
TESTIMONY OF
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BEFORE THE
COMMITTEE ON HOMELAND SECURITY AND GOVERNMENTAL AFFAIRS
UNITED STATES SENATE

FIELD HEARING ON FEMA'S MANUFACTURED HOUSING PROGRAM

APRIL 21, 2006

HOPE, ARKANSAS

INTRODUCTION

Good morning Madam Chairman, and “Welcome to Arkansas“. Good morning, Senator Pryor. It is a great honor to be invited to testify at this hearing today.

My name is J.D. Harper, and I am executive director of the Arkansas Manufactured Housing Association. Our organization is the trade association for the manufactured housing industry in the state. Our members include all facets of the factory-built housing business: builders, retailers, transporters, installers, suppliers, finance and insurance providers and other businesses affiliated with the manufactured home industry. Since its inception in 1967, the Association has been dedicated to providing quality, affordable housing to the people of Arkansas.

At this time, I would like to make it clear that my testimony reflects the views of the Arkansas Manufactured Housing Association and its Board of Directors - and should not be taken as a statement on behalf of the entire manufactured home industry. The comments that I will deliver today are based solely upon the discussions and deliberations of our state Association’s governing body, and have been communicated with members of the Arkansas Congressional Delegation and the Governor’s Office.

It is my understanding that I have been invited to testify on issues related to disaster-relief housing - particularly manufactured home units - currently staged by the Federal Emergency Management Agency (FEMA) here at Hope, Arkansas. The invitation to testify specifically addressed five areas of interest to the members of the Committee:

- *Procurement*
- *Installation*
- *Maintenance*
- *Future Use*
- *Deactivation and/or Disposal*

I have arranged my comments in this order, and I will attempt to address each issue to the best of my ability.

To begin, I would like to take this opportunity to say that our organization recognizes that last year’s hurricanes have forever changed the Gulf Coast and the lives of thousands of families who lost loved ones, communities, jobs and property to the high winds and flood waters. Our thoughts and prayers were with these Americans then - and are with them today as recovery efforts continue. We also believe that the response and relief efforts of Federal, state and local governments have been forever changed by the successes and failures seen since the hurricanes made landfall. It is our sincere hope that we all can learn from these successes and failures - to be better prepared to respond to future disasters.

PROCUREMENT

FEMA has long viewed manufactured housing as a resource for immediate housing relief in the aftermath of natural disasters. Our industry believes that manufactured housing can continue to be an integral part of FEMA's emergency housing program in the future.

I would like to recognize the efforts of the manufactured home industry - particularly manufacturers and transportation providers - for their response to the demand for emergency housing in the wake of the storms. The industry responded immediately - fulfilling FEMA's requests for thousands of homes built to exacting specifications, and delivering the units to staging areas in a timely manner. In a number of cases, participating builders found it necessary to suspend their normal production of units for retail inventory and custom-designed homes for waiting homebuyers in order to mass-produce the Spartan, FEMA-approved units at a moment's notice - creating major disruptions in the supply of manufactured homes for purchase by potential homebuyers outside the areas directly impacted by the hurricanes.

In recent history, FEMA has greatly reduced or eliminated its inventory of manufactured home units for such use - preferring to order homes through GSE-approved third-party contractors or directly from manufacturers for use in disaster-stricken areas on an "as needed" basis.

According to the testimony of Richard Skinner, Inspector General for the Department of Homeland Security, before this Committee on February 13th, 2006 - FEMA purchased 24,967 'manufactured homes' and 1,295 'modular homes' for use as emergency housing for disaster victims.

Manufactured home units built for FEMA in 2005 met strict specifications. In a Request for Quotations from FEMA dated Thursday, September 8, 2005 - producers were given structural design requirements for the units, including: size (60 foot length x 14 foot width); floorplan - with number of bedrooms (3), number of bathrooms (1); appliances (all electric - range, refrigerator/freezer, microwave); furnishings (fully furnished with dinette set for six); interior and exterior requirements (no carpet, vinyl siding); roof load, thermal zone and wind zone requirements; and a structural design requirement that the homes be built for multiple installations and removals. Proposals from interested producers were required to be received by FEMA no later than 3:00 p.m. the following day - Friday, September 9, 2005.

It is our understanding that efforts are currently underway to review, and possibly revise, the construction specifications for FEMA units that may be ordered for future emergency housing. The Arkansas Manufactured Housing Association supports the review and revision of these specifications in an effort to simplify and streamline the procurement process. Our organization would encourage FEMA to revisit its former policy of 'stand-by contracts' for the procurement of temporary housing in future disaster relief efforts.

I have been asked on several occasions if FEMA paid too much for the manufactured homes that it ordered for hurricane relief. Most of these questions included a comparison between advertised prices of 'stock units' held in inventory by retailers and 'average prices' for

FEMA units derived by dividing the reported total dollar expenditure by the number of homes received. I believe that it is important to understand that units meeting the specifications required by FEMA did not exist in Arkansas prior to the Request for Quotations issued by FEMA in September 2005. These homes were manufactured specifically for this request, and any comparison to the price of 'stock units' built in compliance with the Federal Manufactured Home Construction and Safety Standards for retail sale is an unfair comparison. However, I do believe that if the homes sitting on the Hope Airport runway are not used for the purpose for which they were procured or for other uses in the public interest - then, any price paid is too high.

In the hours following devastating hurricanes in 2004 and 2005, the manufactured home industry - including the Arkansas Manufactured Housing Association - was asked to identify available inventory for purchase by FEMA for use in the disaster areas. Our organization quickly surveyed its membership, and identified hundreds of units available for immediate use. In both instances, FEMA elected to order new manufactured homes - built to FEMA specifications for use in the effected areas - rather than to purchase existing inventories "off the lot", as in the case of many of the travel trailers purchased by FEMA for temporary housing. Inasmuch as Arkansas businesses would like to help in the aftermath of a natural disaster, I do not believe that our organization will participate in such efforts to identify existing inventories in the future - unless FEMA establishes a policy encouraging the use of existing inventory in disaster relief efforts.

Federal and state authorities worked together to expedite the delivery of FEMA units for use in the hurricane-damaged areas. State transportation authorities were asked to waive permit requirements and other restrictions to facilitate the delivery of units to staging areas. We believe that the cooperative spirit shown by the Arkansas Highway and Transportation Department and other state transportation authorities was just one small example of a "success" in disaster relief efforts. However, when these waivers began to expire or be lifted, interstate transporters were sometimes unaware of renewed enforcement of permitting requirements, curfews and escort regulations. Our organization would recommend that these entities better coordinate their communications with manufacturers and transportation providers in the future.

Manufactured home units began arriving at Hope and other FEMA staging areas within days - with the industry, the media and the public focused on the delivery of emergency housing to those left homeless throughout the Gulf Coast region. But as the number of homes being delivered to staging areas, particularly Hope, swelled into the thousands - with relatively few being shipped on to deserving victims - the aerial photos of manufactured homes sitting on the runways of the Hope Airport became synonymous with "failures" in FEMA's emergency housing program.

INSTALLATION

A number of reasons were publicly cited for delays in the delivery of manufactured home units to Gulf Coast residents left homeless by the hurricanes. Local restrictions against the placement of manufactured homes, floodplain issues, and the use of 'travel trailers' have been cited as reasons that only a small number of manufactured homes have been used for emergency housing.

FEMA's own policies state that travel trailers and manufactured homes are used "as a last resort - only after all other rental housing options are exhausted". In the case of manufactured homes, FEMA's policy states that "occupancy permits must be obtained and local zoning and building codes must be followed."

Local Restrictions

Many cities use zoning ordinances to prohibit or unreasonably restrict the placement of manufactured homes on individual home sites within their boundaries, or to limit their placement to leased-land sites in "mobile home parks". Before the 2005 hurricanes, FEMA had most recently utilized large numbers of manufactured homes in an emergency housing role in the aftermath of hurricanes in Florida. FEMA's method of operation there included the acquisition of large tracts of land; the development of streets, utilities and other infrastructure; and the delivery of hundreds or thousands of manufactured homes to centralized sites - since deemed "Charleyvilles" or "FEMA Towns". What had been envisioned as short-term emergency housing soon became longer-term housing solutions for displaced families.

FEMA's requirements for the development of such "group sites" recognize that the process takes time. A press release from FEMA's website acknowledges that "Creation of such housing facilities is like building a small town from scratch: it may take several months..."

The scope and nature of the development of such centralized sites often breed public resistance - the "Not In My Back Yard" or NIMBY Syndrome. And such public resistance only reinforces the prejudices inherent to exclusive zoning ordinances - and acts as a barrier to affordable housing.

The Arkansas Manufactured Housing Association would respectfully recommend that the Department of Housing and Urban Development, FEMA, and state and local governments review their existing policies, practices and regulations with the intent of eliminating barriers or restrictions that impede the provision of temporary housing relief in future disaster situations.

Floodplain

The "floodplain issue" has been a convenient excuse. Assertions that manufactured homes cannot be used in a floodplain can be refuted by FEMA's own guidelines (FEMA Publication 85) for placement of manufactured homes in floodplains. Our organization applauds the efforts of the Arkansas Congressional Delegation - particularly Senator Pryor and Congressman Ross - to waive the floodplain restrictions in disaster relief situations, with the introduction of "The Hope Housing Act of 2006". Our organization respectfully encourages the immediate adoption of this much-needed legislation.

Travel Trailers

The use of 'travel trailers' for emergency housing has also impacted the demand for manufactured homes in the hurricane-damaged Gulf Coast region. Again, according to Inspector General Skinner's February 13 report to this Committee, FEMA purchased 114,341 travel

trailers for use by evacuees. Some 27,000 of these units were purchased “off the lot” from over 300 retail locations - in many cases, without regard to exacting construction specifications.

Travel trailers are more easily transported and installed on temporary sites than manufactured homes, due to their size and their ‘self-contained’ nature in relation to utilities. Such temporary placement of travel trailers as emergency housing is often overlooked in local zoning ordinances and building codes. However, also due to their size, travel trailers are less suited for longer-term habitation by families. I am not aware of FEMA’s ‘installation guidelines’ for travel trailers, or any construction standards for such units that would mirror the specifications set by FEMA for manufactured homes purchased for the same purpose.

As far as our organization’s recommendations for installation-related concerns, we would encourage FEMA to make better use of local resources. State governments, state emergency management agencies, local governments and other public and private entities should be encouraged to create and maintain open lines of communication - and should identify potential sites for the placement of temporary housing, transportation providers, qualified installers and other necessary technicians, and other resources that could create a faster response to help those left homeless by future storms.

MAINTENANCE

Our organization was deeply troubled by press accounts of Inspector General Skinner’s previous testimony before this Committee that characterized the homes in inventory here at Hope as “sinking in the mud” with their frames “bending” and being “cannibalized” for parts.

We applaud FEMA’s public affairs staff for opening the facility to inspection by interested media - quickly dispelling the myth that the homes would deteriorate to the point that they would be unusable before they could be shipped to the Gulf Coast.

We understand that other measures are being taken to ensure that the homes are stored properly, including investments in infrastructure at the Hope Airport. We are encouraged by - and fully support - plans for the Hope Airport to be used as a permanent FEMA distribution facility - not only for manufactured housing, but for other disaster relief supplies as well.

FUTURE USE

It is our organization’s strong contention that, given the opportunity, the manufactured homes staged at the Hope Airport will fulfill the mission for which they were acquired - temporary housing for disaster victims.

We understand that a number of manufactured homes purchased for hurricane relief have been approved for use by residents left homeless by recent wildfires in Texas and Oklahoma. We are pleased that a number of homes are currently being sent to the Arkansas communities of Marmaduke (Greene County) and Fitzgerald Crossing (Cross County) to provide temporary

housing for Arkansans left homeless by tornadoes that devastated parts of eight counties on April 2nd.

The Arkansas Manufactured Housing Association has asked our Congressional Delegation and the Governor's office to seek an organized 'exit strategy' for the homes staged at Hope, including the following components:

- 1) *Expedited delivery of as many homes as possible to displaced residents in the affected areas;*
- 2) *Eligibility for temporary housing for displaced residents who choose to relocate to states outside the area directly impacted by the hurricanes;*
- 3) *Maintenance of a manageable number of the homes in inventory by FEMA for future disaster assistance; and*
- 4) *Plans for disbursement and disposal of excess inventory units through the Federal Surplus Property system - with highest priority given to public uses, including public health facilities, police and fire departments, affordable housing applications and other uses for the public good.*

DEACTIVATION / DISPOSAL

The Arkansas Manufactured Housing Association and its members are seriously concerned that growing public and political pressure on FEMA will result in a wholesale disposal of unused manufactured home units at public auction. The introduction of thousands of these most basic units at 'pennies on the dollar' to any willing buyer would cripple an already struggling market for factory-built homes in Arkansas and surrounding states.

A number of concerns arise should FEMA plan to dispose of these units through a series of GSA auctions similar to those held in Florida and other states to reduce travel trailer and manufactured home inventories following Hurricane Charley. In no particular order, these concerns include:

- 1) *State law and regulation require the licensing of sellers of manufactured homes;*
- 2) *Auctions of homes to the public are regulated under state authority;*
- 3) *Homes sold for occupancy in Arkansas are required to be installed and anchored to state specifications under a cooperative agreement with HUD;*
- 4) *Homes sold and installed for the first time are subject to warranty requirements from the manufacturer;*

- 5) *State law specifies the procedure for the collection and remittance of sales tax on the first-time sale of a manufactured home in Arkansas; and*
- 6) *State law specifies a procedure for the perfection of liens and the issuance of titles on manufactured homes sold in the state.*

These issues will certainly complicate the disposal of unused FEMA inventory within the state. We fail to see how the Federal Government - if it is unable to override local zoning restrictions against manufactured housing in other states - will be able to dismiss Arkansas laws and regulations pertaining to the sale, auction, installation, warranty, taxation and titling of manufactured homes disposed of at public auction.

CONCLUSION

We appreciate your consideration of these issues of great importance to the Arkansas Manufactured Housing Association. It is our sincere hope that the majority of the homes staged at the Hope Airport will be used to provide decent, safe and sanitary housing for those families left homeless by last year's storms and future disasters.

Again, we hope that all parties can learn from the successes and failures experienced on all levels in the relief and recovery efforts since last year's storms. Our organization looks forward to being an active partner in this relationship - working with you toward the resolution of these matters.

Madam Chairman, that concludes my prepared statement. I will be glad to answer any questions that you or Senator Pryor may have to the best of my ability.