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BEFORE THE

SUBCOMMITTEE ON DISASTER RECOVERY AND
SUBCOMMITTEE ON STATE, LOCAL, AND PRIVATE SECTOR
PREPAREDNESS AND INTEGRATION

HOMELAND SECURITY AND GOVERNMENTAL AFFAIRS COMMITTEE

UNITED STATES SENATE

MARCH 4, 2008

Good morning Chairwoman Landrieu, Chairman Pryor, and Members of the Committee. I am Harvey Johnson, Acting Deputy Administrator and Chief Operating Officer for the Department of Homeland Security's Federal Emergency Management Agency (FEMA). I am pleased to be here today to represent the Department and FEMA, and to discuss our continued efforts and progress toward housing those residents affected by the 2005 Hurricane Season, as well as our planning efforts for future disaster housing needs.

Much has been said about the methods and ways in which FEMA has housed disaster victims following the 2005 Hurricane Season. While we readily acknowledge that we could have done some things better, we must not lose sight of the fact that nearly two and a half years after the most damaging storms in American History, nearly two-thirds of those whose homes were impacted by the disaster have either returned to their pre-disaster housing or have moved on to other housing options. In response to the 2005 Hurricane Season, FEMA provided more housing assistance – direct and financial – than it had cumulatively over the previous 5 years. And while we continue to face challenges, we have learned and applied many lessons, and we have renewed focus on our mission to assist communities and disaster victims.

New programs, policies, initiatives, partnerships and collaborations define the changes and improvements that have taken place within FEMA since Katrina and Rita. Many of the lessons we learned have been institutionalized, and are now being implemented nationwide. FEMA continues to marshal the efforts and expertise of the community of Federal, State and local emergency managers and voluntary organizations to aggressively and compassionately address the needs of individuals, families and communities devastated by disasters.

Immediate Emergency Housing

In the weeks following Hurricane Katrina, as congregate shelters overflowed, FEMA created and implemented a hotel/motel subsidy program, in partnership with the American Red Cross. FEMA authorized States to relocate families to hotel/motel rooms, facilitating the relocation of thousands of families to more private, and hospitable, living conditions. In late October 2005, FEMA agreed to assume responsibility for funding the hotel/motel subsidies of those households placed by the Red Cross. At peak, FEMA worked with over 7,500 hotels and paid for over 3 million cumulative nights in hotel/motel rooms.

I do not need to recount for you many of the programmatic and financial challenges that resulted from this program. However, I am pleased to report that as a result of the lessons learned, FEMA has created a national policy and protocol for implementing hotel/motel use, improved registration protocols, and entered into a contract agreement with Corporate Lodging Consultants (CLC), to interface with hotel managers and assist in tracking applicants and payments to ensure fiscal responsibility through the issuance of unique registration codes when citizens apply for assistance.

Access to Case Management Services

As a result of lessons learned, and the authority granted by the Post-Katrina Emergency Management Reform Act of 2006 (PKEMRA), FEMA has recognized the need for better case management in large-scale disasters. FEMA and the U.S. Department of Health and Human Services Administration for Children and Families (ACF) have entered into an Interagency Agreement to develop and pilot a Disaster Case Management program. The goal of the program is to enhance Federal, State and local response to emergencies by helping to connect disaster victims to a full array of disaster and other support services, including human, social, employment, legal, mental health, and medical services. The program is in the early development stage, with input being gathered from government, non-government, and voluntary agency partners. The pilot program is expected to be launched this calendar year.

Temporary Housing – Rent, Repair, Rebuild

One of FEMA's primary missions is to conduct emergency housing operations in the wake of disasters, which displace elements of the local population. Since severe storms and flooding occurred in the State of Texas in October 1998, FEMA has provided financial and direct housing to nearly three million applicants for their immediate, emergency housing needs. Applicants generally move from emergency housing into more permanent housing, within the program time limits of 18 months. This time has been extended in the Gulf Coast, where FEMA has provided financial assistance to more than 1.4 million households to rent alternate housing and make repairs to their pre-disaster dwellings.

FEMA's Individual and Household's Program (IHP) assures that people whose homes are damaged by disaster have a safe place to live. The IHP - Other Needs Assistance (ONA) program provides financial assistance to individuals and households who have other disaster-related necessary expenses or serious needs and do not qualify for a low interest loan from Small Business Administration (SBA).

In response to Hurricanes Katrina and Rita, FEMA has assisted with housing needs, medical needs, transportation losses, and personal property losses through IHP in an amount over \$7.7 billion.

The lessons learned have helped us increase quality and financial controls, increase our capacity to register applicants and refine our processing capabilities to better meet the needs of individuals. FEMA's ability to receive requests for assistance, protect against fraud and abuse and adjust to changing needs of disaster populations during significant recovery periods are being enhanced. FEMA now has the capacity to handle 200,000 assistance calls per day and Choice Point anti-fraud technology has been installed to help validate disaster claims.

Additionally, FEMA has updated housing specifications for purchases of Uniform Federal Accessibility Standard (UFAS) and non-UFAS park models, as well as mobile homes. These units must meet the design and construction requirements established in Title 24 of the Code of Federal Regulations sections 3280.308-309. Units must include weather radios and manufacturers must not use materials which emit high levels of formaldehyde during production.

Gulf Coast Housing Strategy Action Plan

Led by FEMA's Gulf Coast Recovery Office (GCRO), FEMA continues to work with remaining temporary housing occupants to ensure they have access a broad range of housing options. The FEMA GCRO developed a formal housing strategy in early 2007 to close travel trailer group sites and ensure a comprehensive approach to transitioning occupants to more suitable long term housing options.

Each FEMA Transitional Recovery Office (TRO) developed a Housing Action Plan to detail specific goals, metrics and tools for accomplishing this mission. The FEMA GCRO prepares detailed weekly progress reports to monitor and report progress in each State.

FEMA is also actively working to increase the rental resources available to the applicants by utilizing the following resources:

- HUD's National Housing Locator System;
- Internet sites;
- Newspaper classified ads;
- Realtor associations;
- Real estate magazines;
- Local governments and agencies, such as City Halls and Chambers of Commerce;
- Word of mouth; and
- Landlord housing fairs.

Affordable housing, particularly rental units, is very limited in many areas along the Gulf Coast. However, FEMA has taken steps to increase the amount of available rental units and reduce the other barriers that may slow the process for an applicant. FEMA redefined the current CLC contract on August 24, 2007, to encourage greater landlord participation and expand the universe of rental properties by adding lease provisions to include the following:

- Payment of rental assistance above the current Fair Market Rate;
- Payment to landlords for utilities if included in the rent payment;
- Payment to landlords for repairs to property damage made by disaster applicants;
- Payment of security deposits, and processing fees for background checks required by some landlords; and,
- Assistance with locating furniture and other necessities to meet basic living needs.

In addition, in October 2007, FEMA reinstated and expanded a reimbursement program that provides relocation assistance to disaster victims displaced by Hurricanes Katrina and Rita. This program reimburses relocation expenses up to \$4,000 for applicants returning to their pre-disaster States. For those families that are already living in their pre-disaster State in FEMA-provided temporary housing, FEMA will pay moving expenses to a FEMA-funded rental resource anywhere in the continental United States, if the new location is greater than 50 miles from the applicant's current location in the State. Relocation assistance is limited to travel costs, furniture transportation expenses, and moving services, and is subject to the overall maximum amount of assistance that applicants can receive under the IHP.

Alternate Housing Options

FEMA only provides temporary disaster housing units when all other housing resources, including rental units, are unavailable. This assistance is only used as a last resort to provide safe, secure, and sanitary housing for eligible disaster victims. This form of temporary housing has proven enormously successful in many smaller-scale disasters, where the duration of occupation typically does not extend beyond 18 months. However, while many forms of traditional manufactured housing may prove invaluable to disaster victims anticipating a short occupation period, they were never designed for long-term occupation.

Alternative Housing Pilot Program (AHPP)

Recognizing that mobile homes and trailers are not ideal housing solutions, Congress provided \$400 million for FEMA to conduct an Alternative Housing Pilot Program (AHPP) to identify and evaluate alternatives to travel trailers and mobile homes. After a competitive process, pilot projects in Alabama, Mississippi, Louisiana and Texas were selected for grant awards. Projects submitted by the States included state-of-the-art engineering standards, designed to maximize energy efficiency with environmentally sound materials. Once tested and proven, these alternatives could potentially be used in response to future disasters. The AHPP sites will also include recreational areas for children and adults, community spaces, and support services for disaster-affected households.

Upon completion, these alternative housing projects are expected to provide between 4,100 and 4,900 units for occupation in Gulf Coast States. Actual occupation of units began in June 2007 (in one of the Mississippi projects) and is projected to be underway in all States by April of 2008. All units are projected to be occupied by December 2008.

The AHPP will be evaluated by the US. Department of Housing and Urban Development's (HUD) Office of Policy Development and Research. The evaluation will be used in two ways:

- (1) To learn what type of temporary housing solution is the best approach for a full range of housing needs - from a stay of only a few months to a semi-permanent, long-term housing solution.; and
- (2) To assess how well States administer temporary housing programs.

We look forward to learning from these pilot projects, and are hopeful they will provide valuable and viable housing options for use in future disasters.

Joint Housing Solutions Group

In September, 2006, FEMA established the Joint Housing Solutions Group (JHSG). The JHSG's purpose is to develop a systematic process to evaluate and rate various disaster housing options, identify viable alternatives to travel trailers and manufactured homes, and recommend improvements for conducting disaster housing operations. After the issuance of FEMA's July 31, 2007 Interim Direction suspending the use of travel trailers and park models, FEMA tasked the JHSG to identify and evaluate feasible forms of alternative housing on an accelerated timeline. The Joint Housing Solutions Group has evaluated 40 different types of units located across the country. They have looked at Gulf Coast cottages with front porches and standing-seam roofs, modular 'folding houses' that could transition to permanent housing, a steel modular modernist-design unit already in use in

some areas, and housing units that basically are converted shipping containers. Costs range from \$15,000 to \$150,000, with most falling between \$20,000 to \$50,000.

FEMA is prepared to utilize these housing options in pilot tests in future disasters where we can further study their effectiveness in the field, and gauge occupant's responses to the alternative housing. In the meantime, the JHSG will continue to identify and assess the relative merits of additional forms of alternative housing.

Transitioning to Permanent Housing

One of our biggest challenges has been, and continues to be, helping families displaced by Hurricanes Katrina and Rita transition to secure long-term housing. While, over the years, FEMA has continued to be able to provide short-term temporary housing, we recognize that the expertise for longer-term housing resides in our Federal partners at the U.S. Department of Housing and Urban Development (HUD). HUD is responsible for administering the Housing Choice Voucher Program (HCVP), the nation's largest tenant-based subsidy program. HUD with its recognized expertise in providing long-term housing programs has been a particularly important partner in working with FEMA to create the new pilot Disaster Housing Assistance Program (DHAP).

Disaster Housing Assistance Program (DHAP)

On July 26, 2007, FEMA and HUD executed an Interagency Agreement (IAA) establishing the DHAP, a temporary housing rental assistance and case management program for eligible individuals and households displaced by Hurricanes Katrina and Rita. The program is currently being administered through HUD's existing infrastructure of Public Housing Agencies (PHAs). Local PHAs were awarded grants to provide rent subsidies to eligible individuals and households. The designated PHAs will also provide case management services, which will include a needs assessment and individual development plan (IDP) for each family. The objective of the case management services is to promote self-sufficiency for the participating individuals and households. Ultimately, over 40,000 eligible residents displaced by the 2005 Gulf Coast hurricanes will continue to be provided assistance through this partnership with HUD.

Since this partnership began, HUD and FEMA have been working together to transfer information about tenants and their housing situation to ensure that the transition from one agency to another is as smooth as possible. In addition, HUD and PHAs have been aggressively reaching out to families eligible for assistance, sending letters, knocking on doors and calling households to verify information and ensure that no individual falls through the cracks. HUD has also deployed staff members to those cities where the largest numbers of displaced families are currently living.

This is the first time the Federal government has ever carried out such a program. As you may imagine, there are many challenges associated with such a transition. Understanding and clarifying the authorities of each agency, ensuring the right mix of skills and expertise to manage the caseload, and exchanging large amounts of complex data have been among the challenges that FEMA and HUD have faced and resolved, and both agencies are committed to continue to work together to make this new program work.

A Comprehensive, Collaborative Approach to Disaster Housing

There have been many challenges associated with housing a large population for extended periods of time. PKEMRA requires FEMA to develop a National Disaster Housing Strategy (NDHS). FEMA recognizes the need for a comprehensive NDHS, developed and supported by our Federal partners, that will consider types of housing to be used, roles and responsibilities for interim housing versus long term housing, the responsibilities of the federal government versus states and localities, and also other challenges that may exist in implementing solutions

The NDHS will convey national guidance and a vision for providing disaster housing assistance. It will define the roles, programs, authorities, and responsibilities of all entities, detailing shared responsibilities and emphasizing the cooperative efforts between Federal, state, and local jurisdictions required to provide disaster housing assistance. The NDHS will outline the most efficient and cost-effective options for meeting disaster housing needs, and serve as the basis for pre-event planning by all organizations with roles or responsibilities in disaster housing.

The NDHS describes and will address how disaster victims typically move through the continuum of disaster housing as they work to achieve a permanent housing solution. While *sheltering* options are generally available to all affected persons, government-funded interim and permanent *housing* programs have specific eligibility criteria; therefore, not all disaster victims will be eligible for all housing programs. However, the range of program options and alternatives identified within the NDHS will ensure a comprehensive spectrum of viable, available solutions for essential, disaster-related housing needs.

To develop the framework of the NDHS, FEMA initially collaborated with Federal, State, local, and voluntary entities that provide sheltering and housing services to organize information about what can currently be accomplished under existing authorities. Several meetings and working sessions with these partners also focused on serving populations with disabilities, uniformly addressing access issues, special needs, and fair treatment.

The NDHS is under final review in FEMA and will be submitted to Congress by the late spring, before being issued as National Guidance.

FEMA's commitment to improving disaster housing operations can be seen in recent disaster response operations. Following the California wildfires, a Housing Task Force was convened to support local governments by identifying short- and long-term housing options and actions that could be taken to help displaced residents find transitional housing. The task force developed a comprehensive housing plan that included identifying the most heavily impacted areas, on-the-spot registration of shelter populations, analyzing shelter and mass care operations, transitioning applicants to temporary housing, individual case management for applicants with major damage to their primary residences, identifying available rental resources, assessing and assisting special needs populations, and working with local voluntary agencies to identify additional assistance resources. Our response to the recent Tennessee and Arkansas disasters was just as swift and effective.

The lessons FEMA has learned, and the challenges we have faced have served as an impetus to reshape and improve how we deliver assistance. Even when FEMA has faced challenges, we have regrouped, refocused and recommitted to keeping the promise the Administration made over two years ago - helping households recover and re-establish themselves.

Storage and Disposal of Temporary Housing Units:

One of the ways in which FEMA stands ready to assist disaster victims with their housing needs is by pre-staging emergency housing. FEMA currently oversees 15 sites that store manufactured housing units.

Of these fifteen sites, three (Hope, AR, Cumberland, MD, and Selma, AL) have been designated as long-term sites, which hold the majority of the housing units designated for ready response. The projected FY08 budget for the storage, maintenance and security and all other associated costs is \$139 million.

As of February 22, 2008, there were 78,956 travel trailers, 2,174 park models and 12,959 mobile homes in FEMA's inventory. Of these units, 1,716 are operational mobile homes, those that are fully mission capable for immediate deployment for occupancy by eligible disaster assistance applicants.

In 2007, FEMA partnered with the General Services Administration (GSA), to use the normal excess property disposal authorities as well as the exchange/sale program. These programs maximize return on Federal funds and include surplus equipment claims and reutilization by other Federal Agencies, donations to both governmental and eligible non-governmental entities, sales to the general public and the flexibility to report units as scrap. FEMA was successful and reducing its inventory at a rate of approximately 1,112 units per month, recovering over \$58 million in exchange sales.

In July, 2007, however, FEMA temporarily suspended the sales and disposal of recreational vehicles (travel trailers and park models) currently in its inventory while the agency works with health and environmental experts to assess health-related concerns. As a result, FEMA has temporarily suspended the reporting of excess travel trailers to GSA for sales and donations.

FEMA's top priority is the safety of those affected by disaster, particularly those occupying temporary housing units. Based on the results of the recent formaldehyde testing conducted and the evaluation by the Centers for Disease Control and Prevention, FEMA has developed a plan to safely dispose of all travel trailers in its inventory. FEMA is planning to utilize the GSA Scrap/Salvage Program and the Federal Prison Industries programs (trade name UNICOR) to de-manufacture the units.

The use of these programs insures that we are in compliance with Federal law for disposal of Government assets no longer required by this agency to meet our mission goals. GSA has been a successful partner in allowing FEMA to dispose of over 19,000 temporary housing units from January, 2007 to the suspension of sales on July 24, 2007.

The advantages of UNICOR include the following:

- UNICOR facilities located within proximity of FEMA sites;
- Lower transportation costs due to locations and use of organic assets;
- Lower or no cost to government for labor;
- Money received from recycled materials could cover UNICOR costs;
- Processes already in place to provide Federal/State/local hazardous materials management certificates where required;
- UNICOR has space available to store units waiting de-manufacturing; and
- UNICOR can provide 24/7/365 operations.

We are confident that we can dispose of the trailers in an expeditious manner.

I am aware that Chairman Pryor has introduced legislation, S. 2382, regarding surplus temporary housing units stored by FEMA. I assure you that FEMA does have a plan to drastically reduce the numbers of temporary housing units at our storage sites, with the goal of eliminating all but the 3 sites, Hope, AR; Cumberland, MD; and Selma, AL, by 2009.

As I mentioned, Hope, Arkansas is currently designated as a long term storage site. This is in large part because it is strategically located to provide support for the Gulf Coast and other parts of the nation. As of February 22, 2008, at Hope, there are 19,284 housing units, including 11,728 travel trailers that were returned as a result of Gulf Coast residents moving to permanent housing. The remaining units are mobile homes that are part of FEMA's rapid response capability.

The mobile homes located in Hope supported the California wildfires, Oregon and Washington flooding and the Arkansas, Mississippi, Tennessee tornadoes.

Additionally, FEMA partnered with the Bureau of Indian Affairs and HUD and made 1,000 unused mobile homes available to Tribal Governments, pursuant to PKEMRA. While tribes had begun picking up their units, donations are temporarily suspended as FEMA ensures that health concerns of all occupants are addressed.

Formaldehyde

On February 14, 2008, FEMA and the Centers for Disease Control and Prevention (CDC) released preliminary test results and outlined the steps to be taken to provide for the safety and well being of the residents of temporary housing units. CDC's preliminary evaluation of a scientifically established random sample of 519 travel trailers and mobile homes tested between December 21, 2007 and January 23, 2008 in Mississippi and Louisiana found elevated levels of formaldehyde relative to typical levels of U.S. indoor permanent home exposure.

As a result, FEMA has begun to expedite the relocation of residents from temporary housing units to apartments or other alternative housing. As part of the relocation system currently in place, and its expansion, FEMA has committed to:

- Enter into direct contracts with hotels in order to obtain the needed hotel/motel capacity.
- Utilize contract resources to support local relocation.

- Provide food vouchers and stipends for households relocated to hotels without cooking facilities.
- Enter into direct lease agreements with landlords.
- Contract for temporary storage and/or shipping of household property.
- Contract for the boarding and care of household pets for families relocated to hotels or apartments that don't allow pets.
- Provide furniture for rental units by working with Voluntary Agencies where possible, and will purchasing the furniture when necessary.
- Contract for moving teams and equipment to assist in the movement of households with special medical needs.
- Provide additional staff to our offices on the ground to facilitate and manage the expedited relocation of households.

The priority in relocation will be those occupants expressing a health concern and those most susceptible to health risk such as the elderly, households with young children and those with respiratory challenges. FEMA previously announced a plan to close all group sites and relocate residents by June 1 of this year and will continue this activity as part of our ongoing efforts.

FEMA will coordinate with CDC to provide occupants with additional public health information. Specifically, CDC and FEMA teams will visit each of the CDC tested units to provide occupants with the specific results for their home and advise them on a course of action.

In addition, FEMA will provide caseworker assistance to all temporary housing occupants to ensure best access to information and programs that can lead to permanent housing and self sufficiency.

Following the announcement of preliminary findings, FEMA took additional steps today to address health concerns of occupants of temporary disaster housing by awarding a contract to complete follow-on testing of occupied trailers that will be done on request from occupants nationwide. Testing is underway currently. We fully expect that we will address the concerns of disaster housing occupants by providing unit specific information about formaldehyde, so occupants can make informed decisions about their housing options.

Secretary Chertoff and Administrator Paulison have each made it clear that anyone who wants to move out of their temporary housing unit because of health concerns will be offered alternative housing. On July 21, 2007, FEMA established a toll-free number (1-866-562-2381) for formaldehyde-related concerns. Since July, FEMA has processed 7,161 calls in the Gulf Coast. As of February 8, 2008, all of the 4,782 applicants who have requested alternate housing have been offered alternative housing options. Of those, 2,569 have moved into another housing option. 1,333 have refused all housing options. FEMA continues to provide case management services to remaining applicants while they make final decisions about their relocation alternatives.

Additionally, on February 14, 2008, FEMA expanded our formaldehyde hotline hours to be available 24/7 in anticipation of increased public interest due to the announcement of the preliminary results from CDC. Since that date FEMA has received 1,922 calls to the formaldehyde hotline. Of these calls, 1,332 were from applicants still residing in temporary housing units. As has been FEMA's practice since July, every one of these applicants has been offered an immediate move to a hotel or

motel and 285 applicants in the Gulf Coast accepted this offer since February 14 and have been moved to a hotel/motel (data as of 2/21/08).

In the meantime, we are looking into whether mobile homes will play a role, if any, in housing disaster victims in future catastrophes. In addition, the Federal government is examining the merits of pursuing additional standards relating to formaldehyde.

Summary

In summary, we remain committed to managing a housing program that meets the needs of communities and disaster victims. All aspects of our programs today reflect the lessons learned from Katrina and Rita, due processes for registration, the delivery of disaster assistance quickly, and the provision of disaster victims with a broader range of housing options and case management services. We are a more effective partner with other federal agencies and the states. And FEMA is a better steward of the taxpayer's dollars.

The challenges have sometimes seemed insurmountable, and many times, FEMA has stood alone and received criticism, while continuing to carry out our mission in hundreds of other disasters around this country. FEMA remains committed to utilizing the new resources and authorities provided by Congress to assist communities and victims of disasters affect a full recovery. We expect and look forward to continued close collaboration and cooperation with Congress, as well as with our Federal, State and local government, private sector and voluntary agency partners in emergency management. Thank you for the opportunity to testify. I would be pleased to answer any questions you may have.
