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HEARING TITLED
“IS HOUSING TOO MUCH TO ASK FOR?: FEMA’S DISASTER
HOUSING STRATEGY”
BEFORE THE AD HOC SUBCOMMITTEE ON DISASTER RECOVERY
AND THE AD HOC SUBCOMMITTEE ON STATE, LOCAL AND PRIVATE
SECTOR PREPAREDNESS AND INTEGRATION
UNITED STATES SENATE
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Introduction

Thank you Chairwoman Landrieu, Chairman Pryor, Ranking Member Stevens, Ranking Member Sununu and members of the Subcommittee for inviting me to testify on “Is Housing Too Much to Hope For?: FEMA’s Disaster Housing Strategy.”

In August 2005, Hurricane Katrina struck the Gulf Coast area of the United States causing unprecedented and catastrophic damage to property, significant loss of life, and the displacement of tens of thousands of families from their homes and communities. In September 2005, Hurricane Rita hit the Gulf Coast area, adding to the property damage and displacement of individuals and families.

Under a Mission Assignment from the Federal Emergency Management Agency (FEMA), the Office of Public and Indian Housing (PIH) developed the Katrina Disaster Housing Assistance Program (KDHAP) and issued guidance to the nation’s Public Housing Authorities (PHAs) on how to assist public housing residents displaced by Hurricane Katrina.

HUD’s KDHAP provided housing vouchers for evacuee households that were previously receiving public housing and other HUD housing assistance, including homeless people. Under KDHAP, participating individuals and households were eligible to receive rental assistance payments for up to 18 months. These payments were calculated at 100 percent of the fair market rent in any community in the country the evacuee selected, from Portland, Maine to Portland, Oregon. More than 15,000 families received KDHAP voucher assistance.

In December 2005, an additional \$390 million in funds were appropriated by Congress to HUD, under Section 8(o) of the United States Housing Act of 1937, 42 U.S.C. 1437f(o) to provide previously HUD-assisted and homeless families displaced by Hurricanes Katrina and Rita with disaster vouchers. Under this legislative authority, HUD was able to once again partner with PHAs and conduct a successful conversion of KDHAP families to the Disaster Voucher Program (DVP). As a result of HUD's efforts, over 33,000 families have been assisted under DVP.

The Disaster Housing Assistance Program – General Program Description

The Administration has recognized the need for continued coordinated, long-term housing solutions for Gulf Coast residents displaced by Hurricanes Katrina and Rita, and HUD has been called upon to design a program to assist displacees through an Inter-Agency Agreement (IAA) between HUD and FEMA. Last spring, HUD and FEMA announced that HUD will take over long-term rental assistance for approximately 45,000 eligible non-HUD assisted families displaced by Hurricanes Katrina and Rita from FEMA through a demonstration program called the Disaster Housing Assistance Program (DHAP).

DHAP has been implemented in phases. During the first phase, FEMA referred approximately 30,000 families to HUD who were receiving financial or rental assistance from FEMA. One-third of these families did not up-date their contact information with FEMA, and as a result the PHAs, HUD and FEMA have not been able to locate these families to commence DHAP assistance on their behalf. However, should these families subsequently contact FEMA, HUD or

the PHAs in the future; they may receive DHAP assistance at that time, provided they are still eligible for such continued disaster rental assistance.

During the second phase FEMA would refer an additional number of families (not to exceed 15,000) to HUD, many of whom had previously been living in FEMA supplied trailers. To date, the number of families referred by FEMA to HUD under this second phase is 8,765 families. These 8,765 families will be assigned to the PHAs beginning this month.

As a result of recent findings regarding formaldehyde levels in FEMA supplied trailers and FEMA's decision to accelerate the relocation of these families to more permanent housing, HUD will implement a third phase of DHAP to include this group of families. DHAP will be vital for helping these families locate a safe place to live, rebuild their lives, get on a path to self-sufficiency, and have the opportunity to return home.

Under the DHAP, HUD is again using its extensive national network of PHAs to provide housing assistance and case management services to DHAP eligible families. These local PHAs already administer the Housing Choice Voucher Program (HCV), the Department's largest rental assistance program, and as a result have the necessary local market knowledge and expertise to assist families through a tenant-based subsidy program. In addition, through their administration of both the KDHAP and DVP, these PHAs are experienced in working with significant numbers of families that have been displaced by disasters.

DHAP provides a monthly rent subsidy to assist eligible families displaced by Hurricane Katrina or Hurricane Rita. PHAs currently administering the HCV program administer DHAP in their jurisdictions. PHAs willing to participate in DHAP entered into Grant Agreements with FEMA to administer DHAP¹. Rental assistance payments under DHAP commenced December 1, 2007, with pre-transitional case management services beginning for the first group of DHAP eligible families transitioning in September of 2007. Originally HUD and FEMA announced that HUD would assume payments on behalf of DHAP eligible families commencing November 1, 2007, however, as PHAs began the pre-transitional efforts, we determined that family and owner outreach would greatly benefit and the risk of disruption in the flow of assistance payments could be minimized during the transition process by postponing that effective date until December 1, 2007.

To be eligible for DHAP, the family must have been displaced by Hurricanes Katrina or Rita and consequently be either receiving, or be eligible to receive, rental assistance administered by FEMA. FEMA, not the PHA, determines if the family is initially eligible to receive assistance under DHAP. The PHA verifies that a family has been determined eligible for DHAP by FEMA through HUD's web-based Disaster Information System (DIS). DHAP families are required to participate in case management services as a condition of receiving DHAP rental assistance. All family members of the DHAP eligible household are eligible for and will be provided with case management services.

PHA responsibilities under DHAP include calculating the monthly rent subsidy and making monthly rent subsidy payments on behalf of participating families, performing housing quality

¹ See Appendix 1 for a list of participating PHAs.

standards inspections, applying appropriate subsidy standards for families, and determining rent reasonableness for certain units. The PHA is also responsible for terminating the family's participation in DHAP if the family fails to comply with the family obligations of the program. These family obligations include participating in the required case management services component of the program, as well as requirements such as complying with the lease, notifying the PHA before vacating the unit, and not engaging in drug-related or violent criminal activity.

The monthly rent subsidy is based on the higher of the Fair Market Rent (FMR) published by HUD, or the payment standard established by the PHA for the HCV program for the area in which the family's unit is located. In addition, if the family was receiving FEMA rental assistance in the unit immediately before the family's transition to DHAP, the amount of the monthly rent subsidy shall not be less than the FEMA rental assistance payment paid on behalf of the family for that particular unit. In no case may the monthly rent subsidy exceed the rent to owner under the lease.

Family income is not considered in calculating the monthly rent subsidy. A family may rent a unit under DHAP where the rent exceeds the monthly rent subsidy. However, in such cases, the family is responsible for covering the portion of the rent that exceeds the monthly rent subsidy. Tenants are also responsible for any utility costs that are not included in the rent under the lease.

DHAP is a temporary housing assistance program that terminates as of March 1, 2009. In order to prepare the family for the inevitable discontinuation of federal disaster assistance, case management services are provided for the entire duration of DHAP. These case management services include assisting participants to identify non-disaster supported housing solutions such as other affordable housing options that may be available for income-eligible families.

Case Management

During the time the family is assisted under DHAP, each family must participate in case management services provided by the PHA. Case management services are required as part of the DHAP. PHAs report case management outputs and resident outcomes through a HUD web-based tracking system – Tracking at a Glance (TAAG). The system tracks information such as the number of families being served and progress toward self-sufficiency goals. The web-based tracking system is designed for use by case managers to input data as they work with families. The data is compiled by the system to create a case management report for the PHA and HUD.² A technical assistance provider is assigned to each DHAP grantee. Technical assistance providers assist DHAP grantees with software questions and reporting issues. There are currently over 1,200 users within the system.

Regional trainings on the TAAG software were provided in seven cities: Houston, Dallas, San Antonio, New Orleans, Baton Rouge, Atlanta and Memphis. Participants represented over 26,000 DHAP cases, or approximately 80% of all families covered under the program. Follow-up on-site training was provided to all of the 10 largest DHAP grantees. An eighth regional training will be provided following the transition of families from FEMA travel trailers to DHAP

² See Appendix 2 for Emerging Household Characteristics Data from Tracking at a Glance

assistance. In addition, web based training on the TAAG system have been provided and are available on demand to users.

Case management services are either provided in-house by PHA staff or PHAs may contract with another entity to provide these services. The ratio of case managers to participants is 1:50. Regardless of the delivery option implemented by the PHA, the PHA is ultimately responsible for the provision of the case management services; reporting outputs and outcomes to HUD; and documenting that case management services are being provided to the family. If the PHA chooses to contract with another entity for the provision of case management, the Request for Proposals and contract must require the contractor to use the web-based tracking system provided by HUD and ensure that the reported data is valid. There are currently over 600 case managers registered around the country.

Case management services include a needs assessment and an individual development plan (IDP) for each family. The assessment and IDP guide the service provision to the family for the duration of the family's participation in DHAP. The objective of the case management program is greater self-sufficiency for participating families. In cases where families may continue to need rental assistance when DHAP ends, the case management service providers help the family identify other non-disaster supported housing solutions.

Elderly and Disabled

HUD is paying special attention to elderly and disabled residents to ensure they receive services and housing consistent with their needs. HUD expects to have a full count of all DHAP heads of household that are elderly and disabled by March 31, 2008. This will include an assessment of how many will require long-term subsidized or supportive housing. DHAP case managers will work with elderly and disabled residents to increase their activities of daily living, connect those that are able to work with employment, and ensure that they transition into permanent housing as soon as possible.

As part of its 2009 budget request, the Department proposed \$39 million in new budget authority to provide continued assistance for elderly and disabled DHAP participants (Disaster Displacement Assistance).³

This request allows for continued assistance to our most vulnerable populations that were displaced by Hurricanes Katrina and Rita and are currently receiving temporary housing assistance under DHAP. This funding, if provided, will permit HUD to continue to assist these otherwise eligible senior and disabled families when DHAP assistance expires March 1, 2009. The Department is committed to protecting this population since they are most likely unable to recover from such catastrophic disasters.

DHAP Eligible Families

The following two categories of families constitute the vast majority of families that represent the first phase of families to transition to DHAP, with pre-transitional case management services:

³ See Appendix 3 Congressional Justification for 2009 Budget Estimates for Disaster Displacement Assistance

(1) A family that received rental assistance under the Stafford Act from FEMA through FEMA's contractor, Corporate Lodging Consultants (CLC), and FEMA determined the family was eligible for continued rental assistance. CLC entered into a Direct Assistance Program (DAP) contract with owners for units leased by these families.

(2) A family that received rental assistance from FEMA in a privately-owned rental unit, but not through CLC, and FEMA determined the family was eligible for continued rental assistance. In this situation, there no contractual relationship between FEMA and the owner existed.

As noted, earlier this year HUD began working with FEMA to transition the second phase of eligible families to DHAP. These 8,765 families have relocated out of travel trailers and into rental housing in the private market. The families have been added to the DIS and will be uploaded to PHAs on March 14, 2008, to begin case management services. PHAs will execute DRSCs with landlords on behalf of these families effective May 1, 2008.

Phase 3 families will be transitioned, on an on-going basis, to DHAP by FEMA. FEMA is expediting the relocation of residents from FEMA supplied trailers and mobile and home parks to other housing following the preliminary results of the formaldehyde testing conducted by the Centers for Disease Control and Prevention (CDC) in Louisiana and Mississippi. Many of these Phase 3 families will immediately transition to DHAP in their new rental units (as opposed to first receiving rental assistance for an interim period of time from either FEMA or CLC, as is the case with the Phase 2 families). HUD expects to begin receiving the first set of data from FEMA on Phase 3 families beginning March 21, 2008 and will continuously upload these families to DIS as the data is received from FEMA. Unlike Phase 1 families, who started contributing toward their rent beginning March 1st, families under Phases 2 and 3 will have their rent contributions waived through the program's termination on March 1, 2009.

Implementation

The implementation of DHAP is well underway, and HUD has been able to successfully overcome many obstacles to program operations. Amendments to existing policy have been made where necessary to avoid unintended consequences to program participants. For example, HUD developed guidance for temporary bridge payments to ensure there was no disruption in rental assistance payments during the months of December, January and February. (The topic of bridge payments is discussed below). Programmatic changes have been made thoughtfully, yet swiftly to accommodate the evolution of the Disaster Housing Assistance Program. Aside from the many adjustments in DHAP execution, the implementation of DHAP is progressing and going quite well. To date, HUD has:

- Developed Standard Operating Procedures for PHAs that administer DHAP;
- Developed Case Management Procedures;
- Developed the web-based case management software for PHAs – Tracking at a Glance;
- Enhanced DIS (our systems manager for DVP) to include DHAP

- Conducted on-site meetings with PHAs, landlords and advocacy groups in jurisdictions that have the largest number of DHAP eligible families;
- Conducted on-site technical assistance at PHAs to assist in the pre-and post-transition process;
- Conducted six interactive webcasts to provide program information and respond to questions on DHAP from HUD field offices and PHAs;
- Conducted training sessions in seven cities across the country on case management and Tracking at a Glance;
- Developed the Disaster Rent Subsidy Contract and Lease Addendum;
- Developed a Federal Register Notice to apprise the public of DHAP;
- Developed Frequently Asked Questions which are posted on the Office of Public and Indian Housing's Disaster Recovery Resources webpage;
- Worked with the Office of the Inspector General to ensure procedures are in place to safeguard against fraud;
- Together with FEMA, executed 343 grant agreements with PHAs that have agreed to participate in DHAP representing over 30,218 DHAP eligible families.⁴
- Established a referral call center with a toll-free number for families and PHAs seeking additional information.
- Processed bridge payments to ensure a smooth payment transition from FEMA to HUD.
- Developed numerous policy letters.
- Procured a Contractor to assume DHAP project management.
- Formed solid partnerships with industry, legal and advocacy groups to guarantee active PHA participation and ensure that valuable feedback from those groups was incorporated as part of the DHAP program operating requirements, and that appropriate representation is provided to all DHAP families
- Developed a proactive working relationship with advocacy groups in New Orleans to ensure tenant concerns are considered in the implementation and execution of DHAP.

On-Going Day-to-Day DHAP Management

The day-to-day management of DHAP is quite extensive. HUD provides technical assistance and policy guidance to PHAs and field staff on DHAP implementation on a daily basis. Because of the evolving nature of DHAP, and in an effort to improve initial data provided by FEMA, data fixes are a regular part of DHAP operations. HUD has processed several back-end data fixes to repair data elements. Over 10 major reassignments (1000 records or more) have been processed and completed by HUD staff to fix PHA assignment of families as a result of incorrect rental unit address information for families. In most cases families failed to update their rental unit information with FEMA or had subsequently moved. Funding reports,⁵ reports to FEMA that include the number of grant agreements, and funding and leasing information,⁶ fund status

⁴ 30,218 eligible families represent the total number of phase 1 referrals that have been assigned to a PHA. See Appendix 4 for number of families assisted, families in process, families where no contact has been made and those whose participation has been terminated.

⁵ See Appendix 5

⁶ See Appendix 6

reports,⁷ and DHAP payment status reports covering the PHAs with the greatest number of DHAP families⁸ are all generated on a weekly basis.

As part of the day-to-day management of DHAP, HUD also engages in website management including:

- Posting on HUD’s website data and programmatic rules and regulations for DHAP;
- The creation of a DHAP Share Point website creation for HUD internal usage; and
- Share Point Updates performed on a weekly basis.

Barriers to Implementation and Solutions

In the initial developmental stages of DHAP, HUD and FEMA faced structural barriers to implementing DHAP as quickly as the agencies would have liked as a result of limitations imposed under the Stafford Act. DHAP is a pilot program and there were many discussions between FEMA and HUD that sought to reconcile the provision of rental and direct assistance for disaster displaces under the Stafford Act with HUD’s traditional role in providing longer term affordable housing assistance.

An additional unanticipated barrier to DHAP implementation was realized when HUD performed a match of local PHAs throughout the country with locations of DHAP-eligible families and discovered that in some areas there was no PHA eligible or willing to participate in DHAP. To address this situation, DHAP USA was established by the Harris County Housing Authority. HUD asked the Harris County Housing Authority to take on this added responsibility because of its outstanding DHAP operational efforts in Houston, Texas, where the largest concentration of DHAP eligible families currently reside.

Locating DHAP-Eligible Families

Another major challenge faced in the implementation of DHAP has been the difficulty in locating some DHAP-eligible families. Despite extensive efforts undertaken by both the PHAs and HUD, over one-third of Phase 1 families referred to HUD have never responded to outreach and as a result have not transitioned to the DHAP. The steps taken by HUD and the PHAs to make contact with these families are outlined in the section of this document titled, “Due Diligence.”

For other families that did respond, but were not able to complete the transition process to ensure timely processing of rental assistance payments by PHAs to the family’s landlord, temporary bridge payments were made on their behalf. The procedure for making bridge payments is discussed below.

⁷ See Appendix 7

⁸ See Appendix 8

Bridge Payments

Despite best efforts it became increasingly clear during the month of November that some families would not be covered by a DRSC effective December 1, 2007. FEMA consequently directed HUD to take alternative measures in order to ensure that there would be no disruption in rental subsidies paid on behalf of those families not covered by a DRSC during the transition to DHAP in the months of December 2007 and January 2008.

For the month of December HUD determined that many PHAs did not have sufficient time to either complete family outreach efforts or to complete data entry for all of the PHA's families by the HUD imposed deadline for payment processing. In consultation with FEMA, HUD consequently decided to make December bridge payments on behalf of **all** covered families⁹ where the DIS record as of November 21, 2007, indicated that a DRSC had not yet been executed on behalf of the family.

For those families that were previously assisted by FEMA's contractor Corporate Lodging Consultants (CLC) under FEMA's Disaster Assistance Program, CLC made the December bridge payment to the owner of the FEMA assisted unit of record under the existing Disaster Assistance Program/Payments (DAP) contract between CLC and the owner. For families that were previously receiving assistance directly from FEMA, FEMA made the December payment to the family provided the family remained eligible for additional FEMA assistance. Families who moved from the FEMA assisted unit were not eligible for bridge payments.

CLC or FEMA also made a second bridge payment for January 2008 on behalf of eligible families that were not yet under a DRSC and were still residing in their FEMA assisted units. However, the January 2008 bridge payment was only made if the PHA reported that the PHA had succeeded in contacting the family.

CLC or FEMA also made a third bridge payment for February 2008 on behalf of eligible families that were not yet under a DRSC and were still residing in their FEMA assisted units. However, the February 2008 bridge payment was only made if the PHA reported that:

1. The PHA had succeeded in contacting the family; and
2. The family had not refused to comply with the family obligations of the DHAP (including participation in the case management component of the program).

Bridge Payments for the month of March are being made in very limited circumstances at a PHA's request.

Due Diligence

HUD, FEMA and local PHAs have engaged in extensive outreach efforts to contact families who FEMA has determined eligible for DHAP assistance. HUD's Office of Public Affairs ran a

⁹These are families that received either FEMA rental assistance payments through Corporate Lodging Consultants (CLC) or assistance directly from FEMA for the month of November 2007. December bridge payments were not provided on behalf of families where the PHA had completed an End of Participation (EOP) record on the family.

\$150,000 press campaign to apprise DHAP eligible families of the program and to provide them with contact information. HUD and FEMA have mailed numerous letters to families informing them of the DHAP transition and providing them with contact information. As recently as last week HUD and FEMA mailed approximately 4,000 additional letters to DHAP families again reminding them that in order to receive rental assistance they must agree to case management services, locate a DHAP eligible unit and the landlord and PHA must sign a DRSC¹⁰. PHAs in areas where the vast majority of DHAP eligible families are located have also taken numerous steps to contact families. Some of the efforts taken are highlighted below:

New Orleans Area Accomplishments

- ❑ Southern Louisiana (New Orleans, E. Baton Rouge, Jefferson Parish PHAs) area public housing agencies in the New Orleans areas are assisting approximately 5,000 DHAP families and have mailed 5,000 informational DHAP letters to the FEMA families affected by Hurricanes Katrina and Rita;
- ❑ Housing Authority of New Orleans has made over 6,000 repeated phone calls to families (includes reschedules, 2nd and 3rd attempts, etc.);
- ❑ Housing Authority of New Orleans has held DHAP briefings for approximately 2000 families;
- ❑ Housing Authority of New Orleans has held approximately 1000 landlord briefings;
- ❑ Housing Authority of New Orleans has assigned approximately 1000 Housing Quality Standard inspections throughout the New Orleans area;
- ❑ Housing Authority of New Orleans has assigned approximately 1,500 families for one-on-one case management.

Houston/ Harris County Outreach Accomplishments

- ❑ Houston/Harris County area public housing agencies are assisting over 10,000 DHAP families and have created new facilities to implement DHAP;
- ❑ Created DHAP information packets to ensure a smooth transition between public housing agency, landlords and DHAP families;
- ❑ Created case management facilities to assist families in meeting individual goals;
- ❑ Created DHAP DVDs to educate families and landlords on the DHAP program;
- ❑ Public Housing agencies mailed approximately 10,000 informational DHAP letters;
- ❑ Have deployed staff to physically knock on doors at the most recent address on file for DHAP eligible families.

Dallas-Ft. Worth Accomplishments

- ❑ The Dallas/Fort Worth Metropolis has approximately 11 public housing agencies that are assisting families through DHAP. Those 11 PHAs have conducted outreach to over 2,500 families through letters, telephone calls, and by visiting the residences of families who cannot come to them;
- ❑ The Arlington Housing Authority has provided DHAP assistance to families in remote areas in Texas where there are no public housing agencies. The agency is willing to

¹⁰ See Appendix 9 Letter to Families Not Under a DRSC dated February 29, 2008

travel hundreds of miles throughout the term of the program to ensure one family receives the benefits of DHAP.

Conclusion

Like KDHAP and DVP, the Department developed and is implementing DHAP. With the help of our network of knowledgeable PHAs, DHAP will be as successful as its predecessor disaster programs. The Department firmly believes DHAP will help even more families whose lives were so severely affected by Hurricanes Katrina and Rita to find stable, more long-term housing solutions.

On behalf of Secretary Alphonso Jackson, I want to thank you for affording our Department the opportunity to testify on FEMA's Disaster Housing Strategy. We look forward to working with you to ensure that the housing needs of disaster displacees continue to be met.