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REPORT BY THE

Comptroller General

OF THE UNITED STATES

COASTAL ZONE
INFORMATION CENTER

The Johnstown Area Flood Of 1977: A Case Study For The Future

CZIC COLLECTION

The Federal Government is spending about \$261 million to help the Johnstown, Pennsylvania, area recover from the July 1977 flood that killed 76 people, injured or sickened 2,700, and caused an estimated \$330 million in damage.

Some flood victims were protected under the National Flood Insurance Program; proceeds totaled about \$26 million.

This report discusses the flood insurance program, the emergency response and recovery effort, and alleged problem areas covered during interviews with individual victims, business representatives, and Government officials.

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U.S. General Accounting Office



COMPTROLLER GENERAL OF THE UNITED STATES
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The Honorable Thomas F. Eagleton
United States Senate

Dear Senator Eagleton:

Pursuant to your July 22, 1977, request and subsequent meetings with your office, we have conducted a case study of the Johnstown area flood of 1977. Specific answers to your questions are found, for the most part, in chapter 3.

The report discusses the flood insurance program and the disaster assistance program by using the Johnstown area flood as an example. The report also discusses several problem areas alleged during our interviews.

As your office directed, we plan no further distribution of this report until 1 week from the date of issuance. At that time we will send copies to interested parties and make copies available to others upon request.

We trust that this report will assist you.

Sincerely yours,

James P. Stacks
Comptroller General
of the United States

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COMPTROLLER GENERAL'S
REPORT TO THE
HONORABLE THOMAS F. EAGLETON
UNITED STATES SENATE

THE JOHNSTOWN AREA
FLOOD OF 1977:
A CASE STUDY FOR
THE FUTURE

D I G E S T

On July 21, 1977, the President declared the Johnstown, Pennsylvania, area a major disaster area after a flood struck 136 communities within eight counties and killed 76 people, injured or caused sickness to 2,700, and damaged an estimated \$117 million worth of property within the city and \$213 million in areas outside the city. (See p. 1.)

Flood victims with flood insurance received nearly \$26 million in insurance proceeds. All victims GAO interviewed said the National Flood Insurers Association provided good claims service. (See pp. 18 and 22.)

No Federal disaster assistance was denied those who were not covered by flood insurance. As a condition of receiving financial assistance, however, victims were sometimes required to purchase flood insurance. (See p. 27.)

Federal disaster assistance to the Johnstown area is expected to total \$261 million. A wide variety of assistance was available to individual victims and State and local governments. Twelve agencies were responsible for 27 programs. Other agencies became involved through mission assignments by the Federal Disaster Assistance Administration. (See pp. 25, 26 and 66.)

Most of the 67 victims interviewed by GAO rated the Federal disaster response excellent or good. There were no complaints about coordination of the Federal response, but some victims had complaints about specific programs. Others had complaints on the number of different forms that had to be filled out for each agency. (See pp. 27-37.)

Based on reviews of flood insurance and disaster assistance programs and on interviews of victims during the case study of the Johnstown area flood, GAO made the following observations:

- A local flash flood warning system could have alerted authorities to the disaster much sooner. The National Weather Service partially relies on local observations in issuing weather warnings and assists in developing flash flood warning systems. By providing such information a community can assist the National Weather Service in its responsibility to issue warnings. (See p. 12.)
- An improved communications system could have provided better and quicker emergency assistance to the disaster area. It took up to 3 weeks to establish communications; equipment was in poor condition, some of it was incompatible, and there was confusion over who was in charge of the communications operation. There is a need for the Defense Civil Preparedness Agency to assist State and local governments in improving their emergency communications capability. (See p. 12.)
- The establishment of the 100-year floodplain may be inadequate as the criteria for floodplain management ordinances. (See p. 24.)
- The Federal coordinating officer was made independent from the Federal Disaster Assistance Administration in that he performed no other duties. This independence, seems to have contributed to the overall success of the Federal recovery effort. (See p. 43.)
- The National Flood Insurance Program had a significant effect on disaster assistance. Without the nearly \$26 million in flood insurance proceeds paid to 2,592 policyholders, additional loans and grants could have been required for disaster victims. (See p. 43.)
- Johnstown flood victims had to file a separate application with each agency from which they desired assistance creating a hardship for them; an entire day could be spent applying for assistance. A common, interagency application form available to all agencies could help reduce the time victims spend applying for assistance and avoid duplication of benefits. For example, a victim's flood-damaged home can be repaired through flood insurance, the Department of Housing and Urban Development minimal repair program, a Small Business Administration home repair loan, a Farmers Home Administration loan, an Individual and Family Grant, and private nonprofit organizations. (See pp. 43-44.)

--Forty-five percent of the victims GAO interviewed complained about the minimal repair program--poor repairs, unqualified inspectors, too many contractors from out of town, difficulty in getting faulty repairs corrected, and contractors being paid two to five times the local rate. Also, a volunteer group alleged that because the Disaster Relief Act of 1974 (Pub. L. 93-288) prohibits minimal repairs for rental properties, neighborhoods were deteriorating and there were insufficient rental units to house disaster victims. (See p. 44.)

Furthermore, information developed during our review of the flood insurance program and its operation in the Johnstown indicates that the Federal Insurance Administration did not

1. adequately monitor community enforcement of floodplain management regulations,
2. adequately encourage communities to participate in the flood insurance program, and
3. actively encourage property owners to purchase flood insurance, particularly those in the floodplain. (See p. 24.)

Because GAO looked at only the Johnstown flood experience and did not make an overall evaluation of the flood insurance and disaster assistance programs, no recommendations for program changes are presented in this report. However, the information and observations in the report should assist the Congress in understanding and evaluating these programs and help agency officials identify problem areas warranting further management attention.

Oral comments were received from the Federal Insurance Administration, the Federal Disaster Assistance Administration, and Minimal Repair Program officials. Their comments were considered in the report as appropriate.

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ABBREVIATIONS

CETA	Comprehensive Employment and Training Act
DAC	disaster assistance center
DCPA	Defense Civil Preparedness Agency
DFO	disaster field office
DUA	Disaster Unemployment Assistance
EOC	emergency operating center
EPA	Environmental Protection Agency
FCO	Federal coordinating officer
FDAA	Federal Disaster Assistance Administration
FIA	Federal Insurance Administration
FmHA	Farmers Home Administration
GAO	General Accounting Office
GSA	General Services Administration
HUD	Department of Housing and Urban Development
IFG	Individual and Family Grant
IRS	Internal Revenue Service
NFIA	National Flood Insurers Association
NWS	National Weather Service
OFC	office of the Federal coordinator
SBA	Small Business Administration
SCS	Soil Conservation Service
VA	Veterans Administration

CHAPTER 1

INTRODUCTION

In response to a request by Senator Thomas F. Eagleton (see app. I), we made a case study of the Johnstown area flood of July 19 and 20, 1977. This report provides information on (1) the National Flood Insurance Program in Johnstown, (2) the assistance provided the disaster area, and (3) the problems alleged during our interviews with individual victims; business representatives; Federal, State, and local officials; and representatives of volunteer organizations.

The flood struck 136 communities in eight counties in the Johnstown, Pennsylvania, area. (See app. II.) Seventy-six people were killed (10 more are missing) and 2,700 were injured or sickened. The U.S. Army Corps of Engineers estimated damages at \$117 million in the city of Johnstown and \$213 million in outside areas. The U.S. Geological Survey and the Corps of Engineers described the flood as being of a 500-year magnitude--a flood that would be equaled once every 500 years, on the average, with a 0.2-percent chance of occurring in any given year.

Johnstown is located at the bottom of a valley resembling a funnel. The downtown area lies between Stony Creek and the Little Conemaugh River, which merge to form the Conemaugh River. (See app. III.) Torrential rains began at 7:00 p.m. on July 19 and continued for 9 hours. Runoff from the extreme rainfall rushed down the surrounding mountainsides toward Johnstown. Numerous small streams in the area rapidly swelled; high velocity water carried structural debris and automobiles. The pressure caused structures and bridges to give way. Accumulated debris caused blockages, which diverted water through streets and highways into residential areas. By dawn, Johnstown was under at least 6 feet of water; according to a city official, 64 percent of the city's land area was flooded. The Laurel Run Dam broke at 4:00 a.m., and devastated nearby Tanneryville with a 15-foot wall of water. Six other dams failed, although four were unlicensed small dams and none approached the severity of damage caused by Laurel Run. The dam failures did not affect the level of water in Johnstown.

FEDERAL DISASTER ASSISTANCE

On July 21, 1977, the President declared that a major disaster existed in Pennsylvania. The Federal Disaster Assistance Administration (FDAA), an agency of the Department

of Housing and Urban Development (HUD), named eight counties eligible for Federal assistance under the Disaster Relief Act of 1974 (Pub. L. 93-288). FDAA also designated an FDAA headquarters official as Federal coordinating officer (FCO). The FCO went to Johnstown for 12 weeks to insure efficient response by the dozen Federal agencies involved in the recovery effort. (See p. 28.)

Federal assistance to the area is expected to total \$261 million--\$155 million to individuals and businesses and \$106 million to the State and local governments. (See p. 26.) In addition, about \$26 million in federally subsidized flood insurance was paid to 2,592 policyholders. There were 7,236 policies with coverage of almost \$151 million in the disaster area. (See p. 13.)

Nearly 28,500 victims registered at joint Federal-State disaster assistance centers (DACs). The Red Cross reported that 413 houses, 135 mobile homes, and 52 apartments were destroyed, while 1,533 housing units sustained major damage and 5,256 sustained minor damage. Despite the widespread losses in the Johnstown area, 54 of the 67 victims we interviewed planned to remain in areas that were flooded--most in the same location as before the flood. (See p. 50.)

FLOOD PROTECTION PROJECTS

Johnstown's flooding history dates back to 1808. The 1889 flood, which resulted in 2,209 deaths, was caused by an earthen dam breaking after 6 inches of rain had fallen. The 1936 flood from rain and melting snow killed 25 people and caused \$50 million in damages. After the 1936 flood, the U.S. Army Corps of Engineers constructed an 8.7-mile channel project through Johnstown. The project was designed to control flooding along the major streams at the 1936 level--approximately a 100-year flood, or a flood that would be equaled once every 100 years, on the average, with a 1-percent chance of occurring in any given year. Because of the project, Johnstown became known as a flood-free city. For example, the 1977 American Automobile Association Tour Book states, "The U.S. Army Engineers completed, in 1943, channel rectification which now provides complete flood protection for Johnstown." Eighty percent of the victims we interviewed told us that, before the flood, they believed Johnstown was floodproof. Most cited the Corps of Engineers project as the reason for their belief. Many people said they did not buy flood insurance because they thought Johnstown was floodproof.

The intensity of the runoff from higher elevations that caused the 1977 flood eventually overwhelmed the Corps of Engineers project. The chart below compares the flow the project was designed to control with the actual flow during the 1977 flood.

<u>Stream</u>	<u>Design flow</u>	<u>Actual flow</u>
	(cubic feet per second)	
Little Conemaugh River	34,000	44,500
Stony Creek	61,000	65,000
Conemaugh River	81,500	120,000

The Corps of Engineers estimates that, without the project, there would have been 11 more feet of water in Johnstown. In other words, instead of the basement and first-floor flooding that occurred in most cases, there would have been second- and third-story flooding.

In addition to the project in Johnstown, there were seven other projects in flooded areas. At least three channel projects overtopped. The Corps of Engineers believes that damages would have been twice as much without the projects. In addition to the flood protection projects, there are several reservoirs in the area. According to the Corps of Engineers, protection to the 500-year level is not economically feasible because projects would be needed on all the numerous small streams in the area. They declined to estimate the cost of such an endeavor.

SCOPE OF REVIEW

Our review was intended to provide Senator Eagleton with information about the flood insurance program and disaster assistance by using the Johnstown area flood of 1977 as an example. We did not completely evaluate specific disaster assistance programs. We discussed alleged problem areas in the report so that cognizant officials can consider the extent of the problem and whatever corrective action is required.

Work was conducted at the Federal Insurance Administration (FIA), the National Flood Insurers Association (NFIA), and FDAA. In Johnstown, Pennsylvania, we conducted extensive interviews of flood victims, businessmen, local officials, volunteer groups, and HUD disaster field office (DFO) personnel. Their observations are discussed in chapter 4. Our interviews of flood victims (see app. IV) and businessmen (see app. V) comprised the following groupings:

- 50 individuals selected at random from the HUD master assistance register for Johnstown (3 had flood insurance);
- 17 individuals taken from a random selection of flood insurance claimants;
- 5 businessmen taken from a random selection of flood insurance claimants; and
- 9 other businessmen who received flood damage and 1 certified public accounting firm.

We also contacted numerous Federal agencies and some State officials to determine the extent of their involvement in the Johnstown recovery effort and their perceptions of the overall Federal response. Appendix VI lists locations visited during our review.

To gain an understanding of the flood insurance claims process and the types of losses, we randomly selected 100 claims for review. Although we cannot project our analysis of the 100 claims to the universe of claims at Johnstown, the information gave us an indication of the types of claims being filed. (See ch. 3.)

We obtained from FDAA and from other Federal and State agencies providing disaster assistance their estimates of the total cost of assistance to the Johnstown area and an explanation of their programs. (See ch. 4 and apps. VII through IX.) Due to the large number of private-sector groups providing assistance, the report discusses only those that are federally recognized or chartered.

CHAPTER 2

BACKGROUND ON FLOOD WARNING AND EMERGENCY OPERATIONS

NO FLOOD WARNING

The Johnstown disaster area had no warning that a flood would occur. The National Weather Service (NWS) issued a flash flood warning at 2:40 a.m. on July 20, but flooding had already occurred. Even if a warning had been issued earlier, the city of Johnstown has no warning system or disaster plan.

We interviewed 65 people who were in Johnstown when the flood struck. Nearly three-fourths received no warning and most of those who said they were warned cited their own observation of rising water. A few were warned by knocks on the door or by relatives or friends. About half said they had no time to escape, although some others reported they had from a matter of minutes to an hour or more. Many people had no need to escape; they stayed in their homes throughout the flood. In general, however, people said they had neither time to escape nor time for other action, such as protection of property.

Why there was no warning

The ability of NWS to forecast flash flooding in the Johnstown area was crippled by an inability to obtain rainfall data. The River Forecast Center in Cincinnati, at about 2:30 p.m. on July 19, advised NWS in Pittsburgh that 3.9 inches of rain within a 3-hour period east of Pittsburgh would cause flooding. Throughout the day, NWS had forecast a 30-percent probability of thundershowers for that afternoon and evening. At 10:00 p.m., the forecast estimated a 40-percent chance of rain, ending overnight.

NWS has two rain gauges in Johnstown, but they do not provide data to the forecasters in Pittsburgh. Instead, they record the data, which is later collected. The Corps of Engineers had observers in the area, but these observers were unable to contact the Corps of Engineers to report the rainfall statistics and there was no procedure for notifying NWS. Finally, NWS has an automatic gauging station that can be interrogated by telephone, but apparently the telephone was out of service.

In the absence of actual rainfall data, the forecasters relied on weather radar, satellite data, and upper air reports. No ground observation reports were received from residents or officials in the area. An NWS official said it is difficult to estimate the intensity of rainfall with such data. Information from the radar, however, could have provided the basis for a rainfall estimate by 12:30 a.m. The forecaster assumed the storm was diminishing and spreading out over a larger area when, in reality, a series of violent storm cells dumped huge amounts of rain over the area.

At 7:30 p.m. NWS, based on weather radar, issued a statement about moderate to heavy thundershowers in parts of what would become the disaster area (including the county where Johnstown is located). The statement said in part that "No severe weather has yet been reported--But brief heavy rain and minor urban flooding has occurred. Rainfalls have been one to one and a half inches." The National Environmental Satellite Service analyzed the data available on July 19. The analysis indicated that

"* * * from 8:00 p.m. on July 19 to 4:00 a.m. on July 20 the associated thunderstorms cluster with many imbedded cells, passed over the Johnstown area with continued strong intensity."

The forecaster on duty at 2:00 a.m. on July 20 was notified by a Pittsburgh radio station that they had received a report of automobiles floating down the streets of Johnstown. About 2:30 a.m. a Johnstown radio station called and asked if a warning had been issued. NWS then issued a flash flood warning. The 4:00 a.m. forecast did not mention flooding in the area.

An independent meteorologist told us that although the prediction of such a storm is impossible, the storm cell formations were visible on radar and an earlier warning could have been issued. He also said that conditions were such that it was reasonable to assume that the Johnstown area was receiving a large amount of rain.

In October 1977 the National Oceanic and Atmospheric Administration, Department of Commerce, issued a report on the performance of the NWS and the National Environmental Satellite Service related to the Johnstown flood. The report makes numerous conclusions and recommendations but the basic

conclusion is that neither the NWS component of the flash flood warning system nor that part of it involving local communities and civil defense did much good for anyone in the Johnstown, Pennsylvania, area.

The effect of no warning

In the opinion of most local officials, too little warning is worse than no warning in a situation such as the Johnstown disaster. In most cases throughout the disaster area, people were safe in their homes. The primary exception was the separate incident of the Laurel Run Dam failure where houses were washed away and occupants killed. Fatalities usually occurred when victims were caught outdoors in rushing water. Had there been a general warning the night the flood occurred, the death toll probably would have been higher from people fleeing their homes.

Some local officials believed, however, that the lack of warning was damaging to rescue and initial recovery efforts. Time was lost in alerting those officials and organizations who needed to organize and respond to the disaster. Authorities could have evacuated those in hazardous areas more quickly. Communications in the disaster area were disrupted to the point of virtually no contact with the outside world. (See p. 8.) In the opinion of some officials, a more timely flood warning could have brought help to the stricken area sooner.

Local flash flood warning systems

To supplement NWS, local communities can develop flash flood warning systems to detect and respond to adverse weather without external forecasts or warnings. NWS can assist localities in this effort by tailoring local forecast procedures based on rainfall and stream data and, in some cases, on automatic local flash flood alarms. By providing information on local conditions, the community can assist NWS in its responsibility to issue warnings.

A State civil defense official told us that he would like the State to develop a flash flood warning system at the county level. He visualized a simple method such as volunteers reporting unusual weather conditions. Many rivers in Pennsylvania have attended or automatic gauges, but smaller streams are not monitored.

DAM FAILURES

The heavy rains caused seven privately owned dams in the disaster area to break. Only one, Laurel Run, resulted in fatalities and substantial damage. Laurel Run was considered a major dam but, with its 101 million gallon capacity, it was the second smallest of 13 major dams in the area. Two other dams that broke are considered minor dams. The remaining four were small dams built without State permits. The failures were due to spillways being inadequate to accommodate the severe runoff from the storm. The dams overtopped and subsequently breached. Some of the other dams overtopped without causing failure.

Dam inspections

The State conducted a routine maintenance inspection of the Laurel Run Dam and one of the minor dams in 1976, while the other minor dam was inspected in 1972. Maintenance inspections are visual and are intended to identify obvious structural deficiencies. They do not evaluate the integrity of the dam or its ability to release water. Subsequent to the disaster, 88 dams in the eight-county area were inspected and 7 required immediate attention, while 20 to 25 others needed maintenance.

The three main dams that failed had been listed in the Corps of Engineers inventory of dams. On a hazard scale of three, Laurel Run had been classified as "one," or presenting a high hazard to life and property in the event of failure. The other two were rated "three," or presenting little hazard. The ratings do not give an indication of structural integrity.

LACK OF COMMUNICATIONS

According to the Defense Civil Preparedness Agency (DCPA) and local officials, the greatest single problem in providing emergency assistance to the disaster area was a massive failure of communications. For the most part, the only link between Johnstown and the outside world were amateur and citizen band radios. Telephone service was disrupted for up to 5 days (and longer in downtown Johnstown where underground cables were damaged).

Lightning put 41 local radio systems--including police and fire--out of service. The Johnstown police and fire department transmitting tower was disabled by 25 to 30 lightning strikes. Due to power failures (generators were located in the flooded basement of the police department),

the police auxiliary station could not be used for 36 hours. The police had no communications for 12 to 14 hours until citizen band radios were used. The fire department was without communication for 4 or 5 days except for citizen band radios. The State has an emergency communications network but nothing could be received from or sent to the Johnstown area.

The State Police began receiving reports of flooding shortly after midnight. However, they did not receive requests for assistance from local police or officials in the disaster area. The lack of communications affected their response to the disaster. They believe that portable telephone equipment and a single police emergency radio frequency (to be activated only in an emergency) would have enabled a more efficient response.

After the disaster, FDAA requested DCPA to provide a radio communications coordinator. Communications experts worked from 1 to 3 weeks to establish radio communications systems for the disaster area.

In a letter to DCPA, the Governor of Pennsylvania stated that:

"The July 19-20 flooding in the eight county area * * * has again demonstrated the inability of present county and local civil defense communications systems to properly function and provide the requisite warning and control dictated."

The Governor requested assistance in developing a communications system that would provide a warning and for coordinating emergency response and recovery efforts at the State, county, and local level in the event of a future disaster.

Problems encountered in establishing communications

There was some controversy over who was managing the communications operation after the flood. Under the National Communications System, the General Services Administration (GSA) provided a Federal disaster communications coordinator to support the FCO. DCPA provided a radio communications coordinator to assist the Federal disaster communications coordinator. The DCPA representative and military personnel received orders from both the Federal disaster communications coordinator and HUD. DCPA documents suggest that HUD operated independently to establish communications.

Other problems in establishing a Federal communications system as indicated in DCPA documents include:

- Much equipment initially received was damaged or in poor repair.
- HUD equipment was not compatible with military equipment.
- FDAA and HUD did not specify communications requirements to enable the communications experts to know what equipment was required.
- Some military personnel were improperly equipped and not skilled for the required tasks.
- Some military personnel were reporting to HUD rather than the communications coordinator.

The telephone company in Johnstown told us they were besieged with requests for telephone service from the numerous government agencies converging on the disaster area. Duplicate requests were received from some agencies. Furthermore, the telephone company had no way of knowing which requests were the most urgent.

CIVIL DEFENSE OPERATIONS

Each of the eight counties stricken by the flood has a civil disaster preparedness plan. For example, Cambria County (where Johnstown is located) adopted its plan, a joint effort of the county, State, and DCPA, in 1972. The plan has a hazard analysis, which lists floods as the number one potential danger in the county. It further identifies specific locations where flooding can affect lives and property, including the confluence of the Little Conemaugh River and Stony Creek at Johnstown. The county has a fully equipped emergency operating center (EOC) in Ebensburg, Pennsylvania, about 10 miles north of Johnstown. The EOC has radio communications with civil defense officials and capability to receive weather warnings. According to DCPA, less than half the county can be warned by sirens; Johnstown does not have a siren system. DCPA regularly evaluates county civil defense preparedness. Cambria County was evaluated 4 months before the disaster.

DCPA conducted a special post-flood evaluation of the eight-county disaster area's civil defense response. The evaluation showed that:

- Major flooding occurred in each of the eight counties before the weather warning was received from NWS through the Pennsylvania civil defense teletype system.
- In almost all cases it was too late to warn the public.
- Seven of the eight counties activated their EOCs.
- Telephone land lines were not a reliable means of communications.
- None of the counties had adequate communications equipment.
- The Emergency Broadcast System was not used in most cases (most local broadcast stations were off the air, had there been an attempt to use the system).

Also, DCPA officials told us that had trained staff been needed to operate disaster assistance centers or coordinate the emergency response or recovery effort, they would have provided personnel upon FDAA request.

INITIAL RESCUE OPERATIONS

The commander of the State Police Task Force Operation for the disaster stated that, in his opinion, some lives were lost because rescue-equipped helicopters were not available immediately. The State Police requested National Guard helicopters with rescue capability, but over 3 hours elapsed in obtaining authorization, calling in crews, and flying to the area. The helicopters rescued about 200 victims. To provide immediate rescue response in the future, the State Police hope to acquire some surplus military helicopters with rescue capability. See pages 69-70 for more details on State Police operations.

CONTROL OF LOOTING

There was some looting in downtown Johnstown on July 20, and the mayor ordered city police to shoot to kill. Local police were somewhat hampered by the loss of 9 out of 21 vehicles and extremely limited communications. When the

State Police heard reports of looting they initially dispatched 18 men to the city. The State Police do not have a shoot-to-kill policy in the case of looting. Several looters were arrested. By 10:00 p.m. the State Police had sealed off the city from looters and the curious by establishing posts at all roads into the area (30 posts--each manned by two or three State Policemen). Looting never became a serious problem in Johnstown and no looters were shot.

CONTROL OF EXPLOSIONS AND FIRES

Johnstown did not have the problem of widespread natural gas explosions and fires that have resulted from similar disasters. There were a number of fires caused by lightning. Because of flood waters, firemen could not reach some fires. After the immediate emergency, the fire department concentrated on checking for natural gas leaks. The fire department lost several vehicles in the flood.

OBSERVATIONS

- A local flash flood warning system could have alerted authorities to the Johnstown disaster much sooner. NWS partially relies on local observations in issuing weather warnings and assists localities in developing flash flood warning systems. By providing information on local conditions, the community can assist NWS in its responsibility to issue warnings.
- An improved communications system could have provided better and quicker emergency assistance to the disaster area. It took up to 3 weeks to establish communications; equipment was in poor condition, some of it was incompatible, and there was confusion over who was in charge of the communications operation. DCPA, even though much of their expertise is in communications, had little involvement in Johnstown. There is a need for DCPA to assist State and local governments in improving their emergency communications capability.

CHAPTER 3

THE NATIONAL FLOOD INSURANCE PROGRAM

Of the 136 communities affected by the Johnstown area flood, 116 participated in the flood insurance program. Therefore, individuals and businesses in the participating communities could have purchased insurance on their structures and contents before the flood. There were 7,236 policies with coverage of almost \$151 million in the participating communities. Nearly \$26 million in flood insurance claims were paid to 2,592 policyholders in the disaster area. Within the city of Johnstown, there were 1,518 policies with total coverage of \$36 million. Claims payments to 1,210 policyholders in the city amounted to over \$17 million.

BACKGROUND

The National Flood Insurance Program, established under the National Flood Insurance Act of 1968 (Pub. L. 90-448), is administered by FIA, an agency within HUD. Until recently, the program had been a cooperative effort between FIA and a pool of over 120 private insurance companies comprising the NFIA. Under a contract between HUD and NFIA, member companies sold and serviced flood insurance policies. The companies provided risk capital and shared in NFIA's profits or losses. Effective January 1, 1978, a new agent took responsibility for marketing, servicing, and claims settlement.

The intent of the program is to make flood insurance available to property owners in the 100-year floodplain--the standard adopted by FIA for the identification of special flood hazard areas and as the base flood elevation for the adoption of land use controls. Flood insurance is available, however, to anyone in a participating community regardless of where the property is located.

There are two phases to a community's participation in the program. The first phase is the emergency program which communities can enter once they have submitted an application and have adopted preliminary land use measures. Once FIA has identified a community as having a flood hazard and has issued a flood hazard boundary map, they have 1 year to qualify for the program. Once qualified, flood insurance at subsidized rates is available to property owners in the community.

The second phase is the regular program which communities can join after FIA conducts its detailed flood insurance study and issues its rate map. The rate map delineates flood-hazard

areas and flood elevations. Based on the degree of risk, actuarial rates are charged for coverage beyond that provided under the emergency program. The community has 6 months to adopt and enforce floodplain management ordinances in accordance with program standards.

As of January 31, 1978, 19,824 communities nationwide had been identified as having a flood hazard--14,155 were in the emergency program and 1,643 were in the regular program. Also there were 1.2 million policies with \$37.1 billion in coverage. The remaining communities were either not participating in the program or were suspended.

Effect of nonparticipation

If a community does not join the emergency program within 1 year of notification of a flood hazard, FIA may invoke sanctions to prohibit Federal assistance for construction or acquisition of buildings in flood-hazard areas. If a community joins the emergency program but does not join the regular program within 6 months of the issuance of the rate map, FIA can suspend the community from the program. Flood insurance cannot be sold or renewed in suspended communities.

The Flood Disaster Protection Act of 1973 (Pub. L. 93-234) made participation in the flood insurance program a mandatory condition for Federal financial assistance in communities identified as having a flood hazard. For those communities that had chosen not to participate by July 1, 1975, or within 1 year after notification of a flood hazard, whichever came later, the act prohibited

- federally supervised, regulated, insured or approved lending institutions from making, increasing, extending, or renewing any loan secured by real property within the floodplain and
- Federal funding for acquisition or construction in the floodplain.

A 1977 amendment to the 1973 act, however, removed the prohibition against such loans mentioned above. Instead,

under that amendment, the lender is required to notify borrowers as to whether disaster assistance would be available for the property if flooded. The 1973 act, as amended, prohibits, in the event of a flood, Federal disaster assistance under the Disaster Relief Act of 1974, for any type of flood-related acquisition or construction of property in an identified flood hazard area unless the community in which the property is located is participating in the flood insurance program and the property is covered by flood insurance.

Flood insurance coverage and rates

Property owners in a participating community can buy flood insurance on structures and contents from any insurance agent licensed in the State where the property is located. Flood insurance covers direct losses by general flooding (but not from seepage or sewer backups unless directly caused by a general condition of flooding). Coverage at full replacement cost is provided for single family dwellings insured at 80 percent or more of the structure's replacement cost or to the maximum amount of insurance available under the program, whichever is less. In all other cases, loss adjustments are based on actual cash value--replacement cost less depreciation--of the property at the time of the loss. A deductible of \$200 is applied separately to structure and contents. Losses by fire, even if flood-induced, are not covered by flood insurance. In the case of flood and fire, flood insurance covers damages below the water line and fire insurance covers damages above the water line.

The following table shows the types and limits of flood insurance coverage and rates under both the emergency and the regular programs (except in Alaska, Hawaii, the Virgin Islands, and Guam).

<u>Type of coverage</u>	<u>Emergency program (first layer of coverage)</u>		<u>Regular program (second layer of coverage)</u>		<u>Total limits of coverage</u>
	<u>Limit</u>	<u>Subsidized rate (per \$100 of coverage)</u>	<u>Limit</u>	<u>Actuarial rate (per \$100 of coverage)</u>	
Structure--Single family dwelling	\$ 35,000	\$.25	\$150,000	Based on degree of risk	\$185,000
Structure--Other residential	100,000	.25	150,000	"	250,000
Contents--Residential	10,000	.35	50,000	"	60,000
Structure--Non-residential	100,000	.40	100,000	"	200,000
Contents--Non-residential	100,000	.75	100,000	"	200,000
Structure--Small business	100,000	.40	150,000	"	250,000
Contents--Small business	100,000	.75	200,000	"	300,000

Implementation of the program

FIA's responsibilities in implementing the flood insurance program include

- identifying communities having flood-hazard areas;
- notifying identified communities and providing them with flood hazard boundary maps so they can enter the emergency program and adopt the minimal floodplain management regulations necessary to retain eligibility;
- making and publishing flood insurance studies and rate maps so that communities can adopt the more stringent floodplain management regulations necessary to become eligible for the regular program; and

--requiring communities to adopt and enforce land use and control measures based on the studies and rate maps furnished by FIA to guide land development in flood-hazard areas.

To carry out the flood insurance program and fulfill the Federal Government's financial responsibilities, HUD was authorized to establish a National Flood Insurance Fund in the U.S. Treasury to

--subsidize the private industry pool through premium equalization payments and

--provide a Federal program of excess loss reinsurance to assist the industry in the event of catastrophic losses.

As noted earlier, NFIA was responsible for writing and processing flood insurance policies and settling claims. Within each State, insurance agents dealt with an NFIA-designated servicing company that provided information and application forms and processed policies and claims.

When a loss occurred, the policyholder reported it to the agent from whom he bought the policy. The agent reported the loss to the servicing company, which then assigned it to an NFIA-approved adjuster. The servicing company had authority to approve claims under \$5,000. Claims over \$5,000 were approved by NFIA. NFIA reviewed, after the fact, all claims approved by the servicing company. NFIA also maintained master policy and claims records and billed the policyholders for renewals.

THE FLOOD INSURANCE PROGRAM IN THE JOHNSTOWN DISASTER AREA

As previously mentioned, 136 communities within eight counties were affected by the Johnstown area flood of 1977. The following chart shows the status of program participation among these communities at the time of the disaster.

<u>Program status</u>	<u>Number of communities</u>	<u>Percent</u>
Emergency program	111	81
Regular program	5	4
Not participating	16	12
Withdrew from program	1	1
Hazard not identified	3	2
Total	<u>136</u>	<u>100</u>

In the 116 participating communities, there were 7,236 policies in effect with coverage of almost \$151 million at the time of the flood. Nearly \$26 million in flood insurance claims were paid to 2,592 policyholders in the disaster area.

We contacted 14 of the 16 communities that were not participating in the flood insurance program at the time of the flood. Four of those contacted had joined the program since the flood, while three others were in the process of meeting requirements. The others still were not participating for the following reasons:

- Opposed to zoning restrictions.
- Never flooded before or only prone to minor flooding.
- No development in the hazard area.
- Residents not interested.

An FIA official told us there is currently no followup to encourage participation in the program. Communities that failed to join the program within the required year after identification as a flood-prone community were, in the past, sent form letters. This practice, according to the FIA official, was discontinued as not being cost effective. Another FIA official told us that regional offices make visits to nonparticipating communities to review the severity of the flood hazard and to encourage participation in the program.

FIA officials told us that as of January 1977 there were 3,385 nonparticipating communities nationwide and that of that number 2,169 (64 percent) contained less than 1,000 persons and less than 1 square mile of special flood hazard area. The officials said they do not follow up on such communities because they believe it is not cost effective. They also said that floodplain management ordinances are too costly for smaller communities, the areas are mostly rural, and development is not likely. The officials told us that FIA is presently studying why smaller communities are not participating in the flood insurance program.

FIA identified a flood-hazard population of 29,934 or about 7 percent of the 436,126 total disaster area population. It also identified over 13,000 structures in flood-hazard areas. FIA, however, had no information indicating how many of the 7,236 flood insurance policies were for properties within the flood-hazard areas. It seems to us that FIA, as manager of the program, would want to know which structures in flood-hazard areas are not insured so that it could direct its efforts to the owners of those structures to obtain flood insurance.

The flood insurance program
in the city of Johnstown

Flood insurance was first available in Johnstown in August 1972. Until boundary maps were available to show flood-prone areas, the entire city was designated as a flood-hazard area. Under this designation, owners of existing structures were able to purchase flood insurance. Owners of new construction or substantially improved structures begun after the effective date were ineligible for coverage until the flood-hazard areas were identified. The flood-hazard boundary map for Johnstown was not published until January 1974. Johnstown entered the regular flood insurance program in April 1977 when the flood insurance rate map, based on a Corps of Engineers study, was issued. According to FIA, the city adopted a comprehensive flood-plain management ordinance in June 1977, in compliance with program requirements.

Most of Johnstown is outside the 100-year floodplain. Although the city is in a valley and at the confluence of two rivers, the 100-year floodplain is for the most part confined to the river channels because of the Corps of Engineers flood protection project mentioned in chapter 1. There are smaller, unprotected streams in the city which account for most of the 100-year floodplain.

An NFIA official stated that in most communities the 100-year floodplain is extremely narrow and that most flood losses occur outside the designated flood-hazard area where the floodplain management ordinances do not apply. Therefore, he concluded that such ordinances adopted in accordance with the flood insurance program are practically meaningless. We asked FIA to comment on this

and they said that, based on a 1976 study of flood damage information from 1959 to 1974, approximately 60 percent of the total damage reported was caused by floods greater than 100-year floods. FIA pointed out, however, that most of the damage occurred in the 100-year floodplain.

There were only 60 policies in Johnstown as of January 1977. Because of a severe winter and the potential for spring floods, the Governor conducted a campaign to warn the residents of Pennsylvania of the flood danger and to publicize the availability of flood insurance. During a 1-month period, almost 1,500 policies were purchased in Johnstown. Although spring flooding did not take place, the threat caused many people to obtain a flood insurance policy so that when the flood occurred in July there was \$36 million in coverage in Johnstown. The chart below shows the number of policies and amounts of coverage in Johnstown before the flood.

	<u>Policies</u>	<u>Percent</u>	<u>Coverage</u>	<u>Percent</u>
Dwellings	1,048	69	\$16,703,000	46
Business	<u>470</u>	<u>31</u>	<u>19,267,000</u>	<u>54</u>
Total	<u>1,518</u>	<u>100</u>	<u>\$35,970,000</u>	<u>100</u>

The 1,210 insurance payments in the city of Johnstown totaled \$17,338,694. NFIA reports do not indicate the amount of payments to individuals versus businesses or for structures versus contents.

Enforcement of Johnstown's floodplain management regulations

Communities must implement and enforce floodplain management regulations in the 100-year floodplain as a condition of participating in the flood insurance program. New construction and substantial improvements to existing structures must either be elevated or floodproofed to protect against a 100-year flood. In the case of flood-damaged structures, the substantial improvement rule applies to the cost of improvements equaling or exceeding 50 percent of the market value of the structure before the flood (not including costs necessary to meet health, sanitation, and safety code specifications). To comply with this rule, a substantially damaged structure cannot be repaired or rebuilt in the flood-hazard area unless it meets elevation or floodproofing requirements.

In order to enforce floodplain management regulations, responsible city officials should know the extent of the 100-year floodplain. Yet, there was disagreement on its size in Johnstown. A city official told us that, while an estimated 64 percent of the city was affected by the flood, there was no precise figure on the percentage of Johnstown within the 100-year floodplain. One city representative involved with code administration matters estimated that less than 20 percent of the city's land area is in this floodplain. A HUD contractor who prepares flood-hazard boundary maps for FIA estimated that 8 percent of the city's land area was within this floodplain. As a result, there was no data on how much of Johnstown's \$117 million in damages occurred within the 100-year floodplain and, therefore, we were unable to obtain information on flood damaged structures for which the 50-percent rule would apply.

Johnstown does not seem to be fully enforcing its floodplain management regulations. As a result one house was constructed in the flood-hazard area. The city code administrator told us that, from the time Johnstown joined the emergency program until the flood, there had been no construction in the floodplain that would have required compliance with floodplain management regulations. He said that the area has been fully developed for years and there was no open space for construction. Before June 1977 the city had no floodplain management ordinance. According to the code administrator, as of December 1977 only one house had been rebuilt in the 100-year floodplain since the flood. He said the builder was required to meet the various floodplain requirements established in the recently adopted ordinance.

We inquired about another house that appeared to us to be in the floodplain. Initially the code administrator stated that the house was outside the floodplain and the city could not enforce floodplain management requirements. However, since the house was next to a stream in an area which suffered considerable damage during the flood, the administrator agreed to review the applicability of floodplain ordinances. Subsequently, upon review, city personnel determined that the house was in the 100-year floodplain, but the city did not know what action could be taken since construction had been completed for several months.

Johnstown insurance claims

We selected a random sample of 100 claims from Johnstown. Our review showed that for the overall sample, 34.5 percent of the losses were on structures and 65.5 percent were on contents. The following is the percentage of losses between dwellings and commercial properties.

	<u>Dwellings</u>	<u>Commercial</u>
	(percent)	
Structure	52.5	26.6
Contents	47.5	73.4

The sample accounted for 78 claims for structure losses and 83 claims for contents losses. Most of these claims--54 structure and 45 contents--were covered entirely by the policyholder's insurance. The remaining other claims were in excess of the policy limits and thus were restricted to the policy amount. This is shown in the following table.

	<u>Claim covered by</u> <u>policy amount</u>		<u>Claim restricted</u> <u>to policy amount</u>		<u>Total</u>	
	<u>Number</u>	<u>Percent</u>	<u>Number</u>	<u>Percent</u>	<u>Number</u>	<u>Percent</u>
Dwelling:						
Structure	46	81	11	19	57	100
Contents	37	66	19	34	56	100
Commercial:						
Structure	8	38	13	62	21	100
Contents	8	30	19	70	27	100

We interviewed 20 individuals and 5 businessmen in Johnstown who had filed flood insurance claims. The policyholders were pleased with the quality of claim service they received. None complained about the timeliness of insurance payments. Many individuals said they were thankful for the coverage, and they preferred to control repairs to their property rather than having to rely on the HUD minimal repair program.

OTHER MATTERS

FIA monitoring of community compliance with floodplain management regulations

FIA is not doing all that it could to monitor community compliance with floodplain management regulations. An FIA official told us that there has only been limited followup to determine if communities are enforcing floodplain management

ordinances. In a 1976 report (RED-76-94, Apr. 22, 1976) on the program, we concluded that FIA had not established an effective system for monitoring community efforts to adopt and enforce floodplain management regulations. FIA began some monitoring of compliance in 1976 through visits to participating communities. Less than 80 communities have been visited, and none was in the Johnstown disaster area. FIA hopes to visit 60 communities per region during fiscal year 1978. The official told us that the emphasis has been on the mapping of communities rather than enforcement of program requirements.

An FIA official informed us that FIA is capable of generating data on insured properties which fall under the substantial improvement criteria. However, at the time of our review, FIA had not determined if any structures in the Johnstown area fell under this rule.

Participating communities are required to submit an annual report to FIA. FIA uses annual reports to monitor unusual activity in flood-hazard areas. An FIA official stated that report forms were mailed to 829 communities in January 1977, but 199 had not responded as of December 31, 1977. FIA decided not to follow up on the nonresponding communities. We were told that in the past FIA required annual reports only from communities participating in the regular program. An FIA official stated that beginning in 1978 a computerized system will permit them to review annual reports from all communities in both the emergency and regular programs.

Government purchase of flood-prone properties

NFIA expressed concern that Section 1362 of the National Flood Insurance Act of 1968 as amended, which allows the Government to purchase insured properties in flood risk areas which had incurred repeated flood damage, or had suffered flood damage beyond repair, had not been funded. He explained that there are numerous insured properties throughout the country which have been flooded year after year and insurance proceeds are paid each time. The NFIA official believed that in many cases the properties could have been purchased by the Government for less than the amount of the insurance proceeds. An FIA official told us that FIA has a research project underway to study the feasibility of purchasing flooded properties under

Section 1362. The project is scheduled for completion in early 1979. In the interim, FIA is taking steps to plan for limited implementation of Section 1362.

OBSERVATIONS

Information developed during our review of the flood insurance program and its operations in Johnstown indicates that

- the establishment of the 100-year floodplain may be inadequate as the criteria for floodplain management ordinances;
- FIA did not adequately monitor community enforcement of floodplain management regulations;
- FIA did not adequately encourage communities to participate in the flood insurance program; and
- FIA did not actively encourage property owners to purchase flood insurance, particularly those in the floodplain.

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CHAPTER 4

THE RECOVERY EFFORT

This chapter discusses the cost of disaster assistance, the effect of flood insurance, and the organization of the recovery effort. It also discusses allegations and observations made during our interviews concerning assistance for individuals, businesses, and the city of Johnstown.

Federal disaster assistance to the Johnstown area is expected to total at least \$261 million. We believe that without flood insurance the amount of Federal disaster assistance would have been greater. We found, however, that the lack of flood insurance coverage at the time of the flood did not effect an individual's eligibility for Federal disaster assistance.

Our interviews showed that, in general, victims were pleased with the Federal recovery effort, but some problems were mentioned by victims, volunteer groups, government officials and others. Most criticism was directed at the HUD minimal repair program, which is intended to make flood-damaged homes habitable.

THE COST OF DISASTER ASSISTANCE

Of the estimated \$261 million in disaster assistance to the Johnstown area, \$155 million (59 percent) is for assistance to individuals and businesses--\$71 million in free assistance, \$83 million in loans, and \$1 million in tax refunds--while \$106 million (41 percent) is for assistance to the State and local governments and nonprofit institutions in the form of grants or direct assistance. The assistance was provided by 12 agencies through 27 programs. Seven agencies alone were responsible for 11 disaster assistance programs for individuals and businesses, while numerous volunteer organizations assisted individuals and emergency workers. (See app. VII.) Six agencies through 16 programs assisted the State and local governments and nonprofit institutions under the general category of "public assistance." (See app. VIII.) The State provided much emergency assistance of its own (see app. IX), and three federally chartered or recognized private organizations (Red Cross, Salvation Army, and Mennonite Disaster Service) also provided assistance to individuals. The table below shows the cost of Federal assistance by program.

Assistance To The Johnstown Disaster Area

Programs to assist individuals and businesses	<u>Cost</u>	Programs to assist State and local governments and institutions	<u>Cost</u>
Federal Disaster Assistance Administration (note a)		Federal Disaster Assistance Administration	
Individual and Family Grant	\$ 5,212,000	Debris clearance	\$ 8,900,000
Temporary housing	46,128,000	Protective measures	3,500,000
Disaster unemployment assistance	17,424,000	Road systems	17,000,000
Crisis counseling	220,000	Water control facilities	5,400,000
Agricultural Stabilization and Conservation Service		Public buildings	3,600,000
Emergency conservation measures	55,756	Public utilities	14,000,000
Food and Nutrition Service		Facilities under construction	100,000
Emergency food stamps	2,495,595	Private nonprofit	6,500,000
Veterans Administration		Other	1,000,000
Adjustments to Federal loans	<u>0</u>	Federal Highway Administration	
Total--free assistance	<u>\$71,535,351</u>	Federal-aid roads and highways	31,059,389
Internal Revenue Service		Soil Conservation Service	
Total--casualty loss refunds	\$ 1,142,000	Emergency watershed protection	9,767,442
Small Business Administration		Corps of Engineers	
Loans to individuals	\$ 16,170,000	Debris removal--	
Loans to businesses	66,500,000	Corps projects	909,490
Farmers Home Administration		Supplies and services	27,425
Emergency loans	<u>126,960</u>	Rehabilitation of	
Total--loans	<u>\$ 82,796,960</u>	Corps projects	1,260,000
Total	<u>\$155,474,311</u>	Department of Labor	
		Comprehensive Employment and Training Act	
		disaster assistance	1,422,000
		Office of Education	
		Assistance to school districts	<u>1,099,232</u>
		Total	<u>\$105,544,978</u>
Total of all assistance:	\$261,019,289		

a/ FDAA did not manage the programs.
(See app. VII.)

Although FDAA lists 83 Federal programs, about 50 were available to the Johnstown area for disaster recovery. The other programs were preventative or preparative in nature or did not apply to the conditions in the area (e.g., earthquake hazard reduction and beach erosion control programs). Of those programs available but not used, they either were not needed, were met by State resources, or can be applied for at a later date.

EFFECT OF FLOOD INSURANCE ON DISASTER ASSISTANCE

We found no flood victims in the Johnstown area who were denied Federal disaster assistance because they were not covered by flood insurance at the time of the flood. Victims who lived in flood-hazard areas were required to purchase flood insurance as a condition of receiving loans or grants but not for other types of direct assistance. An NFIA official indicated that even if flood insurance had been required before the disaster struck, the flood-hazard area in Johnstown is so narrow that relatively few people would have been affected by such a requirement. (See p. 19.)

Within our interview sample, 47 flood victims did not have insurance before the disaster. Seventeen victims said they were required to purchase it as a condition of receiving Federal financial assistance (12 for grants and 5 for loans).

A State public assistance official told us that 1,327 out of 3,000 grant recipients, or 44 percent, were required to purchase flood insurance. A Small Business Administration (SBA) official advised us that, based on a sample of 250 cases selected at random, 22 percent of the individuals and 20 percent of the businesses receiving loans were required to purchase flood insurance as a condition of receiving the loan. The official told us that the reason for such a relatively low percentage is that few applicants were located in the 100-year floodplain.

The National Flood Insurance Program had a significant effect on disaster assistance provided in Johnstown. If flood insurance coverage had been more extensive, the effect on reducing disaster assistance expenditures would have been greater. We believe that the nearly \$26 million in flood insurance proceeds paid to 2,592 policyholders resulted in fewer loans and grants to disaster victims. In addition, HUD minimal repair program expenditures were reduced because flood victims receiving insurance proceeds are required to reimburse HUD for repairs made under the program or did not use the program.

ORGANIZATION OF THE RECOVERY EFFORT

On the day the President declared Pennsylvania a major disaster area, an FCO was sent to Johnstown to establish the office of the Federal coordinator (OFC). The Governor of Pennsylvania met with him to outline the extent of damage and the status of the emergency response.

The FCO was made independent from FDAA in that he held no other duties and had authority to establish, organize, staff, and fund the coordinating office. This independence was a deviation from previous FDAA practice. In other disasters, FDAA named as FCO their regional director for that particular area. In such cases, the position of FCO was a collateral duty with the management of the FDAA region and its programs.

In Johnstown the FCO, while not having decisionmaking authority over agencies' programs, was responsible for coordinating the entire recovery effort. His office was the focal point for all information on the recovery effort. Daily meetings open to the press were held with agency representatives to discuss the progress and problems of the recovery. At the height of the recovery effort, the OFC had a staff of 58 (including 12 volunteers to provide hotline telephone assistance) for such functions as DAC managers, public information office staff, administrative and clerical personnel, and various liaison personnel.

The first of eight DACs opened on July 23. The DACs were one-stop centers where victims could apply to agency representatives for various types of assistance. DACs were staffed by Federal and State agencies. OFC personnel registered flood victims at the centers. In addition to the fixed DAC sites, mobile units were sent throughout the disaster area to 26 locations and in many cases made one or two repeat visits. ACTION agency personnel conducted an outreach service to inform victims of the assistance available. Each of six DACs registered from 1,000 to 10,000 of the 28,500 victims who applied for assistance.

ASSISTANCE TO INDIVIDUALS

Most flood victims we interviewed said they were pleased with the Federal recovery effort in general. We interviewed 67 individuals and 15 business representatives. (See apps. IV and V). Eighty-eight percent of the individuals and

almost 80 percent of the business representatives rated the Federal response as excellent or good. However, many cited specific problems in various programs or raised other issues that deserve attention. The program which received the most complaints during our interviews was HUD's minimal repair program. (See p. 51.)

State and local government officials and representatives of volunteer organizations generally were complimentary of the Federal response, but some of them also mentioned weaknesses in programs or other disaster-related problems. Observations made during our interviews are discussed below.

Problems with the HUD minirepair program

HUD's minimal repair program, known as the minirepair program, was the primary exception to disaster victims' highly favorable opinion of the Federal recovery effort. Forty-five percent of those we interviewed who received minirepairs criticized the program. The complaints were categorized as follows:

- Poor workmanship.
- Unqualified inspectors.
- Too many out-of-town contractors.
- Difficulty in getting faulty repairs corrected.

Examples of victims' comments on the minirepair program follow.

- The work was of poor quality. The cellar door was installed with a wide crack around it. The kitchen floor was replaced, except under movable cabinets. Gas piping was used for the water line to the hot water tank. The HUD inspector approved the work. They should take the time to do the work right the first time.
- The carpentry work was pathetic. The contractor put the cellar door on the rotten frame and left gaps.
- The gas company tagged the repaired furnace as unsafe. I cannot contact HUD to get it repaired.

- The furnace was improperly installed and leaks required seven repair calls. HUD should insure that slipshod repairs do not occur.
- The furnace was repaired but does not heat the radiators. The water heater flue was not sealed. The inspector said the contractor should return but he never came.
- After they replaced the water heater there was no water in the kitchen. Mud was in the line. They damaged washers in the kitchen and the faucets now leak. Local people should be used-- they would be more conscientious and do better work than out-of-town contractors.

A Chamber of Commerce official stated that he was aware that some contractors engaged in minirepairs were doing shoddy work. In his opinion many of the repairs will fail in time. He said that some homeowners at their own expense hired local repairmen to redo the work done by minirepair contractors. He also told us that many excellent local repairmen were unable to get HUD contracts for minirepair jobs, but that some slipshod contractors from out of town did get HUD contracts.

Section 310 of the Disaster Relief Act of 1974 (Pub. L. 93-288) states, among other things, that, for Federally funded reconstruction work, preference shall be given, to the extent feasible and practicable, to those organizations, firms, and individuals residing or doing business primarily in the disaster area. We found that, of the 79 minirepair contractors, 27 (34 percent) were from the disaster area, 22 (28 percent) were from elsewhere in Pennsylvania, and 30 (38 percent) were from 12 other States.

One volunteer organization that helped victims who had problems in receiving assistance made the following allegations about the program.

- Repairs were of poor quality; most could be described as crude.
- Victims often approved the work before they realized the repairs were faulty.
- The quality of inspectors was very poor.
- HUD did not adequately check on the qualifications of the contractors performing repairs.

- HUD did not always have shoddy repairs redone.
- Contractors were paid from 2 to 5 times the normal local rate.
- Many contractors left town after making repairs, and they cannot be reached.

We discussed with the director and staff of HUD's DFO the dissatisfaction with the repair work. The director agreed there were some problems in the program, but he said a HUD questionnaire that was mailed to all minirepair recipients showed a high level of satisfaction. Responses from 95 percent of the recipients showed that on a scale of 1 to 5 (poor to very good), the average rating for general repairs and heating assistance was 3.57 to 4.03, respectively. Fifty-nine percent rated general repairs as very good or good, while 77 percent rated heating assistance as very good or good.

The director stated that many of the contractor-furnished inspectors were apparently unqualified, and that the inspectors accepted work that should have been rejected. According to the director, HUD is following up on complaints to make sure all necessary rework is done. In his opinion, HUD should use its own personnel for inspections whenever possible. HUD officials told us that unqualified contractor-furnished inspectors were weeded out through DFO quality control inspections.

The DFO contracting officer also expressed doubts about the qualifications of contractor-furnished inspectors. The inspectors were supposed to have either a college degree with 1 year of field construction trades experience or 3 years of such experience. Six firms--from Pennsylvania, Massachusetts, Michigan, Oklahoma, Alabama, and Mississippi--provided 129 inspectors. HUD also used an average of about 45 of its own inspectors. Because of his concern about the fulfillment of contracts by the firms who supplied the inspectors, the DFO contracting officer plans to review DFO quality control records and obtain ratings of the inspectors by minirepair contractors. He will then decide whether to issue the final payments to the inspection contractors.

According to the DFO quality control officer, the duties of the inspector include

- making an initial damage assessment to determine if the house is repairable within the program limits;

- determining specifically what work is required, including decisions on whether to repair or replace;
- writing a work specification (which is approved by the DFO minirepair chief);
- conducting a followup inspection jointly with the repair contractor to determine whether the specifications need to be modified (the earlier inspection could have been done while the house still had water or mud in it that hindered a complete inspection);
- monitoring the contractor's work;
- conducting a final inspection to determine if the work was done properly and in accordance with the specifications; and
- signing a certification that work was completed and accepted.

The quality control officer told us the homeowner was given a copy of the original work specification but said that HUD neglected to inform homeowners of modifications. After the work is completed, the homeowner signs the certification--as does the inspector and DFO program chief--that the work was done and accepted. The quality control officer also told us that a random selection of repaired houses is inspected to insure that work done matches the specifications.

The quality control officer said that minirepair recipients who have problems with repairs are supposed to call the contractor. If the contractor cannot be reached or will not correct the problem, the recipient is to contact the DFO, and HUD will attempt to have the contractor correct the problem. If the DFO cannot reach the contractor after 72 hours, another contractor is sent and the original contractor is billed. He said that heating contractors were required to have a service representative in the area for 1 year to handle complaints.

The contracting officer stated that prospective contractors had to complete a capability questionnaire on the size of the firm, number of employees available for disaster work, type of equipment, capabilities of the firm, the firm's banker, and previous disaster experience. He said that, due to the hectic pace in the early stages of disaster assistance, contractors probably were not screened in the detail that would have been done under normal circumstances.

HUD officials told us that all contractors had to be approved and licensed by the city of Johnstown. They said that, due to the emergency situation, both labor and supplies were more costly than under normal circumstances. They pointed out, however, that all contracts were awarded competitively and every effort was made to utilize local contractors. For example, the HUD officials told us that if a local contractor's bid was within 30 percent of a low out-of-town bidder, the local contractor was provided the opportunity to accept the contract at the lower amount.

Contractors were assigned about 20 houses per work order and were paid based on specific line items in their contracts. Payment for work not specified in the contract was negotiated. The contractor had to guarantee his work for at least 1 year, and HUD withheld 15 percent of their payment until the contractor made provisions for the guarantee. The contractor also was supposed to give the homeowner information on how to contact him should problems arise. One contractor told HUD he mailed instructions on his guarantee to all homeowners for whom he did repairs. HUD sampled 20 percent of the homeowners who received repairs from the contractor; none had received instructions on the guarantee.

We did not conduct a detailed review of the minimal repair program in Johnstown and thus did not verify allegations which victims made about it. In a report entitled "Some Improvements Needed in Administration of Minirepair Program" (B-167790 dated Dec. 11, 1973), we evaluated the program as implemented in the Wyoming Valley, Pennsylvania, flood after Tropical Storm Agnes. Our findings at that time showed that

--about one-third of the victims sampled were not satisfied with the quality of the repairs (we verified that some repairs were done poorly);

- some required work was not done; and
- much of the work was done at premium prices, but we could not conclude that the costs were unreasonably high considering the crisis conditions.

There have been changes in the program since our report, including a transfer of program management from the Corps of Engineers to HUD. Many victims of the Johnstown area flood, however, believe that the problem of poor quality repairs persists.

Reimbursement required of
victims with flood insurance

FDA regulations state that

"Minimal Repair Program recipients shall repay the Government the cost of any repairs or replacement completed under the Minimal Repair Program which are covered by insurance, or the amount received from insurance proceeds for the damaged item repaired under the program, whichever is less."

Of those in our interview sample who had flood insurance, 50 percent said they were never informed of the requirement to reimburse HUD for minirepairs. The DFO administrative staff told us that all applicants should have been informed orally of the requirement, but perhaps in some cases the requirement was not explained. They also said that due to the hectic post-disaster conditions, some people could have forgotten or might not have understood that HUD had to be reimbursed out of flood insurance proceeds for minirepairs.

We noted that the "Agreement to Participate in the Minimal Repair Program" states the following:

"* * * I (we) hereby agree to reimburse HUD for repairs made to my (our) dwelling unit under the Minimal Repair Program if such coverage is provided by my (our) insurance."

Because of the requirement, victims with flood insurance had to reimburse HUD for the emergency temporary repairs that those without flood insurance obtained for free. Several victims who received minirepairs complained about the requirement--particularly if they thought the repairs were done.

poorly. One of the victims who had flood insurance said he withdrew his application for minirepairs because he would not be allowed to get his own repairman, would have to reimburse HUD for the work, and HUD would not be liable for subsequent failures.

The HUD DFO Director said that in his opinion, reimbursement should be required only for permanent repairs or installations (e.g., replacement of a furnace). He further stated that most repairs under the minirepair program are temporary and will eventually be torn out and replaced by permanent repairs paid for by the flood victim. He did not believe that permanent repairs and temporary repairs are duplicative types of assistance.

Duplication of benefits and the application process

Some assistance programs are potentially duplicative. Most duplication could occur through assistance from two or more agencies for the same purpose or, to a lesser extent, by a victim or other family members applying more than once for one specific type of assistance. Home repair assistance and food stamp assistance are discussed below.

Flood victims can have their homes repaired through the following programs:

- Flood insurance.
- HUD minimal repair program.
- SBA home repair loan.
- Farmers Home Administration (FmHA) emergency loan.
- Individual and Family Grant (IFG) (depending upon the purpose of the grant).
- Volunteer organizations.

We discussed with the HUD DFO Director the potential for duplication of assistance under the minimal repair program and other programs. He told us that he was aware of some cases of duplication and was planning to identify other cases. His two areas of concern were flood insurance and SBA loans, because he was not provided lists of those

receiving payments under the two programs. Lists of grant recipients, he explained, had been screened against mini-repair applicants, and there were few if any FmHA loans for home repairs.

The Director said he tried without success to obtain a list of approved flood insurance claimants. Unless the applicant for minirepairs volunteered the information when the application was taken, HUD had no way of knowing whether the applicant had flood insurance and therefore was required to reimburse HUD for minirepairs. HUD subsequently mailed a certification form (along with the questionnaire mentioned on p. 31) asking minirepair recipients to indicate whether they were covered by insurance at the time of the flood. If so, they were to authorize the insurance company to release an itemized report of the insurance proceeds to HUD.

The Director also stated that little information was exchanged between SBA and HUD on the recipients of their respective assistance. In our report on the minirepair program (B-167790, dated Dec. 11, 1973), we stated that

"Lack of effective coordination of the SBA disaster loan program and the minirepair program precluded any assurance that homeowners were not receiving financial assistance under both programs for the same repairs."

In early January 1978, we asked SBA how they avoid duplication of benefits. They explained that an exchange of information with HUD to identify cases of duplication had just begun. The effort would center on identifying those who received money for furnaces with an SBA loan and also received a free furnace through HUD's minirepair program. The SBA representative, however, said that SBA stopped allowing money for furnaces after the minirepair program began, but duplication could have occurred in the early stages of the recovery effort. The duplication of benefits screening was to be limited to furnaces, he said, because most minirepairs are temporary while SBA loans money for permanent repairs. Thus, he did not consider the two programs duplicative. Regarding grant recipients, SBA said it cross-checked applicants with the State for those receiving both types of assistance. SBA provided the State with information on the amount and purpose of the loan and the extent of the victim's loss.

The State told us that some people obtained food stamps illegally by applying at more than one disaster assistance center. The State Department of Welfare was trying to identify such cases and obtain reimbursement. About \$10,000

has been recouped. Because of the emergency, investigations of applicants were not undertaken; food stamps were provided on the spot if the information on the application showed the victim to be eligible. The State mentioned some confusion over the Department of Agriculture's rules on eligibility of food stamps, particularly a requirement that income be temporarily reduced or inaccessible. According to the State official, many elderly needed food stamps but did not have an interruption of income except, perhaps, in the case of a late social security or pension check. The State provided food stamps to needy victims even though in their opinion, there was not an interruption of income. We did not evaluate (1) the extent of the State's verification of information on food stamp applications, (2) the applicants' eligibility, or (3) the effectiveness of the State's efforts to identify duplicate issuance of food stamps.

Lack of a common application form

HUD DFO staff and others told us that flood victims had to file a different form, or set of forms, for each agency to which they applied for disaster assistance. Although in many cases the agency representative took the information orally and filled out the form, the process was long; the victim could spend an entire day at the disaster assistance center going from one agency to the next to apply for assistance. Victims could not apply for all assistance at one desk.

The DFO Director told us that in his opinion a common, interagency application form for disaster assistance to individuals would help prevent duplication of benefits.

Lack of continuity among agency representatives

One private volunteer agency told us that as agencies rotated employees in and out of their disaster field offices, the quality of service declined. There was little transfer of experience from one representative to the next. It was often difficult to contact the appropriate person within an agency. These problems seemed to be particularly acute at HUD. We confirmed numerous personnel changes at HUD. For example, neither the director nor the section chiefs with whom we dealt were in those positions originally. The contracting officer told us he was the ninth person to fill that position since the field office opened.

Timeliness of grants
and loan payments

Four victims complained about slow payments for IFG grants and SBA loans. Grant recipients, whom we interviewed, provided the following information concerning the time it took from date of application to receipt of their grant.

<u>Number of days</u>	<u>Number of grant recipients</u>
30	4
45	3
60	4
90	5

Grants are designed to assist those in relatively extreme need who are unable to qualify for loans or other types of assistance. It was necessary for the IFG applicant to have been turned down for an SBA loan before qualifying for the grant. According to one private volunteer agency, this requirement slowed IFG processing time. An official of the State welfare department, which administers the program, told us that processing time averaged about 30 days. FDAA officials said that processing time depends on a State's efficiency and varies between 10 days and 5 or 6 months; in the case of Johnstown, the first 400 checks were issued about 6 weeks after the disaster.

An SBA representative stated that the average processing time for home repair loans in Johnstown was 20 days. Loan recipients whom we interviewed provided the following information concerning the time it took from date of application to receipt of loan.

<u>Number of days</u>	<u>Number of loan recipients</u>
10	1
14	1
21	1
30	5
45	1
60	2
90	5

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30	5
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90	5

Miscellaneous problems alleged
about housing assistance

The following allegations or recommendations by a private volunteer agency deal with housing in general, including HUD's temporary housing assistance program and SBA's home repair loans:

- HUD should better inform victims of the temporary housing assistance options available instead of deciding which option HUD thinks is best for the victim.
- Rental property should be eligible for the minimal repair program; victims in rental housing were made homeless and many rental units are now off the market and deteriorating.
- Flood victims should not have to ask landlords for a foreclosure or eviction notice to obtain mortgage or rent payment assistance from HUD.
- Rents should be frozen for a certain period after a disaster to prevent landlords from taking advantage of the housing shortage brought on by the flood.
- Flood victims housed in HUD mobile homes should not have to pay a deposit for propane gas supplies (an initial tank of gas is provided with the mobile home).
- HUD should make sure that recipients understand the intent of the minimal repair program. Victims thought the repairs were to restore their homes to preflood condition rather than just make the residence habitable.
- FDAA and HUD should make sure there is no confusion about their respective roles and authority.
- SBA should make sure their home repair loans are understood. Older victims were reluctant to apply for SBA home repair loans because they feared that, should their economic condition change, SBA would foreclose.

Reluctance by some victims to apply for assistance

According to a private volunteer agency, some victims were reluctant to apply for Federal assistance until they were personally convinced to do so by a close friend, relative, or clergyman. Some had difficulty reaching a disaster assistance center. The volunteer agency believed that extensive door-to-door outreach should have been provided to notify victims of the types of assistance available and, in many cases, to fill out application forms in the victims' homes.

Need for a disaster assistance guidebook

One private volunteer group suggested that the Government provide disaster victims with a comprehensive guidebook showing what assistance programs are available and the eligibility requirements for each.

CONCERNS OF THE BUSINESS COMMUNITY

The State reported that about 500 businesses were affected by the flood, and losses totaled over \$119 million. According to the Chamber of Commerce, 80 percent of the businesses in Johnstown were affected. One downtown department store with \$1 million in damages (\$2.6 million for the entire corporation) closed; 400 jobs were lost. The largest employer in the area, a steel mill, permanently reduced its work force from 11,000 to 9,000. The layoffs, however, probably would have occurred eventually due to overall economic conditions, but were hastened by the flood. The company closed for 26 days and sustained a \$39 million loss.

The unemployment rate for the Johnstown metropolitan area in June and July 1977, was 4.6 percent (5,000 unemployed) and 6.1 percent (6,700 unemployed), respectively, but in August--the month following the flood--the rate increased to 17.1 percent (19,200 unemployed). Although the rate dropped to 7.3 percent in October and November, it climbed to 10.2 percent (preliminary) in December.

SBA loan application process

Among the 14 business representatives we interviewed, seven had applied for SBA business repair loans. Two received their loans in 60 days, one in 90 days, and four had not received their loans 4 months after the disaster. Several businessmen complained about the processing time

and the paperwork required to apply. A Chamber of Commerce official said that the amount of paperwork SBA required was the primary complaint of the business community. He said that some businesses got their repair loans from banks, although the interest rate was higher, to get the money quickly and avoid the SBA application process. Nonetheless, the business community was complimentary of SBA's assistance in general.

One certified public accounting firm that handled 50 SBA loan applications for its clients said that SBA's processing time was about 2 months. The firm indicated that although the application forms were lengthy, they were not complex. SBA told us that processing included damage assessment, credit investigation, eligibility screening, legal review, etc., and took an average of 48 days for a business repair loan.

PROBLEMS ENCOUNTERED BY
THE CITY OF JOHNSTOWN

City officials said that FDAA did an excellent job of processing Johnstown's application for assistance and did so in a timely manner. The city was pleased with the disaster assistance received but pointed out the following problems:

- Johnstown did not have the expertise or personnel to manage a recovery effort, including the applications for Federal assistance. The city hired a consultant to prepare and follow up on its applications. Administrative costs are not reimbursable through FDAA. The city's disaster claim to FDAA will probably reach \$10 million; the entire city budget is only \$6 million. A revenue loss of \$1 million is expected because of the flood.
- There is a question over who has responsibility for demolishing damaged structures. The Corps of Engineers razed 39 structures that it considered in imminent danger of collapse. The city has identified 118 additional buildings that should be demolished. The Corps will not do the work either because the structures were not in imminent danger of collapse or because the condition of the structures was not the result of the flood.

- The city was confused over the Environmental Protection Agency's (EPA) role. The city was working through FDAA, but EPA was planning to undertake some projects (removal of hazardous materials and inspection of water treatment plants) on its own. EPA did not coordinate its activities with the city except for obtaining the assistance of some firemen to identify gas leaks and other problems. 1/
- The Federal Highway Administration and the Pennsylvania Department of Transportation estimated the damage to highways and streets. The estimates understated repair costs by \$2 million. They probably did not consider subsurface damage or the cost to repair under current State standards.
- There was confusion over which Federal agency had responsibility for cleaning up and restoring streams. The city assumed that the Corps of Engineers would undertake the work but nothing was done after 4 weeks. The city was then notified that the Corps of Engineers would only do work on its own flood control project. The Soil Conservation Service eventually did some work of its own choosing, but much more needed to be done. In October, FDAA told the city to award contracts for the work.
- The city lost some vehicles in the flood including dump trucks. FDAA allows book value or repair cost. The trucks are 10 years old with minimal book values. The city cannot afford to replace the vehicles.
- The city cannot properly assess the damage to sewer lines 2/ without costly television inspection (\$100,000 to \$150,000). FDAA has resisted funding

1/FDAA explained that EPA originally planned to undertake two projects in Johnstown under its own program authority but found it could not do so. FDAA then gave EPA mission assignments to do the work.

2/There is a widespread belief in Johnstown among those we interviewed that failure to regularly clean sewer lines contributed to flood damage and, in particular, caused water and sewage to back up through drains into victims' basements.

the use of television inspection, but said that FDAA might reimburse the cost of such an inspection if damage to the sewer line is found.

ORGANIZATIONS AND INDIVIDUALS CREDITED
WITH OUTSTANDING CONTRIBUTION TO THE
RECOVERY EFFORT

Through our interviews of flood victims, volunteer organizations, and public officials, several individuals or organizations consistently received praise for outstanding assistance to the disaster area. Among those credited with outstanding effectiveness were

- the Federal coordinating officer;
- Members of the Congress from Pennsylvania; and
- the Mennonite Disaster Service.

Numerous others such as the National Guard, State Police, and Salvation Army were frequently cited for their excellent work. All organizations and agencies as a whole--even those whose programs received some criticism--were praised by the flood victims for the assistance provided.

OBSERVATIONS

Based on our interviews during the case study of the Johnstown area flood, we made the following observations:

- In the Johnstown disaster, the FCO was made independent from FDAA in that he performed no other duties. In previous disasters, the regional director was assigned FCO as a collateral duty. This independence, seems to have contributed to the overall success of the Federal recovery effort.
- The National Flood Insurance Program had a significant effect on disaster assistance provided in Johnstown. Without the nearly \$26 million in flood insurance proceeds paid to 2,592 policyholders, we believe additional loans and grants could have been required for disaster victims.
- Johnstown flood victims had to file a separate application with each agency from which they desired assistance. This situation created a hardship for disaster victims, who could spend an entire day applying for assistance. It seems that a common,

interagency application form could be developed and filed at one desk in the disaster assistance center and thus be available to all agencies. A common form might assist agencies in exchanging information to help avoid duplication of benefits. For example, a victim's flood-damaged home can be repaired through flood insurance, the HUD minimal repair program, an SBA home repair loan, an FmHA loan, an IFG, and private, nonprofit organizations. In Johnstown it was also possible for a victim to apply for the same assistance at different disaster assistance centers or for more than one member of an immediate family to apply in their own names for the same assistance.

- Forty-five percent of our interview sample complained about the minimal repair program, that is, poor repairs, unqualified inspectors, too many contractors from out of town, difficulty in getting faulty repairs corrected, and contractors being paid two to five times the local rate. Also, a volunteer group alleged that because the Disaster Relief Act of 1974 (Pub. L. 93-288) prohibits minimal repairs for rental properties (even for a rented duplex when the owner lives next door), neighborhoods were deteriorating and there were insufficient rental units to house disaster victims. Both aspects seem contradictory to overall HUD housing goals. The fewer the number of private rental units available in a disaster community, the greater the cost for HUD to acquire, transport, set up, and manage mobile homes for housing disaster victims.

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United States Senate

COMMITTEE ON APPROPRIATIONS

WASHINGTON, D.C. 20510

July 22, 1977

JAMES R. CALLOWAY
 CHIEF COUNSEL AND STAFF DIRECTOR

Mr. Elmer Staats
 Comptroller General of the United States

Dear Mr. Staats:

The federal flood insurance program has been in operation since 1968 and on a mandatory basis since 1973. In that time, I know of no in-depth study of how the program actually impacts on a community to limit its exposure to property damage prior to and after a flood; how it interacts with other federal disaster assistance and flood control projects or to what extent it adequately indemnifies flood victims. Such information would be of great assistance to Congress in understanding and evaluating on-going flood assistance programs.

It seems to me that the recent Johnstown flood presents an excellent opportunity for such a case study and I want to request that the GAO undertake the survey.

Obviously, in an area as large as that involved in the Johnstown disaster, it would not be possible to do a house-by-house canvass. However, it should be possible through agency records and reports as well as sample interviews with affected property owners to put together a representative profile.

Examples of the types of questions that should be addressed by the survey are:

How many (pct.) of the communities hit by the flood were participating in the insurance program and how many property owners (pct.) within those communities actually had purchased insurance?

What kind of help was given to property owners who were eligible but did not buy flood insurance?

To what extent did flood insurance compensate those who had such policies?

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WASHINGTON, D.C. 20510

To what extent were losses to contents rather than to structures?

Under the 50% damage standard of the Federal Insurance Administration, how many of the damaged properties will be affected by flood management ordinances?

Do property owners who were flooded out intend to rebuild in a higher area or move back into their old places?

What flood control projects were in place at the time of the flood and were they designed to protect against a 100-year flood?

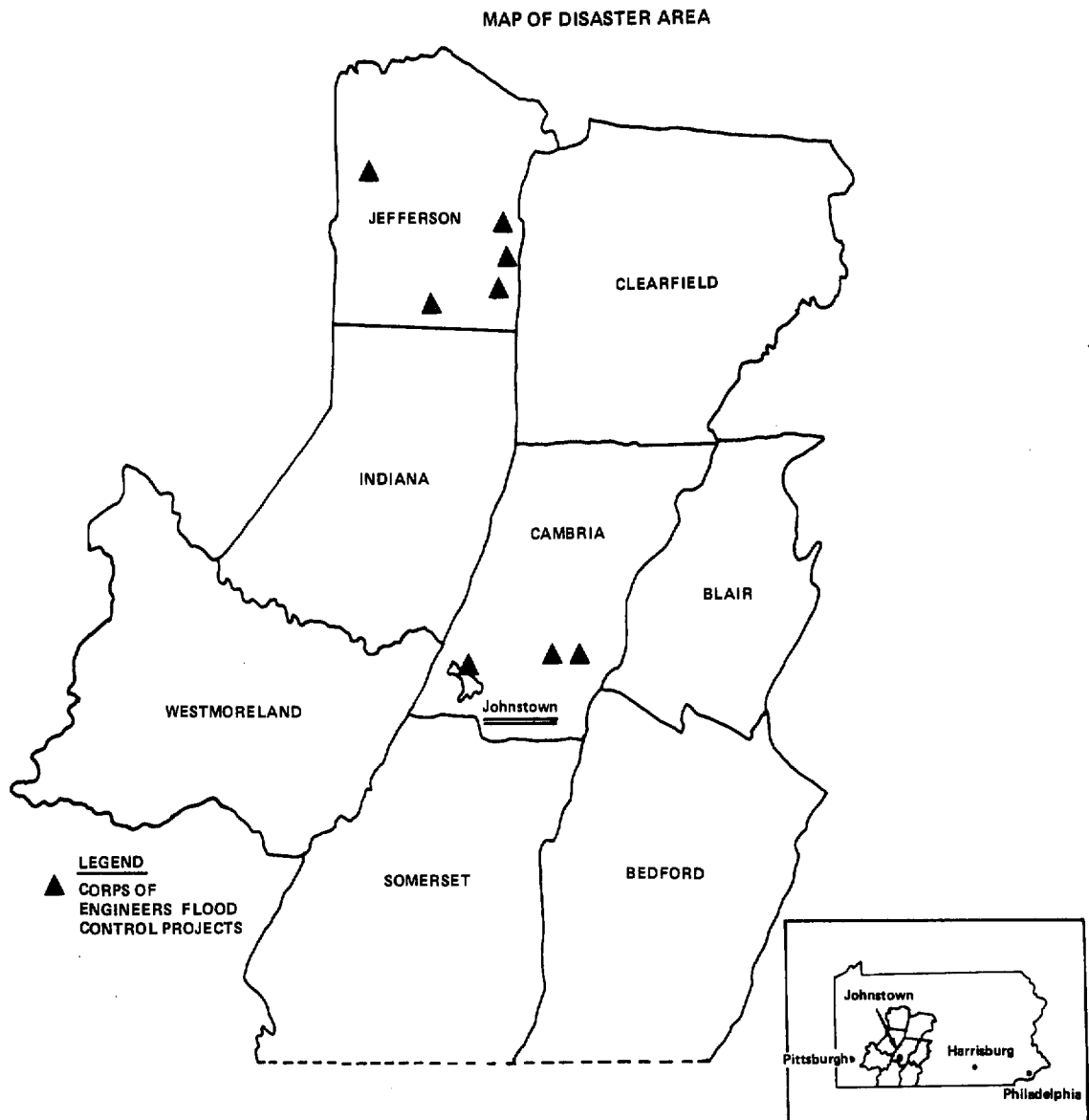
What percent of the damage caused by the flood occurred outside the 100-year level?

If your staff has questions about this request they may call Jack Lewis in my office at 224-9741.

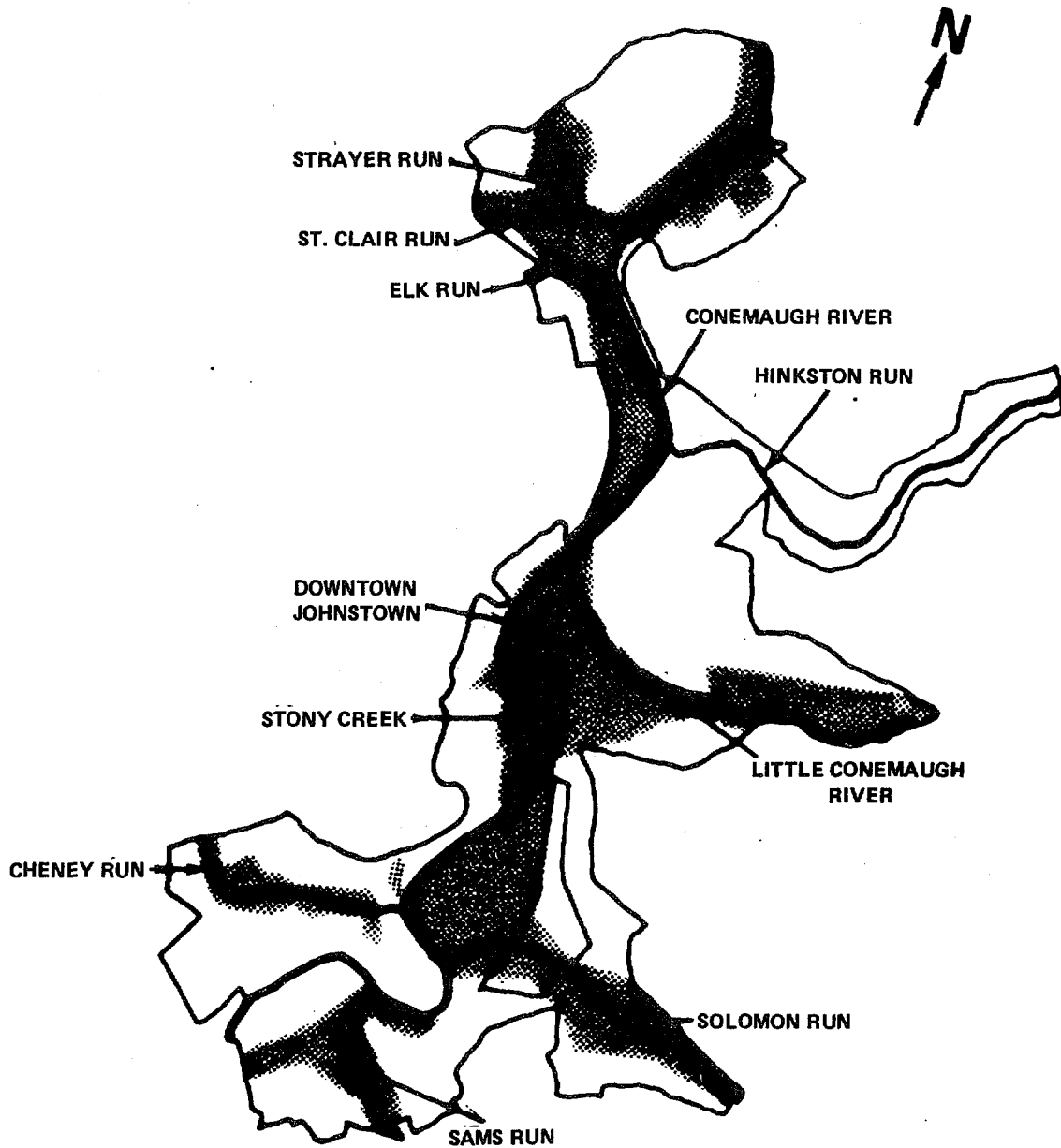
Sincerely,


Thomas F. Eagleton
United States Senator

TFE:dh



MAP OF JOHNSTOWN, PENNSYLVANIA



NOTE: SHADING REPRESENTS FLOODED AREAS.

SUMMARY OF INTERVIEWS WITH 67 VICTIMS
OF THE JOHNSTOWN AREA DISASTER

1. What property was lost or damaged?

<u>Item</u>	<u>Total loss</u>	<u>Partial loss</u>
House	6	41
Basement contents	56	9
First floor contents	19	11
Automobile	32	9
Other structures (garage, shed, etc.)	3	6
Lawn, trees, plants, shrubs, etc.	2	14
Driveways, sidewalks, etc.	2	8

2. Was the residence owned or rented?

Owned 47
 Rented 20

3. Did the victim have flood insurance?

Yes 20
 No 47

4. Type of insurance coverage.

Structure and contents 15
 Structure only 0
 Contents only 5

5. How the victim knew flood insurance was available?*

News media 15
 Insurance agency 5
 Public officials 4

6. Reasons for not purchasing flood insurance.*

Thought Johnstown was floodproof 25
 Thought location was floodproof 12
 Never thought about it 7
 Too expensive 3
 Was advised against it 3

*Denotes multiple response to a question.

Insurance not available prior to flood	2
Thought losses would be minimal	2
Decided to take risk	1
Did not know insurance was available	1
Public officials said there would not be another flood	1
Premium versus depreciation not worth the cost	1
No particular reason	1

7. Will the victim remain in an area that was flooded?

	<u>Number</u>	<u>Percent</u>
Plan to move back or have moved back to same home	21	31
Never left home	32	48
Plan to move to another area that was flooded	1	2
Plan to move or have moved to an area that was not flooded	5	7
Plan to move away from Johnstown	1	2
Considering purchase of HUD mobile home	4	6
Undecided	3	4

8. Reasons for moving back to original area or to another location that was flooded.

Home was only partially damaged and is being repaired	51
Cannot afford to live elsewhere	2
Lived in area all of life	1

Additional reasons included: it is worth the risk, would not think of moving elsewhere, and storm was a rare occurrence.

9. Types of disaster assistance received.*

	<u>Number</u>	<u>Percent</u>
Food stamps	47	70
HUD minimal repairs	42	63
IRS tax advice	19	28
Grant	16	24
SBA loan	16	24

*Denotes multiple responses to a question.

HUD mobile home	14	21
Disaster unemployment assistance	6	9
HUD private rental housing	2	3
Non-Federal assistance		
Red Cross	30	36
Cleanup	24	36
10. Problems encountered in receiving assistance.*		
None		38
Difficulty with minimal repair program		17
Have not received assistance applied for		
SBA loans		3
Grant		2
Too long to get assistance		
SBA loans		3
Grant		1
Complicated forms		3
Miscellaneous		13
11. Was the victim required to buy flood insurance to receive assistance?		
Yes	17	
No	30	
Already had flood insurance	20	
12. Types of assistance for which flood insurance was required.		
Grant	12	
SBA loan	5	
13. Did the victim believe Johnstown was floodproof?		
Yes	53	
No	14	
14. Reasons for thinking Johnstown was floodproof.*		
Corps of Engineers project	41	
Never thought about the possibility	22	
News media said so	5	
Have not had flood in a long time	4	
Public officials said so	3	
Miscellaneous	6	

*Denotes multiple responses to a question.

15. Were individuals warned of the flood?

Yes	17
No	48
Out of town	2

16. Types of warning received.*

Saw rising water	8
Knock on door	5
Police scanner	3
Warned by relatives or friends	3
Ringling church bells	1

17. How much time did the individual have to escape?

None	32
5-10 minutes	2
15-20 minutes	4
30 minutes	1
1 hour	4
90 minutes	2
2 hours	2
3 hours	1
4 hours	1
Did not need to escape	8
Not at home	7
Slept through storm	3

18. Actions taken when victim knew of the flood.*

Too late to take action	37
Drove or walked to safety immediately	10
Tried to floodproof house	9
Moved valuables to safety	5
Did nothing	4
Moved to upper floors	4
Miscellaneous	5

19. Victims' rating of the Federal Government's response to the disaster.

Excellent	31
Good	28
Fair	3
Poor	2
No opinion	3

*Denotes multiple responses to a question.

20. Selected miscellaneous remarks about the recovery effort or other matters.

Thought recovery was handled well	29
Need better flood warning system	8
Sewers and streams prior to flood were not maintained regularly	8
Contractors did poor quality work	9
Sewer backups caused flood damage	5

SUMMARY OF INTERVIEWS WITH 14 BUSINESS
REPRESENTATIVES IN JOHNSTOWN

1. Number employed.

Before the flood	14,574
After the flood	12,088

2. How the business was affected.*

Layoffs	8 businesses
Number of employees affected	Ranged from 1 to 2,000
Duration	Ranged from 2 weeks to permanent
Shutdown	11 businesses
Duration	Ranged from 2 days to permanent
Structural damage	13 businesses
Damage to equipment	14 businesses
Damage to stock	14 businesses
Reduced sales	11 businesses
Increased sales	1 business
Unable to get material or supplies	3 businesses
Power disrupted	11 businesses
Duration	Ranged from 3 days to 1 month
Communications disrupted	12 businesses
Duration	1 week to 2 months

3. Did the business have Federal flood insurance?

Yes	10
No	1
Private insurance	3

4. What did the Federal insurance cover?

Both structure and contents	8
Contents only	2

5. How the business knew Federal flood insurance was available.*

News media	5
Insurance agent	8
Public officials	1

*Denotes multiple responses to a question.

6. Reasons for not purchasing flood insurance.

Decided to take the risk	1
--------------------------	---

7. Will the company remain in an area that was flooded?

Yes	13
No	1

8. Reasons for remaining in same location.*

Investment in current site is too large	9
Damage is repairable	7
There will probably not be another flood	1
Can absorb flood losses	1
It is worth the risk	1

9. Types of Federal disaster assistance applied for and how long it took to receive it.*

SBA business repair loan	7
--------------------------	---

60 to 90 days	3
Not yet received	4

Other SBA loan	3
----------------	---

Not yet received	3
------------------	---

10. Problems encountered in receiving assistance.

Complicated forms	2
Required information not readily available	2
Took too long to get assistance	2
Difficulty in reaching disaster center	1
SBA did not always have forms	1
SBA offices changed locations	1
Too much red tape with SBA	1
Conflicting information from SBA	1

11. Was the business required to purchase flood insurance to receive assistance?

Yes	1
No	10

*Denotes multiple responses to a question.

12. How was the business warned about the flood?

No warning received	13
Telephone call	1

13. Before the flood, did the business believe Johnstown was floodproof?

Yes	7
No	7

14. Reasons for thinking Johnstown was floodproof.*

Corps of Engineers flood control project	5
Public officials said so	1
News media said so	1
Have not had a flood in a long time	2
Never thought about the possibility of a flood	1

15. Rating of the Federal Government's response to the disaster.

Excellent	8
Good	3
Fair	0
Poor	1
No opinion	2

Note: We also interviewed representatives of a local Certified Public Accounting firm concerning their views on the SBA loan application process. This firm is not included in the above statistics.

*Denotes multiple responses to a question.

REVIEW LOCATIONS

<u>Name</u>	<u>Location</u>
Federal Insurance Administration	Washington, D.C.
National Flood Insurers Association	Arlington, Virginia
Federal Disaster Assistance Administration	Washington, D.C., and Philadelphia, Pennsylvania
U.S. Army Corps of Engineers	Washington, D.C., and Pittsburgh, Pennsylvania
Small Business Administration	Washington, D.C., and Pittsburgh, Pennsylvania
Department of Agriculture	
Farmers Home Administration	Washington, D.C., and Harrisburg, Pennsylvania
Food and Nutrition Service	Washington, D.C.
Agriculture Stabilization and Conservation Service	Washington, D.C., and Harrisburg, Pennsylvania
Soil Conservation Service	Washington, D.C., and Harrisburg, Pennsylvania
Forest Service	Washington, D.C.
Animal and Plant Health Inspection Service	Washington, D.C.
Rural Electrification Administration	Washington, D.C.
Internal Revenue Service	Pittsburgh, Pennsylvania
Veterans Administration	Washington, D.C.
Federal Highway Administration	Washington, D.C., and Harrisburg, Pennsylvania
Department of Labor	Washington, D.C.
Office of Education	Washington, D.C.

APPENDIX VI

APPENDIX VI

<u>Name</u>	<u>Location</u>
Geological Survey	Pittsburgh, Pennsylvania
National Weather Service	Pittsburgh, Pennsylvania
Defense Civil Preparedness Agency	Olney, Maryland
Department of Housing and Urban Development	Washington, D.C., and Johnstown, Pennsylvania
City Hall	Johnstown, Pennsylvania
Police Department	Johnstown, Pennsylvania
Fire Department	Johnstown, Pennsylvania
Chamber of Commerce	Johnstown, Pennsylvania
Red Cross	Johnstown, Pennsylvania
Salvation Army	Johnstown, Pennsylvania
Mennonite Disaster Service	Johnstown, Pennsylvania
'77 Center for Flood Relief	Johnstown, Pennsylvania
Homes of flood victims	Johnstown, Pennsylvania
Businesses	Johnstown, Pennsylvania
Pennsylvania State Police	Greensburg, Pennsylvania
State Council of Civil Defense	Harrisburg, Pennsylvania
Pennsylvania Department of Environmental Resources	Harrisburg, Pennsylvania

Note: In addition to the above, we contacted numerous agencies by telephone to determine if they were involved in the Johnstown recovery effort.

DISASTER ASSISTANCE PROGRAMS
FOR INDIVIDUALS AND BUSINESSES

FEDERAL DISASTER ASSISTANCE
ADMINISTRATION

FDAA, through the President's Disaster Relief Fund, provided money for the following programs: Individual and Family Grant, Temporary Housing Assistance, Disaster Unemployment Assistance and Crisis Counseling. The purpose and management of the four programs are discussed below.

Individual and Family Grant

The IFG program allows up to \$5,000 to cover approved expenses for items such as housing, medical and dental care, personal property, funerals, transportation, and temporary accommodations. The grants are intended to be a last resort form of assistance, and victims must demonstrate that they were unable to obtain loans or help under other programs. The State provides 25 percent ¹/_{of} of the grant money and manages the program. Over 3,000 flood victims qualified for grants totaling over \$5 million, an average grant of \$1,716.

Temporary Housing Assistance

The temporary housing program is intended to house flood victims until they can make permanent housing arrangements. The program in Johnstown was managed by the HUD disaster field office. Assistance is normally provided for up to 1 year, but every 90 days the recipient must be recertified as eligible. Eligible victims of the Johnstown flood could receive the following types of temporary housing: minimal repairs, mobile homes, private rental units and Government-owned or assisted housing.

The temporary housing program cost over \$46 million and served 5,667 individuals or families. The number of people receiving housing assistance is shown below by type of assistance.

¹/FDAA advanced Pennsylvania its share of the grant money because of legislative problems that prevented the State from immediately funding the program.

<u>Type of assistance</u>	<u>Approved applications</u>	<u>Percent</u>
Minimal repairs	4,187	74
Mobile home	1,119	19
Private rental	324	6
Government owned/assisted	<u>37</u>	<u>1</u>
Total	<u>5,667</u>	<u>100</u>

The specific programs are discussed below.

Minimal repairs

The purpose of the "minirepair" program is to make a flood-damaged house safe, secure, and sanitary so the homeowner can occupy the house. Most of the repairs are temporary except for the installation of new equipment such as furnaces. None of the work is intended to restore the house to preflood condition; the repairs are meant to make the house habitable. The maximum amount of repairs is established by HUD based on the average annual rental cost in the disaster area. In Johnstown the limit was \$4,000. Alternative housing assistance can be provided if the home is damaged too extensively to be made habitable through minirepairs.

Minirepairs are classified as general or heating. General repairs include installation or repair of electrical wiring, floors, doors, windows, porches, foundation walls, water heaters, etc. Heating repairs, if authorized by HUD based on weather conditions, can involve either replacing the furnace or fixing it depending upon the extent of damage.

Mobile homes

HUD provides mobile homes for temporary housing of disaster victims. The mobile home can be placed at a HUD group site, at a commercial site or at a private site, such as the victim's damaged or destroyed home. The mobile homes are rent-free, but occupants must pay utility costs.

Of the 1,119 temporary housing applicants (4,453 people) who were provided HUD mobile homes in the Johnstown area, 891 were placed in 18 HUD-managed group sites, 180 in private

sites, and 48 in commercial sites. FDAA gave the Corps of Engineers a mission assignment for the development of the group sites. The Corps of Engineers' contracts for this work totaled over \$4 million. The cost of the mobile homes was not separated from the overall temporary housing program cost.

Private rental and Government-owned
or assisted housing

Depending upon the housing resources in the community, HUD will place flood victims in private dwelling units or federally owned or supported housing. The victim is not charged rent while occupying the unit on a temporary basis.

Miscellaneous housing assistance

HUD's temporary housing assistance program includes many other types of help, some of which are discussed below.

Furniture loans and purchase option--HUD will loan furniture to recipients of temporary housing if their own was destroyed in the disaster. Flood victims, however, are expected to apply for an SBA loan or a grant so they can purchase furniture on their own. Loaned furniture subsequently may be purchased at large discounts. For example, over the first 3 months of use, upholstered furniture is depreciated 34 percent and other furniture is depreciated 20 percent. If the disaster victim purchases the entire set of loaned furniture, an additional 50-percent discount is given. These discounts are in addition to the initial discount HUD received when it purchased the furniture.

Mobile home purchase and rental options--A flood victim, after 1 year in a HUD mobile home, can either rent the mobile home until permanent housing is found or purchase the mobile home as a permanent residence. Rents and purchase prices are based upon the victim's ability to pay and the depreciated value of the mobile home.

Living kits--HUD supplies basic household items to those eligible for temporary housing if the victim lost such items in the disaster. The living kits contain such items as cleaning supplies, kitchen articles, linens, etc.

Mortgage or rent payment assistance--If a financial hardship occurs due to a disaster, the victim can receive

assistance from HUD in making rent or mortgage payments. The Disaster Relief Act of 1974 requires that the applicant receive a written notice of eviction or foreclosure. A HUD official told us that few disaster victims have taken advantage of this assistance. This is probably because notices of eviction or foreclosure are not usually issued to disaster victims and the victims are reluctant to request such credit-damaging notices.

Disaster unemployment assistance

The Pennsylvania Bureau of Employment Security implemented the Disaster Unemployment Assistance (DUA) program in the Johnstown disaster area, with coordination through the Department of Labor. All funding is through FDAA. Nearly 9,300 victims received a total of \$5 million, but an additional \$12 million is expected to be paid.

Victims who qualified for regular unemployment compensation received it instead of DUA. DUA was provided only if the applicant was unemployed as a direct result of the disaster. Those who exhausted regular benefits could apply for DUA if continued unemployment was flood-related.

Crisis counseling

The National Institute of Mental Health awarded a contract for crisis counseling to the Cambria County Mental Health and Mental Retardation Program. The purpose of the contract was to develop and implement a crisis intervention counseling service for flood victims who suffered emotional or behavioral disorders due to the disaster. Outreach and outpatient services were to be provided over a 6-month period to an estimated 5,000 victims. The program cost is over \$200,000.

SMALL BUSINESS ADMINISTRATION

SBA makes disaster loans to individuals and to businesses. Individuals can obtain loans to repair or replace personal property, including homes. Businesses can obtain loans to repair or replace property or, with an economic injury loan, to meet debts or provide working capital. SBA made \$16 million in personal property loans to 2,299 people and \$28 million in loans to 618 businesses. An additional \$38 million in business loans is expected to be made. The interest rates for SBA loans are stated below.

Primary home or personal property:

1 percent for first \$10,000
3 percent for next \$30,000
6-5/8 percent for amounts over \$40,000

Business property:

3 percent for first \$250,000
6-5/8 percent for amounts over \$250,000

Economic injury to businesses:

3 percent for first \$25,000
6-5/8 percent for amounts over \$25,000

DEPARTMENT OF AGRICULTURE

Three agencies within the Department of Agriculture provided assistance to Johnstown area flood victims. The programs are discussed below.

Farmers Home Administration

FmHA provides emergency loans to farmers or ranchers for losses involving farm property or production, including related expenses and debts. Loans are also available for construction or improvement of buildings, including homes, and for the purchase of livestock. In the Johnstown area at the time of our review, eight loans totaling over \$125,000 were made for crop losses (other loans are pending, but the amounts are not available). No loans were made for home repairs. Under an agreement with SBA, loans for home repairs are to be made by SBA whenever possible. The rates for FmHA emergency loans for actual losses are stated below.

Dwelling and related personal property:

1 percent for first \$10,000
3 percent for next \$30,000
5 percent for amounts over \$40,000

Buildings, crops, livestock, etc.:

3 percent for first \$250,000
5 percent for amounts over \$250,000

Food and Nutrition Service

The emergency food stamp program provided over \$2 million in free food stamps to 60,241 applicants in the Johnstown area. The program was operated by the Pennsylvania Department of Welfare but funded by the Department of Agriculture, including 50 percent of the State's administrative costs. Six of the eight declared disaster counties were certified for the program.

Agricultural Stabilization
and Conservation Service

The Emergency Conservation Measures program provided nearly \$56,000 for 241 projects involving

- removing debris from farmland,
- reconstructing existing conservation measures, and
- grading, shaping, and leveling streambanks.

Assistance is requested by individual farmers through a county committee. Emergency conservation measures assistance was provided to victims in five of the eight disaster counties.

INTERNAL REVENUE SERVICE

The Internal Revenue Service (IRS) provides tax advice and processes amended tax returns for refunds based on casualty losses. In the Johnstown disaster, IRS made refunds of \$1 million to over 1,000 taxpayers. IRS also advised over 12,000 individuals or businesses and conducted seminars for small businesses and others to discuss the rules and procedures for casualty loss deductions.

VETERANS ADMINISTRATION

Twenty Veterans Administration (VA) borrowers requested assistance in obtaining forbearance on their VA-guaranteed loans. Local lenders had agreed on forbearance by the time VA contacted them. In the case of three out-of-State lenders, VA obtained forbearance on behalf of the borrowers. Veterans who requested assistance for home repairs were referred to HUD.

VOLUNTEER ORGANIZATIONS

Although numerous nonprofit organizations provided assistance to the Johnstown area, the Red Cross, Salvation

Army, and Mennonite Disaster Service are federally-recognized disaster-relief organizations. A description of their activities follows..

Red Cross

The Red Cross provided nearly \$2 million in direct free assistance to flood victims. The types of services included mass care, food and clothing, household furnishings, medical and nursing care, and occupational supplies and equipment. A small amount was spent for home repairs. Nearly 8,000 individuals or families registered with the Red Cross. The Red Cross also received 20,000 inquiries concerning the welfare of flood victims.

Salvation Army

The Salvation Army estimated its assistance at over \$1 million. Over 8,000 families were given groceries and cleaning supplies. Over 1,300 families received free clothing and bedding. Some also received furniture. Mobile canteens served over 1.3 million food and beverage items.

Mennonite Disaster Service

The Mennonite Disaster Service provided extensive cleanup services and home repair and rebuilding. About 5,500 homes received cleanup services and several hundred received repairs or rebuilding. Workers went from house to house and any victim who wanted cleanup help received it. Other work was based on need.

DISASTER ASSISTANCE PROGRAMS FOR STATE AND LOCAL
GOVERNMENTS AND PRIVATE, NONPROFIT INSTITUTIONS

FEDERAL DISASTER ASSISTANCE ADMINISTRATION

FDAA, through grants (project applications) or by mission assignments to other Federal agencies, funded nine types of public assistance programs. A description of each program follows.

Debris clearance

A total of \$9 million was provided for general cleanup of the disaster area and for demolition of flood-damaged structures that endangered public safety. The Corps of Engineers under a mission assignment awarded contracts for over \$2 million. The remaining \$7 million was for debris removal project applications by the State or local governments.

Protective measures

Protective measures assistance is for costs associated with such things as police overtime, pumping operations, boarding up public buildings, and other public safety measures. The cost under this program was over \$3 million, including \$400,000 for an EPA mission assignment to remove hazardous materials.

Road systems

Project applications for non-Federal aid highways were funded at \$17 million. The assistance is for repair or replacement of roads and bridges that were damaged or destroyed by the flood.

Water control facilities

Over \$5 million was expended on repairs to drainage systems. Other eligible purposes include flood control and irrigation.

Public buildings and related equipment

Repair or replacement of damaged or destroyed public buildings cost nearly \$4 million. Eligible public buildings (with equipment) include hospitals, police and fire stations, public office buildings and public libraries.

Public utilities

Repair or replacement of damaged or destroyed publicly owned utilities such as water, power, gas, and sewage cost \$14 million.

Facilities under construction

Reimbursement for repair or restoration of facilities under construction when damaged or destroyed by the disaster amounted to \$100,000.

Private nonprofit facilities

Assistance for repair or restoration of private nonprofit educational, utility, emergency, medical, or custodial care facilities amounted to over \$6 million.

Other

Miscellaneous assistance cost \$1 million. This category covers such areas as emergency communications, temporary transportation to meet emergency needs, community disaster loans for local government operations and repair or replacement of parks and recreational facilities.

FEDERAL HIGHWAY ADMINISTRATION

Federal-aid roads and highways in the disaster area are being repaired or replaced at an estimated cost of \$31 million.

SOIL CONSERVATION SERVICE

The Soil Conservation Service (SCS) initiated 47 stream restoration projects in the disaster area for a total cost of \$10 million. FDAA advanced \$7 million while SCS sought a supplemental appropriation. The projects involve clearing debris, restoring the streambank, and planting vegetation.

CORPS OF ENGINEERS

The Corps of Engineers has or will provide three types of assistance for an estimated total of over \$2 million. This was in addition to the FDAA mission assignments for debris removal, demolition, and preparation of HUD mobile home sites. The public assistance portion dealt with rehabilitation of Corps projects, debris removal from projects and general supplies and services.

DEPARTMENT OF LABOR

Disaster relief under the Comprehensive Employment and Training Act (CETA) of 1973 totaled over \$1 million. CETA workers were used to help clean up the disaster area.

OFFICE OF EDUCATION

Eleven school districts in the disaster area received \$1 million for repair or replacement of structures and contents.

EMERGENCY ASSISTANCE PROVIDED BY THE STATE

The initial response to the Johnstown area disaster was emergency rescue and assistance by local authorities, such as police and fire departments, and by the State. The assistance provided by the State through the National Guard, State Police, and State Council of Civil Defense is discussed below.

NATIONAL GUARD

Over 3,000 National Guard personnel were activated to conduct operations such as

- air rescue and emergency transportation of personnel;
- transportation of food, water, and supplies to affected communities;
- debris removal, road clearance and temporary bridge construction;
- assistance to State Police to control looting and traffic;
- searching for victims;
- pumping mud from utility lines; and
- administrative support to the State.

The National Guard conducted 60 rescue operations and air evacuated 200 people. Over 500,000 pounds of cargo were airlifted to Johnstown. In all, 4,200 air missions were flown with 48 helicopters and 2 fixed-wing aircraft.

Some of the equipment utilized included 615 trucks, 70 generators, 110 radios, and 19 water trailers (173,625 gallons were transported).

STATE POLICE

The Pennsylvania State Police began its Task Force Operations before 6:00 a.m. on July 20. By that afternoon, 150 State Policemen were on duty. A total of 689 personnel eventually were assigned to disaster duty. According to the Commander, there were no manpower shortages. The operations consisted of search, rescue, looting control, security, establishing and maintaining morgues and identifying bodies,

establishing command posts, and providing recovery assistance. Three separate command posts were established in the disaster area, and on July 22, a command post was established in Johnstown with the National Guard and the State Council of Civil Defense.

STATE COUNCIL OF CIVIL DEFENSE

The Director of the State Council of Civil Defense was named State Agency Coordinator to manage all State agencies in the recovery effort. The civil defense council operated emergency operating centers at headquarters and at Johnstown. Forty-five personnel were involved, and numerous amounts of equipment were provided such as communications equipment, generators, water pumps, cots and blankets. The State had no estimate on the amount of disaster assistance provided by State agencies.

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