



UNITED STATES GENERAL ACCOUNTING OFFICE
WASHINGTON, D.C. 20548

C96871 *[Handwritten signature]*

RESOURCES AND ECONOMIC
DEVELOPMENT DIVISION

B-167790

DEC 31 1975

096871

BEST DOCUMENT AVAILABLE



The Honorable
The Secretary of Housing and
Urban Development

Dear Madam Secretary:

During a survey of the current status of the postdisaster recovery effort, necessitated by Tropical Storm Agnes in Pennsylvania in June 1972, we noted a problem which we believe needs your attention. More than 3 years after the disaster, many families were still housed in mobile homes provided and maintained by the Federal Government as temporary housing. We believe that this and other long-term Federal involvement in temporary-housing programs indicate a need for the Federal Disaster Assistance Administration (FDAA) to revise its policy and procedures for providing such housing to victims of disasters.

As a result of the flooding, 20,333 Pennsylvania families required temporary-housing assistance. A temporary-housing program was started by your Office of the Assistant Secretary for Housing Management under a mission assignment delegated by the Office of Emergency Preparedness, now FDAA, in accordance with the Disaster Relief Act of 1970, as amended (84 Stat. 1744). The table below shows that, since the disaster, the number of families occupying temporary housing has been considerably reduced.

<u>Fiscal year ended</u>	<u>Families occupying temporary housing</u>
June 1973	7,688
June 1974	1,974
June 1975	480

RED-76-58

702636 **096871**

In June 1975 almost all the 480 families resided in HUD-owned mobile homes in the Wyoming Valley, Harrisburg, and Williamsport areas of Pennsylvania.¹

The costs of operating the Wilkes-Barre Disaster Housing Management Office (DHMO), the office administering HUD's temporary-housing mission in Pennsylvania for this disaster, are shown below.

<u>Fiscal year</u>	<u>Federal cost</u> (millions)
1973	^a \$107.6
1974	11.1
1975	2.8
1976(note b)	1.1

^aThis includes \$60.7 million for the purchase of mobile homes.

^bEstimated.

Under normal circumstances, decisions on where to live and the type of housing to obtain are usually made by each family and depend on income and family size. In a disaster situation, however, when housing is damaged or destroyed, assistance is often needed to help victims acquire housing and other essentials. Such assistance is available from a variety of Federal, State, and private agencies.

The Disaster Relief Act of 1970 and the Disaster Relief Act of 1974 (42 U.S.C. 5121) indicate that State and local governments should be responsible for assisting disaster victims. The Federal Government's role is to assist State and local governments in carrying out their responsibilities.

The Disaster Relief Act of 1974 authorizes the Federal Government to provide temporary housing, free of charge, up to 1 year and to charge a fair-market rental (adjusted to the victim's ability to pay) for such housing after the initial year. There is no specific time limit in the law for the Federal Government's operation of temporary housing.

¹By October 31, 1975, HUD had reduced the number of families occupying temporary housing under the program to 188.

After Tropical Storm Agnes and other disasters, the Federal Government provided temporary housing to those in need. In doing so, the Federal Government retained management and financial responsibility for operating and maintaining temporary housing until the disaster victims obtained permanent housing. On several occasions some disaster victims did not find permanent housing for a considerable time after the disaster. For example, HUD was maintaining temporary housing for about 45 families in Man, West Virginia, as a result of a disaster which occurred in February 1972. Also HUD operated temporary housing for 4-1/2 years after a February 1971 disaster in Greenville, Mississippi.

Of the 82 Federal temporary housing programs for disaster victims begun since August 1969 and completed through September 1975, 12, or nearly 15 percent, were operated for more than 18 months.

State and local governments are primarily responsible for providing both emergency and permanent assistance to disaster victims. Accordingly, we believe that FDAA should establish policies and procedures for seeking commitments from these governments for (1) assuming greater responsibility for the operation and maintenance of temporary housing and (2) planning and obtaining permanent housing for such victims.

One means available to FDAA for getting State and local governments more involved in providing temporary housing and in planning and obtaining permanent housing for disaster victims would be to limit the duration of Federal temporary-housing assistance. FDAA could determine the extent and duration of the Federal Government's operation of a temporary-housing program on the basis of (1) a disaster's severity and (2) the financial capacity of a State or local government to assume responsibility for the operation of such a program. After the 1-year rent-free period, as authorized by the 1974 act, and any additional reasonable period as determined by FDAA, management and financial responsibility for a program could be transferred to the affected State.

Under the 1974 act, FDAA has authority to sell, or otherwise make available, to State and local governments temporary-housing units which the Federal Government has purchased for housing disaster victims. If the Federal Government has a policy of transferring the financial

and management responsibility for providing temporary housing to State and local government after a reasonable period, those governments should have greater incentive for assisting the victims to obtain permanent housing.

We made our survey at the HUD regional and area offices and the FDAA regional office, Philadelphia, Pennsylvania; the HUD DHMO and the Wilkes-Barre Housing Authority, Wilkes-Barre, Pennsylvania; the Luzerne County Housing Authority, Hanover Township, Pennsylvania; and the Luzerne County Redevelopment Authority, Kingston, Pennsylvania.

REMAINING PROBLEMS WITH HOUSING VICTIMS
OF TROPICAL STORM AGNES DISASTER

HUD records showed that on June 27, 1975, 480 Pennsylvania families, who were victims of Tropical Storm Agnes, still needed permanent housing. All but three families were occupying HUD-owned mobile homes in HUD-managed parks or on private sites. The majority, 399 families, were located in the Wyoming Valley where HUD still operated four mobile home parks. The remainder were located in the Harrisburg and Williamsport areas. DHMO's relocation report of June 27, 1975, categorized the housing plans of these families as follows:

<u>Housing plans</u>	<u>Wyoming Valley</u>	<u>Harrisburg-- Williamsport</u>	<u>Total</u>
Buy HUD mobile home	18	12	30
Return to preflood home	35	3	38
Buy or build home	119	16	135
Private rental	48	23	71
Government-subsidized housing	179	24	203
Plans unknown	-	3	3
Total	<u>399</u>	<u>81</u>	<u>480</u>

At the time of our review, DHMO officials expected many of the 480 families to remain in temporary housing for some time, because of (1) a shortage of low-income private rental housing in the Wyoming Valley, (2) the delays in local redevelopment authorities' acquiring victims' flood-damaged homes, and (3) the large number of families desiring low-income, federally subsidized housing and the relatively few units of such housing available. No firm estimate was available as to when all the 480 families would obtain permanent housing.

BEST DOCUMENT AVAILABLE

Until these families find permanent housing the Federal Government will continue to operate and maintain the temporary housing.

The largest category shown in the table above were those families that needed subsidized housing. About 75 percent of those included in this category needed family housing, and about 25 percent needed elderly housing. DHMO officials told us that permanent housing, under construction and planned, should be sufficient to house those elderly families that need housing. Those needing family housing posed more of a problem because Government-subsidized housing, planned by local housing authorities, might not be sufficient to house all the families needing such housing. Most of those needing family housing--131 families--were located in the Wyoming Valley area.

DHMO is relying heavily on the 426 low-rent family housing units planned and under construction by the Luzerne County and Wilkes-Barre Housing Authorities to satisfy the needs of its low-income Wyoming Valley tenants. The Luzerne County Housing Authority had constructed only 110 units of new low-rent family housing since the Tropical Storm Agnes disaster but planned to construct 226 additional units. The Wilkes-Barre Housing Authority had 90 units under construction at the time of our field work; these units were completed late in the summer of 1975.

Temporary-housing occupants were only a part of the applicants on waiting lists for Luzerne County and Wilkes-Barre projects. In August 1975 there were about 700 families on the Luzerne County waiting list for the 226 family units planned. The Wilkes-Barre Housing Authority's waiting list included 220 families applying for its 90 family units. About 920 applications were on file with the two authorities for the 316 units planned or under construction. These applications may have included some duplications from applicants who sought housing from both authorities.

It seemed highly unlikely that all 131 Wyoming Valley families would be accepted for the 316 units since so many other families were also waiting for these units. Further, as of October 6, 1975, construction had not started on 226 of the 316 units, and HUD officials told us that it would be at least another year before families in temporary housing could move into these units.

Relocation to permanent housing for some families was being delayed by the lengthy acquisition process associated

with HUD-sponsored disaster urban renewal projects managed by local redevelopment authorities. On June 30, 1975, 57 families still lived in HUD mobile homes because local redevelopment authorities had not completed acquisition of their flood-damaged homes. Of these 57 families, 33 intended to construct new homes with the money received from selling their flood-damaged homes to the redevelopment authorities. These families could remain in HUD mobile homes until settlements are reached with the redevelopment authorities and their new homes are built.

Most of the delays in settling with these families involve disagreements over the pre-flood value of the damaged homes. Under Pennsylvania law the local redevelopment authorities acquire damaged homes at their pre-flood value. Homeowners may then use the proceeds to buy or build new homes. Almost all the delays we noted involved homes being acquired by the Luzerne County Redevelopment Authority.

HOUSING FUTURE DISASTER VICTIMS

When a disaster occurs, there is a need to provide prompt and responsive assistance to the victims. The Disaster Relief Act of 1974 indicates that Federal disaster assistance is intended to supplement assistance provided by State and local governments. The 1974 act states:

"* * * (b) It is the intent of the Congress, by this Act, to provide an orderly and continuing means of assistance by the Federal Government to State and local governments in carrying out their responsibilities to alleviate the suffering and damage which result from such disasters * * *."

FDAA rules and regulations issued to carry out the 1974 act restate the congressional intent and emphasize the supplementary nature of Federal-disaster assistance as follows:

"* * * (a) It is the policy of the Administrator to provide an orderly and continuing means of supplementary assistance by the Federal Government to State and local governments in carrying out their responsibilities to alleviate the suffering and damage that result from disasters * * *."

Under FDAA regulations, responsibility for obtaining permanent housing rests with the disaster victims themselves. To a large extent, the ability of victims to find permanent

housing may be influenced by the actions of the States and localities. For example, local housing authorities determine when, where and how much subsidized housing is to be constructed, and who should occupy such housing, within certain limitations.

The 1974 act requires that, in areas affected by major disasters, Federal agencies give priority and immediate consideration--during periods prescribed by the President--to certain applications for public facility and public-housing assistance submitted by public bodies under a number of Federal acts. The President normally instructs Federal agencies to give priority to processing such applications for not more than 6 months after a disaster declaration. Applications submitted for low-rent housing under the United States Housing Act of 1937, as amended (42 U.S.C. 1430), must be given such priority.

Under the present FDAA policy, there is little incentive for the States and localities to make timely decisions to provide permanent, subsidized housing, since the Federal Government bears the managerial and most of the financial responsibilities for temporary housing for as long as victims are in need of housing and are unable to obtain permanent housing. We believe that, because State and local governments are primarily responsible for assisting disaster victims residing in their areas, FDAA should seek commitments from State and local governments to assume greater responsibility for providing temporary housing to disaster victims.

To obtain greater State and local government involvement in providing temporary-housing assistance to disaster victims, limitation should be placed on the extent and duration of Federal assistance. After the initial 1-year rent-free occupancy authorized by the 1974 act, and any additional period justified by the severity of the disaster during which fair-market rental (adjusted to the victims' ability to pay) is charged, management and greater financial responsibility for temporary housing could be passed to the affected States. The 1974 act authorizes any Federal temporary-housing units, acquired by purchase, to be sold or otherwise made available to the States for providing temporary housing to victims of emergencies or disasters. A Federal policy calling for transferring financial and management responsibility for providing temporary housing should give States and localities greater incentive to initiate permanent housing programs to meet the needs of their displaced residents.

Among the measures included in the 1974 act, to foster State and local involvement in disaster preparedness planning, were grants to encourage the development of comprehensive State disaster preparedness and assistance plans. States are eligible for grants up to \$250,000 "for the development of plans, programs, and capabilities for disaster preparedness and prevention." These plans are to include detailed State programs for providing emergency and permanent assistance after disasters.

An FDAA official told us that as of October 16, 1975, all the 57 States, territories, possessions, and other eligible jurisdictions had applied to FDAA for these grants. FDAA had approved grants totaling \$10.9 million on that date to 44 of the applicants.

Disaster preparedness planning presents an opportunity to encourage greater State participation in the responsibility to house displaced residents. The roles of the Federal, State, and local agencies for housing disaster victims could be clearly defined in these plans. More specifically, commitments could be obtained from the States for assuming more responsibility for providing temporary housing to disaster victims and in resolving their permanent-housing needs. Provision for the actual assumption, by a State, of the management and financial responsibility for a temporary-housing program--after its establishment and operation by the Federal Government for a reasonable period--and the State actions to be taken in resolving the disaster victims' permanent-housing needs could be included in the agreement which the Governor of an affected State and the appropriate FDAA regional director enter into, soon after a disaster, to describe how Federal aid will be made available.

CONCLUSIONS

The Disaster Relief Act of 1974 indicates that the Federal Government's role should be one of supplementary assistance to State and local governments in carrying out their responsibilities. With respect to housing, the Federal Government's role in many past disasters has been to provide temporary housing to victims until permanent housing was found. In several past disasters, this has taken considerable time--in one instance more than 4 years.

Disaster victims must find permanent housing for themselves, but State and local communities frequently influence its availability by their actions. For this reason, we

believe that FDAA should establish a policy that calls for it to seek commitments from the States and local governments to assume more responsibility for providing temporary housing and for meeting the needs of their residents for permanent housing.

RECOMMENDATIONS

We recommend that you require the Administrator of FDAA to:

- Establish a policy limiting the duration of Federal temporary-housing programs to a maximum period determined for each disaster on the basis of (1) the severity of a disaster and (2) the capability of a State to fulfill the responsibility for providing such housing.
- Seek commitments from States--to be included in their disaster preparedness plans approved by FDAA--for their participation in (1) assessing the needs of their residents for temporary- and permanent-housing assistance following disasters, (2) assuming the financial and management responsibility for providing temporary housing, after the expiration of a period to be determined by FDAA for each disaster, and (3) planning for obtaining any permanent housing needed to insure the timely resettlement of their residents.

We would appreciate being advised of the actions you take or plan to take with regard to the matters discussed in this report. Should you wish to discuss these matters in more detail, we would be pleased to meet with you or with members of your staff. We appreciate the cooperation given our representatives during this survey.

We want to invite your attention to the fact that this report contains recommendations to you which are set forth above. As you know, section 236 of the Legislative Reorganization Act of 1970 requires the head of a Federal agency to submit a written statement on actions taken on our recommendations to the House and Senate Committees on Government Operations not later than 60 days after the date of the report and the House and Senate Committees on Appropriations with the agency's first request for appropriations made more than 60 days after the date of the report.

BEST DOCUMENT AVAILABLE

B-167790

65 We are sending copies of this report to the Director, Office of Management and Budget; to the Chairmen of the House and Senate Committees on Government Operations; the House and Senate Committees on Appropriations; the House Committee on Banking, Currency and Housing; the Senate Committee on Banking, Housing and Urban Affairs; the House Committee on Public Works and Transportation; and the Senate Committee on Public Works; and to the Administrator of FDAA. We are also sending copies to your Inspector General and to your Assistant Secretary for Housing Management. H 72.

Sincerely yours,

Henry Eschwege

Henry Eschwege
Director

BEST DOCUMENT AVAILABLE