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**REPORT TO THE SUBCOMMITTEE ON
INVESTIGATIONS AND REVIEW
COMMITTEE ON PUBLIC WORKS
HOUSE OF REPRESENTATIVES 096033**

~~74-0187~~



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**Administrative Problems Experienced
In Providing Federal Assistance
To Disaster Victims B-167790**

Federal Disaster Assistance Administration
Department of Housing and Urban Development
Department of Transportation

**BY THE COMPTROLLER GENERAL
OF THE UNITED STATES**

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NOV. 5, 1973



COMPTROLLER GENERAL OF THE UNITED STATES
WASHINGTON, D.C. 20548

B-167790

The Honorable Jim Wright, Chairman
Subcommittee on Investigation and Review # 3103
c/ Committee on Public Works
x House of Representatives

Dear Mr. Chairman:

Pursuant to your request of September 21, 1972, and arrangements made with your Subcommittee on August 28, 1973, we are reporting additional information on problems experienced in providing Federal assistance to disaster victims under the Disaster Relief Act of 1970, Public Law 91-606, as amended by Public Law 92-385. On November 5, 1973, we forwarded to you our report on the same subject entitled "Information on Federal Disaster Relief Programs." (B-178415)

This report pertains primarily to administrative problems experienced by the Office of Emergency Preparedness in helping State and local governments recover from the effects of natural disasters. Effective July 1, 1973, the Office's responsibilities for managing and coordinating Federal disaster relief, and related personnel, were transferred to the then-created Federal Disaster Assistance Administration in the Department of Housing and Urban Development. 749

During our review we visited the State offices of disaster services in Arizona, California, Oregon, Pennsylvania, and Washington and selected local government applicants for disaster assistance. California and Pennsylvania were chosen because of the magnitude of assistance applied for. The other States were chosen for comparison because they had suffered more recent disasters and/or were in different Federal Disaster Assistance Administration regions. We did not make an indepth analysis of assistance administration but limited our review to (1) identifying problem areas as viewed by State and local officials and (2) providing information on unused mobile homes and parksites in the Wyoming Valley of Pennsylvania. 460

Federal disaster assistance has generally been timely and has helped disaster-ravaged communities recover from the physical and economic losses caused by large-scale natural disasters. However, the manner in which this assistance is provided can be improved. Therefore the Subcommittee may wish to question the Federal Disaster Assistance Administration on (1) providing definitive and timely guidance on the eligibility of costs and (2) reducing the detail and documentation required to support a community's application for assistance and its subsequent claim for reimbursement. The Subcommittee may also wish to discuss with the Federal Highway Administration the feasibility of initiating assistance on the basis of a State's disaster declaration issued in obtaining a Presidential declaration rather than a separate declaration by a State concurred in by the Federal Highway Administration.

3 The Department of Housing and Urban Development 23
4 incurred costs of about \$19.2 million for unused mobile
29 homes and parksites for victims of Tropical Storm Agnes in
 the Wyoming Valley area. Approximately \$10.2 million of
 the total costs were for mobile homes. Department officials
 informed us on October 18, 1973, that the mobile homes were
 available for use in other disaster areas and that many of
 them had been used in such areas. The demand for mobile
 homes and parksites decreased because:

- Other forms of housing assistance were introduced.
- The location of some mobile home parks was relatively inconvenient.
- The number of privately owned houses ultimately available for rental exceeded the Department's estimate.

The system of recording victims' applications and transferring applications from one form of housing to another was not adequate to handle the high volume of applications. The Department did not become aware of the decreased demand until after many mobile homes had been purchased and mobile home parks constructed.

We have discussed these matters with agency officials and incorporated their views in this report.

We would be pleased to discuss these matters further with members of the Subcommittee and its staff.

Sincerely yours,

A handwritten signature in cursive script, reading "James B. Axtell". The signature is written in dark ink and is positioned above the typed name.

Comptroller General
of the United States

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ABBREVIATIONS

FDAA Federal Disaster Assistance Administration
FHWA Federal Highway Administration
HUD Department of Housing and Urban Development

CHAPTER 1

INTRODUCTION

DISASTER LEGISLATION

The Federal Disaster Act of 1950 (64 Stat. 1109) provided for the first permanent, comprehensive program of Federal disaster assistance to State and local governments. Previous disaster relief was provided primarily by private agencies and State and local governments. As communities grew in size and complexity, their ability to respond to large-scale disasters became restricted by economic or statutory constraints. As a result, after particular disasters, State and local governments would appeal to the Federal Government for aid. In response to these appeals, the Federal Government enacted legislation pertaining to those particular disasters. This was a time-consuming procedure.

Some Federal agencies had authority to render assistance in particular kinds of disasters, which mitigated somewhat the lack of a permanent program of Federal disaster assistance. The U.S. Army Corps of Engineers, for example, has had authority since 1941 to conduct rescue operations and to make emergency repair of flood control works. Similarly, the Federal Highway Administration since 1934 has helped to finance the repair and reconstruction of disaster-damaged highways and bridges in the Federal-aid system.

The act of September 30, 1950, gave the President broad and continuing powers to provide assistance to victims of disasters that he identified as major. The act was directed at aiding local governments to repair the public facilities.

Since 1950, assistance to communities has expanded. For example:

--An amendment (76 Stat. 111), approved June 27, 1962, extended the provisions of the Federal Disaster Act to Guam, Samoa, and the Trust Territory of the Pacific and authorized emergency repair and temporary replacement of disaster-damaged facilities of State governments.

--The Disaster Relief Act of 1966 (80 Stat. 1316), approved November 6, 1966, amended the Federal Disaster

Act to include rural communities, unincorporated towns, and villages as entities eligible for Federal disaster assistance. It also authorized up to 50-percent reimbursement to State and local governments for the costs to repair, restore, or reconstruct eligible disaster-damaged facilities under construction at the time of the disaster.

--The Disaster Relief Act of 1969 (83 Stat. 125), approved October 1, 1969, authorized grants to State and local governments for removing debris deposited on privately owned lands or waters as a result of major disasters.

--The Disaster Relief Act of 1970 (84 Stat. 1744), approved December 31, 1970, consolidated prior disaster legislation and further expanded the role of the Federal Government by authorizing up to 100-percent reimbursement for the costs to State and local governments of not only temporary but also permanent repair, restoration, or replacement of most public facilities damaged by disasters. It also provided for grants to local governments which had incurred substantial losses of property tax revenues as a result of a major disaster.

PROGRAM ADMINISTRATION

Upon declaration of a major disaster by the President, the Federal Disaster Assistance Administration¹ (FDAA) designates the geographic areas affected by the disaster and appoints a Federal coordinating officer. The coordinating officer determines the types of relief needed and coordinates the disaster relief activities of Federal agencies and disaster assistance organizations, such as the American Red Cross.

Under a Federal-State disaster assistance agreement between the State Governor and the FDAA regional director,

¹ FDAA, in the Department of Housing and Urban Development, is the successor agency to the Office of Emergency Preparedness which, until July 1, 1973, was responsible for managing and coordinating Federal disaster relief.

disaster assistance is channeled through the State to State and local government entities. Such an agreement outlines the terms and conditions under which Federal assistance will be made available. It requires a State to act as fiscal and administrative agent of the Federal Government and provides for a State to:

- Name a State coordinating officer to be the point of contact for Federal assistance to all political subdivisions of the State.
- Audit and make inspections as necessary to certify each claim for reimbursement under an approved project application.

Officials of several State offices of disaster services told us they believed the Disaster Relief Act of 1970 to be a good law which, if properly administered, will provide relief to the States and their political subdivisions and to the private sector. Some officials, however, believed that FDAA's administrative policies and interpretations of congressional intent caused confusion and inconsistencies in implementing provisions of the act. Our report entitled "Information on Federal Disaster Relief Programs" (B-178415, November 5, 1973), identified some areas of confusion and different interpretations.

CHAPTER 2

POLICY AND ADMINISTRATIVE GUIDANCE

ON ELIGIBILITY OF COSTS

At the time of our review, FDAA's policy and administrative guidance on reimbursement eligibility was not definitive and timely. Although FDAA had issued a Manual for Applicants, State and local officials told us that the guidance was too broad in scope and that most FDAA guidance was provided orally. One State official suggested that, on the basis of his experience with applicants, FDAA should prepare an appendix to the manual listing eligible and ineligible items in more detail. In July 1973, FDAA issued a new Handbook for Applicants and a new Eligibility Handbook.

Some of the more sensitive problems, in the opinion of California and Arizona officials, pertain to changes in FDAA policy or guidance that were applied--at least in California--on a retroactive basis or to different interpretations of the intent of policy or guidance by Headquarters and regional officials. These policy changes and differing interpretations not only increased the workload of the State and local governments but also contributed directly to budgetary problems in communities which prepared fiscal budgets anticipating reimbursement for certain disaster related costs only to learn, at a later date, that such costs were not eligible. The policy changes related to the eligibility of payroll benefits and allowances, and the differing interpretation related to incremental costs for water and power.

PAYROLL FRINGE BENEFITS

In recovering from the effects of the February 9, 1971, earthquake, Los Angeles area communities used regular and temporary employees to remove debris and repair roads and public facilities. Community officials believed, on the basis of conversations with Federal and State officials and instructions in the Manual for Applicants, that the full costs of the employees used in recovery efforts would be reimbursable. The manual states that salaries and wages, including overtime, of regular and extra employees directly engaged in eligible disaster relief are reimbursable.

In May 1971, FDAA Headquarters advised its regional directors that payroll fringe benefits, such as social security, retirement, and insurance, were not reimbursable. On May 28, 1971, California State disaster officials were advised of this determination and were told that applications already submitted and approved need not be revised because Federal and State auditors would disallow any costs of fringe benefits included in approved applications. FDAA did not reimburse State and local governments for the cost of fringe benefits.

FDAA Headquarters officials considered fringe benefits ineligible because:

- For regular employees, the community budgeted for fringe benefits therefore they were not out-of-pocket costs directly attributable to a major disaster.
- For temporary employees, communities would incur out-of-pocket costs for the fringe benefits; however, according to FDAA, "because Federal disaster assistance is supplementary to local and State efforts, FDAA decided to have communities absorb these costs."

State and local officials told us that FDAA's disallowance of fringe benefits did not provide any incentive for local governments to use their own employees for recovery work because the full costs would be reimbursable if done by a contractor. They also told us that a community which had the capability for its own disaster recovery work would be penalized compared to a community which did not have such capability and had the work done by a Federal agency, such as the U.S. Army Corps of Engineers, at no cost to the community.

The financial impact of the ineligible fringe benefits varied among the communities. For example, the city of San Fernando had less than \$2,000 of fringe benefits disallowed because of the May 1971 Headquarters directive, whereas the city of Los Angeles, with applications totaling about \$104 million, estimated total ineligible fringe benefits to be between \$1 million and \$1.5 million. The county of Los Angeles, with applications for assistance totaling about \$110 million, estimated its ineligible fringe benefits to be between \$1 million and \$1.5 million.

The July 1973 FDAA eligibility manual clarified its position that fringe benefits were not eligible for reimbursement.

INCREMENTAL COSTS FOR WATER AND POWER

The February 1971 earthquake destroyed or disrupted the regular sources of water and power of five Los Angeles communities. Pending full restoration of these sources, emergency connections were made to undamaged water and power lines of neighboring utilities. Through these connections, the communities obtained normal levels of service within a short period of time but at considerably higher costs than from their regular sources. These additional costs totaled about \$17 million, and the communities sought reimbursement from FDAA under provisions of the Disaster Relief Act of 1970.

State and local officials told us that, shortly after the earthquake, FDAA regional officials indicated that any additional costs incurred to obtain water and power from neighboring utilities would be eligible for reimbursement. Local officials chose to obtain these services rather than to curtail services.

FDAA Headquarters officials advised us that in late February 1971 the regional director was told that eligibility of such costs was questionable and that he would be advised further of the Director's decision. In September 1971, FDAA Headquarters determined that incremental costs of water and power were not eligible for reimbursement. California, with the concurrence of the FDAA regional director who considered the costs as eligible, appealed the decision on behalf of the five communities. On March 24, 1972, FDAA reaffirmed its decision, stating that neither section 203 nor section 252 of the act authorized reimbursement of incremental costs of water and power. Section 203 deals only with emergency work, and section 252 authorizes contributions for the repair, reconstruction, or replacement of damaged public facilities. The July 1973 revised FDAA manual specifically excludes reimbursement for incremental water and power costs.

The Congress appears to have recognized the lack of legislative authority in passing the Flood Control Act of 1972, which included amendments to the Disaster Relief Act

of 1970 and authorized reimbursement of excess costs for water and power. Although the President vetoed the Flood Control Act, bills passed by the Senate and the House (S. 606 and H.R. 10203) during the 93d Congress included similar authority.

OTHER ELIGIBILITY DETERMINATIONS

State and local government officials thought that some FDAA determinations on the eligibility of costs were inconsistent or arbitrary. Two examples involving Government entities in Pennsylvania follow:

--FDAA regional officials approved a claim from the borough of Steelton for installing 180 reconditioned parking meters at a cost of \$7,200 but disallowed an \$8,400 claim from the city of Harrisburg to replace 100 parking-meter heads and 50 meter posts. Harrisburg appealed and referred to the approval of Steelton's claim. FDAA regional officials disapproved the appeal, stating that the item was ineligible because parking meters were revenue producing and their repairs could be charged against present reserves or future revenue. State officials pointed out that the two communities were adjacent to each other and that the parking meters were to be installed on the same street, except that part of the street was in Steelton and part was in Harrisburg. FDAA Headquarters advised us on October 18, 1973, that, after further review, it had determined that the costs were eligible and action was being taken to allow reimbursement.

--Disaster damages of about \$177,000 sustained by the Pennsylvania Bureau of State Lotteries for supplies, equipment, and cleanup, were disallowed by FDAA regional officials because:

1. A State lottery does not provide an essential public service.
2. A lottery is a form of gambling that is not sanctioned by ethnic and religious groups that provide Federal revenue.
3. Revenue-producing facilities are ineligible.

In November 1972 Pennsylvania appealed the FDAA determination that the lottery did not provide an essential public service, pointing out that revenues from the lottery were earmarked for property tax assistance for the impoverished elderly and disabled. This appeal stated that the FDAA determination was "entirely subjective" since there was no legal authority sanctioning ethnic or religious control over use of Federal funds. FDAA Headquarters officials advised us on October 18, 1973, that after further review it had been determined that the costs were eligible and action was being taken to allow reimbursement.

REIMBURSEMENT OF ADMINISTRATIVE COSTS

State and local officials stated that reimbursement should be authorized for administrative costs incurred in preparing and processing applications, claims, and appeals. In large disasters the administrative responsibilities can become a major task requiring temporary workers and significant expenditures. For example, Pennsylvania disaster officials estimated that, from June 1972 to February 1973, the State expended about \$2 million to administer assistance under the Disaster Relief Act of 1970. These costs are not reimbursable under FDAA policy. FDAA Headquarters officials advised us on October 18, 1973, that administrative costs would be authorized under legislation now being considered in the Congress (H.R. 7690 and S. 1840).

DISASTER DECLARATIONS

Before disaster assistance under Federal highway legislation is authorized and initiated, the Administrator, Federal Highway Administration (FHWA), must evaluate the disaster and concur in a separate State disaster declaration. FHWA officials told us that the FHWA concurrence--based on a separate declaration of disaster from the State Governor--is required by the Federal-Aid Highway Act of 1970 (23 U.S.C. 125(b)) because the disaster proclaimed in connection with a Presidential disaster declaration is very broad and because any given disaster may or may not have caused damage to Federal-aid highways.

This requirement delays repairs to disaster-damaged roads and bridges of the Federal-aid highways because:
(1) communities are unsure what projects will be approved,

(2) communities will not be reimbursed for any expenditures without FHWA approval, and (3) communities use available funds on repair and reconstruction projects which have been approved by FDAA or are of a higher priority.

FHWA's practice of not authorizing and initiating disaster assistance until after concurrence with a separate State disaster declaration contrasts with that of the Department of Health, Education, and Welfare; FDAA; and the Small Business Administration, whose assistance is triggered by the Presidential declaration.

We believe FHWA concurrence with the State disaster declaration issued in obtaining a Presidential declaration would still enable FHWA to determine whether damage was caused to Federal-aid roads before approving any repair or reconstruction projects.

MATTER FOR CONSIDERATION OF THE SUBCOMMITTEE

The Subcommittee may wish to question FDAA on providing definitive and timely guidance on the eligibility of costs. The Subcommittee may also wish to discuss with FHWA the feasibility of initiating assistance on the basis of a State's disaster declaration issued in obtaining a Presidential declaration rather than a separate declaration by a State concurred in by FHWA.

CHAPTER 3

DOCUMENTATION AND AMOUNT OF DETAIL REQUIRED

IN APPLYING FOR FEDERAL ASSISTANCE

The most frequent criticism heard in discussions with State and local officials in Arizona, California, and Pennsylvania pertained to the amount of detail and documentation required by FDAA to support an application for assistance and the subsequent claim for reimbursement. FDAA Headquarters and regional officials disagree that the level of detail submitted by some applicants is, in fact, required by FDAA.

Some of the detail involved multiple listing of disaster recovery work at one location under various categories of work and itemized listing of low-value items. Two examples from the approximately \$2.5 million of applications originally submitted by the county of Los Angeles follow.

1. Multiple listing--The county applied for about \$12,450 for the Superior Courts Building and \$6,560 for the Music Center. Both buildings were listed under each of the following four categories of work with the value of individual line items ranging from \$1 to \$11,938.

Category

Description

A	Clearance of debris and wreckage
B	Emergency protective measures
E-1	Public building and related equipment--emergency repair or replacement
F-1	Public utilities--emergency repair and replacement

2. Itemized listing of low-value items--Under category B, the county department of hospitals, as part of the \$627.20 cost of preparing food for disaster workers, listed such items as one gallon of catsup at 70 cents and one package of napkins at 50 cents.

FDAA officials told us the detailed data prepared by California was not needed and that only the damage survey reports and the application were necessary to obtain Federal assistance. Nevertheless, State disaster officials in California and Arizona insisted that the applications were submitted with detailed listings of costs because of oral FDAA requirements or because of past experiences with audit disallowances due to a lack of specificity on the approved applications or the supporting damage survey reports.

The documentation that State and local officials believe FDAA required caused some disaster-damaged communities to refrain from applying for assistance. For example, the counties of Pima and Maricopa in Arizona suffered flood damages of about \$50,000 and \$188,000, respectively, in October 1972 yet chose not to be declared disaster areas or to submit applications for assistance because:

- The amount of damage was small and not worth the "bureaucratic redtape" to categorize the damages and argue about the eligibility of the restoration work.
- Their prior experiences with FDAA showed that repairs to public facilities to meet requirements of current codes were considered as upgrading and further justification was required to avoid having work declared ineligible.¹

An example follows which appears to substantiate the comments of Arizona and California officials that detail is necessary to prevent audit disallowances. A small Pennsylvania community suffering damages from Tropical Storm Agnes submitted an application for \$2,320 which was approved by FDAA. The application amounts were based on damage survey reports. After the work was completed, the community claimed reimbursement of \$2,634. FDAA auditors disallowed \$686 primarily because the amounts claimed exceeded the amounts estimated on the damage survey reports.

¹The applicability of current codes, specifications, and standards in repairing disaster-damaged facilities was discussed in our report "Information on Federal Disaster Relief Programs," (B-178415, Nov. 5, 1973)

In a letter appealing the audit results, community officials stated:

"* * * Our initial reaction to the Auditor's comments are those approaching extreme anger. Upon further reflection it would appear that it is necessary, when dealing with any entity of the Federal Government, to play the old game of requesting 100% more than is necessary to perform a given task and trust that one might receive 95% of the required resources.

"It has become extremely obvious that the Damage Survey Report, Form 164, becomes a 'Bible' with all costs being 'cast in bronze' despite the fact that item 13 in that form is entitled 'Summary of Estimate.' We find it ludicrous to believe that any competent individual can estimate, to the penny or hours, the amount of work which is required to inspect and repair damage to any facility caused by storm Agnes. We took the position on July 21, 1972, with the Federal and State Inspectors that the quantities, unit prices, and costs were estimates since repair work was still in process. All inspectors verbally agreed that this was logical and that reimbursement would be based on actual costs so long as actual costs bore a reasonable relationship to estimated costs."

The letter referred to several examples of audit disallowances, including:

- 4 hours of outside labor was approved on the project application at \$6 an hour. The applicant claimed reimbursement for 5 hours at \$5 an hour. An audit adjustment was made for 1 hour at \$5 an hour, or a disallowance of \$5.

- FDAA approved the labor for manhole repairs but not the materials because materials were not included on the damage survey report. An audit adjustment was made disallowing miscellaneous material of \$98.82.

FDAA Headquarters officials reaffirmed on October 18, 1973, that the detailed data discussed above was not required and that the FDAA regional director would be directed to clarify this matter with the appropriate States.

The problems discussed in this report have also occurred in States other than California and Pennsylvania. A task force directed by FDAA interviewed 331 Federal, State, and local disaster officials and reported the results on November 2, 1972. The report included complaints that FDAA made promises to local officials that costs would be reimbursed but, when it came to approving the project applications, FDAA strictly enforced eligibility rules and required careful documentation.

The task force interviews were conducted by personnel from FDAA, the Council of State Governments, and the National League of Cities. The study included six disasters representing a cross section of various types and magnitudes of disasters in the United States.

MATTER FOR CONSIDERATION OF THE SUBCOMMITTEE

The Subcommittee may wish to question FDAA on reducing the detailed documentation required to support an application for assistance and the subsequent claim for reimbursement.

CHAPTER 4

COSTS FOR UNUSED MOBILE HOMES AND PARKSITES

FOR DISASTER VICTIMS

HUD incurred costs of about \$19.2 million for unused mobile homes and parksites for victims of Tropical Storm Agnes in the Wyoming Valley area. Approximately \$10.2 million of the total costs were for mobile homes. HUD officials informed us on October 18, 1973, that the mobile homes were available for use in other disaster areas and that many of them had been used in such areas.

The demand for mobile homes and mobile home parksites decreased because:

- The minirepair program was introduced about 1 month after the disaster.
- The policy on allowing mobile homes to be placed on victims' homesites was made more lenient.
- The location of some mobile home parks was relatively inconvenient.
- The number of privately owned houses ultimately available for rental exceeded HUD's estimate.

The system of recording victims' applications and transferring applications from one form of housing to another was not adequate to handle the high volume of applications. HUD did not become aware of the decreased demand until August 25, 1972, after many mobile homes had been purchased and many of the mobile home parks had been completed.

The appendix is a detailed computation of the costs.

MINIREPAIR PROGRAM

Due to the magnitude of the housing damage caused by Agnes in June 1972 and the need to provide temporary housing for thousands of displaced persons, FDAA established a minirepair program on July 17, 1972. The program provided for minimum basic repairs (usually \$3,000) to a house to make it habitable. Minirepair allowed eligible victims to quickly

return to their homes, and alleviated some of the need for more costly types of housing.

The program, administered by HUD and the Army Corps of Engineers, provided for repairs to 2,779 homes in Wyoming Valley. HUD received the first application for minirepair assistance on August 1, 1972. By August 31, HUD had received 2,115 eligible applications for minirepair assistance; 1,014 applications were from victims who had previously applied for other forms of temporary housing assistance.

We were unable to ascertain how many of the 1,014 transfers represented initial applications for mobile homes, because HUD's reports did not identify such information until August 25, 1972. HUD officials told us that most of the transfers probably represented initial applications for mobile homes. From August 25 to November 17, 509 applications for parksite mobile homes were transferred to applications for the minirepair program.

MORE LENIENT POLICY ON INDIVIDUAL MOBILE HOMESITES

HUD's initial policy following Tropical Storm Agnes allowed mobile homes to be placed on the victim's homesite only if

- the victim contracted for the necessary utility connections, in which case HUD reimbursed the victim up to \$200, or
- the required utility lines were less than 25 feet in length, in which case HUD would provide for the utility connection.

Many victims preferred mobile homes on their homesites rather than on parksites because (1) this eliminated the need for the family to move from the neighborhood and transfer children to other schools and (2) it allowed the victim convenient accessibility to his damaged home for repair and security purposes.

The number of mobile homes being installed on victims' homesites was low initially because of the relatively high cost of making utility connections. However, by late August 1972, HUD had become much more lenient on allowing mobile

homes to be placed on individual homesites because of the urgency of housing people before winter. HUD paid as much as \$1,100 for utility connections for some victims and did not limit the length of utility lines. This more lenient policy resulted in a greater demand for private site mobile homes than originally anticipated and a corresponding decrease in demand for parksite mobile homes. From August 25 to November 17, 1972, 617 applications for parksite mobile homes were transferred to applications for mobile homes on private sites.

INCONVENIENT LOCATION OF MOBILE HOME PARKS

The Army Corps of Engineers designed and prepared 28 mobile home parks, containing 5,456 mobile homesites, in Wyoming Valley. Most of the parks were completed by the end of August 1972--about 2 months after the disaster. The parks were scattered throughout Wyoming Valley--some 9 or 10 miles from the areas of major disaster damage.

Many victims wanted to remain in their neighborhoods, close to their homes, jobs, schools, and other neighborhood services; therefore, mobile home parks were not the most desirable temporary housing. When other types of housing assistance became available, such as minirepair or allowing mobile homes to be placed on victims' homesites, many victims transferred their applications from mobile home parks.

UNDERESTIMATE OF PRIVATELY OWNED HOUSING UNITS FOR RENT

In establishing requirements for mobile homes and parks in Wyoming Valley, HUD estimated that 300 privately owned housing units would be available to house displaced victims of Agnes. However, about 2,900 such units were eventually used. From August 25 to November 17, 1972, 1,066 applications for parksite mobile homes were transferred to applications for privately owned housing.

HUD officials told us on October 18, 1973, that the significant variance between the initial estimate of privately owned housing units available for rent and those that eventually became available was due to:

--Construction of a few hundred Government-subsidized housing units in the area, underway at the time of the

disaster, was accelerated and completed a few months later; and these units were used to house victims.

--The geographical area in which housing units would be considered available to house victims was expanded from that used in the initial estimate.

--Some homeowners, because of the housing crisis, made previously unrented housing space available for disaster victims.

RECORDING APPLICATIONS

As discussed previously, the minirepair program, the increased use of victims' homesites for mobile homes, and the increased availability of privately owned housing caused many victims to transfer their applications from one type of housing assistance to another. Many of the transfers took place after most mobile homes were purchased and after most of the mobile home parks were completed. During August 1972, when contracts were awarded for constructing most of the parks, HUD's system for recording applications did not accurately identify duplicate applications or adjust for transferring applications from one type of housing assistance to another.

The Boeing Company, under a \$1.2 million contract to design and develop an information system for the temporary housing program, helped to establish procedures to identify duplicate applications and transferred applications. By August 25, 1972, these procedures were implemented and the decreased need for mobile homes and parks became apparent.

By the end of August, completed plans for constructing 8 mobile home parks were set aside pending reevaluation of the need for the parks. Further work on the 8 parks, which would have provided an additional 2,188 mobile homesites, was canceled. Site preparation of 3 other parks designed for 688 mobile homesites was also canceled as were purchase orders for many mobile homes.

COSTS INCURRED
 IN PROVIDING UNUSED MOBILE HOMES AND PARKSITES
 FOR VICTIMS OF TROPICAL STORM AGNES
 IN WYOMING VALLEY, PENNSYLVANIA

Unoccupied mobile home parksites:		
Number of sites in 28 parks	5,456	
Less number of occupied sites	<u>2,323</u>	
Number of unoccupied sites	3,133	
Cost of unoccupied sites at average cost of \$2,837		\$ 8,888,321
Installing unoccupied mobile homes:		
296 unoccupied mobile homes installed at average cost of \$400		118,400
Unoccupied mobile homes (note a):		
Mobile home inventory	8,964	
Less mobile homes occupied	<u>6,916</u>	
Unoccupied mobile homes (note b)	2,048	
Cost of unoccupied mobile homes at average cost of \$5,000		<u>10,240,000</u>
Total		<u>\$19,246,721</u>

^aHUD officials told us on October 18, 1973, that many of the mobile homes purchased in excess of requirements had been used in other areas for subsequent disasters.

^bIncludes 250 damaged mobile homes. Parts from the damaged homes were used to repair other mobile homes.

