

Opening Statement  
Senator Mary L. Landrieu  
Subcommittee on Disaster Recovery Hearing:  
***A New Way Home: Findings from the Disaster Recovery Subcommittee Special Report  
and Working with the New Administration on a Way Forward***  
March 18, 2009

The stories of Hurricane Katrina and Rita survivors are a stinging indictment of the nation's disaster housing policies, which remain in place today.

*Story from Laverne*

*Consider the story of a woman in Louisiana named Arden and her husband. They purchased their first home 8 months before the storm hit in St. Bernard Parish. They did not purchase flood insurance because her husband suffers from mental illness and money is tight, although Arden worked for Sears for 15 years. When the storm hit, they spent a week in a shelter and then went to Pensacola, where doctors advised her and her husband against returning to New Orleans. She got a job but was laid off after 6 months, upon returning to work after an emergency hysterectomy. She later got a job with Lowes and has been working for the company ever since. She was able to secure an SBA disaster loan and purchase a house in Pensacola, hoping to return to her home in St. Bernard parish eventually. She applied to the Road Home Program and used some of the money to pay down the SBA loan and the rest toward repairs on her St. Bernard home. Even with the Road Home grant, she is unable to finish repairs. She hopes to be transferred from Pensacola to a new Lowes store in Chalmette, Louisiana, so that she can sell the Florida house and use the money toward the St. Bernard home repairs. All repairs on the house are done except the drywall, and because a contractor ran off with \$1000 of her money, she has had to rely on the assistance of a faith-based organization to help her. She is still in debt for the six months she was unable to make mortgage payments on the St. Bernard parish home.*

*Her husband has been living in the St. Bernard Parish home for several months and yet her insurance there has been cancelled twice in the last 3 months because the bank claims that the home is unoccupied. In January of 2009, St. Bernard Parish told her to shut off her utilities because city officials would be coming out the following week to tear down her house. She managed to work with the Parish to stop this from happening, but the bank continues to threaten foreclosure. They have told her repeatedly that she must be living in the house in order to receive any help, but she cannot move until Lowes transfers her back to Louisiana. State officials have told her that she must sell the house if she is not going to live in it, and the buyer of the house must agree to the terms set forth by the State or else she will be responsible for paying back the Road Home money.*

*Arden has tried everything and contacted everyone she can think of. She is stressed to the limit and unfortunately her battle is not over, but she will not give up. This is a hard-working woman who is trying to take care of her sick husband. In a letter she sent to my office, she wrote, "I don't know where else to turn. I know that I have probably made some wrong choices. I'm not asking for a handout, just a hand up."*

*Or take the story of Dr. Gwendolyn Catchings, a college professor from Biloxi Mississippi who wanted to rent to families who needed housing because of the hurricanes. She owns four rental houses there and rents to low income families with children. FEMA's red tape stopped Dr. Catchings from renting to the hurricane survivors she wanted to help. She accepted state loans for repairs she needed to do after Katrina. Later, she was told that this meant she could not rent to hurricane survivors who were getting FEMA or HUD aid because this would be what the federal government called "a duplication of benefits." Worse still, Dr. Catchings was originally told that accepting state loans would not prevent her from renting to hurricane victims. So what was the result of the government's rules? A landlord who wanted to rent to hurricane victims and to get people out of trailers and into houses was told that this was against the rules. Two rental apartments sat empty which could have been the homes of families who needed housing after the Hurricanes, when thousands of families in need were on waiting lists.*

Today, we only have time to tell a few of the hundreds of thousands of stories of desperation, struggle, and perseverance. These stories resulted from inflexible and needlessly restrictive federal disaster housing programs under the Bush Administration. Hurricanes Katrina and Rita and the man-made catastrophic flood that followed were horrific. But they were magnified exponentially when survivors registered for FEMA's disaster housing programs.

Last month, this Subcommittee's staff concluded a nine-month investigation into federal disaster housing programs, and the nation's failed response to Hurricanes Katrina and Rita. The report detailed the Bush Administration's dysfunctional and wasteful housing response in what was the largest housing crisis in America's memory. More than 1.2 million homes were damaged by the storms and subsequent flooding, and more than 1 million people were displaced.

While the storms ravaged the Gulf Coast nearly four years ago, thousands remain without permanent housing, and thousands more are still rebuilding their homes and are still waiting for federal assistance to arrive. Many cannot return to our region because there is glaringly inadequate supply of workforce housing.

This report is a comprehensive analysis of what went wrong. And it is also a reform blueprint for how the Obama Administration should fix the federal response. My staff reviewed more than 100,000 pages of documents, met with 70 housing official, and traveled to the impacted region. After this exhaustive investigation, we are left with an overarching conclusion: After more than \$15 billion spent on housing programs -- much of it spent on inadequate, unsafe short-term housing, like trailers and mobile homes -- more than six pieces of legislation introduced, and numerous public hearings, FEMA remains unprepared to adequately provide housing during a catastrophic disaster.

What our investigation revealed is startling:

FIRST: FEMA ignored a call for action in 2002, when their own internal documents demonstrated that they were not prepared. In 2002 and again in 2004, FEMA prepared internal strategy documents recognizing that they needed long-term housing

strategies. FEMA conducted the Hurricane Pam exercise — a simulated Category 5 storm — for the purposes of planning and training. This took place in May 2005 — before Hurricanes Katrina and Rita. This exercise accurately predicted the damage, destruction, and displacement a hurricane like Katrina would cause. Because they failed to adequately plan, FEMA did not put any operational programs in place once Katrina hit.

SECOND: FEMA rejected HUD’s engagement, kicking off a chain of chaotic events. Within weeks after Hurricanes Katrina and Rita made landfall, the Bush administration determined that FEMA would be the primary provider of housing assistance throughout the recovery, relegating HUD to a subsidiary role. This was a tragic decision that wasted countless taxpayer dollars. FEMA was ill-equipped to handle the housing needs created by a large-scale catastrophe, and their bungled response resulted in a dependence on trailers. FEMA provided assistance to more than 718,976 applicants by August 2006. HUD ultimately assisted only between (10,000 and 20,000 individuals in the first several months after Katrina and Rita and 45,000 individuals after December 2007) Less than 1 percent of the total displaced population was handled by the housing agency, while the other 99 percent was left to FEMA. If HUD takes a primary role in future disaster housing response, it must have the necessary funding and housing stock to cope with a catastrophe. FEMA has adopted calls for an enhanced HUD role, but has failed to address these two crucial issues-

THIRD: “PURCHASE TRAILERS UNTIL I SAY STOP”: Early in its chaotic and ad hoc response, FEMA made the decision to rely heavily on manufactured housing such as trailers — which have proved to be costly, cumbersome and dangerous or even lethal in many cases. FEMA committed to ordering as many manufactured housing units as possible, but at points during the post Katrina response, the waiting list for trailers was tens of thousands of people long. By February 2007, FEMA had called for the purchase of 145,699 travel trailers and mobile homes. At peak, 120,000 travel trailers and mobile homes were occupied. According to the RV Industry Association of America, the average number of travel trailers manufactured per year (in America) from 2003-2007 was about 300,000. This number does not include anything Katrina or Rita-related. Assuming that FEMA planned to claim half the stock of manufactured housing, it could acquire 12,000 trailers per month. If only 12,000 families could acquire trailers each month, it would take 38 months to house the projected 450,000 displaced families in need of housing—in other words, even at its conceptual best, housing 450,000 displaced families would have taken three years, far too long to house families in dire need of housing after a catastrophe.

Furthermore—trailers are expensive According to a DHS Inspector General estimate, the total cost of providing a single trailer for 18 months was \$59,150, on the low end. Installing a larger mobile home in a group site could reach upwards of \$100,000 per unit.

Cost breakdown:

\$14,000 purchasing  
\$5,400 maintenance

\$2,000 deactivation  
\$750 site costs  
\$25,000 pad construction site preparation

According to a FEMA response to questions during this investigation, the fees paid to private contractors that installed and maintained this manufactured housing was more than \$7.2 billion (this includes the purchasing costs). Congress has authorized hundreds of millions of dollars in funding for alternative housing pilot programs to date, including a rental repair program and the Alternative Housing Pilot Program. To date, these programs are still being evaluated and none have been sufficiently developed for use in a catastrophe. Only about 22-25 rental units were a part of the rental repair pilot program in response to the 2008 flooding in Iowa.

While FEMA insists that trailers will only be used as a last resort in future disasters, the fact that alternative programs have not been fully developed by the agency suggests that trailers will actually play a major role in the federal housing response.

FOURTH: Bush Administration lawyers limited housing options — FEMA’s narrow interpretation of its legal authority under the Stafford Act limited the assistance FEMA offered to displaced citizens in the following ways:

- Cut short the length of time available emergency sheltering (hotel/motel, direct rental payments to landlords)
- Ruled out rental housing rehabilitation
- Hundreds of thousands of people may have been unjustifiably denied housing assistance —When emergency sheltering ended, storm survivors were to be transitioned Section 408 assistance, the individuals and households program which provides temporary housing assistance to disaster victims in the form of rental assistance payments and mobile homes, for which they had to qualify.

There were numerous problems with eligibility decisions. More than 520,000 applicants for 408 assistance were deemed ineligible. When FEMA conducted a court-ordered review of 5,000 of these decisions, the Agency found that more than 20 percent of the individuals had been denied eligibility in error. Our report reveals – for the first time – that HUD sought to play a greater role but that this was rejected by the Bush administration; and it describes the reasons for the failures in the federal housing response in unprecedented detail, including real time emails and interviews with key federal officials.

#### \*SUBCOMMITTEE’S KEY RECOMMENDATIONS\*

- Allow Rental Repair: FEMA needs the authority to repair rental property.
- HUD Should Lead: The designated housing agency should be primarily responsible and adequately funded to ensure housing recovery.

- Explore Using Military Repair Teams: Determine if the military can fix infrastructure and private homes.
- Create Additional Legal Authority: Revise the Stafford Act to give FEMA flexibility following a catastrophe.
- Reform the Institution: Reform FEMA to correct improve Disaster Housing Response.
- Improve and Simplify Policies: FEMA's National Disaster Housing Strategy must be completed and implemented
- We Need a Plan: Operational plans for post-disaster housing must be developed, implemented and tested.

### Conclusion

Nearly four years after Hurricanes Katrina and Rita, our nation remains unprepared for a catastrophic housing crisis. Despite billions of dollars spent on the mission and to discover alternatives, FEMA will stick survivors with trailers should a major hurricane, earthquake, or terrorist attack occur. We have a new Administration and a new opportunity to create a smarter, more creative, more nimble, and more taxpayer-friendly disaster housing structure. I am eager to work with FEMA, HUD, and the housing advocates who have joined us today to begin that work.

I will ask everyone participating in the hearing to explain to this Subcommittee how we can do better. I want to know how FEMA can work with HUD to ensure that disaster victims have housing that meets their needs and lifestyles. We all know that trailers will not suffice if a housing disaster strikes New York City. I want to know what FEMA will do going forward to ensure that recovery from future disasters accounts for individuals with different housing needs – from the poor to the middle class, the elderly and disabled, city dwellers and single-family home owners. Our policies must be inclusive, humane, and unrestricted by narrow-minded policies.