

ONE HUNDRED ELEVENTH CONGRESS  
**Congress of the United States**  
**House of Representatives**  
COMMITTEE ON ENERGY AND COMMERCE  
2125 RAYBURN HOUSE OFFICE BUILDING  
WASHINGTON, DC 20515-6115

Majority (202) 225-2927  
Minority (202) 225-3641

**MEMORANDUM**

**April 26, 2010**

**To: Subcommittee on Commerce, Trade, and Consumer Protection Members and Staff**

**Fr: Subcommittee on Commerce, Trade, and Consumer Protection Staff**

**Re: Hearing on the “Public Sales of Hurricane Katrina/Rita FEMA Trailers: Are They Safe or Environmental Time Bombs?”**

On April 28, 2010, at 10:00 a.m. in room 2322 of the Rayburn House Office Building, the Subcommittee on Commerce, Trade, and Consumer Protection will hold a hearing entitled “Public Sales of Hurricane Katrina/Rita FEMA Trailers: Are They Safe or Environmental Time Bombs?” The hearing will discuss public sales by the General Services Administration (GSA) of travel trailers and mobile homes that were purchased and provisioned by the Federal Emergency Management Agency (FEMA) as emergency housing for thousands of displaced Gulf Coast residents following Hurricanes Katrina and Rita.

**I. BACKGROUND**

In late summer 2005, Hurricanes Katrina and Rita destroyed over 300,000 homes and displaced approximately 700,000 people in the Gulf Coast region.<sup>1</sup> To shelter and house displaced residents needing temporary housing for lengthy periods, FEMA swiftly procured 145,000 travel trailers and manufactured homes at an approximate cost of \$2.7 billion, adding to an estimated 59,000 trailers and mobile homes already in its inventory.<sup>2</sup>

FEMA provisioned three types of basic emergency housing units to assist Katrina and Rita victims. The first type, ‘mobile homes’ or ‘manufactured homes,’ are designed as permanent housing. The second, ‘travel trailers,’ are designed to provide temporary living quarters for recreational purposes. Travel trailers are not designed to be permanent residences

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<sup>1</sup> Department of Homeland Security, Office of Inspector General, *FEMA Response to Formaldehyde in Trailers*, Department of Homeland Security (June 2009) (OIG-09-83).

<sup>2</sup> *FEMA’s Sale of Katrina Trailers Sparks Criticism*, Washington Post (Mar. 13, 2010).

and usually have less capable ventilation systems than mobile homes. Finally, there are ‘park models,’ which are a hybrid of the first two types.<sup>3</sup>

In 2006, claims arose that units distributed to the public were contaminated with formaldehyde.<sup>4</sup> After reports of serious health concerns to those residing in the units<sup>5</sup> and federal scientific review of these claims,<sup>6</sup> FEMA stopped distribution of the remaining unused units,<sup>7</sup> and relocated affected occupants upon request.<sup>8</sup>

In November 2007, a federal court order suspended all sales of these FEMA travel trailers and mobile homes until January 1, 2010, but allowed the sale to current occupants and donation to Indian tribes.<sup>9</sup> As soon as this court order expired, FEMA, working with the GSA, sold approximately 93,000 travel trailers and over 9,300 mobile homes to bulk purchasers, to be resold to individual end users. As part of the auction, GSA affixed warning labels to the units,

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<sup>3</sup> Department of Homeland Security, Office of Inspector General, *FEMA Response to Formaldehyde in Trailers, Dep’t of Homeland Security* (June 2009) (OIG-09-83). Most of the trailers that FEMA procured were new units swept immediately off recreational vehicle dealer lots by FEMA procurement officials. These motor homes were manufactured according to contract specifications requiring the units to meet and comply with applicable U.S. Department of Housing and Urban Development (HUD) requirements, regulations, standards, and guidance.

<sup>4</sup> Sierra Club, *Toxic Trailers: Tests reveal high formaldehyde levels in FEMA trailers* (May 2006). Formaldehyde is widely used in a variety of applications. The primary sources of formaldehyde gasses and emissions in the air inside homes are composite wood products, also known as pressed wood products. U.S. Environmental Protection Agency, *Formaldehyde Emissions from Pressed Wood Products*, 73 Fed. Reg. 73620 (Dec. 3, 2008). Pressed wood products and other formaldehyde-emitting components are also manufactured into vehicle interiors and furniture. These products appear also in components and bindings found inside trailers and mobile homes, including particleboard, flooring materials, cabinetry glues and adhesives, bunk beds, and bench seats of camper trailers. Sierra Club, *Toxic Trailers: Tests Reveal High Formaldehyde Levels in FEMA Trailers* (Apr. 2008) (online at [toxictrailers.com](http://toxictrailers.com) or [www.sierraclub.org/gulfcoast](http://www.sierraclub.org/gulfcoast)).

<sup>5</sup> *Are FEMA trailers ‘toxic tin cans’?*, MSNBC (July 25, 2006).

<sup>6</sup> Agency for Toxic Substances and Disease Registry, *Health Consultation - Formaldehyde Sampling at FEMA Temporary Housing Units - Baton Rouge, Louisiana* (Feb. 1, 2007); Agency for Toxic Substances and Disease Registry, *Revised Health Consultation - Formaldehyde Sampling at FEMA Temporary Housing Units - Baton Rouge, Louisiana* (Oct. 4, 2007).

<sup>7</sup> Federal Emergency Management Agency, *FEMA Statement on the Deployment and Sale of Temporary Housing Units* (Aug. 1, 2007).

<sup>8</sup> Federal Emergency Management Agency, *FEMA Authorizes Hotel or Motel Assistance for Occupants of FEMA Temporary Housing Units* (Sept. 4, 2007).

<sup>9</sup> Federal Emergency Management Agency, *Frequently Asked Questions; Disposal of Damaged, Uninhabitable Housing Units* (Oct. 27, 2008).

and provided the bulk purchasers with documentation that the units are “not to be used for housing.”<sup>10</sup>

Questions have persisted over the safety of some of these remaining units, particularly travel trailers, which constitute a lion’s share of the units that were auctioned. In addition, various public health, safety, consumer, and poverty rights practitioners and advocates have expressed concerns. They are dubious of claims made by FEMA that there are no lingering formaldehyde problems in the trailers.<sup>11</sup> Others predict that bidders and trailer park operators will ignore electronic and paper advisories and notices about the hazards of formaldehyde, mold and mildew, and possible gas leakages.<sup>12</sup> Finally, members of Congress have complained that private sales have suffered and been adversely affected by the influx into the market of these large sales lots.<sup>13</sup>

## **II. REGULATION OF FORMALDEHYDE, AND GSA’S PUBLIC SALES OF KATRINA-ERA TRAILERS**

With the exception of U.S. Department of Housing and Urban Development (HUD) regulations for manufactured homes, formaldehyde emissions from composite wood products are not currently regulated by the federal government.<sup>14</sup> At a Subcommittee hearing last month on the issue of formaldehyde, the witnesses provided a consensus view that the current standard for formaldehyde emissions in manufactured homes, established by HUD, is weak and must be updated immediately.<sup>15</sup>

In order to regulate a chemical, the Environmental Protection Agency (EPA) normally first performs a risk assessment. EPA began its current formaldehyde assessment in 1997. In 2008, the Government Accountability Office (GAO) criticized EPA for not finishing assessments stating, “one impact of not having current and complete...assessments of many potentially

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<sup>10</sup> *Should FEMA sell tainted Katrina trailers?*, USA Today (Mar. 13, 2010).

<sup>11</sup> *See, e.g., Tainted FEMA Trailers Should Be Destroyed, Not Sold*, Washington Post (Mar. 16, 2010).

<sup>12</sup> Concerns have also been expressed about growing mold and mildew in the units and open liquefied petroleum (LP) and propane leaks, which could result in sudden explosions or flash fires. *FEMA Trailer Problems Continue*, Bestofneworleans.com (July 22, 2008) (online at [bestofneworleans.com/gyrobase/Content?oid=oid%3A40154](http://bestofneworleans.com/gyrobase/Content?oid=oid%3A40154)); *Up in Flames*, Bestofneworleans.com (Dec. 11, 2007) (online at: [bestofneworleans.com/gyrobase/Content?oid=oid%3A39170](http://bestofneworleans.com/gyrobase/Content?oid=oid%3A39170)).

<sup>13</sup> See Arkansas Delegation, Letter to General Services Administration Acting Administrator Paul F. Frouty (Jan. 13, 2010) and Reps. Bennie G. Thompson, Diane Watson, and Mike Ross, Letter to Attorney General Eric Holder (Mar. 18, 2010).

<sup>14</sup> 24 C.F.R. 3280.49.

<sup>15</sup> Subcommittee on Commerce, Trade, and Consumer Protection, *Legislative Hearing on H.R. 1796, the Residential Carbon Monoxide Poisoning Prevention Act, and H.R. 4805, the Formaldehyde Standards for Composite Wood Products Act*, 111th Cong. (Mar. 18, 2010).

harmful chemicals is that some chemicals that pose health risks to the public may not be regulated.”<sup>16</sup> Regarding formaldehyde specifically, GAO said, “[t]he consequences of not having current, credible IRIS information can be significant. EPA’s inability to complete its assessment of formaldehyde, which the agency initiated in 1997 to update information already in IRIS on the chemical, has had a significant impact on EPA’s air toxics program.”<sup>17</sup> At this time, EPA plans to release a draft of the formaldehyde assessment for public review later this year and finalize it in late 2011<sup>18</sup> and expects to be able to regulate formaldehyde one to three years later.<sup>19</sup>

HUD’s standard currently is set at 300 parts per billion.<sup>20</sup> In 2008, Julie Gerberding, who was then the director of the U.S. Centers for Disease Control and Prevention, stated, “(E)ven people without vulnerability might experience some respiratory symptoms if they spent time in those [trailers and] homes.”<sup>21</sup> In any case, FEMA travel trailers are not considered housing and thus, are not subject to HUD regulations regarding formaldehyde emissions.<sup>22</sup>

FEMA retained GSA as its sales agent at the start of Fiscal Year 2005 to provide it with disposal support for its large inventory of travel trailers and manufactured housing units. FEMA asked GSA to sell large lots of trailers in order to dramatically decrease temporary housing unit inventory, quickly eliminate support of storage sites, and reduce overall temporary housing

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<sup>16</sup> Government Accountability Office, *Chemical Assessments: Low Productivity and New Interagency Review Process Limit the Usefulness and Credibility of EPA’s Integrated Risk Information System*, GAO-08-440 (Mar. 2008).

<sup>17</sup> Government Accountability Office, *EPA Science: New Assessment Process Further Limits the Credibility and Timeliness of EPA’s Assessments of Toxic Chemical*, GAO-08-1168T (Sept. 18, 2008).

<sup>18</sup> U.S. Environmental Protection Agency, *IRISTrack Report for Formaldehyde Assessment* (online at [cfpub.epa.gov/ncea/iristrac/index.cfm?fuseaction=viewChemical.showChemical&sw\\_id=1031](http://cfpub.epa.gov/ncea/iristrac/index.cfm?fuseaction=viewChemical.showChemical&sw_id=1031)).

<sup>19</sup> Subcommittee on Commerce, Trade, and Consumer Protection, *Legislative Hearing on H.R. 1796, the Residential Carbon Monoxide Poisoning Prevention Act, and H.R. 4805, the Formaldehyde Standards for Composite Wood Products Act*, 111th Cong. (Mar. 18, 2010).

<sup>20</sup> U.S. Centers for Disease Control and Prevention, *Formaldehyde Exposure in Homes: A Reference for State Officials to Use in Decision-making* (Mar, 2008) (online at [www.cdc.gov/nceh/ehhe/trailerstudy/pdfs/08\\_118152\\_Compendium%20for%20States.pdf](http://www.cdc.gov/nceh/ehhe/trailerstudy/pdfs/08_118152_Compendium%20for%20States.pdf)).

<sup>21</sup> CDC and FEMA Discuss Preliminary Test Results from Trailers and Mobile Homes in Louisiana and Mississippi, Press Briefing Transcript (Feb. 14, 2008) (online at [www.cdc.gov/media/transcripts/2008/t080213a.htm](http://www.cdc.gov/media/transcripts/2008/t080213a.htm)).

<sup>22</sup> Department of Homeland Security, Office of Inspector General, *FEMA Response to Formaldehyde in Trailers*, Department of Homeland Security (June 2009) (OIG-09-83).

program costs. Sales of the trailers have generated almost \$300 million, which is roughly 10% of what FEMA spent to procure and store emergency housing for Katrina and Rita victims.<sup>23</sup>

GSA regulations prohibit the sale of property “that is dangerous to public health or safety without first rendering such property innocuous or providing for adequate safeguards as part of the exchange/sale.”<sup>24</sup> FEMA and GSA contend that they took steps to go beyond the letter of the GSA regulation. For example, they provided information to buyers and listed known deficiencies.<sup>25</sup>

### III. WITNESSES

The following witnesses have been invited to testify:

Panel I:

- **David Garratt**  
Associate Administrator, FEMA Mission Support Bureau  
Department of Homeland Security
- **James J. Jones**  
Deputy Assistant Administrator  
Office of Prevention, Pesticides, and Toxic Substances  
U.S. Environmental Protection Agency
- **Steven Kempf**  
Acting Commissioner, Federal Acquisition Service  
General Services Administration

Panel II:

- **Gabe Chasnoff**  
Director and Producer  
*Renaissance Village*
- **Dr. Corey Hebert**  
Chief Medical Officer, Recovery School District  
Louisiana Department of Education
- **Curtis Howard**

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<sup>23</sup> *Tainted FEMA Trailers Should Be Destroyed, Not Sold*, Washington Post (Mar. 16, 2010).

<sup>24</sup> 41 C.F.R. § 102-39.45(g).

<sup>25</sup> Letter from Federal Emergency Management Agency Administrator W. Craig Fugate to the Honorable Bobby L. Rush (Apr. 9, 2010).

President  
National Association of State Agencies for Surplus Property