was helpful in meeting their housing needs because it allowed them to find a place to live and pay the rent while they “got back on their feet.” One victim said having rental assistance allowed her to keep her sanity because she knew she had a place to live and her kids were in a good school. However, some recipients, such as those who received FEMA rental assistance, said that the process of having to recertify their eligibility for the program every 3 months left them uncertain about whether they would continue to receive the assistance. The uncertainty made it difficult for victims to know what their long-term housing plans would be, as they did not know when their rental assistance would be cut off or what they would do about their housing after that. For example, one victim said that her plans for the future were uncertain because she did not know when the rental assistance would expire. One elderly victim we spoke with said that she does not think that, once the assistance ends, she will be able to afford her new apartment, even though she would like to stay there.

Victims we spoke with who received temporary housing assistance through HUD said that the disaster voucher program (DVP) generally met their housing needs. For example, some of these individuals said that the local housing authority in their new cities assisted them in finding housing, making things easier for them. Others said that not having to pay rent allowed them to use their earnings for other necessities such as car payments or furniture and also allowed them to look for work without having to worry about how the rent would be paid.³⁷ HUD officials we spoke with in the field also said that in their opinion, the disaster voucher meets the needs of the people it was intended to serve; however, they noted that it depended on the needs of the individual and the willingness of the displaced family to move elsewhere to find housing.

³⁷Under DVP, voucher recipients were not required to make any contribution toward their rental units' costs for the first 18 months that the recipients received assistance, after which they were expected to contribute 30 percent of their adjusted incomes.

As with rental assistance, perceptions of those who received travel trailers were also mixed. Some of the victims we spoke with who were in trailers on their property said that the trailers were helpful. For example, one victim from Mississippi whom we spoke with said the trailer was wonderful because it provided her with privacy, and another said that her trailer met her needs because it provided shelter. Another victim from Alabama said that her family received a FEMA trailer and that they were able to live in it until they could repair and move back into their home. Although some of these victims said that they had difficulty finding contractors and that as a result, the rebuilding process was slow, they also said that they had made progress and that the trailer had met their temporary housing needs. Other homeowners did not perceive the trailers as meeting their temporary housing needs. Some victims we spoke with waited months to receive trailers, only to find that the trailers were too small for their families. One victim we spoke with needed a trailer for his family of five but received a trailer that could house only two people. This victim said that he ended up not using the trailer because it was too small, the hot water never worked, and it had a bad odor that made his eyes burn. Other victims we spoke with who received trailers from FEMA also felt the trailers were uninhabitable. One victim who was in the military said that she and her family spent only a few days in the trailer they received because it leaked badly and had mildew. She said that someone from FEMA had checked on these problems but that they were never fixed. Ultimately she chose to live on the Air National Guard base where her unit was headquartered.

Perceptions of travel trailers located on group sites were generally less positive than those of trailers placed on private property. Experts noted that trailer sites may not provide ready access to facilities like grocery stores, laundry facilities, or playgrounds that are necessary for daily living. We found that victims sometimes did not like group sites for these reasons. One victim we spoke with said that he did not like living in the group site, as it was too far from the doctors that he needed to see. He was eventually able to get another trailer in another group site that better met his needs. Another victim we spoke with said that FEMA wanted to locate her to a group site but she refused and insisted that the trailer be put on her property so that her children could remain in their school and not have to relocate to another community.

Some Victims Lacked Access to Information on Federal Assistance and Help Finding Temporary Housing

Many victims we spoke with were grateful for the temporary housing assistance they received after the disaster some, however, regardless of where they lived or their other circumstances, said that they needed better access to accurate and reliable information about the housing assistance available. Because of sustained disruption to normal modes of communication (such as newspapers, television, telephone, and radio) following the hurricane, many victims found it difficult to register for assistance. In some cases, this may have hindered victims' efforts to receive temporary housing assistance. However, while many victims we spoke with said that once they got through on the phone registering with FEMA was relatively easy, some said that the information they received after they registered was confusing and sometimes conflicting. These victims told us that when they followed up with FEMA to find out about the assistance they qualified for, their questions were not answered or they received inconsistent answers from different employees. For example, one victim we spoke with received two letters from FEMA on the same day—one stating that she was eligible for rental assistance and one stating that she was ineligible for assistance. This person did not want to use the rental assistance because she feared that FEMA would eventually ask that it be returned.

Some victims we spoke with also said that they could have used assistance in finding temporary housing. When asked what the government or others could have done to make finding housing easier for them, many victims we spoke with said that they needed assistance with finding a new place to live and help becoming familiar with new surroundings. Some of those we interviewed said they did not receive this assistance. Some of those we spoke with were able to rely on family and friends to get help in finding housing in a new city and others just navigated through the process themselves. One former resident of New Orleans that we spoke with said that her home was destroyed after Hurricane Katrina and she needed help find housing in Texas, where she had been moved. This victim used apartment-finding guides to help her locate available housing. Another victim we spoke with who ended up in Texas also said that she needed help getting oriented to her new surroundings, such as finding housing that was in close proximity to good schools for her children, stores, and the post office. This victim said that since she wasn't familiar with the area, she eventually relied on a realtor to help her find housing that met her needs.

In commenting on a draft of this report, FEMA noted that it had initiated a contract to evaluate applicant communications in order to develop a strategic communications plan. FEMA said that the first phase of the

study—target audience interviews—had been completed and that the second phase of the contract would provide strategies for improving and enhancing applicant communications, with an emphasis on reaching diverse audiences, including those with limited English speaking ability.

Some Victims Continue to Experience Temporary Housing and Related Needs More than a Year after the Hurricanes

More than a year after Hurricane Katrina, some victims—including those from the hardest hit areas, the elderly, and the disabled—still have temporary housing and related needs. However, the circumstances of those who continue to receive temporary housing assistance vary. For example:

- Some of those receiving this assistance are homeowners who are still waiting for settlements from their insurance company. One homeowner from New Orleans told us that she had great difficulty getting in touch with her insurance company and was still waiting for a settlement as of July 2006. In the meantime, she is relying on rental assistance from FEMA but worries her lease will expire before her house is repaired.
- Many renters from the hardest-hit areas also face uncertainty because much of the rental housing stock was destroyed and may not be replaced. One renter from New Orleans said her landlord is repairing the home she was renting, but she does not know if it will be done before her FEMA rental assistance runs out.
- Some victims we spoke with expressed concern over their ability to become self-sufficient once their federal housing assistance expires. Some want to work but are having difficulty finding employment. One victim said that if the federal assistance was going to run out after 18 months, she thought it would be helpful if the government could help people find jobs so they could become self-sufficient.
- Some elderly and disabled who were displaced also continue to face difficulty meeting their housing and related needs. Although some of these populations had special needs before the hurricanes, in some cases the stress of the disasters exacerbated their situations. For example, one disabled victim we spoke with said her health has worsened since the storm, and she does not have medical benefits. She wants to work but needs to find something she can do from home due to her disability. Another disabled victim told us that her health made it difficult for her to climb stairs but that she was living in a second-floor apartment because that was all she could find. FEMA officials told us that after Hurricane Katrina they tried to work closely with other agencies that offered social

services to ensure that these special needs populations were receiving the services they needed, but acknowledged that some needs had gone unmet.

Victims who receive temporary housing assistance from FEMA are eligible to receive this assistance generally for up to 18 months after the date of the disaster declaration (i.e., until the end of February 2007 for victims of Hurricane Katrina). FEMA may extend the assistance beyond the 18-month period if it determines that due to extraordinary circumstances an extension would be in the public interest. According to some experts and housing advocates, 18 months of housing assistance is not long enough to help some of the victims of the disaster, and that ending federal assistance could lead to a larger number of homeless families. Experts also agreed that some victims have needs that extend beyond housing assistance and that addressing such needs requires a case management approach such as linking housing assistance with jobs, child care, and education. Recently, FEMA announced that it extended temporary housing assistance for some victims of Hurricane Katrina for an additional 6 months—until August 31, 2007. It is uncertain what will happen to those who continue to need housing assistance beyond this date.

According to HUD, as of November 2006, approximately 23,800 families were still receiving temporary housing assistance under DVP. By definition, those continuing to receive DVP are primarily those who, prior to Hurricanes Katrina and Rita, resided in HUD-assisted units or public housing that was damaged or destroyed, or were homeless. It is uncertain when or whether many of these units will be repaired or replaced. In the meantime, DVP is set to expire in September 2007. HUD recently issued proposed guidance explaining options available to those who will still be receiving DVP assistance when the program expires. For example, HUD proposed that a family that was living in public housing prior to the hurricanes may choose to return to their predisaster unit if it is available. If the family chooses not to return, it may live in the DVP unit until the DVP assistance ends; if the pre-disaster unit is unavailable for reoccupancy, the family may receive another project-based unit or a special public housing voucher may be made available.³⁸ HUD proposed that families who were receiving tenant-based vouchers prior to the disaster may find new units in the predisaster location, or, if choosing not to return to the predisaster location, may receive DVP assistance until it

³⁸Under the Disaster Voucher Program, funding must be obligated by September 30, 2007, unless expressly renewed or extended by law.

ends, at which time they will receive a regular voucher under HUD's nondisaster voucher program.

Strategy Required by Recent Legislation May Address Some Issues Identified by Victims

In requiring FEMA, working with other agencies, to prepare a national disaster housing strategy, Public Law 109-295 in October 2006 addressed several issues raised during our interviews with victims and experts. For example:

- *Need for temporary housing that enables access to services*—The legislation directs FEMA, in developing the national disaster housing strategy, to include plans for the operation of “clusters” of housing provided to individuals and households, including access to public services, site management, and security. As previously discussed, this strategy was under development at the time of this review.
- *Need for assistance in finding housing as well as social services*—The legislation authorizes the President to provide case management services, when needed, to state or local government agencies or qualified private organizations to provide such services to victims. According to FEMA, this new authority does not apply to victims of Hurricanes Katrina and Rita. However, FEMA told us that victims of the hurricanes who needed case management were able to receive assistance from Katrina Aid Today—a consortium of social service and voluntary organizations.³⁹
- *Need for those with disabilities or other special populations*—The legislation provides that the national disaster housing strategy describe programs directed to meet the needs of special needs and low-income populations, and to ensure that a sufficient number of housing units are provided for individuals with disabilities.
- *Need for accurate and timely information for victims about what they are eligible for and how to obtain it*—The legislation requires FEMA to develop guidance to be issued to the public following a disaster on the types of housing assistance available, eligibility for such assistance, and the application procedures.

³⁹Katrina Aid Today is sponsored by FEMA using donations from the international community, and is administered by the humanitarian development agency of the United Methodist Church. According to FEMA, Katrina Aid Today assists victims in identifying sources of support, developing personal recovery plans, and acquiring access to services needed to rebuild their lives.

Conclusions

While the sheltering and temporary housing responsibilities of the Red Cross and FEMA generally were clearly defined under the National Response Plan, the lack of fully reflected capabilities for ESF-6 support agencies, excepting DOD, hampered FEMA's ability to effectively fulfill its primary agency role of coordinating sheltering and temporary housing assistance to victims of catastrophic disasters. For example, the ESF-6 annex did not reflect USDA's capability to provide victims of Hurricanes Katrina and Rita with temporary housing in multifamily units that it subsidizes. Similarly, the ESF-6 annex did not reflect Treasury's ability to help make available vacant units in Low-Income Housing Tax Credit properties. Although these agencies provided needed housing assistance in response to the disaster, by fully reflecting their capabilities under ESF-6 and by updating them as needed, FEMA, as the designated primary agency for housing and as the overall coordinator for ESF-6, would be better able to effectively coordinate federal resources to provide temporary housing in support of state and local efforts for victims of future disasters. In this regard, FEMA would also have benefited if the ESF-6 support agencies had developed—as required by the draft standard operating procedures in effect at the time of Hurricanes Katrina and Rita—the fact sheets outlining appropriate roles and responsibilities, notification and activation procedures, and agency specific authorities pertaining to their disaster housing responsibilities. Similarly, more specifically defining FEMA's primary agency role to work with private-sector organizations would help ensure the agency's ability to make effective and expeditious use of housing resources offered by organizations such as Fannie Mae. FEMA is currently exploring ways of working with private sector organizations as part of its ongoing disaster housing task force.

The extent of operational planning for providing sheltering and temporary housing varied among the Red Cross, FEMA, and the ESF-6 support agencies, but generally their plans were not adequate to deal with the needs created by catastrophic disasters on the scale of Hurricanes Katrina and Rita. The Red Cross had to significantly exceed the parameters of its hurricane and tropical storm plan—which it was able to do, despite experiencing operational challenges—and as a result it has taken a number of steps designed to enhance its capacity to respond to large, catastrophic events. FEMA had initiated catastrophic event planning, but its efforts were not complete at the time Hurricane Katrina struck. In August 2006, DHS finalized the National Response Plan's Catastrophic Incident Supplement, which describes additional responsibilities for federal agencies in the event of a catastrophic incident. The ESF-6 support agencies covered by our review provided a variety of assistance, but all excepting Treasury and DOD lacked specific operational plans, which

inhibited the timeliness of placing some victims in temporary housing. For example, both HUD and VA entered into agreements with FEMA detailing conditions for use of their properties—but not until after the hurricanes struck. Just as it is important for the support agencies’ capabilities to be reflected in the NRP, so that each agency and FEMA can be aware of options for housing disaster victims, the support agencies need operational plans for effecting those capabilities. Although HUD, USDA, and VA are working to develop an agreement to improve the coordination among the three agencies, developing operational plans for carrying out their ESF-6 responsibilities would help ensure that the support agencies are better prepared to help expeditiously house victims of future disasters and help avoid the need to improvise after disasters occur. The working group is not intended to produce operational details for all of these agencies responsibilities under ESF-6.

Our interviews with victims of Hurricanes Katrina, experts, and with officials involved in assisting them, as well as our review of reports by others on the federal response to these disasters, suggest that the federal government could improve the temporary housing assistance it provides in response to disasters by recognizing the broader needs of victims. These include the need for access to medical facilities, public transportation, schools, employment opportunities, and other social services—and, particularly for those displaced to distant locations—information about all of these things. The national disaster housing strategy called for by recent legislation provides an opportunity to more comprehensively plan for temporary housing assistance, with specific provisions related to special-needs populations, access to a range of services, and meeting victims’ need for accurate information. The legislation also authorized the provision of additional case management services to victims of disasters. Although FEMA recently extended temporary assistance for some victims until August 2007, some of these victims may continue to need temporary housing assistance beyond this period.

Recommendations for Executive Action

To help ensure that FEMA, as the designated primary agency for housing and as the overall coordinator for ESF-6, can effectively coordinate federal assistance in providing temporary housing for victims of future disasters, we recommend that:

- The Secretaries of Agriculture, Housing and Urban Development, Treasury, and Veterans Affairs propose revisions as needed to ensure that the NRP fully reflects their respective agencies’ capabilities for providing temporary housing assistance under ESF-6; and

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- The Secretaries of Agriculture, Defense, Housing and Urban Development, Treasury, and Veterans Affairs develop fact sheets outlining appropriate roles and responsibilities, notification and activation procedures, and agency specific authorities pertaining to their disaster housing capabilities, as required by the ESF-6 standard operating procedures.

To help ensure that ESF-6 support agencies are prepared to help expeditiously house victims of future disasters, we recommend that the Secretaries of Agriculture, Housing and Urban Development, and Veterans Affairs develop operational plans that provide details on how their respective agencies will meet their temporary housing responsibilities under ESF-6.

Agency Comments and Our Evaluation

We provided the American Red Cross and the Departments of Agriculture, Defense, Homeland Security, Housing and Urban Development, Treasury, and Veterans Affairs with a draft of this report for their review and comment. We received written comments from Defense, HUD, Treasury, and VA, each of which concurred with our recommendations. These comments are summarized below and reprinted in appendixes XII through XV. The Red Cross did not provide comments on the draft report. USDA responded that it will continue to develop its capabilities, fact sheets, and operational plans in order to meet ESF-6 responsibilities, as we recommended. DHS, HUD, Treasury, and VA also provided technical comments, which we incorporated into the report as appropriate. We also provided relevant segments of this report to Fannie Mae and Freddie Mac and incorporated technical comments from these organizations where appropriate.

In its comments, Defense said that it concurred with the recommendation to develop fact sheets outlining the appropriate roles and responsibilities, notification and activation procedures, and agency specific authorities pertaining to its disaster housing capabilities.

While HUD concurred with our recommendations, it commented that it provided fact sheets to FEMA and non-profit organizations. However, our review of these fact sheets indicated that they did not reference ESF-6 or include the information required by the draft ESF-6 standard operating procedures, such as appropriate roles and responsibilities, notification and activation procedures, and agency-specific authorities. HUD also said that our draft report should be expanded to more fully reflect the activities that the department performed in response to Hurricane Katrina, which included establishing Katrina Disaster Assistance Program Centers,

assisting public housing residents in relocating to other housing units, and finding permanent units for disaster victims. Our report, including appendix VII, discusses these and other types of housing assistance provided by HUD at a level of detail that we believe is consistent with our objectives.

Treasury noted that its role in providing disaster relief was generally limited to relief provided under the Internal Revenue Code, although the department also has a broader role in facilitating federal payments. With regard to our recommendations, Treasury said that it would work with DHS to ensure that the NRP fully reflects the capabilities of the department to provide temporary housing assistance. Treasury added that any amendment to the department's section of the NRP that reflects the availability of administrative relief relating to the low-income housing tax credit should note that such relief is appropriate only in extraordinary circumstances and take into consideration the impact it might have on low-income taxpayers who are the intended beneficiaries of the low-income housing tax credit. Treasury also said that it would collaborate with DHS to ensure that it develops the appropriate fact sheets under ESF-6.

VA noted that it is working with ESF-6 partner agencies to propose NRP revisions that will detail each agency's full capabilities. VA also noted that it would continue to work with ESF-6 partner agencies and FEMA to formulate the fact sheets as required by the ESF-6 standard operating procedures.

We are sending copies of this report to appropriate congressional committees, the Secretaries of Agriculture, Defense, Homeland Security, Housing and Urban Development, Treasury, and Veterans Affairs, the Red Cross, and other interested parties and will make copies available to others upon request. In addition, the report will be available at no charge on the GAO Web site at <http://www.gao.gov>.

If you or your staff have any questions regarding this report, please contact me at (202) 512-8678 or woodd@gao.gov. Contact points for our Offices of Congressional Relations and Public Affairs may be found on the last page of this report. GAO staff who made major contributions to this report are listed in appendix XVI.

David G. Wood

David G. Wood
Director, Financial Markets and
Community Investment

List of Congressional Addressees

The Honorable Joseph I. Lieberman
Chairman
The Honorable Susan M. Collins
Ranking Member
Committee on Homeland Security and
Governmental Affairs
United States Senate

The Honorable Larry E. Craig
Ranking Member
Committee on Veterans' Affairs
United States Senate

The Honorable Barney Frank
Chairman
Committee on Financial Service
House of Representatives

The Honorable Henry A. Waxman
Chairman
The Honorable Tom Davis
Ranking Member
Committee on Oversight and Government Reform
House of Representatives

The Honorable Peter T. King
Ranking Member
Committee on Homeland Security
House of Representatives

The Honorable Steve Buyer
Ranking Member
Committee on Veterans' Affairs
House of Representatives

Appendix I: Scope and Methodology

In this report, we examine: (1) the extent to which the responsibilities for the Red Cross and federal agencies were clearly described in the National Response Plan (NRP), (2) the extent to which federal agencies and the Red Cross had operational plans for providing sheltering and housing assistance in response to catastrophic disasters, and (3) the perceptions victims and others had of evacuees' sheltering and housing needs and the assistance provided by the federal government to address those needs after Hurricane Katrina. We included the following federal agencies and other organizations in this study:

- American Red Cross
- Department of Agriculture
- Department of Defense
- Department of Housing and Urban Development
- Department of Treasury
- Department of Veterans Affairs
- Federal Emergency Management Agency
- Federal Home Loan and Mortgage Corporation (Freddie Mac)
- Federal National Mortgage Association (Fannie Mae)

To address all of the objectives, we sponsored a group consisting of seven experts on disaster response and housing. We contracted with the National Academy of Sciences to convene a balanced, diverse group of experts to discuss the federal role in providing housing assistance after a presidentially declared disaster. The individuals represented state and local agencies in Mississippi, Louisiana, and Texas and academicians whose work focuses on disaster response. (The names and organizational affiliations of the group members are listed in app. II.) In keeping with National Academies policy, members of the group were invited to provide their individual views, and the group was not designed to reach a consensus on any of the issues that we asked them to discuss. The group of seven experts convened at the National Academies in Washington, D.C., on August 17, 2006 (we had invited nine, but two invitees were unable to attend). The meeting was recorded and transcribed to ensure that we had accurately captured the group's statements.

We also reviewed relevant literature on disaster housing and recent reports on the federal response to Hurricane Katrina to address all of our objectives, including those issued by the House of Representatives,¹ the Senate,² and the White House.³ While these reports addressed a broad range of issues related to the preparedness for, and response to Hurricanes Katrina, our report focuses exclusively on federal assistance for sheltering and for providing temporary housing—the activities covered by Emergency Support Function (ESF) Number 6 (ESF-6).

To examine the extent to which the responsibilities for the Red Cross and federal agencies were clearly described in the NRP, we reviewed the ESF-6 annex and relevant federal statutes and regulations that federal agencies and the Red Cross followed in providing sheltering and housing-related assistance in response to Hurricanes Katrina and Rita. In addition, we obtained information from each organization about the types of sheltering and temporary housing assistance they provided following the two hurricanes, and determined the extent to which the assistance was provided under a responsibility described in the NRP. We also discussed with various federal, state, and local officials—in Louisiana, Mississippi, and Texas—how federal agencies and the Red Cross carried out their responsibilities for providing sheltering and housing-related assistance in response to the disasters. Further, we reviewed recommendations made in prior GAO and Department of Homeland Security (DHS) Inspector General reports related to ESF-6 and determined what progress had been made to address the recommendations.

To examine the extent to which federal agencies and the Red Cross had operational plans for providing sheltering and housing assistance in response to catastrophic disasters, we obtained and analyzed available plans, policies, and procedures that these organizations followed in providing assistance under the ESF-6 annex. In addition, we discussed these documents with federal agency and Red Cross officials in Washington, D.C., and federal, state, and local officials in Louisiana,

¹United States House of Representatives, Select Bipartisan Committee to Investigate the Preparation for and Response to Hurricane Katrina, *A Failure of Initiative* (Washington, D.C.: Feb. 15, 2006).

²United States Senate, Committee on Homeland Security and Governmental Affairs, *Hurricane Katrina: A Nation Still Unprepared* (Washington, D.C.: May 2006).

³The White House, *The Federal Response to Hurricane Katrina: Lessons Learned* (Washington, D.C.: February 2006).

Mississippi, and Texas. We also reviewed the NRP and ESF-6 standard operating procedures to identify planning requirements and obtained information on the characteristics of effective disaster response plans put forth by disaster experts. Further, we reviewed prior GAO and DHS Inspector General reports that addressed federal agency planning for catastrophic disasters. While our focus was on the response to Hurricanes Katrina and Rita, we have incorporated information on relevant steps that the organizations within the scope of our study have taken since those events.

Disaster Victim Interviews

To examine the perceptions victims and others had of evacuees' sheltering and housing needs and the assistance provided by the federal government to address those needs after Hurricane Katrina, we conducted standardized telephone interviews with victims of the disaster. Due to the sensitivity of the topic to the interview participant, and because there was no efficient way to attempt to create a universe of all Hurricane Katrina disaster victims, we used a qualitative data collection approach. We developed an interview guide based on disaster housing literature and government reports, interviews with government officials, a preliminary discussion with a group of victims evacuated to the metropolitan Washington, D.C. area, and unstructured interviews with two victims from the metropolitan New Orleans area. We pretested the interview guide with two disaster victims also from the metropolitan New Orleans area. The interview questions covered victims' housing and related needs since the disasters, the locations of shelter and housing, sources of assistance in securing housing, challenges in finding housing, the FEMA registration process, types of assistance for which they were eligible and received, current status of their neighborhood and former homes, and their concerns and future housing plans.

We used a purposeful stratified sampling procedure where we intentionally chose to interview people with particular characteristics to capture both common core experiences, as well as important variations among those with differing characteristics. We identified the state in which the victim resided before the disaster (Alabama, Louisiana, Mississippi, and Texas) and whether the victim received HUD housing assistance prior to the storm as two characteristics that would influence victims' needs and their experience finding housing after the hurricanes. When using a nonprobability sample, like a purposeful stratified sample, it

is important to be resource efficient in data collection, but also to simultaneously collect enough data to ensure saturation, or repetition, in the information obtained.⁴ Therefore, we sought to collect data from a total of 48 victims; 24 who had received public housing assistance prior the storm and 24 who had not, and within both groups of 24, an equal number of participants from the four affected states (see table 1).

Table 1: Number of Completed Interviews with Hurricane Katrina Victims

State	Individuals who received HUD housing assistance prior to disaster	Individuals who did not receive HUD housing assistance prior to disaster
Alabama	2	6
Louisiana	8	6
Mississippi	8	7
Texas	0	1

Source: GAO.

Note: We attempted to complete six interviews per table cell.

We identified victims either through word of mouth or through HUD or FEMA disaster assistance lists. Names and contact information for victims identified through word of mouth were provided to us by organizations working directly with victims, such as churches, nonprofit organizations, or other victims. We also asked HUD and FEMA to provide us with the lists of victims who received assistance through their agencies. HUD provided us a list as of July 14, 2006, which was our primary means of identifying victims who received HUD housing assistance prior to the hurricanes. FEMA provided us a list as of July 20, 2006. After eliminating cases that had no telephone numbers, victim names were systematically selected from the agencies' lists.

We contacted victims and asked them to participate in our telephone interview that lasted approximately 60 to 90 minutes. If the victim was unable to be reached, declined, or was again not available at the scheduled interview time, we eliminated the name from our contact list. We

⁴Janice M. Morse, Designing Funded Qualitative Research (chapter 13, pp. 220-235) in Norman K. Denzin and Yvonna S. Lincoln (eds), *Handbook of Qualitative Research*, (Sage Publications: Thousand Oaks, Calif, 1994). Michael Quinn Patton, *Qualitative Research and Evaluation Methods*, 3rd edition, (Sage Publications: Thousand Oaks, Calif., 2002).

completed 38 interviews with disaster victims. We contacted approximately 319 victims to request their participation.

Demographic information on the victims whom we interviewed appears in table 2. Results from nonprobability samples cannot be used to make inferences about a population, because in a nonprobability sample, some elements of the population being studied have no chance or an unknown chance of being selected as part of the sample. Although the findings we collected do not generalize to all victims of Hurricanes Katrina, when coupled with results of our group of experts, interviews with agency officials, and housing advocates, they do provide useful insight into the experiences and needs of victims of this disaster.

Table 2: Self-Reported Demographic Data on Disaster Victims Interviewed

Age (in years)	
Average	49
Range	22-72
Refused	1
Ethnicity	
American Indian or Alaska Native	2
Asian	0
Black or African American	26
Hispanic or Latino	1
Native Hawaiian or Other Pacific Islander	0
White	9
Homeownership status	
Owner	13
Renter	25

Source: GAO.

We performed our work in Baton Rouge and New Orleans, Louisiana; Biloxi, Gulfport, and Jackson, Mississippi; Austin, Fort Worth, Houston, and Temple, Texas; and Washington, D.C. We conducted our work between November 2005 and February 2007 in accordance with generally accepted government auditing standards.

Appendix II: Views of GAO's Expert Group on the Provision of Disaster Housing Assistance by the Federal Government

This appendix provides the views of the group of experts that GAO convened on the provision of disaster housing assistance by the federal government. The group consisted of seven experts who, during a daylong meeting convened by the National Academies, discussed issues related to the federal government's provision of disaster housing assistance in response to Hurricanes Katrina and Rita. All the ideas presented in this appendix may not represent the view of every member of the group of experts. Moreover, these ideas should not be considered to be the views of GAO.

Members of GAO's Expert Group

The following individuals were members of GAO's group of experts on the provision of disaster housing assistance by the federal government:

- Pamela Dashiell, President, Holy Cross Neighborhood Association
- Buddy Grantham, Operations Officer, Joint Hurricane Housing Task Force
- Robert Olshansky, Professor, University of Illinois at Urbana-Champaign
- Jae Park, Chief Policy Analyst, Mississippi Governor's Office of Recovery and Renewal
- Walter Peacock, Professor, Texas A&M University
- Lori Peek, Assistant Professor, Colorado State University
- Brenda Phillips, Professor, Oklahoma State University

Views of the Group of Experts

The group of experts addressed a number of issues related to the federal government's provision of housing assistance in response to disasters. Specifically, the group of experts' discussion focused on the following: (1) the federal government's role in providing housing assistance in response to disasters, (2) plans federal agencies and the Red Cross follow in providing sheltering and housing assistance in response to a disaster, and (3) opinions regarding the sheltering and housing needs victims face following a disaster and the extent to which these needs were met following Hurricanes Katrina and Rita.

Federal Roles and Responsibilities

In general, the group of experts commented that the federal government needed to take a more active leadership role in providing or facilitating the provision of sheltering and temporary housing in response to catastrophic disasters such as Hurricanes Katrina and Rita. In particular, the group of experts commented on the federal government's role in disseminating information to victims and public officials, tracking victims, and providing case management assistance to victims with multiple needs. Specifically, group members discussed the following:

- The federal government should have played a greater role in disseminating information on the roles and responsibilities of those who provide sheltering and temporary housing assistance. For example, one member of the group of experts said this should be one of the federal government's primary responsibilities in responding to disasters.
- The federal government should have done more to disseminate information to individuals and public officials on how federal assistance programs work. One member of the group of experts said it was very confusing for both victims and public officials to try to understand how the multiple federal programs and policies work. Another group member who made a similar comment stated that certain groups, such as the elderly, have a particularly difficult time understanding how to access federal disaster assistance programs.
- The federal government should have played a more active role in tracking victims. For example, one member of the group of experts said that there was no processing of victims into and out of the shelters. Another member of the group said that out-processing of disaster victims is common in other countries as a way to keep families together. One member of the group of experts also stated that during Hurricane Katrina, there was no system for tracking victims across the multiple federal programs that provided housing assistance.
- There is a role for the federal government to play in providing case management for victims of Hurricane Katrina, many of whom have multiple needs in addition to housing, including the need for job training, education, and healthcare. For example, according to one member of the group of experts, case management is the kind of assistance that is needed in a disaster of this magnitude.

Federal Agency Planning for Providing Disaster Housing Assistance

Members of our group of experts said that a federal disaster housing plan should define how agencies will coordinate with each other in response to a disaster. The members of our group of experts also said that a federal disaster housing plan should include certain elements. More specifically, the group members discussed the following:

- The members of our group of experts said that a federal disaster housing plan must not just sit on the shelf; the federal government must ensure that the plan is disseminated to the appropriate individuals who will be involved in the response so these individuals have an understanding of what is expected.
- The federal government must engage in disaster exercises and simulations to ensure that a federal disaster housing plan is properly rehearsed. The group members noted that the Hurricane Pam exercise conducted in 2004 was an example of how the federal, state, and local governments and nonprofit organizations came together to plan for responding to a hurricane striking New Orleans.
- A federal disaster housing plan should promote housing solutions that enable individuals to maintain their community and social networks to the extent possible, as research has shown that individuals have a more difficult time recovering after a disaster when their communities and social networks are destroyed. In addition, the plan should promote a variety of housing solutions, as our nation is made up of a diverse population and one approach does not necessarily work for everyone. The plan also should promote housing solutions that are sustainable over the long term.

Immediate Challenges Victims Face in Meeting Their Housing Needs

Group members stated that there are a number of immediate challenges disaster victims face in meeting their housing needs. These challenges encompass things such as access to information about housing assistance, timeliness of assistance provided, the different types of housing assistance to best meet individual needs, returning to normalcy or a routine after a disaster, and addressing needs beyond housing. More specifically, group members discussed the following:

- Victims face challenges in getting access to information about the federal disaster housing assistance that is available, the eligibility requirements for assistance, and information on how long assistance will last. Experts also said those providing assistance need to be consistent in what they tell victims about the assistance as victims heard conflicting information following Hurricane Katrina.

- Disaster housing assistance needs to be provided in a timely manner. For example, one expert noted that trailers were not received by households in a timely manner, while two others had observed trailers sitting unused. Experts noted that the necessary infrastructure, such as land, water, sewer, and electricity, was not consistently available to support trailer use.
- There are different types of housing assistance available and victims need to receive the assistance that will best meet their needs. Some of the experts commented that trailers may work better for homeowners while for others, apartments may better meet their needs.
- It is important following a disaster that those affected return to a state of normalcy as soon as possible. The disaster housing assistance provided should strive to ensure that victims are able to reestablish a routine. Experts said temporary housing should provide access to facilities like grocery stores, laundry facilities, and playgrounds that are necessary for daily living. Additionally, temporary housing should be located close to one's community so victims can stay connected their community and jobs.
- Some victims have needs that extend beyond housing. Experts said victims may need child care, access to jobs or job training, and assistance integrating into a new community. Experts suggested providing housing assistance as part of a case management approach so victims' other needs could be simultaneously addressed.

Longer-Term Challenges Victims Face in Meeting Their Housing Needs

Members of our expert group identified some longer-term challenges disaster victims may face in meeting their housing needs. They said challenges include housing affordability issues and meeting victims' needs after federal assistance expires. Some issues discussed by the group of experts included the following:

- Displaced victims may have ended up in temporary housing that they are unable to afford once federal assistance runs out.
- Experts said many victims will face challenges and uncertainty if they continue to need housing assistance after 18 months when federal assistance is set to expire. Some experts thought that there could be a larger homeless population if assistance is not extended while others thought states and localities would have to step in and assume some of the responsibility for providing housing assistance.

Appendix III: Summary of Sheltering and Temporary Housing Assistance Provided by the Federal Emergency Management Agency

In response to Hurricanes Katrina and Rita, the Department of Homeland Security's Federal Emergency Management Agency (FEMA) provided disaster housing assistance by administering its traditional programs for presidentially declared disasters: the Public Assistance (PA) program and the Individuals and Households Program (IHP), authorized under the Robert T. Stafford Disaster Relief and Emergency Assistance Act (Stafford Act), Sections 403 and 408, respectively. The following information presents details on the disaster housing assistance provided by FEMA in response to Hurricanes Katrina and Rita.

Sheltering

Cruise ships	To provide transitional shelter for the large number of displaced Hurricane victims, FEMA, for the first time, contracted with four cruise ships for 6 months using its authority under Section 403 of the Stafford Act. ⁶ The cruise ships docked in Louisiana and Alabama. In Alabama, FEMA's use of cruise ships was primarily for evacuees from Mississippi who were 65 years and older and in good health, single parents with children, and homeless individuals living in adverse conditions, according to DHS. In Louisiana, FEMA used cruise ships to house disaster victims, with a primary focus on first responders or personnel essential to recovery efforts. FEMA's cruise ship contracts expired on March 1, 2006. According to FEMA, cruise ships provided emergency shelter for over 7,000 households affected by Hurricane Katrina.
Reimbursements for shelters	Under the Public Assistance program, state and local governments are eligible for grants for reimbursement for costs of emergency protective measures, which includes emergency sheltering. State and local governments can apply to FEMA for reimbursements for eligible costs, which include costs for transportation, labor, and sheltering operations. By statute, the federal share may not be less than 75 percent of the eligible costs. The federal government reimbursed state and local applicants 100 percent of the eligible costs for Hurricanes Katrina and Rita for specified time periods. As of August 2006, FEMA reimbursed, through PA grants, more than \$663 million to 45 states and the District of Columbia for sheltering and emergency protective measures taken during the evacuation of the Gulf Coast and for ongoing shelter initiatives directly following Hurricane Katrina. These funds were provided in addition to nearly \$1.75 billion obligated to Louisiana, Mississippi, and Alabama for emergency sheltering operations.
Reimbursements for hotel rooms	FEMA has the authority to provide short-term assistance in the form of lodging expense reimbursement, such as hotel rooms, to victims whose homes have been made uninhabitable by disasters. Traditionally, FEMA provides reimbursements to individuals and households for hotel stays through the IHP. However, in response to Hurricanes Katrina and Rita, FEMA used its authority under Section 403 of the Stafford Act to reimburse the Red Cross and hotel owners for providing interim sheltering in hotels to displaced victims. On behalf of FEMA and on a reimbursable basis, the Red Cross administered FEMA's Special Transient Housing Accommodations Program until October 25, 2005, when FEMA took over administration of the program. FEMA then provided reimbursements to hotel owners through a private contractor. To receive lodging assistance, victims only needed proof of residence in disaster-affected zip codes. FEMA required all victims staying in hotels obtain a FEMA authorization code by January 30, 2006, to continue receiving assistance. The authorization code allowed FEMA to ensure displaced hurricane victims were registered with FEMA for assistance and to ensure they were fully processed for rental assistance eligibility before transitioning to longer-term housing. For most victims, hotel room reimbursements ended in February or March 2006. According to FEMA, during its administration of the program, from October 25, 2005, until March 2006, FEMA provided 4,270,350 cumulative hotel nights to hurricane victims.

**Appendix III: Summary of Sheltering and
Temporary Housing Assistance Provided by
the Federal Emergency Management Agency**

Temporary Housing

Direct housing – travel trailers and mobile homes

Under Section 408 of the Stafford Act, FEMA has the authority to provide direct temporary housing assistance under IHP. FEMA may provide temporary housing units (e.g., mobile homes and travel trailers), 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 (i.e., rental accommodations are not available). By statute, direct assistance is limited to an 18-month period from the date of the presidential disaster declaration, after which FEMA may charge fair market rent for the housing unless the President extends the 18-month period due to extraordinary circumstances. For renters, FEMA placed travel trailers or mobile homes at emergency group sites developed by FEMA or commercial sites. For homeowners, FEMA either placed travel trailers or mobile homes on their properties or on group sites. As of August 2006, FEMA provided 123,957 travel trailers and mobile homes in Louisiana, Mississippi, Alabama, and Texas.

Financial assistance for temporary rental housing

Under Section 408 of the Stafford Act, FEMA has the authority to provide financial assistance for temporary rental housing to disaster victims through IHP. FEMA may provide financial assistance to individuals or households to rent alternative housing accommodations, existing rental units, manufactured housing, recreational vehicles, or other readily fabricated dwellings. The maximum amount of financial assistance that an individual or household may receive is capped at \$25,000, adjusted annually to reflect changes in the Consumer Price Index (CPI). In 2005, the maximum was \$26,200. For 2006, the maximum was \$27,200, and the maximum in 2007 is \$28,200. Disaster victims must register with FEMA to determine IHP eligibility. In response to Hurricanes Katrina and Rita, the Department of Homeland Security, through FEMA's IHP program, provided transitional housing assistance for qualified homeowners and renters. Eligible victims received an initial payment of \$2,358 for 3 months of rental assistance. This payment was calculated based on the average fair market rent for a two-bedroom unit nationwide. Victims could use this payment for transitional housing costs for any location.

To receive extended assistance, victims must be periodically recertified, and FEMA may adjust the relevant fair market rate according to location and family size. Rental assistance may then be provided in 3-month increments depending on the victim's temporary housing needs. For qualified victims, assistance can be provided for up to 18 months from the date of the presidential disaster declaration or up to the IHP financial assistance cap, whichever occurs first. FEMA, in extraordinary circumstances, may extend this assistance beyond 18 months. However, FEMA cannot exceed the financial assistance cap. If a victim reaches the financial assistance maximum, FEMA may provide direct housing assistance by directly paying rent to the landlord. As of May 31, 2006, FEMA provided rental assistance to 717,262 distinct households displaced by Hurricanes Katrina and Rita.

Reimbursements for rental assistance

Under Section 403 of the Stafford Act, FEMA has the authority to reimburse state and local governments for emergency sheltering through the PA grant program. According to FEMA officials, to house the large number of displaced residents quickly, FEMA used this authority to reimburse states for rental assistance provided to evacuees of Hurricane Katrina. All contiguous states were eligible for reimbursements for housing assistance under the emergency declaration issued by the President. According to FEMA, approximately 60,000 households received rental assistance under this authority. In early 2006, FEMA began determining the eligibility of those it was assisting under Section 403 to transition to IHP under Section 408.^b In March 2006, FEMA announced that it would no longer provide interim shelter under Section 403 as of May 31, 2006.^c

**Appendix III: Summary of Sheltering and
Temporary Housing Assistance Provided by
the Federal Emergency Management Agency**

**Assistance to Homeowners/
Homebuyers**

Home repair/ replacement grants
and loans

Under Section 408 of the Stafford Act, FEMA may provide financial assistance for the repair of owner-occupied private residences, utilities, and residential infrastructure damaged by a major disaster not covered by insurance through IHP.^d The maximum amount of repair assistance provided to a household is limited to \$5,000, adjusted annually to reflect changes in the CPI. In 2005, the maximum was \$5,200. For 2006, the maximum was \$5,400. FEMA may also provide assistance to replace owner-occupied private residences under Section 408. The amount of replacement assistance FEMA may provide to a household is limited to \$10,000, adjusted annually to reflect changes in the CPI. In 2005, the maximum was \$10,500. For 2006, the maximum was \$10,900. For a victim to receive this assistance there must have been at least \$10,000 of damage to the dwelling. In response to Hurricanes Katrina and Rita, FEMA provided home repair assistance to 183,446 households and home replacement assistance to 31,250 households.^e

Source: GAO analysis of FEMA data.

^aBecause FEMA was unable to immediately implement IHP assistance (under section 408 of the Stafford Act) to provide funds to transition victims from short-term lodging to longer-term housing, the agency used public assistance funds (authorized under section 403 of the Stafford Act). Normally, FEMA uses public assistance funds only for immediate emergency sheltering efforts.

^bThe United States District Court for the District of Columbia ruled in November 2006 that FEMA must immediately restore Section 403 benefits to victims of Hurricanes and Katrina and Rita for whom FEMA declared ineligible for IHP assistance. FEMA had informed the victims of their ineligibility in connection with its efforts to transition eligible individuals from Section 403 to IHP. According to the court, FEMA violated the Due Process Clause of the Constitution when it terminated Section 403 benefits and provided only vague, confusing explanations to the victims as to why they were being denied. On appeal, the U.S. Court of Appeals for the District of Columbia suspended the District Court's ruling that FEMA immediately restore Section 403 benefits. The suspension will last at least until the appeals court hears arguments in the case. The appeals court did not suspend the part of the district court's ruling that ordered FEMA to provide victims clearer explanations of the reasons they were not eligible for IHP benefits.

^cFEMA announced certain exceptions to the May 31, 2006, deadline. In particular, FEMA stated that it planned to make every effort to notify states of the IHP eligibility status of evacuees before April 15, 2006. If this notification occurred after April 15, states could request additional time to provide eligible and ineligible evacuees with a 30-day lease termination notice. Specifically, states could receive up to 15 additional days for eligible evacuees, and up to 30 additional days for ineligible evacuees. Also, for ineligible evacuees, the state would be reimbursed for contractual lease termination costs associated with leases that require greater than 30 days notice. FEMA subsequently extended the May 31, 2006, deadline to June 30, 2006, for 11 jurisdictions. FEMA further extended the deadline for one of these jurisdictions—Houston, Texas—until September 30, 2006.

^dIHP repair assistance is designed to make the victim's owner-occupied home habitable and functional, not to restore the home to its predisaster condition. When disaster victims register for FEMA assistance, they are asked to provide their approximate household income. If the applicant's income exceeds certain thresholds, FEMA automatically refers them to the Small Business Administration's Disaster Loan Program. Applicants whose income falls below the thresholds or who are denied SBA assistance are referred back to FEMA for possible grant assistance under IHP.

^eThe 2007 DHS Appropriations Act repealed the \$5,000 and \$10,000 limits for repair and replacement assistance.

Appendix IV: Summary of Sheltering and Temporary Housing Assistance Provided by the American Red Cross

In response to Hurricanes Katrina and Rita, the American Red Cross (Red Cross) provided disaster housing assistance according to its congressionally mandated role to respond to disasters and mitigate suffering. The Red Cross, working with governmental and nongovernmental organizations, provided sheltering and other mass care services to victims of Hurricanes Katrina and Rita through its nationwide network of local chapters and its Disaster Services Program. In addition, the Red Cross administered the Federal Emergency Management Agency's (FEMA) hotel/motel program on a reimbursable basis. The following provides further details on sheltering and temporary housing assistance provided by the Red Cross.

Sheltering

Emergency shelters	To provide assistance to hurricane victims, the Red Cross executes its plan for responding to tropical storms and hurricanes in accordance with its Disaster Services Program, according to Red Cross officials. The Red Cross, with local governments, opens and operates shelters before a disaster, during disaster evacuations, and after a disaster occurs. According to Red Cross officials, shelters are typically open for 7 to 10 days, and most disaster victims are able to return to their homes within 48 to 72 hours of the event. In response to Hurricanes Katrina and Rita, the Red Cross opened over 1,000 shelters and provided over 3.7 million overnight shelter stays for evacuees in 27 states and the District of Columbia, according to the Red Cross. Some Red Cross shelters for Hurricane Katrina evacuees remained open for up to 4 months. The Red Cross also provided support to shelters operated by state and local governments and other nonprofit organizations.
Reimbursements for hotel rooms	The Red Cross may operate a small-scale hotel program in areas where it is not feasible to open shelters or to provide better shelter conditions for large families, elderly victims, or persons with certain medical conditions. Due to the large number of Hurricane Katrina victims and the need for longer-term sheltering, the Red Cross administered a large-scale hotel program, the Special Transient Hotel Accommodations Program, on behalf of FEMA on a reimbursable basis. Through an existing relationship with a private contractor, the Red Cross reimbursed hotel owners for hurricane victims' hotel stays. Hurricane victims only needed proof of residence in the disaster-affected areas to receive assistance. The Red Cross administered this program from August 28, 2005, until October 25, 2005, when FEMA assumed administration of the program. Through this effort, the Red Cross provided hotel rooms to over 650,000 Hurricane Katrina and Rita victims at more than 11,000 hotels in all 50 states.

Source: GAO analysis of Red Cross data.

Appendix V: Summary of Sheltering and Temporary Housing Assistance Provided by the Department of Agriculture

In response to Hurricanes Katrina and Rita, the U.S. Department of Agriculture (USDA) provided housing assistance using disaster provisions under its traditional multifamily and single-family rural housing programs.¹ USDA also established new initiatives specifically to provide disaster housing assistance to the large number of evacuees displaced as a result of the disasters. USDA assisted victims of Katrina and Rita by providing temporary housing assistance, including making multifamily units and single-family homes available for lease nationwide, offering rental assistance, and issuing program waivers. Also, USDA provided assistance to homeowners and homebuyers by providing grants and loans for home repair and replacement, and by providing mortgage assistance. The following information provides further details on the disaster housing assistance USDA provided in response to Hurricanes Katrina and Rita.

Temporary Housing

USDA multifamily units for lease	Homeowners of USDA-financed single-family properties and tenants of USDA multifamily properties made uninhabitable by a presidentially declared disaster are eligible for occupancy nationwide as “displaced tenants” at any USDA Rural Development financed multi-family housing property. As a new initiative, USDA also extended the lease of its multifamily units to all hurricane evacuees regardless of whether they were living in USDA-financed single-family or multifamily properties prior to the disasters. According to USDA officials, hurricane victims could lease these units as long as they paid rent. USDA leased 3,848 units to victims of Hurricanes Katrina and Rita, as of May 31, 2006.
USDA real estate-owned homes for lease	USDA typically offers for sale to the general public its foreclosed homes. In response to Hurricanes Katrina and Rita, USDA established a new initiative by halting the sale of homes that it owned, and making them available for lease to displaced residents of the disaster areas. According to USDA, the department offered 153 homes for lease under this initiative, of which 25 were eventually leased. Victims with no income were eligible to receive up to 3 months of free rent. Otherwise, they were required to pay 30 percent of their adjusted income. Disaster victims who rented USDA homes were given the first option to purchase the homes at any time during the lease period.

¹USDA’s traditional multifamily housing programs provide affordable multifamily rental housing in rural areas for very low-, low-, and moderate-income families, the elderly, and persons with disabilities primarily through direct mortgages to finance multifamily housing and rental subsidies. USDA’s single-family programs generally provide home ownership opportunities to low- and moderate-income rural Americans largely through loans, grants, and loan guarantees.

**Appendix V: Summary of Sheltering and
Temporary Housing Assistance Provided by
the Department of Agriculture**

Rental assistance	Under USDA's rental assistance program, the department permits the transfer of rental assistance for units made uninhabitable by a presidentially declared disaster to another eligible multifamily property. As a new initiative, USDA also provided rental assistance to displaced victims of Hurricanes Katrina and Rita who were not previously assisted by USDA. These victims were provided USDA rental assistance for up to 6 months, and some were permitted 2-month extensions for hardships. Both previously assisted and nonpreviously assisted tenants were required to pay rent according to USDA's standard rental assistance program, in which renters pay 30 percent of their income in rent and USDA provides the difference between the tenant's contribution and the rent. As of May 31, 2006, USDA provided rental assistance to 3,124 displaced disaster victims.
Waivers for placement of hurricane victims in USDA-financed properties	USDA is permitted to waive some program requirements to respond to disasters. In response to Hurricanes Katrina and Rita, USDA implemented several program waivers, which were in effect for 90 days, to allow USDA-financed property owners to accept displaced tenants and expedite placing victims in available units. For example, USDA issued Letters of Priority Entitlement (LOPE) by which victims are moved to the top of waiting lists for vacancies for 120 days. Victims could provide documentation of FEMA registration in lieu of a LOPE. USDA also waived requirements such as 1-year lease terms, security deposits, and age restrictions at designated elderly properties to expedite placing disaster victims in available housing.
Rural area population requirements	Subsequent to a natural disaster, USDA Rural Development has the authority to waive, for 3 years from the date of a presidential disaster declaration, population limits for its single-family and multifamily housing programs. In response to Hurricanes Katrina and Rita, USDA immediately increased the population limitation in rural areas to 50,000 for any county or parish declared for individual assistance as a result of the disasters. This waiver enabled USDA to provide housing assistance in rural areas that absorbed large numbers of evacuees. Conversely, USDA considered some cities, which lost a significant population due to the disasters, as rural areas to enable the department to provide assistance in these areas as well. USDA also implemented waiver authority under the 2006 Department of Defense Emergency Supplemental Appropriations Act. This act provided the Secretary of USDA the authority to waive rural area population limitations for all Rural Development programs for a period of 6 months.
Assistance to Homeowners/ Homebuyers	
Home repair/ replacement grants and loans	To assist low- and moderate-income households to purchase, repair, or construct homes, USDA has the authority to finance the purchase or repair of single family housing in rural areas through USDA grants, direct loans, or loans from private lenders guaranteed by USDA. USDA borrowers who are affected by presidentially declared disasters may be eligible for this assistance to repair or replace property damaged as a direct result of a natural disaster. Applicants of this assistance must meet certain income requirements. The 2006 Department of Defense Emergency Supplemental Act appropriated funds to provide home repair and replacement loans, grants, and loan guarantees. The repair grants are generally provided only to persons 62 and older who cannot afford a loan; however, these grants were appropriated without age restrictions. According to USDA, in response to Hurricanes Katrina and Rita, the department has obligated (1) \$86.2 million in direct loans for home purchase or repair, (2) \$143.6 million in guaranteed loans for home purchase or repair, (3) \$2.6 million in direct loans for home repair, and (4) \$14.8 million in grants for home repair as of September 30, 2006.
Foreclosure moratorium	In response to Hurricane Katrina, a 90-day hold was placed on all direct home ownership loans that were in foreclosure and located in the presidentially declared disaster areas.

**Appendix V: Summary of Sheltering and
Temporary Housing Assistance Provided by
the Department of Agriculture**

Mortgage payment forbearance

After a presidential disaster declaration, USDA-financed homeowners living in designated disaster areas are eligible for a 6-month moratorium on mortgage payments for direct USDA loans. The moratorium may be extended but may not exceed 2 years. For USDA-guaranteed loans, USDA asks lenders to offer mortgage payment forbearance as well. In response to Hurricanes Katrina and Rita, USDA provided a 6-month suspension of mortgage payments and extended this payment suspension for 2 years for accounts that had not been returned to normal servicing. According to USDA, 25,727 accounts were originally placed on mortgage payment moratorium.

Source: GAO analysis of USDA data.

Appendix VI: Summary of Sheltering and Temporary Housing Assistance Provided by the Department of Defense

In response to Hurricanes Katrina and Rita, the Department of Defense (DOD) provided temporary housing assistance to victims on Hurricanes Katrina and Rita. Specifically, DOD provided temporary housing assistance by installing temporary roofs. In addition, in accordance with traditional evacuation assistance, DOD offered safe haven benefits to its military and civilian personnel who evacuated hurricane-damaged areas. The following information provides further details on the disaster housing assistance DOD provided in response to Hurricanes Katrina and Rita.

Temporary Housing

Temporary roof repair	Under a mission assignment from FEMA, the Army Corp of Engineers provided free temporary roofs for residential structures, daycare facilities, schools, and all publicly owned facilities under Operation Blue Roof. These roofs (plastic sheeting) allowed occupants to return to their homes and facilities, providing temporary relief until the owner made permanent repairs. To qualify for blue roofs, damage to the roof must have been less than 50 percent and the area to be covered must have been structurally sound. Property owners were required to complete a right-of-entry form to allow government and contract employees on their property.
Relocation assistance	In accordance with Joint Federal Travel Regulations, military dependents, civilian employees, and families ordered to evacuate military installations in Louisiana, Mississippi, Alabama, and Texas due to Hurricanes Katrina and Rita were authorized to select an alternate safe haven within the continental U.S. and receive safe haven benefits. Safe haven benefits include travel costs, actual costs of lodging, and allowances for meals and incidentals. This authority applied to individuals whose housing was made uninhabitable by the hurricanes. According to DOD officials, approximately 10,000 military and DOD civilian personnel were displaced by Hurricane Katrina. Safe haven benefits are usually allowed for up to 180 days from the arrival at the alternate safe haven location. Normally, full safe haven per diem rates are offered for the first 30 days after relocation, and reduced per diem rates are offered thereafter. In response to Hurricanes Katrina and Rita, unreduced per diem rates were extended five times to cover the maximum 180 days of safe haven benefits. In addition, DOD authorized a continuation of evacuation allowances beyond 180 days for hurricane evacuees until August 1, 2006, at the full per diem rate.

Source: GAO analysis of DOD data.

Appendix VII: Summary of Sheltering and Temporary Housing Assistance Provided by HUD

In response to Hurricanes Katrina and Rita, the U.S. Department of Housing and Urban Development (HUD) provided disaster housing assistance using flexibilities allowed under its existing multifamily and single-family housing programs and through its disaster housing programs. HUD facilitated sheltering by issuing waivers of certain program requirements. In addition, HUD provided or facilitated the provision of temporary housing assistance, such as by making homes that it owned exclusively available for lease to victims of Katrina and Rita, and by issuing rental assistance vouchers to previously HUD-assisted tenants and victims who were homeless prior to the hurricanes. HUD also provided assistance to homeowners, including providing mortgage relief to those with FHA-insured loans. The following information presents further details on the sheltering and housing assistance HUD provided to victims of Hurricanes Katrina and Rita.

Sheltering

Emergency shelter grant waivers	Following Hurricanes Katrina and Rita, HUD waived certain requirements for its Emergency Shelter Grant program for presidentially declared disaster areas. HUD waived requirements related to citizen participation for plan amendments, the definition of emergency shelter facilities, and deadlines for using grant funds.
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Temporary Housing

HUD real estate-owned homes for lease	HUD typically offers for sale to the general public homes that it acquires due to foreclosure on HUD-insured mortgages. In response to Hurricanes Katrina and Rita, HUD and FEMA entered into an Interagency Agreement on September 12, 2005, to make available these properties—referred to as Real Estate Owned (REO) properties—to families displaced by the hurricanes. HUD took its REO properties off the market and made them available to FEMA for this purpose. According to HUD, as of August 2006, the department had leased over 2,000 of its homes. Victims who leased these properties had the option to purchase them at a discounted price and qualify for financing through HUD's Mortgage Insurance for Disaster Victims Program. In addition, all evacuees had the opportunity to purchase a HUD home, before it was offered to the public, at a discounted price.
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**Appendix VII: Summary of Sheltering and
Temporary Housing Assistance Provided by
HUD**

Rental assistance vouchers	In response to a mission assignment from FEMA, HUD administered the Katrina Disaster Housing Assistance Program (KDHP), funded by FEMA, to assist victims of Hurricane Katrina who resided in HUD-assisted properties prior to the disaster. To receive KDHP funding, families must have been (1) either assisted by HUD prior to Hurricane Katrina through certain housing programs or qualified as predisaster homeless, (2) displaced by Hurricane Katrina, and (3) registered with FEMA no later than December 31, 2005. Under KDHP, households received a voucher which covered 100 percent of the rent (capped at the local fair market rent) for up to 18 months anywhere in the United States. In December 2005, Congress appropriated \$390 million for temporary rental voucher assistance for victims of Hurricanes Katrina and Rita through the 2006 Emergency Supplemental Appropriations. The act authorized HUD to establish and administer a new program—the Disaster Voucher Program (DVP). DVP replaced KDHP and expanded assistance to victims of Hurricane Rita. In February 2006, HUD began transitioning those from KDHP to DVP. Households eligible for DVP must have been displaced by Hurricane Katrina or Rita and must have been either previously assisted under certain HUD-assisted housing programs or qualified as a predisaster special needs/homeless family. Under DVP, households received a housing voucher which covers 100 percent of the rent (capped at the Public Housing Authority payment standard) anywhere in the United States for the first 18 months the household receives DVP assistance. DVP assistance is expected to expire in September 2007. As of November 15, 2006, HUD had registered 29,470 households for DVP, and 23,832 DVP vouchers had been used to lease a house or apartment.
Waivers for public housing authorities	Using flexibilities allowed under its existing authorities, HUD provided waivers to facilitate the provision of temporary housing assistance to victims of Hurricanes Katrina and Rita. For example, HUD allowed Public Housing Authorities additional time to submit tenant verification and allowed assessment and cost-limitation flexibilities.
Waivers for HUD's grant programs	HUD testified that its Office of Community Planning and Development issued waivers of more than 40 requirements in an effort to increase the flexibility of existing grant programs to be used within their current resources for disaster relief. These included waivers for the HOME Investment Partnerships program and American Dream Down Payment Initiative to help low-income Louisianans receive tenant-based rental assistance, and rehabilitate and buy homes.
Assistance to Homeowners/ Homebuyers	
Home repair/replacement grants	Congress approved emergency supplemental appropriations providing \$11.5 billion and \$5.2 billion for HUD's Community Development Block Grant (CDBG) program to assist with long-term housing and infrastructure restoration in Gulf Coast states affected by the hurricanes. HUD allocated funds based on approved state plans. Some plans included grants for homeowners whose homes were destroyed or severely damaged following Hurricanes Katrina and Rita. As of August 2006, HUD has approved plans and awarded CDBG funds to Mississippi, Alabama, Louisiana, Texas, and Florida. Mississippi and Louisiana have expended funds from their allocation, as of September 2006.
Foreclosure moratorium	In response to Hurricanes Katrina and Rita, HUD issued mortgage letters instructing servicers advising them not to foreclose on homes with FHA-insured mortgages for 90 days from the date of the presidential disaster declaration. This moratorium was extended in November 2005 and in February 2006. On June 30, 2006, the Federal Housing Administration (FHA) provided a limited extension of the foreclosure moratorium through August 31, 2006.

**Appendix VII: Summary of Sheltering and
Temporary Housing Assistance Provided by
HUD**

Other mortgage relief and
assistance

In October 2005, HUD issued a mortgagee letter to supplement its existing procedures for the servicing of loans in states and communities designated by FEMA as disaster areas as a result of Hurricanes Katrina and Rita. In particular, the letter asked lenders to (1) not charge late fees for unsuccessful electronic or debit transactions, (2) not charge fees for late payments, and (3) not report to credit agencies until a property goes into foreclosure. The mortgagee letter also addressed delinquency, servicing, and loss-mitigation matters, including requiring lenders to explore all available loss-mitigation options and special forbearance for hurricane affected mortgages. It further reminded lenders of the 90-day moratorium on foreclosures and offered guidance on property inspections in affected areas. The letter emphasized the importance of preservation and protection of properties, particularly where owners have not returned. The letter also encouraged mortgagees to make exceptional efforts to assist borrowers in gaining access to insurance funds as soon as possible by providing copies of policies and other insurance information, promptly releasing insurance proceeds, and assuring that hazard insurance claims are filed and settled expeditiously. Finally, the letter provided guidance on how to convey properties already in foreclosure prior to the hurricanes and disaster declarations. In addition, in December 2005, the department announced an additional homeownership retention initiative to help homeowners with FHA-insured mortgages who are unable to maintain their payment obligations due to hurricane-related property damage, curtailment of income, or increased living expenses. Under the initiative, FHA will advance mortgage payments for up to 12 months for eligible borrowers who are committed to continued occupancy of their homes as a principal residence and are expected to have the financial capacity to repair storm damage and resume making full mortgage payments within a 12-month period. According to HUD, this mortgage relief is expected to help several thousand families to remain homeowners.

Mortgage insurance

HUD allowed disaster victims to obtain 100 percent financing on a replacement home anywhere in the United States under its special mortgage insurance program for disaster victims. The benefit is for individuals or families whose residences were destroyed or damaged to such an extent that reconstruction or replacement is necessary. In addition, the department allows homeowners and homebuyers who have lost their homes to finance both the purchase price and/or refinancing cost of a house and the cost of its rehabilitation through a single mortgage. HUD augmented this mortgage insurance program to facilitate the purchase of properties needing minor rehabilitation.

Source: GAO analysis of HUD data.

Appendix VIII: Summary of Sheltering and Temporary Housing Assistance Provided by the Department of the Treasury

The Department of the Treasury's Internal Revenue Service (IRS) provided assistance to victims of Hurricanes Katrina and Rita for sheltering for temporary housing by offering relief under the Katrina Emergency Tax Relief Act of 2005 (KETRA) and the Gulf Opportunity Act of 2005, which included tax exemptions, repayment of qualified distributions, and recapturing of federal mortgage subsidies. In addition, the IRS provided regulatory relief regarding tenant rules for low-income housing tax credit (LIHTC) projects. The following information provides further details.

Sheltering

Additional tax exemptions	For homeowners or renters who provided housing in their main homes to qualifying individuals displaced by Hurricane Katrina, the IRS permitted the claim of additional exemptions for a specific displaced individual in 2005 or 2006. ^a For each displaced individual housed, a person could claim an exemption of \$500. For all tax years, the maximum additional exemption amount that could be claimed was \$2,000 (\$1,000 if married filing separately). Taxpayers in the same home could not claim additional exemptions for the same displaced individuals. Exemptions could not be claimed if the taxpayer received any amount of rent from any source for providing the housing or reimbursements for the extra costs of heat, electricity, or water used by the displaced individual. However, taxpayers could receive payments or reimbursements that did not relate to normal housing costs, such as food and clothing.
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Temporary Housing

Temporary suspension of tenant income rules for low-income housing tax credit projects	Administered by IRS and state tax credit allocation agencies, the Low-Income Housing Tax Credit Program (LIHTC) provides developers and investors with eligible affordable housing developments, a dollar-for-dollar reduction in their federal taxes. ^b In response to Hurricanes Katrina and Rita and at the request of state housing credit agencies, the IRS temporarily suspended income limitation requirements for certain low-income projects in which there were vacant low-income units to allow states to temporarily house displaced individuals. The state housing credit agencies determined the appropriate period of temporary housing for each project, not to extend beyond September 30, 2006.
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Assistance to Homeowners/ Homebuyers

New rules for repayment of qualified distributions	The IRS implemented new rules to provide tax-favored withdrawals, repayments, and loans from certain retirement plans for taxpayers who suffered economic losses as a result of Hurricanes Katrina and Rita. Qualified distributions were permitted without regard to need or actual amount of economic loss. ^c The total of qualified hurricane distributions was limited to \$100,000 and was not subject to the additional taxes usually assessed on early distributions from retirement plans. Qualified taxpayers have 3 years from the date of the distribution to make a repayment. Amounts that are repaid are not counted as income.
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**Appendix VIII: Summary of Sheltering and
Temporary Housing Assistance Provided by
the Department of the Treasury**

Increased loan amount for
recapture of federal mortgage
subsidy

Generally, persons who finance homes under a federally subsidized program (i.e., loans from tax-exempt qualified mortgage bonds or loans with mortgage credit certificates) have to recapture all or part of the benefit received from the program when the home is sold or otherwise disposed of. However, borrowers do not have to recapture any benefit if the mortgage loan was a qualified home improvement loan of no more than \$15,000. In response to Hurricanes Katrina and Rita, the IRS increased this loan amount to \$150,000 if the loan is provided before 2011 and used to (1) repair damage caused by Hurricane Katrina to a residence in the disaster area, or (2) alter, repair, or improve an existing owner-occupied residence in the Katrina or Rita Gulf Opportunity (GO) Zones (core disaster area).

Source: GAO analysis of Treasury data.

^aQualifying displaced individuals must have had their main home in the Hurricane Katrina core disaster area on August 28, 2005, and been displaced from that home, or for homes inside the disaster area but outside of the core disaster areas; the home must have been damaged by Hurricane Katrina or the individual must have been evacuated from that home because of Hurricane Katrina. To qualify, the individual also must have been provided housing in the taxpayer's home for at least 60 consecutive days ending in the tax year for which the exemption is claimed. Finally, the individual can not be the spouse or dependent of the taxpayer.

^bLIHTCs are available for projects with (1) at least 20 percent of its units are both rent restricted and rented to households with incomes of 50 percent or less than the area median income; or (2) at least 40 percent of its units are both rent restricted and rented to households with incomes of 60 percent or less than the area median income.

^cFor victims of Hurricanes Katrina and Rita, distributions (withdrawals) qualified if (1) the distribution was made after August 24, 2005, and before January 1, 2007, for Hurricane Katrina or after September 22, 2005, and before January 1, 2007, for Hurricane Rita; (2) the victim's main home was in the disaster areas on August 28, 2005 or September 23, 2005, for Hurricanes Katrina and Rita, respectively; and (3) the victim sustained as economic loss because of Hurricane Katrina or Rita, including damage or destruction of real property or losses related to displacement.

Appendix IX: Summary of Sheltering and Temporary Housing Assistance Provided by the Department of Veterans Affairs

In response to Hurricanes Katrina and Rita, the U.S. Department of Veterans Affairs (VA) provided temporary housing assistance and assistance to homeowners and homebuyers affected by the hurricanes. For example, the VA directly provided temporary housing by making available units from its inventory of real estate-owned (REO) properties. In addition, the VA provided mortgage relief and assistance to homeowners and worked with loan holders to establish mortgage payment forbearance, credit protections, and a moratorium on mortgage foreclosures. The following information provides additional details on the disaster-related housing assistance the VA offered in response to Hurricanes Katrina and Rita.

Temporary Housing

VA real estate-owned homes for lease	Following Hurricane Katrina, the VA and the Federal Emergency Management Agency (FEMA) amended an existing memorandum of understanding for the lease of VA's REO homes to victims certified for FEMA rental assistance. Although VA had made its REO homes available in response to previous disasters, Hurricanes Katrina and Rita were the first disasters for which the homes were leased to disaster victims, according to VA officials. Victims could occupy VA homes for up to the term of FEMA temporary housing assistance under a month-to-month lease for \$350 per month. As of May 2006, 312 VA homes had been leased to victims of Hurricanes Katrina and Rita.
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Assistance to Homeowners/ Homebuyers

Foreclosure moratorium	The VA requested that loan holders establish a 90-day moratorium from the date of the declared disaster on initiating new foreclosures in the disaster area. The VA requested a 90-day extension of this moratorium. In disaster areas declared eligible for individual assistance by FEMA, the VA requested an extension through February 28, 2006. In addition, subject to certain restrictions, the VA extended the moratorium for an additional 120 days.
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Mortgage payment forbearance, late payment waivers, and credit protections	The VA encouraged holders of guaranteed loans to extend every possible forbearance to borrowers as a result of Hurricanes Katrina and Rita and encouraged servicers to extend special forbearance to members of the National Guard called to active duty to assist in disaster recovery. VA encouraged lenders to extend mortgage payment forbearance until February 28, 2006, and requested another extension for an additional 120 days subject to certain restrictions. VA also encouraged all servicers to waive late charges on loans in disaster areas. In addition, the VA encouraged servicers to consider suspension of credit bureau reporting on borrowers nationwide who have been affected by the hurricanes.
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Underwriting flexibilities	VA issued guidance on eligibility and underwriting issues regarding veterans who have been impacted by Hurricane Katrina or Rita. According to VA, veterans who had derogatory credit related to the effects of the hurricanes but who had satisfactory credit prior to the disasters should be determined as a satisfactory credit risk. In addition, VA allowed flexibilities regarding restoration of VA loan entitlement and documentation requirements. VA guidance also stated that lenders should not consider the outstanding mortgage obligation on damaged or destroyed properties when determining a veteran's ability to make payments on a new loan. Further, the Defense Appropriations Act (Public Law 109-148, December 30, 2005) gave the Secretary of Veterans Affairs the authority to make a supplemental grant to a veteran whose home was previously adapted and substantially damaged or destroyed as a result of hurricanes in the Gulf of Mexico in calendar year 2005.
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Source: GAO analysis of VA data.

Appendix X: Summary of Sheltering and Temporary Housing Assistance Provided by Freddie Mac

In response to Hurricanes Katrina and Rita, the Federal Home Loan Mortgage Corporation (Freddie Mac) provided temporary housing and mortgage relief for victims of the disasters. Temporary housing assistance Freddie Mac provided included direct housing assistance, such making some of its real estate-owned (REO) units available for lease, and providing grants to non-profits and other housing organizations. In addition, Freddie Mac took steps to provide mortgage relief and assistance to borrowers, including issuing a temporary moratorium on foreclosures, extending mortgage relief to members of the National Guard who were on state duty involved in Hurricane Katrina operations, providing mortgage payment forbearance, and by taking other measures. The following provides further details on disaster-related housing assistance provided by Freddie Mac in response to Hurricanes Katrina and Rita.

Temporary Housing	
Lease of REO homes and multifamily units	Freddie Mac created a program in late 2005 to lease some of its REO homes to victims of Hurricanes Katrina and Rita. Hurricane victims could lease units free of charge for 6 months; however, tenants were required to pay monthly utilities. At the end of the lease term, tenants had the option to purchase the home. If the tenant had an interest in purchasing the home or other temporary qualifying issues which support the need for an extension, the tenant had the option to request an extension of up to 6 additional months. As of September 30, 2006, Freddie Mac had leased 65 REO homes in Texas and Georgia. In addition, Freddie Mac also provided temporary housing in one of its multifamily REO properties to 31 Hurricane Katrina victims rent free for 3 months.
Grants to non-profits and other housing organizations	Freddie Mac donated over \$9 million to nonprofits and other housing organizations for rental assistance and for the purchase, donation, and lease of single-family homes, multifamily units, and manufactured homes. For example, Freddie Mac provided \$900,000 to the Mississippi Home Corporation, a quasigovernmental agency that administers tax credits and housing bonds, for the acquisition and positioning of 36 manufactured homes to provide temporary housing to hurricane victims in Mississippi. Overall, Freddie Mac assistance provided homes for 118 displaced families, temporary homes for 483 displaced families, and rental assistance to 1,548 families.
Assistance to Homeowners/ Homebuyers	
Foreclosure moratorium	Freddie Mac instructed servicers to suspend foreclosure activities in the storm-affected areas. Freddie Mac extended this moratorium for mortgages on homes in the hurricane disaster areas through February 28, 2006. For counties in Alabama, Mississippi, Louisiana, and Texas that suffered the most severe damage, Freddie Mac extended it moratorium until May 31, 2006, and again until August 31, 2006, for counties in Louisiana and Mississippi, after which Freddie Mac has required servicers to obtain approval before initiating any foreclosures.
Mortgage relief extended to national guard	Freddie Mac instructed its servicers to extend mortgage relief available to members of the armed forces under the Servicemembers Civil Relief Act (SCRA) to National Guard members on state duty involved in Hurricane Katrina operations. SCRA protects active duty personnel from foreclosure and interest rates in excess of 6 percent. National Guard members are covered when called to state duty in response to a national emergency declared by the President.

**Appendix X: Summary of Sheltering and
Temporary Housing Assistance Provided by
Freddie Mac**

Mortgage payment forbearance, loan modification, and credit protections	As a new policy, Freddie Mac instructed its servicers to suspend mortgage payment collection for September, October, and November 2005 in disaster areas designated as eligible for individual assistance by FEMA. This 3-month suspension of mortgage payments applied to every borrower with a Freddie Mac single-family mortgage in the areas designated for FEMA's individual assistance program, regardless of the condition of the home. After the 3-month mortgage payment suspension, Freddie Mac advised servicers to offer additional assistance on a case-by-case basis. Servicers could continue the mortgage payment suspension or reduce mortgage payments for a total of 12 months. Freddie Mac extended its policy to allow servicers the discretion to extend mortgage payment forbearance through March 31, 2007. As of August 31, 2006, Freddie Mac had extended forbearance to over 33,500 homeowners and approved more than 3,000 loan modifications. In addition, Freddie Mac instructed its servicers not to report to credit bureaus any reversed or suspended payments on Freddie Mac-owned loans as a result of Hurricanes Katrina and Rita, and to suspend late fees during the 3-month mortgage payment suspension. Unique credit-reporting requirements were extended and will expire March 31, 2007. Servicers also had the option not to advance interest on any Freddie Mac mortgage granted forbearance under its special hurricane policies.
Mortgage payment return	For the first time, Freddie Mac allowed its servicers discretion to return mortgage payments for September 2005 to Hurricane Katrina-affected borrowers and October 2005 to Hurricane Rita-affected borrowers for payments made that had not yet been reported to Freddie Mac. Borrowers could also request a return of their mortgage payments.
Underwriting flexibilities	Freddie Mac temporarily eased some underwriting requirements to allow hurricane victims to qualify for mortgages that Freddie Mac would purchase. The special underwriting requirements applied to mortgages closed on or after August 30 for Hurricane Katrina victims and on or after September 25 for victims of Hurricane Rita, and expired on October 3, 2006. The underwriting flexibility applied to borrowers who were victims of either storm and lived in, had employers in, or relocated from FEMA-designated major disaster areas. Specifically, the underwriting flexibilities allowed lenders to accommodate hurricane victims who had to rely on temporary income, alternative third-party documentation in place of lost or destroyed records, or storm-damaged credit reputations.
Tax-exempt mortgage revenue bonds	Freddie Mac committed to purchasing up to \$1 billion in tax-exempt mortgage revenue bonds to allow housing finance agencies in the Gulf Coast to provide below-market-rate mortgaged and home loans to as many as 10,000 families displaced by Hurricanes Katrina and Rita. Freddie Mac made this commitment after Congress passed the Katrina Emergency Tax Relief Act of 2005 which waived homebuyer requirements on mortgage revenue bond loans and raised the cap on home repair loans from \$15,000 to \$150,000.
Purchase of mortgages secured by properties affected by Hurricane Katrina	Freddie Mac eased some of its policies in order to purchase an estimated \$300 million in single-family mortgages, which were closed between June 1 and August 29, 2005, and secured by properties in areas heavily impacted by Hurricane Katrina, to assist lenders with loans funded and closed in anticipation of sale to Freddie Mac. Normally, these loans may have no longer been eligible for sale because of potential property damage or income loss caused by Hurricane Katrina. In response to Hurricane Katrina, Freddie Mac offered to purchase these loans through October 31, 2005.

Source: GAO analysis of Freddie Mac data.

Appendix XI: Summary of Sheltering and Temporary Housing Assistance Provided by Fannie Mae

In response to Hurricanes Katrina and Rita, the Federal National Mortgage Association (Fannie Mae) offered direct housing assistance and mortgage relief to the storms' victims. Fannie Mae offered single family homes and multifamily units for lease from its inventory of real estate-owned (REO) properties. Also, Fannie Mae offered mortgage relief and assistance that included a temporary moratorium on foreclosures, mortgage payment forbearance, loan modifications, and credit protections. The following information provides further details on disaster-related housing assistance offered by Fannie Mae.

Temporary Housing

Lease of REO homes and multifamily units	Fannie Mae provided temporary housing assistance utilizing its inventory of REO homes and multifamily units. Fannie Mae made 1,500 of its REO homes available for lease to victims of Hurricanes Katrina and Rita. Fannie Mae REO homes were available for lease for up to 18 months rent free. To lease a Fannie Mae REO home, persons must have been victims of Hurricane Katrina or Rita and have had no prior felony convictions. As of October 2006, Fannie Mae provided over 1,000 families rent free housing in its REO homes. Evacuee tenants were also given the opportunity to purchase these homes and Fannie Mae provided purchase assistance. In addition, Fannie Mae housed 308 hurricane victims in 148 of its REO multifamily units in Dallas and Houston, Texas. Victims who occupied REO multifamily units were given free rent while they applied for FEMA rental assistance. Tenants who received rental assistance from FEMA then paid rent for Fannie Mae's REO multifamily units. According to Fannie Mae officials, most victims occupying its multifamily units began receiving FEMA rental assistance by January 2006.
Waiver of minimum lease term	Fannie Mae agreed to waive the minimum 6-month lease restriction on its multifamily units to allow multifamily property owners to permit shorter-term leases for households displaced by Hurricane Katrina.

Assistance to Homeowners/ Homebuyers

Foreclosure moratorium	Fannie Mae established a moratorium on foreclosures on single family properties in the most devastated hurricane areas, lasting until August 31, 2006. Afterwards, through March 31, 2007, servicers were required to obtain written approval from Fannie Mae before initiating or continuing a foreclosure in the six most damaged counties/parishes.
Mortgage payment forbearance, loan modification, and credit protections	Fannie Mae reminded its servicers that its existing policy for natural disasters allows servicers to offer forbearance as they deem appropriate, on a case-by-case basis, for up to 18 months on single-family properties. For multifamily properties, Fannie Mae agreed to provide an initial 1-month forbearance from exercising default remedies, and thereafter authorized the servicers the ability to grant, on a month-to-month basis, additional forbearance to multifamily borrowers. In addition, lenders could offer disaster victims a reduction in mortgage payments for up to 18 months or create longer payback plans on a case-by-case basis for single-family properties. Fannie Mae also waived income/asset verifications for repayment plans and loan modifications and encouraged its servicers to waive late payment charges when likely due to a natural disaster for single-family homes. In addition, Fannie Mae instructed its servicers to suspend credit bureau reporting for delinquencies caused by the hurricanes and advised its servicers and lenders not to report a delinquency to the credit repositories in cases of missed payments that were likely caused by hardships from the hurricanes.

**Appendix XI: Summary of Sheltering and
Temporary Housing Assistance Provided by
Fannie Mae**

Underwriting flexibilities

Fannie Mae implemented new single-family underwriting flexibilities for hurricane-affected borrowers to acquire new homes or loans to renovate damaged homes. These flexibilities allowed lenders to disregard obligations on previously owner-occupied homes when calculating a hurricane-impacted borrower's debt-to-income ratio and permitted lenders to base loan decisions on a borrower's credit prior to Hurricanes Katrina and Rita.

Source: GAO analysis of Fannie Mae data.

Appendix XII: Comments from the Department of Defense



ACQUISITION,
TECHNOLOGY
AND LOGISTICS

OFFICE OF THE UNDER SECRETARY OF DEFENSE
3000 DEFENSE PENTAGON
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FEB 16 2007

Mr. David G. Wood
Director, Financial Markets and Community Investment
U.S. Government Accountability Office
441 G Street, N.W.
Washington, D.C. 20548

Dear Mr. Wood:

This is the Department of Defense (DoD) response to the GAO Draft Report, GAO-07-88, 'DISASTER ASSISTANCE: Better Planning Needed for Housing Victims of Catastrophic Disasters,' dated January 23, 2007 (GAO Code 250270).

The Department concurs with the recommendation, and our comment is attached.

A handwritten signature in black ink, appearing to read "J K Sikes".

Joseph K. Sikes
Director, Housing and Competitive
Sourcing

Attachment:
As stated



GAO DRAFT REPORT DATED JANUARY 23, 2007
GAO-07-88 (GAO CODES 250270)

“DISASTER ASSISTANCE: BETTER PLANNING NEEDED FOR HOUSING VICTIMS OF
CATASTROPHIC DISASTERS”

DEPARTMENT OF DEFENSE COMMENTS
TO THE GAO RECOMMENDATION

RECOMMENDATION : The GAO recommended that the Secretary of Defense develop fact sheets outlining appropriate roles and responsibilities, notification and activation procedures, and agency specific authorities pertaining to its disaster housing capabilities, as required by the emergency support function no. 6 (ESF-6) standard operating procedures. (p. 49/GAO Draft Report)

DOD RESPONSE: Concur.

Appendix XIII: Comments from the Department of Housing and Urban Development



U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT
THE DEPUTY SECRETARY
WASHINGTON, DC 20410-0050

February 20, 2007

Mr. David G. Wood
Director, Financial Markets
and Community Investment Team
U.S. Government Accountability Office
441 G Street, NW
Washington, DC 20548

Dear Mr. Wood:

Thank you for providing the U.S. Department of Housing and Urban Development with an opportunity to comment on the draft Government Accountability Office (GAO) report entitled *Disaster Assistance: Better Planning Needed for Housing Victims of Catastrophic Disasters* (GAO-07-88). The following comments are submitted for your consideration:

- HUD provided fact sheets to the Federal Emergency Management Agency (FEMA), American National Red Cross, Catholic Charities USA, U.S. Department of Agriculture Rural Development, the United Methodist Committee on Relief, the Jackson (Mississippi) United Methodist Church, and to all of the Disaster Relocation Centers (DRCs) that were open for 4 months after Hurricane Katrina. Additionally, HUD provided vacancy lists of public housing units to FEMA.
- HUD created the Katrina Disaster Housing Assistance Program (KDHP) and worked with FEMA and local volunteers to locate and support formerly HUD-assisted clients that had been displaced by Hurricane Katrina. HUD staff, in conjunction with FEMA, reached out to DRCs and hotels, and established KDHP centers in the Mississippi cities of Hattiesburg and Gulfport. On top of that, the local HUD office in Mississippi mailed 2,000 KDHP flyers to local hotels and 3,000 KDHP flyers to local organizations throughout the state.
- HUD also supported Louisiana and Alabama residents by collaborating with local housing providers to identify transitional housing, by conducting on-site damage reviews, and by providing the listing of damaged units to FEMA. HUD facilitated frequent communication between local public housing agencies (PHAs) and DRCs by disseminating new information as it became available. In addition, HUD personnel conducted intake interviews at evacuee shelters to determine the evacuees' eligibility for HUD programs and provided them with essential information.

www.hud.gov

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**Appendix XIII: Comments from the
Department of Housing and Urban
Development**

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- HUD also established a national hotline to assist clients with understanding KDHAP and locating available housing. The national hotline number was provided to the Emergency Support Function-6 (ESF-6) organizations for their use. Additionally, HUD offices nationwide worked with 3,100 PHAs to identify local housing vacancies and provide assistance to local disaster victims.
- Due to the success of HUD's KDHAP program, in 2006, Congress appropriated funds to a more comprehensive Disaster Voucher Program (DVP). DVP is the successor to KDHAP.
- In addition to the HUD-published fact sheets on temporary housing availability, there was a Department of Homeland Security Mass Care publication entitled, "National Voluntary Organizations Active in Disaster: Hurricane Katrina and Rita Relief and Recovery Assistance Guide, Version 6." The publication, dated November 21, 2005, contained the Office of Public and Indian Housing resource and information toll-free number, the KDHAP telephone number, and several housing websites and other telephone numbers.
- HUD recommends that the section on page 19 under "Department of Housing and Urban Development" be expanded to more fully reflect the activities that HUD performed, including:
 - establishment of KDHAP centers;
 - performance of on-site damage review of assisted housing units;
 - training of FEMA and partner organizations;
 - obtaining and providing of lists of housing vacancies to public housing residents;
 - design, development, and support of KDHAP call centers and HUD's KDHAP website;
 - outreach and housing advice to clients at hotels;
 - assistance to public housing residents in relocating to other housing units;
 - arranging of bus transportation;
 - assistance to residents in obtaining their FEMA number;
 - assistance to residents in obtaining clothing, health care, and shelter; and
 - finding permanent units for disaster victims.
- HUD recommends that Section 901 of the supplemental appropriation on DVP be included on page 84. The section allowed the PHAs to pool their resources between programs to rebuild, repair, and rehabilitate public housing units.
- HUD recommends that the third sentence regarding KDHAP on page 85 be revised to reflect that households received a housing voucher that covered 100 percent of the rent (capped at the local Fair Market Rent) for up to 18 months anywhere in the United States.

**Appendix XIII: Comments from the
Department of Housing and Urban
Development**

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- HUD recommends that the first full sentence on page 86 be revised to reflect that households participating in the DVP received a housing voucher that covered 100 percent of the rent (capped at the PHA payment standard) anywhere in the country for the first 18 months.

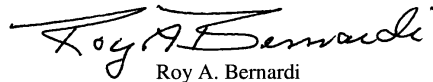
HUD concurs with the first recommendation to propose revisions as needed to ensure that the National Response Plan fully reflects HUD's capabilities for providing temporary housing assistance under ESF-6.

HUD concurs with the second recommendation to develop the following, as required by the ESF-6 standard operating procedures: (1) fact sheets outlining appropriate roles and responsibilities, (2) notification and activation procedures, and (3) agency-specific authorities. HUD has implemented this recommendation and provided a fact sheet to GAO on February 15, 2007.

HUD concurs with the third recommendation to develop operational plans that provide details on how HUD will meet temporary housing responsibilities under ESF-6.

The Department appreciates the opportunity to provide clarifying comments. If you have any questions, please contact James M. Martin, Deputy Chief Financial Officer, at (202) 708-1946.

Sincerely,



Roy A. Bernardi

Appendix XIV: Comments from the Department of Treasury

Office of Tax Policy
U.S. Department of Treasury
February 15, 2007

Treasury Department/IRS Response to GAO Draft Report: “Disaster Assistance: Better Planning Needed for Housing Victims in Catastrophic Disasters” (GAO-07-88)

- The Treasury Department’s role in providing disaster relief is generally limited to relief under the Internal Revenue Code, although the Department also has a broader role in facilitating Federal payments. Unlike the other agencies that were included in the report, the Treasury Department does not provide any form of direct housing assistance. Rather, the Department helps to develop the Administration’s position on Federal tax policies and programs and the IRS implements and administers the Internal Revenue Code.
- Current law provides a tax credit to owners of qualified low-income rental units through the low-income housing tax credit (LIHTC). The IRS administers this law by ensuring that the owners of LIHTC properties qualify to claim the credit. The Treasury Department does not own LIHTC properties and cannot make vacant LIHTC units available for disaster victims. The Treasury Department and the IRS have, however, provided temporary tax relief to owners of LIHTC properties in limited circumstances. For example, in response to Hurricane Katrina, the Treasury Department and the IRS provided in Notice 2005-69, 2005-40 I.R.B. 622 limited administrative relief to the owners of qualified LIHTC properties. This relief administratively suspended, on a nationwide basis, the income limits that otherwise apply to residents of LIHTC properties. Administrative relief from the income limits under section 42 should be unique to disasters that, like Hurricane Katrina, involve the displacement of tens of thousands of residents. Moreover, providing this relief in the context of Hurricane Katrina raised concerns among some low-income housing advocates, suggesting that the Treasury Department and IRS proceed carefully in considering whether similar relief should be provided for future disasters.
- The draft report recommends that the National Response Plan (NRP) be revised to reflect the Treasury Department’s ability to provide temporary housing assistance through administrative relief relating to the LIHTC. This relief is unique to disasters like Hurricane Katrina, however, and should only be extended, if at all, in the case of similar disasters involving the displacement of tens of thousands of individuals. Any amendment to the Treasury Department’s section of the NRP to reflect the availability of administrative relief relating to the LIHTC should therefore qualify that such relief is appropriate only in extraordinary circumstances and should take into consideration the impact it might have on low-income taxpayers who are the intended beneficiaries of the LIHTC.
- The draft report refers to the IRS offering tax relief under the Katrina Emergency Tax Relief Act of 2005 (KETRA) and the Gulf Opportunity Zone Act of 2005 (GO Zone Act). (See for example, page 20 and page 91). The report should clarify that this relief was provided by Congress when it enacted KETRA and the GO Zone Act. The

Treasury Department and the IRS merely administered the tax relief enacted by Congress.

- Current law provides the Treasury Department and IRS authority to grant certain types of tax relief to victims of a Presidentially declared disaster. Through the IRS Disaster Assistance and Emergency Relief Program, the IRS can grant relief to taxpayers who are victims of a Presidentially-declared disaster, including:
 - Postponing tax deadlines to provide extra time to file returns and make payments without being penalized
 - Abating interest for specific tax periods when additional time is granted for filing tax returns and paying taxes
- The IRS issues a news release or notice that describes the relief available for each disaster. In addition to relief provided by the IRS, certain tax laws apply directly to victims of a Presidentially-declared disaster. For example, an unreimbursed loss from a casualty may be deductible on the tax return for the year the casualty occurred. If the loss happened in an area the President designated as a disaster area, the loss may be reported on an amended tax return for the immediate preceding tax year, and may result in a refund of taxes already paid. Also, taxpayers may use an appraisal that was used to get a federal loan (or federal loan guarantee) to establish the amount of losses that occurred in a Presidentially-declared disaster area.
- There were several audits conducted by the Treasury Inspector General for Tax Administration (TIGTA) on the IRS' response to Hurricanes Katrina, Rita and Wilma. These reports acknowledged IRS' actions to provide immediate relief to taxpayers impacted by these devastating disasters.

Enclosure: Specific Response to Draft Report Recommendations

Enclosure

Recommendation:

The Secretaries of Agriculture, Housing and Urban Development, Treasury and Veterans Affairs propose revisions as needed to ensure that the NRP fully reflects their respective agencies' capabilities for providing temporary housing assistance under ESF-6.

Response:

The Department of the Treasury will work with the Department of Homeland Security to ensure that the NRP fully reflects the capabilities of the Department of the Treasury to provide temporary housing assistance.

Recommendation:

The Secretaries of Agriculture, Defense, Housing and Urban Development, Treasury and Veterans Affairs develop fact sheets outlining appropriate roles and responsibilities, notification and activation procedures, and agency specific authorities pertaining to their disaster housing capabilities, as required by the ESF-6 standard operating procedures.

Response:

The Department of the Treasury will collaborate with the Department of Homeland Security to ensure that the appropriate facts sheets under ESF-6 fully reflect the capabilities of the Department of the Treasury to provide temporary housing assistance.

Appendix XV: Comments from the Department of Veterans Affairs



THE DEPUTY SECRETARY OF VETERANS AFFAIRS
WASHINGTON

February 13, 2007

Mr. David G. Wood
Director, Financial Markets and
Community Investment
U. S. Government Accountability Office
441 G Street, NW
Washington, DC 20548

Dear Mr. Wood:

The Department of Veterans Affairs (VA) has reviewed your draft report, ***DISASTER ASSISTANCE: Better Planning Needed for Housing Victims of Catastrophic Disasters*** (GAO-07-88) and agrees with your findings and concurs with your recommendations. VA actively supports its role in the National Response Plan and appreciates GAO's recommendations to strengthen the plan.

The enclosure specifically addresses your recommendations and provides needed technical corrections.

VA appreciates the opportunity to comment on your draft report.

Sincerely yours,

A handwritten signature in black ink, appearing to read "Gordon H. Mansfield".

Gordon H. Mansfield

Enclosure

2007 FEB 15 PM 2:00

Appendix XVI: GAO Contact and Staff Acknowledgments

GAO Contact

David G. Wood, (202) 512-8678, woodD@gao.gov

Acknowledgments

In addition to the individual named above, Charles Wilson, Jr., Assistant Director; Johnnie Barnes; Emily Chalmers; Marshall Hamlett; Charlene Johnson; Alison Martin; Michael Maslowski; Marc Molino; John McGrail; David Pittman; and Rachel Siegel made key contributions to this report.

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