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# Disaster Housing Investigation Recommendations

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FAR FROM HOME:  
DEFICIENCIES IN FEDERAL DISASTER  
HOUSING ASSISTANCE AFTER  
HURRICANES KATRINA AND RITA AND  
RECOMMENDATIONS FOR IMPROVEMENT

SPECIAL REPORT

PREPARED BY THE

AD HOC SUBCOMMITTEE ON DISASTER  
RECOVERY

OF THE

COMMITTEE ON  
HOMELAND SECURITY AND  
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## RECOMMENDATIONS

These recommendations are a result of this Subcommittee's investigation and the findings discussed throughout this Report. For too long, reform proposals, including those made by FEMA and the previous Administration, have been offered, but not followed through to completion. For these recommendations to have any beneficial effect, FEMA, HUD, or the appropriately charged Agency should be required to report on their compliance or progress with any adopted recommendations no later than six months from the issuance of any orders within the Executive Branch or legislation resulting from Congressional action on these matters.

FEMA's failure to develop and implement adequate housing response plans and programs that could be utilized in a catastrophe was a major contributing factor in the inadequate housing response to Hurricanes Katrina and Rita. To prevent repeating the mistakes and missteps of the past, these recommendations to increase the number and effectiveness of programmatic options for post-disaster housing and to integrate these options into operational plans so that pre-disaster preparedness insures prompt and effective post-disaster response should be adopted.

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**Recommendation 1: Establish a Standing Rental Repair Program and Corresponding Stafford Act Authority.** FEMA's disaster housing response, relying heavily on trailers, proved less healthy, cost effective, livable, or humane than rental housing would have been for intermediate and long term housing recovery needs. The efficacy and accuracy of FEMA's legal interpretation barring use of rental repair authority under the Stafford Act in Hurricane Katrina has been called into question. The shortage of available rental housing undermined FEMA's Section 403 and Section 408 apartment programs. This shortage also worsened the housing problem for first responders as well as for workers critical to any community's ability to recover from a disaster, such as policemen, firemen, doctors, teachers, nurses and others. Calls for HUD to play a greater role in future intermediate and long-term disaster housing recovery efforts as well as efforts to increase rental stock and affordable housing in disaster stricken areas will be hindered unless reforms creating extensive rental repair authority are achieved.

- 1. Stafford Act Authorization to Conduct Rental Repair.** Section 408(c)(4) of the Stafford Act must be amended to expressly authorize rental repair in catastrophes. This amendment must authorize use of the Disaster Relief Fund (DRF) for such repairs.

2. **Adhere to Cost-Effectiveness Standards.** Eligibility for rental repair under Section 408(c)(4) should continue to require a showing that the cost of repairs and duration of the housing made available by repairs is superior to alternatives such as manufactured housing. If the current cost effectiveness standards are an impediment to implementation of rental repair, consideration should be given to adjusting the standards.
3. **PKEMRA's Pilot Rental Repair Program Must be Made Permanent.** Section 689(i) of the Post-Katrina Emergency Management Reform Act (PKEMRA) established a rental repair pilot program, which expired on December 31, 2008. Given the need for post-disaster rental repair, the program must be made permanent. FEMA must comply with its March 31, 2009 deadline for reporting on the pilot program so that the Agency's recommendations can be promptly considered. If HUD is given the lead role for the permanent housing, as contemplated by the final National Disaster Housing Strategy, HUD must have access to all necessary funding through the DRF to accomplish housing repair for public and private housing in the event of a catastrophe.
4. **Private Sector Roles and Safety Standard Protections.** The Rental Repair Program should identify and describe how landlords and apartment associations would be eligible for repair assistance as well as how contractors and other repair companies would qualify for repair work. Safeguards to insure that repaired housing is suitable for living should be required to protect against substandard housing conditions in disaster recovery efforts.
5. **Eligibility Should Include Ongoing Disaster Recovery.** Legislation authorizing the Rental Repair Program should make the Program available to house victims of presently declared disasters, including but not limited to Hurricanes Katrina, Rita, Gustav and Ike as well as the 2008 Midwest floods. This is consistent with FEMA's recognition in prior drafts of the National Disaster Housing Strategy that rental repair would increase housing stock to meet the continuing shortage in the Gulf Coast. It would also add to stock needed to house those currently receiving assistance under DHAP programs.

**Recommendation 2: HUD Must Prepare a National Post-Disaster Housing Stock Plan and Have Direct Access to DRF Funding if Post-Disaster Housing Responsibility Increases.** Several authorities, including the White House in its 2006 report on Hurricane Katrina, have called for HUD to play a greater role in future disaster housing response. FEMA, in its final Strategy, has now for the first time assigned HUD lead responsibility for permanent post-disaster housing. While HUD has institutional advantages in meeting this responsibility, calls for an expanded HUD role fail to address two major shortcomings: planning for housing stock needs and access to funding. If the same voucher-based Disaster Housing Assistance Program (DHAP) model is utilized in future catastrophes, as is recommended by FEMA in the final Strategy, assistance could be necessary for hundreds of thousands, not just thousands. Voucher programs such as DHAP do not provide actual housing. They provide only assistance for structures that already exist. Katrina demonstrated that the Federal Government does not have sufficient inventory to meet housing needs in a catastrophe.

As FEMA now acknowledges, trailers are not a viable option in every disaster, especially for renters. The needs of each particular displaced population in a given disaster must be contemplated in connection with Agency determinations regarding what tools will best meet the given need. If HUD is given the lead responsibility for permanent post-disaster housing as FEMA now calls for, addressing housing stock needs and access to funding is essential. Without resolution on these two issues, future needs will not be met.

**1. National Housing Stock Plan.** HUD should be required to draft a National Housing Stock Plan corresponding to each of the 10 FEMA designated disaster regions throughout the country. This plan would be utilized in coordination with any expanded use of HUD's DHAP program and housing databases. All planning implementation will operate concurrently with FEMA assistance after a disaster declaration and should include a set of specific deadlines:

- **Within 30 days after the occurrence of a catastrophe,** FEMA and HUD shall determine the approximate number of displaced individuals, the number of damaged or destroyed units of housing, and assess potential need for DHAP modeled voucher programs.
- **Within 45 days after the occurrence of a catastrophe,** FEMA and HUD shall institute plans for rental repair assistance and the transition from immediate shelter

assistance to available intermediate housing as it comes online.

- **Within 60 days after the occurrence of a catastrophe**, if a determination is made that housing needs are likely to continue beyond 18 months, HUD shall institute interim housing plans utilizing DHAP modeled voucher programs to place recipients in housing as identified and planned for through the National Housing Inventory Database. Use of DHAP programs will require matching needed assistance with sufficient housing stock.

Section 403 Stafford Act Assistance, as described in Recommendation 4, may continue as needed throughout execution of any intermediate housing response implemented as a result of this plan.

2. **National Federal Housing Inventory Database.** FEMA, in its final Strategy, describes several governmental housing stock inventories and databases, including HUD's National Housing Locator System (NHLS), which was launched in January 2006. There is also mention of homes owned by USDA, HUD and other Federal Agencies, the National Shelter System (NSS), and the FEMA Housing Portal, which consolidates rental resources and uses HUD's NHLS to provide consolidated housing information to disaster survivors and FEMA staff. These housing inventories and databases are insufficient to meet the demands of the types of housing needs created after Katrina, and must be consolidated into one Federal database that catalogues all available housing throughout each agency in the Federal Government. This database should indicate any housing stock deficiencies and identify likely housing shortfalls that will need to be supplemented in the event of a disaster. As with the Housing Stock Plan, the database should be coordinated to divide assessments along the 10 FEMA designated disaster regions throughout the country and must certify a continually updated catalogue. The database should be utilized in conjunction with housing and disaster response plans to anticipate and plan for any private market contracting needed to meet housing shortfalls in identified regions. While the final Strategy indicates that a Federal housing database is being developed, it is not clear whether the database is ready for use in response to a disaster.
3. **Expanded Use of Hazard Mitigation Funding.** In the final Strategy, FEMA states that mitigation funding saves four dollars

for each dollar spent. The use of hazard mitigation funding should be expanded, with HUD, FEMA, State and local government participation that would supplement and support HUD post-disaster housing responsibilities. The Stafford Act should be amended in coordination with adoption of the National Housing Stock Plan to require that FEMA and HUD, for each of the 10 FEMA designated disaster regions, set aside additional funding to be available prior to a disaster declaration for application by State, local, and private actors to plan and construct a proportion of housing designed to reduce injuries, loss of life, and damage or destruction modeled after the mitigation programs authorized under Sections 203 and 404 of the Stafford Act.

**4. Disaster Relief Fund Access and Funding Requirements.**

Pursuant to Recommendation 4, after a catastrophic declaration, use of the DRF for housing recovery expenditures, including without limitation implementation of housing plans and rental repair, should be taken out of exclusive control by FEMA and DHS and placed in joint control under FEMA and HUD. HUD should have authority to utilize DRF funding for all necessary repair, housing stock, and other housing recovery needs deemed necessary pursuant to its Housing Stock Plan.

**Recommendation 3: The Feasibility of Expedited Repair Sweep Teams and an Expanded Role for the Department of Defense Must Finally be Determined.** The repair sweep option, with collaboration between FEMA and the Army Corps of Engineers, was part of FEMA's final Strategy and a feature of FEMA's pre-Katrina planning in 2002, 2004, and 2005. This option has been proposed for 7 years but was not implemented after Katrina. FEMA and the Corps should jointly study the feasibility of the expedited repair sweep option and report to Congress on whether such teams can be formed and deployed to restore readily repairable property with greater effect and less cost than current alternatives. Likewise, use of the military for housing purposes should be studied. *Posse Comitatus* and other legal restrictions, as well as the military's national security commitments, will have to be taken into account in determining the feasibility of including the military in disaster housing response.

**Recommendation 4: The Stafford Act Must be Amended to Provide Enhanced Assistance for Catastrophic Disaster With a Catastrophic Designation.** The Stafford Act should be amended to create a category designation for extended and modified authorization for assistance in catastrophes. The statutory catastrophic disaster designation would limit the extension of Federal housing authority to disasters that cannot

currently be effectively addressed under the Act. The amendment would provide the President with authority to declare a catastrophic disaster, which would expand Federal authority and support for housing assistance and include the following provisions.

- 1. Eliminate Public Assistance Cost Shares and Reimbursement-Based Assistance Following a Catastrophic Disaster.** In the final Strategy, FEMA repeatedly recognized that restoration of public infrastructure and services is the foundation for individual housing recovery. In order to provide State and local governments the ability to restore needed governmental services such as sewer, water, debris removal, and the necessary civic functions needed to permit individuals to return to their communities, and to begin rebuilding housing, the cost share for public assistance should be eliminated so that the Federal share will be 100 percent for all instances in which the President declares a catastrophic disaster. This amendment would eliminate administrative requirements that State and local governments receive public assistance only on a reimbursement basis for work already performed in catastrophic disasters. This is essential to enable local governments to restore and provide needed services such as funding for repair and reopening of schools and city services needed to make return to home communities feasible for residents.
- 2. Authorize Extended Emergency Shelter Under Section 403 of the Stafford Act.** In the event of such a catastrophic designation, Section 403 of the Act should be amended to permit extension of the duration of Section 403 emergency shelter programs if: (1) the President declares a catastrophic disaster, or (2) FEMA determines that transition into Section 408 assistance is not practicable, or (3) FEMA otherwise determines that such an extension is necessary to meet post-catastrophe housing needs. An extended emergency shelter phase would give FEMA more time to plan for applicability and eligibility determinations needed in transition to Section 408, DHAP or HUD permanent housing assistance and would give individuals more time to find housing that would not require government assistance, reducing the number of people who would ultimately need these forms of interim or long term assistance.
- 3. Increase the Amount of Post-Catastrophe Financial Assistance for Individuals and Households Available Under Section 408.** FEMA noted in the final Strategy that persons with special needs and low incomes have needs which may exceed the financial limits

of existing programs. The maximum amounts available under Section 408 for repair, replacement, and overall housing assistance for individuals should be amended to increase statutory limits on the amount of this assistance by a set amount, and permit the President to waive limits entirely, if a catastrophic disaster is declared. Such payments would continue to be subject to insurance set offs.

4. **Extend the Time Period for Section 408 Assistance for Catastrophic Disaster.** The time period for all Section 408 assistance should be extended from 18 months to at least 36 months where necessary, with Presidential discretion for further extension, upon the declaration of a catastrophic disaster to eliminate the need for repeated extensions of the Section 408 period that occurred in Katrina.
5. **FEMA Should be Authorized to Waive, Modify, or Streamline any Regulatory, Administrative or Policy Procedures in the Event of a Catastrophic Disaster.** Section 301 of the Stafford Act, which allows waivers of administrative conditions upon request by State and local authorities, should be amended to provide FEMA broader authority to waive, modify or streamline non-statutory conditions and procedures without first receiving a State or local request. The Act should also be amended to provide the same authority to all other Federal agencies engaged in post-disaster housing assistance.

**Recommendation 5: FEMA Must Expedite and Complete Needed Administrative and Institutional Reform to Correct Deficiencies in its Post-Katrina Disaster Housing Response.** Housing needs after Katrina exist over three and a half years since recovery efforts began. Though Hurricanes Katrina and Rita were unprecedented in their destruction, FEMA and the federal housing response fell well short of what citizens in the Gulf Region needed. Policy decisions and Stafford Act interpretations accounted for some of these problems. Contracting, insufficiently trained personnel, internal coordination and communication shortcomings also obstructed needed assistance. While in the final NDHS FEMA acknowledges many of these problems, the Agency needs to expedite and complete needed reforms if it is to improve its housing response capabilities. If FEMA is to play a successful role in future catastrophic housing response missions, reform must continue beyond what has already begun.

1. **FEMA Must Conduct a Comprehensive Cost-Effectiveness Study of All Housing Options.** In Annex 1 of the final Strategy

FEMA's list of Federal programs includes general estimates of cost and efficiency. FEMA should build on these estimates to provide more specific cost-effectiveness studies of all available housing options so that policy makers and State and local governments can make informed decisions about which programs to develop and use. For each program, FEMA should present assessments of cost per person or per unit, estimated duration of the housing solution provided, and the viability of the program in various geographies and disaster scenarios.

2. **FEMA Should Have a Well Trained Catastrophic Disaster Reserve Workforce.** All FEMA, HUD, and relevant Agency employees and reserves, including those temporary employees, contractors and others FEMA will necessarily rely on to provide post-catastrophe assistance, should be trained so that they are fully informed on FEMA and all other Federal programs and procedures. This will reduce the post-Katrina problems of inconsistent and incorrect statements on policies and assistance that have been reported during this investigation at all levels of those affected by FEMA's housing response. Further, training should include education on the practical, logistical and psychological challenges of providing assistance in a post-catastrophe environment with participation of higher level management.
3. **FEMA Should Improve its Post-Disaster Communications Capacities With Individuals in Need of Assistance.** The Agency needs more, and better trained, telephone helpline workers and benefits processors. The number of offices and personnel in disaster stricken areas should be increased to allow more direct contact with individuals in need. FEMA, either through its own employees or through other agencies, non-profits, or private sector companies, should have enough trained case workers to effectively manage the housing needs of individuals who will need ongoing assistance.
4. **FEMA Should Correct the Shelter Deficiencies Identified in the Final Strategy.** The final Strategy identifies deficiencies in shelter networks, communications and intergovernmental hosting agreements. FEMA is the responsible Federal agency at the shelter stage of housing response and should lead efforts to correct these deficiencies.

**Recommendation 6: The Policy and Planning Proposals FEMA Began Must Be Completed and Implemented.** The final Strategy starts but does not finish much of what must be put in place prior to another catastrophe if the mistakes of the past are to be avoided in the future. Many of the final Strategy's constructive proposals need to be developed beyond initial stages so that they can be used on a large scale in response to a future catastrophe.

1. **FEMA, HUD and HHS Should Implement a Comprehensive Post-Disaster Case Management and Individual Support Program.** The final Strategy recognizes the need for case management and identifies several programs, but does not state whether these have been integrated into a national comprehensive case management system that can serve the needs of large numbers of displaced persons after a catastrophic disaster. The three agencies identified in the Strategy as responsible for case management, FEMA, HUD, and HHS, should develop such a case management system. Case management services should address housing, employment, financial, medical and counseling needs of disaster victims, and be sufficiently staffed with trained personnel to meet periodically with victims. A related issue is disaster victim access to services and resources near post-disaster housing. According to the final Strategy, FEMA will be receiving recommendations on this question. FEMA should report to Congress within six months on (1) the development of a comprehensive case management system, and (2) the recommendations it receives on "wrap-around" services.
2. **Improve Assistance for Special Needs and Low Income Populations.** In Annexes to the Strategy, FEMA acknowledges that few programs exist which address these particularly vulnerable populations and that the needs of these groups may exceed the financial assistance available. While implementation of other of these recommendations would improve assistance to the vulnerable populations in many respects, FEMA and HUD should conduct a study to determine whether there are other forms of assistance necessary to address the needs of these populations.
3. **FEMA Should Simplify its Policies, Procedures, and Regulations for Catastrophic Disasters.** FEMA should be required to complete its internal audit of its regulations, programs and policies. In the final Strategy, FEMA stated that such a review is ongoing. In view of the fact that it has been over three and a half years since Katrina, FEMA should be required to complete

this review and reported to Congress within six months. While some procedures are required to insure accountability for the distribution of governmental assistance, this review must be completed to modify, streamline, and eliminate harmful or erroneous regulations, policies, and programs to meet post-catastrophe needs, including: (1) reform of public assistance application and worksheet procedures so that such assistance is provided more rapidly with less administrative process; (2) reform of the transition process from Section 403 assistance to Section 408 assistance, focusing on measures which eliminate erroneous eligibility determinations; (3) simplification of the Section 408 recertification process so that the timing and paperwork required for recertification are realistic for post-disaster recipients; and (4) creation of a single accurate database of information provided by disaster recipients to eliminate repeated submissions of identical information.

**Recommendation 7: Operational Plans for Post-Disaster Housing Must be Developed, Implemented and Tested.** The operational and implementation planning that is essential for disaster preparedness has been left by the former Administration to the current Administration, because the final National Disaster Housing Strategy delegates this planning to a Task Force that does not yet exist. In leaving these essential catastrophic planning components for a yet unformed Task Force, FEMA has ignored its own advice and recommendations on housing, including its recognition of the need for such a plan and its acknowledgement that its programs are insufficient for catastrophic response.

FEMA should develop a Catastrophic Disaster Housing Plan. This is perhaps the most significant gap in post-disaster housing response preparedness, as during this investigation, many current and former officials agreed that the post-Katrina response would have been more effective if an operational catastrophic housing plan had been developed and implemented in advance of the storm. The Catastrophic Disaster Housing Plan should supplement or replace the FEMA housing programs which are not effective in catastrophes so that disaster recovery officials at all levels of government will have clear guidance regarding the programs they should implement and procedures they should follow in responding to catastrophes. These plans must be implemented and refined through periodic training and testing exercises. To the extent such exercises reveal deficiencies, plans and responsibilities should be changed to correct them. FEMA should accompany proposed implementation and exercise proposals with specific budgetary requests.

