

**Testimony of Karen Paup, Co Director, Texas Low Income Housing
Information Service, before the Ad Hoc Subcommittee on Disaster Recovery
of the
Committee on Homeland Security and Government Affairs
United States Senate**

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Madame Chairwoman and committee members, my name is Karen Paup and I work as the co director of the Texas Low Income Housing Information Service in Austin, Texas.

For 25 years I have worked to solve affordable housing problems within my state. For the past 20 years, as the co director of the Texas Low Income Housing Information Service, I have worked directly with low-income populations, financial institutions, government agencies and nonprofit organizations to develop model solutions to the delivery of affordable housing to my state's poor. A major portion of my work involves understanding, analyzing and working to make more efficient government housing programs. We work independently yet closely with state and local government agencies to help them improve their delivery of these critical services.

Within a week after Hurricane Katrina struck the Gulf Coast we were working with state government and community organizations to understand the problem we faced and to endeavor to develop an effective programmatic response to the needs of Hurricane Katrina evacuees who we knew would seek temporary shelter in our state. From that point until today my organization has been engaged on a daily basis with hurricane housing issues related not just Hurricane Katrina but also the series of hurricanes that subsequently struck Texas, namely Rita, Dolly, and Ike.

It was with great interest that my organization has watched the deliberations of your Subcommittee over the course of many months. We share shared in your frustration as FEMA delayed producing the required plan. The issues the subcommittee raised in its hearings have accurately reflected what we have seen in Texas as problems with the federal housing disaster assistance program. The Subcommittee's Special Report, which we are here to discuss today, provides us a most valuable look into the decision-making processes within FEMA and HUD.

The findings and recommendations presented in the report would be uniformly embraced by the state and local leaders, community organizations, legal advocates for the poor, social service organizations and hurricane survivors with whom I have worked over the years. Each of the three successive hurricanes to strike my state since Hurricane Katrina have tragically demonstrated that few lessons have been learned or applied to remediate the deficiencies in federal disaster housing assistance.

The one exception has been the decision on the part of FEMA to work with HUD to implement a housing voucher program. My organization was one that called on FEMA to turn over responsibility for HUD to administer a temporary housing voucher program. We did not do so thinking that HUD would oversee all housing recovery programs or even just those for the poor. We simply felt that HUD could do a better job of FEMA in running a temporary housing voucher program.

Yet, both for reasons cited in the Subcommittee Special Report and for other reasons which I will discuss in my testimony the implementation of the temporary voucher program by HUD has fallen far short of providing an adequate temporary solution to the housing needs of persons displaced by the hurricanes.

THE FLAWED PREMISE OF FEDERAL HOUSING DISASTER ASSISTANCE PROGRAMS

The most important thing I wish to convey in my testimony is a finding that is discussed in the Special Report, yet which I do not believe receives sufficient emphasis. I have come to believe that the fatal problem in federal housing disaster assistance is that the programs are primarily designed to help middle income persons recover from disaster and that by their nature these programmatic approaches simply do not work for an impoverished population that lacks the economic assets and earning potential of middle-class households. Federal housing disaster assistance is to a large extent a single programmatic approach when, in order to effectively assist households of different economic circumstances, it should be a series of programmatic approaches each applied based on the individual needs of the particular household through a case-management approach.

I can illustrate this problem with examples from each of the recent hurricanes.

As the Special Report notes Hurricane Katrina primarily impacted Texas with an influx of evacuees principally from Louisiana. Over 200,000 of these evacuees were relocated to Houston. A significant percentage of these evacuees were persons of extremely low incomes. Some had originally lived in public housing but many more lived before the hurricane in low cost privately owned housing that they owned or rented.

The FEMA one-size-fits-all model treated these households as persons who needed short-term temporary housing to tide them over until their original storm damaged homes were rehabilitated. Yet it was clear to those of us in Texas working with these evacuees that the most impoverished families would not be returning to Louisiana in the short term and many would likely not return at all. The critical need was to provide for the long-term integration of the impoverished subset of the hurricanes survivors in Texas into our communities in a manner in which they could obtain permanent, safe and decent housing and be linked to social services and job training resources so that they did not simply swell the already huge numbers of our economic underclass.

FEMA never provided the funding or program structure to allow this to happen.

Every action FEMA took undermined the ability to successfully integrate these households for success in Texas communities. For example, the temporary and tenuous nature of the housing assistance being provided was constantly being communicated by FEMA to the evacuees. Despite the fact that little to no effective effort was being taken to assist in the rebuilding of affordable housing back in Louisiana evacuees were constantly reminded that their stay in Texas was a temporary one. The effect of this was to discourage responsible actions on the part of the evacuees to find permanent housing and jobs in their new communities. FEMA created the psychology of dependency between the evacuees and itself that modern welfare policy tells us is a formula for disaster.

Despite its good intentions and initial success, the City of Houston's Section 403 housing program, which identified large blocks of apartments to house evacuees, created profound social problems that continue until today. The city block leased large numbers of older, poorly constructed, deteriorating apartments within selected parts of the city, which had long suffered from inadequate public services, high rates of crime and delinquency, gang violence and low performing schools. The temporary relocation of large numbers of impoverished families, whose lives were profoundly socially, economically and sometimes psychologically disrupted, into this housing was clearly going to create problems. As the length of stay in these conditions increased, with the subsequent transfer of these households into the Section 408 program, the problems exploded.

With a large influx of low-income evacuees introduced into neighborhoods where crime, delinquency and poverty were already on the rise, conditions quickly became more chaotic and dangerous. Public support for the evacuees, which began at a high level, deteriorated rapidly. An indication of the persistence of this problem can be seen in the decision of the City of Houston to devote all of the funds for long-term disaster recovery received by the City to establishing enhanced police presence in these communities, directed at exploding crime levels, and in dedicating funding for repairing the massive substandard living conditions in these apartment blocks, which mostly existed before the evacuees were relocated there.

The tragedy is that none of this needed to happen. It could have been avoided had reasonable care been taken to not segregate the evacuees into some of the city's worst neighborhoods and if case managers had worked effectively to resettle the evacuees. It could have also been avoided if adequate provision had been in place to make the evacuees stay in Texas a truly temporary one. Evacuees could have been better integrated into the community and could have been more economically and socially successful had FEMA realistically assessed the likely duration of the evacuees stay in Texas and not kept the evacuees in a continual unsettled state by informing them that their housing assistance would shortly terminate.

HUD must also bear responsibility for allowing this situation to continue. HUD knows better than any other federal agency the dire consequences of economic over-concentration of the poor and racial segregation in housing. Yet it continued to

allow its contractors to administer the DHAP program, serving these populations in segregated environments.

The breakdown of the FEMA model in dealing with low-income people can also be seen in our experience in Hurricane Rita. In this instance I can best illustrate the problem by telling the story of one hurricane survivor household.

The household is comprised of a 78-year-old woman and her 96-year-old husband who is a stroke victim. They have lived in the Texas Gulf Coast community of Port Arthur all of their lives. He was employed in low-wage jobs on ships and she worked as a maid and taking care of other people's children. In the 1950s they acquired a lot and built a home on their own, as they were able to accumulate money for materials. The construction of the home took place over several decades. It is a very modest home that probably suffered at the time of Hurricane Rita from some deferred maintenance issues. Their total income is small Social Security checks. She collects cans for recycling to supplement their income.

Hurricane Rita peeled off the roof of the house, toppled a tree onto the house, lifted the house slightly off its foundation and shifted it. The insurance company allowed only \$10,000. Lacking legal resources to appeal the insurance award the woman simply accepted the settlement offer.

The 78-year-old woman made regular trips to the FEMA field office to try to obtain assistance. FEMA staff informed her that she would need to expend her \$10,000 insurance settlement to repair the home before being eligible for additional housing repair assistance of \$5,200 through FEMA. She was offered no assistance in determining how to expend the \$10,000. Lacking any experience with contractors she contracted with an individual to "put a new roof on and do some work on the foundation."

After the work had been done she contacted a faith-based organization to request additional housing repairs. In performing a work write up on the home inspectors from the faith-based organization concluded that she had become the victim of a contractor swindle. The roofing work which had been done to the home was never permitted or inspected and was not done in conformance with wind code standards. The "foundation work" on the home was worthless and the house remains un-affixed to a permanent foundation and situated on a rakish angle. In essence, the \$10,000 insurance settlement was wasted for lack of information about the type of repairs that were needed and an inability to secure a competent contractor.

After spending her \$10,000 the woman recounts that she visited the FEMA field office to request additional housing repair assistance and was told that in order to obtain assistance she would have to solicit and obtain three written bids from contractors. She tried repeatedly to obtain bids but said that local contractors were unwilling to provide a written bid unless they were guaranteed that they could have the job. Frustrated, and with the roof continuing to leak and mold continuing to grow on the inside of the house and floors buckling she shifted her efforts to

obtaining a trailer. She describes a long and difficult process of waiting for FEMA to locate a travel trailer on the back of her lot.

When I met her it was almost 3 years after the hurricane and she had no plan for how she was going to get her home repaired. FEMA was pressing her to move out of the travel trailer because of concerns about formaldehyde. She was resisting moving because all of her possessions were stored inside the home and she was convinced if she did not live on site the house would be broken into and she would lose all of her things.

This case illustrates the failure of FEMA policies to accommodate the needs of poor and elderly households who lack the resources and sophistication to secure home repairs without assistance.

The initial levels of damages to this house were such that they probably could have been repaired for less than the maximum statutory damages available under the FEMA program. The repairs certainly could have been made for the combined \$5,200 maximum repair grant, her \$10,000 insurance settlement and the cost of providing the travel trailer for many months. The failure to secure repairs in a prompt manner resulted in water infiltration into the house that drove the repair costs beyond the allowed levels. Delay in securing repairs to the house doomed this family. Today the house is considered unsalvageable.

This story is quite common among the homes of the poor damaged in Hurricane Rita. The tattered blue tarps installed by Army Corps of Engineers years ago and still in place today are testimony to the large number of homes in the same situation.

The civilian/military repair sweep teams originally called for in the 2002 FEMA plan and reiterated in the 2005 FEMA plan as reported in the Subcommittee Special Report (pages 228-229) would have been highly effective in dealing with situations such as this one.

The "blue tarp program" in which contractors for the Army Corps of Engineers place blue plastic tarps on the roof of homes damaged by hurricanes is in many cases the only tangible benefit, in terms of housing repairs, that FEMA provides to many low-income homeowners. As far as the program goes, it is effective. But as I have noted many if not most of the low-income homeowners do not get assistance with home repairs beyond the installation of the tarps.

Hurricane Rita also brought to light that a huge number of lower income Gulf Coast Texas homeowners did not have homeowners insurance. The estimate of the Texas governor's office in its "Texas Rebounds Report" chronicling the damage caused by Hurricane Rita and reporting information for the Texas Department of Insurance was that 70 percent of the homes destroyed or suffering major damage in the hurricane had no homeowners insurance.

Federal housing assistance programs under FEMA are predicated upon the assumption that private homeowners insurance will bear a substantial part of the

cost of rebuilding or replacing the damaged home. Yet given these figures, that is clearly not the case. And the situation has only grown worse in light of the continuing round of hurricanes that have struck the region, further driving up the cost of insurance. Texas now has the highest homeowners insurance rates of any state, with other Gulf Coast states following close behind. We have seen in our work that most of the low-income homeowners cannot afford to maintain insurance. With typical minimum insurance coverage premiums in the range of \$1200-\$1400 per year an elderly, low-income Social Security beneficiary would typically have to devote two months of her income simply to pay insurance costs.

A federal disaster housing assistance program, predicated upon an assumption that substantial assistance will be provided through homeowners insurance is clearly not going to be successful in aiding this population to recover from a disaster.

The failure of FEMA housing disaster assistance to provide for the needs of a low-income survivor population was once more made clear to us in the wake of Hurricane Dolly, which devastated large numbers of low-income owner occupied housing units located within the impoverished "colonias" of the Texas Rio Grande Valley.

These communities contain owner built single-family housing units constructed by extremely low-income households and located outside of municipal boundaries and constructed in irregular manners that often do not fully comply with contemporary building codes. Texas has tens of thousands of such housing units both along the Texas Mexico border and now extending into rural and ex-urban areas across the state. Many of these communities are located close to the coast and in flood plains that make them particularly susceptible to natural disasters. As is the case among the low-income and elderly populations in Southeast Texas, very few have homeowners insurance.

Hurricane Dolly resulted in substantial wind damage to the roofs of these structures and subsequent rains caused additional damages.

As these low-income homeowners sought assistance from FEMA many found that they were routinely denied assistance by FEMA inspectors. The inspectors cited as the reason for denial the "pre-existing condition" of the homes. In other words, the owner-builders of the homes, in building their houses did not apply building standards of sufficiently high quality or use proper materials to guarantee that the houses would likely survive the wind damages of a hurricane.

I have attached to my testimony (Appendix A) the pleadings from a lawsuit against FEMA filed on behalf of a number of low-income homeowners who were denied assistance on this basis by FEMA. Advocates on the behalf of the families have repeatedly sought from FEMA documentation regarding the agency's policy for denial of assistance on the basis of the "pre-existing condition" of the applicant's home. So far FEMA has refused to provide any documentation concerning such a policy.

As was the case with the low-income families whose homes were damaged by Hurricane Rita in Southeast Texas, these low-income victims of Hurricane Dolly in far south Texas have been placed in a situation in which their homes are rapidly deteriorating to the point of being unsalvageable because of the denial of prompt and modest assistance by FEMA.

There is some indication that similar practices have been applied by FEMA to victims of Hurricane Ike within the city of Houston. We have heard, and the committee notes in its Special Report (page 208) that a very high number [according to the City of Houston 118,000] of families who registered for FEMA assistance were determined to be ineligible. We have been informed that the basis for denial includes both "insufficient damage" as well as "pre-existing conditions." We agree with the City that the solution offered to the family deemed ineligible to appeal their determination is not realistic and that FEMA needs staff on the ground to correct errors, identify missing and required information and explain eligibility determinations.

Hurricane Ike has offered more evidence of the deficiencies of federal disaster housing assistance for families of low income.

Based upon the experiences with low-income homeowner populations in Hurricane Rita the State of Texas, the City of Houston, faith-based organizations and housing advocates all pressed FEMA to allow for the quick establishment of a program we called "Windows Doors and Roofs." Since so much of the damage related to Hurricane Rita occurred as a result of water infiltration, not from flooding but rain over a period years as the homes awaited repairs, we felt that the ultimate cost of home repairs could be greatly reduced if roofs were replaced along with windows and doors to prevent additional water infiltration. While the blue tarp program administered by the Army Corps of Engineers was effective for a limited period of time, it was not an adequate solution to defer additional damages caused by rains that take place over the months and years necessary to secure the permanent repair of the home.

I raised these concerns and pressed for this program as a participant in the State-Federal Disaster Housing Task Force as did representatives of the State of Texas, other advocates and faith-based organizations. The Houston mayor's office met directly with leaders of FEMA to request that the City be allowed to carry out this program utilizing City funds that would be reimbursed by FEMA. FEMA either never responded or rejected all of these requests. The basis for FEMA's rejection was that FEMA had no statutory authority to enter into a contract to reimburse a state or local government for carrying out repairs to the homes of individuals.

Another area of FEMA policy that has directly frustrated long-term recovery efforts in the field of housing came to light in the wake of Hurricane Ike. We first observed in Hurricane Rita that the damage estimates reported by FEMA inspectors were at wide variance with those reported by local and county officials in regard to the number and extent of damage to homes. Having accurate damage estimates is

obviously vital to Congress as it considers allocating CDBG funds to the states for home repairs, but is vital in other respects as well.

The failure of FEMA inspectors to gather the accurate and complete damage estimates necessary to determine the cost of housing repairs, coupled with the resistance of FEMA to disclose this data to state and local governments has produced disastrous results in the wake of Hurricane Ike. The State of Texas housing agency asked our organization to participate in the Joint State-Federal Hurricane Housing Task Force meetings in the aftermath of Hurricane Ike so that we could assist the state in developing long-term housing recovery strategies for low-income homeowners and renters. Our initial task was to identify the extent of housing damages incurred by low and moderate-income households eligible for the CDBG housing assistance provided by Congress to Texas. There are two basic pieces of information required for the planning process: the income of the affected households and estimates of their housing damages.

Working with a faculty member in the Community and Regional Planning Program at the University of Texas at Austin, Dr. Elizabeth Mueller, we sought to obtain the information from the reports compiled by FEMA inspectors; however, we were unsuccessful, with the result being that today decisions are being made to allocate the \$1.3 billion in CDBG disaster assistance in Texas without any accurate information regarding housing rebuilding needs.

While FEMA collects detailed information on the income of households applying for assistance it refuses to share the information with the State because of "privacy concerns." We argued that we did not need personally identifying information but simply information at the census tract level to no avail. After some negotiation we were successful in obtaining reports from FEMA on applicants for housing assistance at the county level. Yet because of the state's decision to allocate funds to local jurisdictions this data was not useful because we were not able to determine within each municipality the income of applicants requesting assistance and the amount repairing their homes would cost. Further, we were never able to obtain useful information from FEMA regarding the extent of damage to housing as determined by FEMA inspectors.

The result has been an allocation process that has produced disastrous results for the survivors of Hurricane Ike who suffered housing damage. The State was not able to provide any reliable data regarding housing needs to the regional entities the State tasked with allocating funding between housing, infrastructure and economic development activities. County and city officials used the lack of information about housing needs as an excuse to reduce funding levels for housing repair and to emphasize public works and economic development activities in the place of housing. I have attached an administrative complaint to HUD Secretary Donovan in which we recount this situation. (See Appendix B.)

All of these problems: the mismanagement of the relocation of Hurricane Katrina evacuees within Houston and other large Texas cities, the inability of low-income

families to obtain repairs to their homes and the huge suffering that this has caused in Hurricanes Rita and Dolly and now the misdirection of the \$1.3 billion of CDBG funds for Hurricane Ike recovery are all attributable in large part to FEMA's failure to apply an appropriate set of standards in dealing with the housing needs of low-income hurricane survivors.

My second major concern, which is also well documented in the special report, relates to the premise of federal disaster policy that, where feasible, state and local governments should take the lead in response and that "State and local governments are closest to those impacted by incidents, and always have the lead in response and recovery." (See page 3 of the Special Report).

While I certainly agree in theory that local control of disaster response makes sense, in the real world there are a number of problems with relying so heavily on local governments in particular to be able to provide housing assistance. In many Gulf Coast states like Texas local governments, and especially in counties and smaller local communities, have little if any experience in the provision of housing. Many do not even accept that it is their proper role to provide housing assistance directly to individuals. In such instances it is important that there be federal programs available to assist families who reside in such jurisdictions, and especially low-income families who cannot otherwise recover.

The reliance of several Gulf Coast states on local units of governments to allocate levels of funding between housing, public infrastructure and economic development activities places low-income hurricane survivors in a bad position. In some cases the local governments do not fund housing assistance because they feel themselves unable to manage programs in an area with which they have no experience. In other cases we believe local governments exclude funding for housing or reduce funding as a way to engage in a new form of urban renewal by removing or diminishing the number of low-income families from their communities. This has profound Fair Housing implications as well.

Because local funding decisions regarding the allocation of disaster recovery funds will always tend to favor public works and economic development activities over direct housing assistance it is vital that the Section 403 and 408 FEMA programs maximize the amount of housing assistance that is provided to disaster survivors. We believe that in the case of Hurricanes Rita, Dolly and Ike a very large number of the homes of low-income households could have been restored to habitability within the maximum funding levels available under these programs had FEMA elected to provide immediate and direct housing repairs. This would be even more so the case if funds under the temporary housing allowance were allowed to be used to also pay for housing repair.

OTHER OBSERVATIONS AND COMMENTS ON THE SPECIAL REPORT

In reaction to specific information and findings in the Special Report, I offer the following additional observations and recommendations based on my experience.

1) Congress should consider reducing the suffering and long-term displacement of elderly and disabled households in the wake of natural disasters by providing for an automatic assignment to those households who desire it a permanent Section 8 Housing Choice Voucher in instances where the cost of rehabilitating their home would exceed a certain threshold. (See Special Report page 151).

2) Congress should consider formally directing FEMA to establish civilian/military repair sweep teams to repair both owner occupied and rental occupied housing for re-habitation. It may be necessary to increase the amount of funds that FEMA can spend to assist an individual household with repairs. Yet the provision of timely repairs to housing units will greatly reduce the government's long-term cost in terms of temporary housing and CDBG disaster housing assistance requirements. (See Special Report pages 228-229).

3) The Section 408 housing assistance requirements related to duplication of benefits result in significant delays and financial barriers to getting the homes of lower income families repaired in Texas. In its effort to prevent duplication of benefits, FEMA has created a significant need for gap financing which is not always available. Gap financing needs have arisen primarily as a result of individuals receiving assistance from one of three sources: FEMA, private insurance or small business administration loans. Some individuals used FEMA funds designated for "housing repair and/or housing replacement" to cover long-term rental costs after FEMA's initial disbursement of designated rental assistance was exhausted. FEMA is now stating that covering longer-term rental costs is not an eligible use of the funds.

FEMA's correspondence with storm victims began with an initial letter that stated, "If you cannot live in your home because it was damaged or destroyed by the disaster, the money you receive from FEMA may be used for your emergency housing needs." The letter provided no limitation on use but did indicate that additional information can be found in the brochure "Help After a Disaster," which should have been mailed to applicants after the storm. However, many persons did not receive the booklet that contains a more restrictive list that FEMA is now using as a guideline.

If a survivor used FEMA funds for anything not on the more restrictive list in the applicants guide, it must be deducted from the amount of assistance the survivor can receive and thus causes a gap in what it takes to make their home livable or to provide them a new home. In cases where the applicant has an extremely low income they have no source for repaying these funds. As a result, they are put on hold until that gap is closed. The amounts range from as little as \$19 to \$10,500 in Texas. The average amount is about \$2,000. The solution is for FEMA to allow all expenses related to recovery from the storm without considering such expenses to be duplication of benefits. This policy is discussed but not explored in detail on page 56 of the Special Report.

4) The Special Report discusses the need for casework and an established casework system within FEMA. I strongly agree. We would expand upon this recommendation

by suggesting that low-income and elderly households are in special need of a consistent single caseworker contact at FEMA and in particular during the transition process between Section 403 and Section 408 programs. (See pages 253, 403 and 408 of the Special Report).

5) While the report implies that the problems with existing FEMA programs are largely confined to large-scale disasters I doubt this to be the case. Certainly large-scale disasters have made problems worse for the general population of FEMA clients. It is our belief, however, that FEMA programs are fundamentally flawed regardless of the size of a disaster as they are applied to low-income homeowners and low-income renters. (See page 132 of the Special Report).

6) The \$50 monthly increases associated with the DHAP Program is cited in the report as an incentive to encourage households to move out and seek non-FEMA subsidized housing. The decision to impose the monthly increase should be based on a case-by-case evaluation under a case management system. For the very poor and especially the elderly and disabled there may simply be no affordable housing present within the community. These monthly increases will have no other effect than to drive these households into homelessness. (See the Special Report page 145).

7) I feel it is important to praise FEMA for their decision to deny the request of the State of Texas and certain local communities within the state for access to travel trailers, which have been shown to have unacceptable levels of formaldehyde, to house Hurricane Ike survivors. Considerable political pressure was placed upon the agency to agree to make these trailers available if the potential occupants would agree to sign a waiver of liability. This was a completely inappropriate request on the part of state and local governments to place families in situations hazardous to their health. This is one instance in which FEMA made a clearly appropriate determination. (See Special Report page 170).

8) The interviews with local and state government officials contained in the Special Report beginning on page 190 concerning the great effectiveness of faith-based and nonprofit organizations is fully reflected in the Texas experience. To date, a great majority of the homes repaired for low-income Hurricane Rita survivors have been repaired not with public funds but through the efforts of faith-based organizations.

Through the Federal-State Joint Housing Task Force the State and the advocacy community repeatedly urged FEMA to establish better coordination between its services and resources and the faith-based/nonprofit communities. We reported on instances in which a failure to coordinate resulted in repairs being wasted or done over. Once again, an effective case management system in which decisions were made to direct particular households to faith-based/nonprofit providers with demonstrated capacity is what is called for. Furthermore, protocols need to be established within FEMA to allow for the direct reimbursement to faith-based and nonprofit organizations for the cost of building materials used as part of voluntary labor programs to do home repairs for hurricane survivors. Existing sources of

funds are said by the faith-based/nonprofit community to be accompanied by so many restrictions that few if any of these organizations seek to access the funds. This greatly limits the numbers of households that can be assisted.

9) I concur with the suggestion included in the Special Report that public housing authorities be allowed to apply for Section 406 funds when HUD and insurance funds prove to be inadequate to restore public housing developments damaged in disasters. Public housing is essential housing for the poorest of the poor who have no alternative in the private market. Bringing this housing back online and making it available to those families in an expeditious manner will save on temporary housing costs as well as reduce the suffering of the families. (See page 182 of the Special Report).

10) The Alternative Housing Pilot Program coordinated by FEMA is discussed only briefly on page 119 of the Special Report.

The Texas experience with administration of this program has to date not been particularly successful. The competitive selection process undertaken by FEMA resulted in a housing approach being selected for Texas that represents a prefabricated, flat packed house that can be erected quickly. Unfortunately, the appearance of the structure is that of a mobile home. Community acceptance of this housing has been difficult to secure. This has frustrated the implementation of this test model.

Working with the State of Texas, the Texas Society of Architects, Chase Bank and a leading Houston nonprofit housing provider, Covenant Communities we have been coordinating a local initiative to develop an alternative housing pilot program within the state known as the Texas Grow Home Project. The goal was to design a modular or prefabricated house compatible with existing residential neighborhoods which could be built at least partially in a factory setting, away from the disaster area, trucked to the home location and quickly erected by semi-skilled labor all within six weeks of the disaster. The project called for a two-bedroom model of the house to be capable of being produced for no more than \$65,000. Eighty-two designs were submitted by Texas architects. Homes based on the three winning designs will soon be constructed in Port Arthur, Texas. We hope that this effort will overcome the shortcomings of the designs of the house model awarded Texas under the FEMA Alternative Housing Pilot Program.

11) Finally, I would like to share thoughts on the appropriate role of HUD in federal disaster housing assistance.

I continue to feel that HUD is the appropriate agency to run temporary housing voucher programs in the wake of disasters. I have doubts, however, if HUD's role can be significantly expanded beyond that without greatly increased levels of funding and expertise.

The fact is that HUD does not "run" housing programs. Instead it contracts with other entities, most notably public housing authorities, local units of government

and occasionally nonprofits to oversee and produce housing. The quality of administration by public housing authorities of their programs varies widely from jurisdiction to jurisdiction. As the report notes, there are clearly jurisdictions in which public housing authorities have become dysfunctional and incapable of administering programs, most notably in this case New Orleans. Furthermore housing authorities are often plagued with local political constraints upon their ability to undertake housing programs that promote desegregated housing opportunities and comply with fair housing law.

The Galveston Housing Authority is a case in point. Hurricane Ike heavily damaged the housing authority's stock of public housing. In a letter dated February 5, 1997 (Case File No: 06--95-03-002-340) the US Department of Housing Office of Fair Housing and Equal Opportunity found the Galveston Housing Authority to be in statutory noncompliance with the Civil Rights Act of 1964 relating to the "siting, location and acquisition of housing."

HUD has not been particularly successful in undertaking case management efforts through its public housing contractors. The example of this is the "family self-sufficiency program" which is intended to develop plans to encourage public housing residents to obtain jobs and move out of public housing.

As the Special Report notes HUD has done a particularly bad job in getting its own existing housing stock back online in the wake of a disaster. This certainly does not bode well for it to assume additional responsibilities.

As a housing advocate I have long complained that the principal problem with HUD is that it is starved for financial resources. Yet the nature of disaster housing provision requires an agency to immediately gear up and administer large amounts of previously unavailable funding. HUD relies upon local and state governments public housing authorities and nonprofit corporations to deliver product. As I have noted earlier the political desire and the competency on the part of local governments within my state to administer housing programs varies widely from jurisdiction to jurisdiction. Relying on this type of infrastructure to primarily provide housing assistance would likely leave many people homeless.

Once again I would like to thank the Ad Hoc Subcommittee for inviting me to provide my views upon this excellent Special Report.