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Testimony of Bill White
Mayor of Houston
Before the Senate Homeland Security
Subcommittee on Disaster Recovery
The Honorable Mary Landrieu, Chairman
September 23, 2008

Hurricane Ike hit the Houston metropolitan area, one of our nation's largest, with hundred mile an hour winds, a massive storm surge, and left us with the tasks of cleaning up tree-strewn streets and restoring our power and water and wastewater utilities.

With neighbors-helping-neighbors and mobilization of resources at all levels of government, we are coming back. But thousands have been left homeless, over a third of the people in the metropolitan area still do not have power, and our local governments must meet payrolls with massive amounts of needed overtime in the next ten days. Walls of debris line most thoroughfares and streets. The financial and human resources of our local governments have been stretched to the maximum.

A strong Houston region is important for the United States. We produce over fifteen percent of our refined products, and forty percent of our petrochemicals. Houston is home to the nation's largest port by volume.

In Houston, Harris County, Galveston County, Fort Bend County, and many of the smaller municipalities in those counties, we pride ourselves in running government efficiently and with

integrity. We spent money wisely. We neither encourage nor perpetuate policies creating dependency for those capable of working.

We support our fellow Americans when they need our help. As you know, Texas supplies one out of every twelve Americans who have served our nation in combat and the wars of Iraq and Afghanistan. We staff the Johnson Space Center. We train and provide the home for the largest concentration of management and professionals in the worldwide energy industry. Our medical center, our nation's largest, was put at this nation's disposal during hurricanes Katrina and Rita, when we had to provide the basic hospital-based medical care for much of the coastal region of the United States stretching from south Texas to Mississippi with little federal reimbursement.

We worked to provide initial shelter for hundreds of thousands of Americans at the time of Katrina. We received one tenth of one percent of all federal grants made to state and local governments for housing and community development even though we provided apartments to approximately one hundred thousand evacuees in southern Louisiana for more than a year after Katrina. We had to raise private funds to make-up for the many shortfalls. Because federal funds at that time were allocated based on where the storm hit rather than based on where the evacuees lived, our citizens bore much of the burden for policing, uninsured health care, and many other needs of those who still live among us who sought refuge from devastated areas. We were told that those funds were allocated to the places physically damaged by the storm, not where the Americans hurt by the storm chose to live afterwards.

Now we have been hit directly and we need the federal government's financial help.

I have some good news about the federal response. President Bush, Secretary Chertoff, Administrator Paulison, and the most senior members of FEMA and the Corps of Engineers have all been accessible to direct requests made by state and local officials. In the coming days both our residents and local governments will need checks and wire transfers in addition to the phone calls and websites.

We ask you, we beg you, to customize the federal authority for agencies so they can tailor their response to the nature of the disaster, and the capability of our local government. Harris County is home to more people than 23 states and Houston alone is bigger than 16 states. Both the city and county have strong and cohesive local government entities who manage hands-on relief efforts. Please, please, let the City of Houston and Harris County and our school districts receive direct financial and other assistance from FEMA and other agencies. That allows those state emergency professionals to deal with rural areas and those which require more human resources from state government. Congress has recognized some different division between state and local responsibilities in New York than it has in many other states, and we ask that you do so for the nation's fourth largest city and one of its largest counties.

Please allow FEMA to adopt a pilot program embedding FEMA auditors and personnel within the local governments so they can make any review or comments on accounting control and procedures contemporaneously, rather than the enormous burden and uncertainty posed by eight layers of review and second-guessing years afterwards. With respect, it is disrespectful to

suggest that our track record for efficiency or integrity is somehow more suspect than FEMA or HUD or others who may second-guess us after the fact.

Please give the FEMA Administrator the direction and discretion to allow advances in the segregated accounts for funds needed to meet local obligations rather than relying on a cumbersome reimbursement procedure. We did this for part of our locally-administered housing program in the wake of Katrina, and it worked well. Because of the crisis in municipal credit markets and because some of the devastated area, such as Galveston and Jefferson Counties, could have a significant portion of their property tax reduced, these kinds of advances of funds are essential to avoid delays in the recovery efforts.

Advancing the funds early helps us reduce delays. And any delay is very costly. A delay in patching a roof can result in the permanent loss of the structure, raising the federal cost. Please eliminate the requirement that those getting grants for repairs for uninsured losses rendering structures not functional be rejected for loans from the SBA. This requirement, still in place last week, delayed by months disbursements to those whose houses were destroyed following Katrina.

In the City of Houston there are well over some thousands of homeowners and vendors with severe roof and structural damage. Please make available a program of individual assistance in the form of housing vouchers for those whose owner-occupied residents were rendered not functional. We also need a short-term transitional program for those who lost their apartment and all or much of the contents of those apartments. A substantial amount of the more

affordable, but less durable, apartment stock was rendered uninhabitable in the affected Texas counties.

Giving vouchers to both homeowners and apartment dwellers, which could be used for either rent or converted into down payments, will allow the citizens of a free society to determine where they live and how they live and will provide market incentives for new construction.

Please be forewarned that this kind of initiative will be fought by levels of public housing bureaucracies, consultants, and fee-based developers who know how to “work the system” to get federal grants and tax credits. But it is administratively simple and it works. And it is far cheaper for Houston than a system of trailers or hotels for apartment dwellers.

Other devastated areas, such as Galveston and Beaumont, may have different perspectives. But let FEMA craft the program with local authorities who will administer it.

A housing program should also be flexible enough to cover much of our single-family residential stock which is uninsured in our lowest income neighborhoods, where families of individuals who have died without wills or divorced spouses have lived in houses for many, many years, paying property taxes, even though title has never been cleared. The legal process for clearing that title is long and expensive. If somebody had lived in a single-family residence and been paying the property taxes on those residences, they should be able to sign some simple affidavit showing they had been in beneficial possession, and show they have paid property taxes. In that circumstance, we can insist that the money actually be used for the home repair, to avoid blight in some of our neighborhoods if houses need to be abandoned because we can't fix damaged

roofs fast enough. Every week that goes by when we cannot get repairs many thousands of residents with roof damage will condemn those houses which will experience mold damage whenever there are rains coming in.

The Corps of Engineers Blue Roof program should be made more user-friendly. It should apply to both owner-occupied and rental properties. The forms should be available online. People don't put holes in their roof just to get a free government patch. The standing operating procedures for this program require people show up in person at various sites and fill out forms in hard copy.

Please allow the FEMA Administrator to enter into agreements in principle with local government entities concerning the method for calculating payment for incremental expenses of public safety expenditures and debris. Both with Tropical Storm Allison and Hurricane Rita FEMA fought with the City of Houston for reimbursement for much debris removal expenditure because FEMA said we could not identify wooded waste and damaged carpet and other things as being attributable to the disaster, rather than "normal." The fact is that trees and water-damaged household goods don't come with identification numbers and we did not video tape every household in the middle of the hurricane. The principle for debris removal and public safety should very simple: for a period of time after a disaster there should be payments for incremental expenses incurred above budgeted levels and levels before the disaster. In Houston we adopted a budget on July 1 and we stick to that budget. We are fiscally disciplined and believe we are at least as efficient and honest as any federal agency. We know how much heavy waste we ordinarily remove. We can measure the incremental volumes following the storm by

volume. It will not all be cleaned up in 72 hours, or two weeks. We won't try to shift a penny of "normal" budget to the federal government.

The sheer volume of storm debris is extraordinary. The contractors were chosen on a sealed-bid competitive process. Also FEMA should pay local government entities who use public employees and equipment in addition to debris removal contractors. After Hurricane Rita we determined that contractors who were tied up with Katrina-related work would charge far more for debris removal than if it was done by the City of Houston itself. Some FEMA personnel told us that we would be more likely to be reimbursed if we used a contractor charging a high rate rather than City employees using a lower rate. And our claim was repeatedly rejected for that reason.

There are many, many families with citizens who are simply struggling to get by on a low wage or retirement check. Many of those live in residences valued at \$50,000 or less. In a number of cases the electric wiring in utility attached to the house connecting to the electrical power and distribution system has been destroyed. FEMA allowed \$500 for reimbursement for this property damage for houses in an Oklahoma ice storm. A house without electricity is not functional or habitable in modern America. FEMA rules and regulations concerning home repair should recognize that homes without power are not habitable.

Public schools, hospitals, police stations, fire stations and a number of other public facilities have been damaged and must be repaired. FEMA personnel, perhaps with the assistance of the General Services Administration, should within one week of today review the competitive

bidding procedures, which are dictated by state law. We also can select design/build teams competitively. FEMA needs to agree to procedures by which disbursements of funds can occur directly to properly selected vendors to insure the rapid recovery of these public facilities. Slow payment narrows the field of contractors and inflates cost estimates.

At the time of Katrina FEMA reimbursed based on Project Work Sheets. There were at least eight levels of review of these worksheets. Then money was disbursed, but not to the local government entity incurring the expense. Since there is extensive legal regulation of municipal contracting procedures, and since fraud or collusion would be a criminal violation, and since the contracts for design or construction are set forth precisely the obligations of each party, including payment by the municipality, there is no need for multiple levels of “review” for federal reimbursements for the reconstruction of public facilities. By eliminating these levels of review we would also eliminate the associated overhead costs of public employees and contractors.

In short, we are asking Congress to act expeditiously to both appropriate money to ensure quick recovery after Hurricane Ike, and to streamline the process for payments due to displaced households, people whose residence have been damaged, and public entities.

We understand the quick actions now contemplated to preserve the integrity of our financial system when major institutions collapsed and risked a large credit contraction. We ask that you act with the same sense of urgency in both making authorizations, appropriations, and allowing FEMA executives to streamline these procedures. Residents in our area feel that the nation may forget the aftermath of Hurricane Ike because governmental response avoided some of the

immediate hardship of Katrina and the Wall Street crisis pushed us out of the headlines. But property damage estimates for Ike may rival. And citizens of Texas and Louisiana whose homes are unlivable should not receive less help because we acted promptly to give them shelter, out of the glare of cameras.

We have confidence that Administrator Paulison and Secretary Chertoff will try to accommodate reasonable local requests if they have support under federal law and needed appropriations.

Please help us with language and the appropriate congressional reports or statutory language that would allow federal executives to make decisions based on the circumstances of this hurricane and the individual circumstances of local communities and the governments. We will back them up if some mid-level lawyer or inspector general criticizes them after the fact for departing from some standard operating procedure that does not make sense in context or some dysfunctional interpretation of statute. We need you to back them up too.