

1 REBUILDING AFTER HURRICANE SANDY

2
3 Friday, March 1, 2013

4
5 U.S. Senate
6 Subcommittee of the Committee on Appropriations
7 Staten Island, New York
8

9 The subcommittee met at 10:32 a.m. at 212 Coast Guard
10 Drive, Staten Island, Hon. Mary Landrieu, chairman of the
11 subcommittee, presiding.

12 Present: Senator Landrieu.

13 STATEMENT OF HON. KIRSTEN E. GILLIBRAND, U.S. SENATOR FROM
14 NEW YORK

15 OPENING STATEMENT OF HON. MARY LANDRIEU

16 Senator Landrieu: Good morning, everyone. Let me call
17 this field hearing to order, and I thank all those who are
18 participating today.

19 I want to begin by thanking the U.S. Coast Guard Sector
20 New York for being such wonderful hosts for us today in this
21 facility that served as a tactical command in the response
22 to Hurricane Sandy. And I thank the Coast Guard leadership,
23 Captain Gordon Loebel and his team that have done a wonderful
24 job today. Thank you for being such wonderful hosts to us
25 today.

1 I also want to say how pleased I am for my colleague,
2 Senator Gillibrand, who we will hear first her testimony
3 today, to thank her for her extraordinary leadership not
4 only on behalf of her citizens that she represents, but the
5 whole country, as it comes to disaster response for Sandy
6 and for better response for all other disasters as well.

7 I was with Senator Schumer, Senator Gillibrand, earlier
8 this morning. He is not going to be able to be with us
9 today, but I think he was helping to open Fairway grocery in
10 Red Hook in Brooklyn, and I want to thank Senator Schumer
11 for his leadership as well.

12 Let me begin with an opening statement, and then we
13 will go right into Senator Gillibrand's questions and
14 testimony.

15 We meet here today to receive testimony and evaluate
16 the massive rebuilding effort that is now underway in the
17 aftermath of Hurricane Sandy to restore homes, communities,
18 and the economy of this region. Hurricane Sandy struck on
19 October 29th as the largest sized storm system in the
20 history of the United States.

21 Two of our Nation's most populous States -- New York
22 and New Jersey -- were especially hard hit. The storm
23 claimed the lives of more than 120 Americans and destroyed
24 340,000 homes and 200,000 businesses. The storm left more
25 than 8.5 million families without power, heat, or running

1 water for weeks -- in some communities, much longer.

2 The National Hurricane Center estimates that Hurricane
3 Sandy will be, when all costs and estimates are in, the
4 second costliest in our Nation's history, only behind
5 Hurricane Katrina, which devastated New Orleans, the region,
6 and the Gulf Coast almost 8 years ago.

7 The scale of this disaster has created significant
8 housing and transportation challenges, and the successful
9 rebuilding will require a sustained and coordinated effort
10 at the Federal, State, and local government level, along
11 with significant help from the private sector and voluntary
12 organizations.

13 Unfortunately, thousands and thousands of my
14 constituents in Louisiana know exactly what our friends here
15 along the East Coast are going through in their efforts to
16 recover from this devastating storm. Substantial Federal
17 support was delivered to the Gulf Coast after Hurricanes
18 Katrina and Rita in 2005, but navigating the Federal
19 bureaucracy to access that help was, at times, maddening.

20 Homeowners had to wait for years before repair and
21 elevation grants became available. Insurance companies
22 refused to pay thousands of legitimate claims. Business
23 owners were denied emergency loans by the Small Business
24 Administration. Local officials were forced to
25 painstakingly document every iota of damage and negotiate

1 with frequently rotating, poorly trained staff that lacked
2 proper experience in damage assessment.

3 Work was delayed by lengthy and duplicative
4 environmental reviews. Federal agencies argued with one
5 another for years over the responsibility for rebuilding
6 public housing, removing waterway debris, and filling the
7 void in mental health service delivery systems, as families
8 waited, as neighborhoods atrophied, and as hope dissipated.

9 As a result of these hard lessons from Hurricanes
10 Katrina and Rita, I worked closely with the delegation
11 members from New York and New Jersey, including this
12 extraordinary Senator, Senator Gillibrand, Senator Schumer,
13 Senator Lautenberg, Senator Menendez, Congressman King,
14 Congresswoman Lowey, and Congresswoman Slaughter, in
15 particular, to include many of the reforms in the \$50.5
16 billion Hurricane Sandy relief bill that passed Congress in
17 January.

18 For example, FEMA can provide debris removal and
19 infrastructure repair grants in advance now, on a fixed,
20 reasonable estimate, instead of forcing communities to carry
21 out the work at their own expense and submit an exhaustive
22 volume of paperwork in order just to seek Federal
23 reimbursement.

24 Projects can be consolidated, which was not available
25 before, to ensure that schools, police stations, fire

1 stations are strategically rebuilt where they are needed.

2 In other words, this recovery should be about building
3 the future, not rebuilding the past.

4 This act helps us to have a smarter recovery. The act
5 also established a dispute resolution process, which we used
6 very regularly during Hurricanes Katrina and Rita to resolve
7 disputes between the local, State, and Federal Government
8 about how much a project costs. There was no end to that
9 debate, and, of course, it lengthened considerably the time
10 of recovery. We hope we have solved that problem.

11 One other example of the many improvements in the act
12 is the requirement for the President to establish a unified
13 and expedited environmental review process, which should
14 substantially expedite the rebuilding of neighborhoods and
15 public infrastructure while respecting the environment.

16 I believe these reforms will free FEMA to become a
17 smarter, more efficient agency that can act quickly to cut
18 through the unnecessary red tape while ensuring the
19 appropriate stewardship of taxpayer funds.

20 I look forward to learning how FEMA will be
21 implementing these new authorities and utilizing them for
22 the benefit of the people here on the East Coast that need
23 our best efforts right now.

24 Another of the most important tools included in the
25 Sandy relief is the \$16 billion flexible Community

1 Development Block Grants. I am particularly interested in
2 learning how affected communities are planning to use these
3 funds to support their recovery.

4 Because there are ample examples of planning for safer,
5 stronger, and smarter disaster communities since Katrina,
6 through an initiative -- I am going to give you just a few
7 examples -- called Louisiana Speaks, established in the
8 aftermath of our storms by Governor Blanco, long-term
9 community planning to build better levees, restore barrier
10 islands and wetlands, design sustainable neighborhoods,
11 enhance local economies, and modernize transportation
12 options were initiated.

13 In addition, Harvard stepped up through their Kennedy
14 School of Government and did a first-of-its-kind study on
15 one of the dozens of neighborhoods that were destroyed in
16 the New Orleans region named Broadmoor. It happens to be my
17 neighborhood; that is not why they chose it. But they have
18 done some wonderful tracking in efficiency of methods that
19 were deployed to rebuild that neighborhood. And those
20 lessons are readily available for communities here in the
21 Northeast corridor.

22 This information and study is now available to serve as
23 a guide to disaster-affected communities. I hope the
24 leaders here will tap into that and other resources that are
25 available.

1 And finally, as the record will reflect, President
2 Obama established the Hurricane Sandy Rebuilding Task Force
3 on December 7 and designated Shaun Donovan, Secretary of the
4 Department of Housing and Development, to chair it,
5 consistent with the principles of the new interagency
6 recovery framework that was also issued by this
7 administration to try to get this right.

8 Secretary Donovan, as you all know, is a native New
9 Yorker with extensive housing and community development
10 experience working with both the public and private sector.

11 I cannot think of a more capable, more experienced, or
12 more passionate leader to spearhead the Federal Government's
13 efforts here in this region.

14 The President has directed his task force to convene
15 Federal agencies with a role in recovery to eliminate
16 stovepipe operations. The task force is busily at work
17 developing a strategy. We will hear about that strategy
18 today.

19 And finally, I think it is important to take a moment
20 this morning to reflect that the Department of Homeland
21 Security was officially established on this day 10 years ago
22 in the aftermath of a horrific and unprecedented attack on
23 the World Trade Center here in New York.

24 Over the last decade, this department has been
25 organized, stood up, restructured on several occasions,

1 subject to multiple new laws, under tremendous pressure, has
2 experienced a steady increase in funding until 2010 where
3 this funding has been leveled off due to the gridlock in
4 Washington. Yet, under the able leadership of Janet
5 Napolitano, our Secretary, the department has really been
6 stretched lately to meet the ever-evolving threats and
7 challenges, both manmade and natural disasters. That work
8 continues. That is what our work is about today.

9 As part of this new department, FEMA has experienced
10 significant change in the last 8 years after a shameful
11 response to Hurricane Katrina with a lot of hard work,
12 particularly by Craig Fugate, who is with us this morning.

13 FEMA has been reconstituted, professionalized. And
14 Congress, thanks to Kirsten Gillibrand and others, has
15 provided substantial resources to restore it to a higher
16 level of competency and performance, doubling its workforce,
17 dramatically augmenting its capabilities.

18 However, we know there are still gaps. We know there
19 are still challenges. We know that communities are having
20 difficulty as they recover from this catastrophic event. So
21 that is what this hearing is about, to hear what is working,
22 to hear what is not working, and to continue to improve.

23 With that, I would like to introduce our first witness.
24 We will hear from Senator Gillibrand who has fought
25 tirelessly and effectively on behalf not only of the

1 constituents she represents but the entire region to
2 jumpstart this recovery.

3 And on our next panel, we will hear from two Federal
4 agencies leading the recovery process. And on the final,
5 most important panel, we will hear from local officials who
6 are on the ground trying to make sense of the damage they
7 see with their eyes, the heartbreak they feel with their
8 hearts in trying to help their communities recover and get
9 back to normal.

10 So, Senator Gillibrand, we welcome your testimony this
11 morning, and thank you for being such a smart and
12 compassionate leader for this region.

13 Senator Gillibrand: Well, thank you, Madam Chairwoman,
14 for holding this hearing. I can't tell you how much the
15 families, small businesses, communities, and leaders
16 appreciate you holding this hearing in New York, here in
17 Staten Island, to give a voice to what happened here and to
18 give a voice to what we can do better.

19 And I just cannot thank you for your leadership.
20 People don't know this but you have been such a stalwart in
21 fighting for New York and New Jersey and the region. Your
22 expertise with what took place with Hurricane Katrina could
23 not be matched by anyone in the Senate. And so your ability
24 to advocate effectively for the resources we need has been
25 such a tremendous asset. And I just cannot thank you on

1 behalf of all New Yorkers for your dedication to helping our
2 families.

3 When Superstorm Sandy hit just over 4 months ago, our
4 State suffered unimaginable losses. Over 300,000 homes were
5 damaged or destroyed. More than 250,000 businesses were
6 affected, and many of them still have not been able to open
7 their doors today.

8 Tragically, 60 New Yorkers lost their lives, and too
9 many of our neighborhoods and communities have been left
10 scarred by these heartbreaking losses.

11 In Staten Island, perhaps in the most devastating
12 moment for me when I first came to Staten Island, I met with
13 law enforcement who were trying to recover the bodies of two
14 children who were literally whisked out of their mother's
15 arms because of flooding waters, and who drowned.

16 I met with a woman on the trip who came up to me in
17 tears, saying I am going to die if I don't get help.

18 That is how this community was so badly damaged, so
19 badly hurt.

20 But I also met so many New Yorkers who, even though a
21 boat crushed their restaurant because of the flooding tides,
22 they said, I am from here, I am going to rebuild, and it is
23 going to be better than it was before.

24 So we saw these great stories of sadness and horror,
25 but also many stories of courage and strength.

1 Flooding left damage in Lower Manhattan and Red Hook
2 all the way into the Bronx and into Westchester. The
3 hardest hit in New York City were our most vulnerable
4 coastline neighborhoods like Staten Island's South Shore,
5 Coney Island, Breezy Point, and the Rockaways.

6 And the nature of this storm was so severe that even
7 areas outside the mandatory evacuation zone, like Gerritsen
8 Beach and Howard Beach, were absolutely devastated by the
9 storm.

10 On Long Island, I toured communities like Lindenhurst
11 and Massapequa, and saw homes that were destroyed and washed
12 away.

13 The power of the storm was so great that it knocked
14 some buildings clear off their foundations, left both boats
15 and vehicles dislodged into homes and strewn across people's
16 yards.

17 In Long Beach, the shore was destroyed beyond
18 recognition. On Fire Island, the barrier island that took
19 the brunt of the storm for Suffolk County, communities are
20 still trying to clean up the debris.

21 Across the region and right here on Staten Island, many
22 residents have been displaced, and many people are still not
23 able to return to their homes. They are waiting for the
24 additional assistance that the government can provide to
25 fill the gaps.

1 They need our help. And the longer they have to wait,
2 the more they are confronted with additional problems, like
3 mold in their homes, rodent infestation, and other
4 complicating factors for rebuilding.

5 An issue I believe that we could fix is the reoccurring
6 2-week extension for temporary FEMA assistance, which
7 basically compounds the worries that families face when they
8 don't know if it is going to be there after a week or after
9 another week. So I am urging FEMA to extend temporary
10 assistance for 120 days to eliminate that worry and anxiety.

11 Now, for too many of our families, the trauma of the
12 storm, the aftermath, has been exasperated by the continuing
13 struggle just to navigate the maze of Federal bureaucracy.
14 Insurance companies, mortgage lenders are all slow in the
15 claims process, and, in too many instances, are holding
16 insurance claims in escrow.

17 My office alone has been contacted by over 1,000
18 households and businesses asking for our direct assistance
19 in the recovery. And each day, more and more are still
20 reaching out for the help they desperately need.

21 So I am so grateful for today's testimony from leaders
22 on the ground who can provide some of the insight as to how
23 we can ensure this rebuilding process is done as efficiently
24 and as quickly as humanly possible.

25 Last, we all know that we are seeing the storm of the

1 century over and over again, every single year. So we have
2 to be better prepared for the next, and rebuild not just
3 better but smarter and more resilient.

4 So one piece of legislation I am working on, hopefully,
5 with your help and support, will be a study requiring the
6 Federal Government to develop a national resiliency strategy
7 to improve access to information, so that all levels of
8 government have the tools they need to make smarter
9 decisions and do the work that is necessary to actually
10 protect our coastlines.

11 So I look forward to hearing from my colleagues. I am
12 so grateful, again, Madam Chairwoman, for you being here.
13 Thank you for the opportunity to speak on behalf of New
14 Yorkers.

15 Senator Landrieu: Thank you so much, Senator
16 Gillibrand.

17 I don't know how much your time will allow. I just
18 maybe would like to ask one question, and then I know you
19 probably have to slip out.

20 What are you hearing from your local officials that
21 really resonated with you about their plans for recovery?
22 Are they encouraged, are they anxious, a combination of
23 both? What do they tell you about some of the difficulties
24 that they might be having trying to get their plans for
25 recovery in place?

1 Senator Gillibrand: Well, different local officials
2 will have different challenges, depending on how they were
3 hit.

4 But the stories that I hear most from residents is the
5 runaround, it is the constant runaround from their insurance
6 agent who doesn't want to reimburse until they get recovery
7 money here. The number of denials they get. First they
8 will be denied over and over and over again, because there
9 is a typo or a piece of information that is missing. Just a
10 lack of information and understanding of how they will
11 possibly rebuild.

12 Most of the FEMA money certainly can't cover the loss.
13 A lot of people have insurance, but that is not going to
14 cover the full loss. Some people have some flood insurance,
15 but that doesn't cover the full loss.

16 And so the reality of New York is it is a very
17 expensive State to rebuild. And for a lot of these
18 families, they are just not getting the money they need to
19 do the work. So there is a lot of delay, and there is a lot
20 of runaround.

21 So what we need to do, and I know this was a challenge
22 in Hurricane Katrina as well, how do you streamline these
23 operations? How do you make them more efficient? How do we
24 get the funds flowing that are so desperately needed?

25 Those are the challenges I think most communities are

1 facing: getting the funds flowing, getting the right amount
2 of funds for the real severity of the problems these
3 communities are facing.

4 Senator Landrieu: And I would just like to underscore
5 that I think this was one of the successes of your advocacy
6 and the team from this region, to advocate for the \$50
7 billion -- actually, we were hoping for \$60 billion, as you
8 know, and had to take some compromises to get it. But to
9 get that money so that the local communities know what they
10 can count on.

11 There were some that suggested that dribbling out \$5
12 billion here, \$10 billion, because, of course, all the money
13 is not going to be spent in the next 6 months. But what
14 people have to realize is, you can't do very efficient or
15 effective planning, unless you have that lump sum that you
16 know you can count on, and then operate over the next 2, 3,
17 4, 5 years for recovery.

18 So we have won that battle, but I am not sure we have
19 completely resolved that argument. And I hope people will
20 see, despite the fact that there is still a lot of
21 bureaucracy and red tape, that getting a significant
22 contribution toward this effort to give the local officials
23 and local communities some hope to come up with a plan that
24 may work is better than dribbling it out over time.

25 Senator Gillibrand: And I think this hearing is such

1 an important component to that, because not only are you
2 going to hear from the Federal representatives, but you are
3 going to hear from some local leaders to begin to create a
4 record of what has to be done going forward to streamline
5 current operations, but also to fix future operations.

6 Senator Landrieu: Well, I just want to assure you that
7 I know from personal experience that it is not just the
8 money. It is how the money comes, under what categories,
9 and with what flexibility. And I am going to continue to
10 work with you every step of the way until the rebuilding is
11 done.

12 Senator Gillibrand: Thank you, Madam Chairwoman.

13 Senator Landrieu: Thank you very much.

14 If panel two will come forward?

15 And thank you again, Senator Gillibrand.

16 Our next panel will speak to the Federal role in
17 Hurricane Sandy recovery. FEMA administrator Craig Fugate
18 will testify first. Then we will hear from Laurel
19 Blatchford, the executive director of Hurricane Sandy
20 Rebuilding Task Force.

21 Let me say that Administrator Craig Fugate comes with
22 outstanding credentials to serve in the important position
23 that the President has tapped him to serve. Having years of
24 experience with disaster recovery, most specifically, I
25 guess, with the State of Florida, leading their efforts

1 through multiple storms in very difficult circumstances.

2 So, Mr. Fugate, let me just thank you for your
3 leadership, for being the kind of innovative leader that I
4 think that taxpayers are looking for, as well as the
5 survivors of storms. And I really appreciate you and your
6 team sticking with it until we get it right.

7 Administrator Fugate?

8 STATEMENT OF CRAIG FUGATE, ADMINISTRATOR, FEDERAL EMERGENCY
9 MANAGEMENT AGENCY

10 Mr. Fugate: Thank you, Madam Chair.

11 You have outlined the severity and the size and the
12 scope of Hurricane and then Superstorm Sandy. I want to
13 back up a little bit, though.

14 Why our response worked the way it did has a lot to do
15 with your efforts and the efforts of others after Katrina to
16 address known shortfalls. I want to give some examples,
17 because I think in the legislation you introduced and passed
18 as part of the supplemental, we are able even to move
19 further. But let's start with Post-Katrina Emergency
20 Management Reform Act.

21 One of the big concerns in Katrina was the State had to
22 be overwhelmed before the Federal Government could provide
23 assistance. We know in a large-scale disaster, that slows
24 everything up. Given the authority that you invested in
25 FEMA, we were able to move supplies, a personnel team, and

1 had over 1,000 people deployed throughout the risk area.

2 Now, again, we now know that New Jersey and New York
3 took the brunt of this and were ground zero for Superstorm
4 Sandy. But at the time, before it made landfall, the
5 concern was anywhere from the Delmar Peninsula, including
6 the Washington, D.C., all the way to Maine. And as we saw
7 with Hurricane Irene, inland impacts, which for the first
8 time in my career, the National Hurricane Center had a
9 blizzard warning for West Virginia. So over a larger area,
10 we were preparing for those impacts.

11 The night of the landfall, another provision that had
12 been implemented was the ability to more rapidly do
13 expedited disaster declarations.

14 President Obama, in conversations with both Governors
15 of New York and New Jersey, concurred with our
16 recommendation and declared major presidential disaster
17 declarations based upon the verbal requests of both
18 Governors -- again, something that was enabled through this.

19 Our ability to respond was part of the budget agreement
20 that, if you remember in Hurricane Irene, we went into
21 immediate needs funding, because the Disaster Relief Fund,
22 the mechanism by which we prepare for and provide assistance
23 and recovery, had almost written run out at the end of that
24 fiscal year.

25 This year, we were adequately funded both to continue

1 our work on existing disasters, most recently Hurricane
2 Isaac in your home State and Mississippi, as well as
3 prepared.

4 But the size and gravity of Sandy definitely pointed to
5 the limitations of FEMA's programs, as designed in many
6 cases, and the need for additional funds.

7 And again, we thank you for your work, Senator
8 Gillibrand, Senator Schumer, and everybody else who got the
9 supplemental, and understanding that our job FEMA does not
10 make people whole. That is why our partnership with HUD and
11 other Federal agencies is so key for the long-term recovery.

12 We have implemented the National Disaster Recovery
13 Framework, which was, again, directly from the Post-Katrina
14 Reform Act. But we also felt, and the President directed,
15 that because this was going to involve such large rebuilding
16 efforts in multiple States, that he wanted a Cabinet-level
17 official who had local knowledge and expertise. And as you
18 pointed out, he has asked Secretary Donovan to lead the
19 long-term recovery of implementing all of the Federal
20 programs that go beyond the FEMA programs that are most
21 immediate and deal with the immediate impacts, and focus on
22 a lot of the pre-existing and longer-term conditions that
23 will be required for successful recovery.

24 So the response, while challenging, didn't end when the
25 power came back on for far too many residents that are still

1 dealing with this. We still have over 1,400 families, as
2 Senator Gillibrand pointed out, in temporary or transitional
3 shelters. Those are hotel and motel rooms. And we worked
4 very good with the State in trying to find longer-term
5 solutions, because we realize those are not good places to
6 be for long periods of time. Yet, in many cases, the
7 availability of rental properties, and other suitable
8 locations, limits our ability to rapidly move people out.

9 But we continue to work with our State partners to find
10 long-term housing and work with the States on that.

11 The last piece I want to give to you, though, was
12 something you brought up, and it is something that the
13 President has directed us to look at.

14 While many people have debated climate change, the
15 President's direction to us is we need to be looking at
16 climate adaptation, that the term "100-year storm event"
17 seems to lose its meaning if we are having 100-year events
18 every couple of months.

19 And so looking at rebuilding, our normal way that we
20 look at cost-benefit, and how we determine a good investment
21 for mitigation strategies, is oftentimes based upon the
22 value of the structure and the insured loss. We want to
23 take a different approach and look at what is the function
24 of that critical facility and look at applying mitigation
25 both for the known and for the unknown.

1 We think it is more appropriate to look enhancing our
2 mitigation for certain types of critical facilities beyond
3 which we have normally looked at, because it does not seem
4 that these storms are going to slack. And I don't see a
5 need to rebuild a fire station only to be flooded out in the
6 next hurricane because we did not build it for the future.

7 Thank you, Madam Chair.

8 [Statement follows:]

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1 Senator Landrieu: Thank you. And I really am going to
2 revisit with you on this smarter rebuilding, because it may
3 be shocking to the audience to know that literally in
4 Hurricane Katrina, under the rules that were mandated by
5 Congress, that it was actually illegal to build smarter, and
6 you received a penalty for doing so. If you moved the fire
7 station and didn't rebuild it exactly the way it was, you
8 would get a 25 percent penalty, which really didn't make any
9 sense. And, of course, that has been corrected. But there
10 are many more things like that that need to be done to
11 really make everybody put their oars in the water at the
12 same time, moving in the same direction, to spend taxpayer
13 money smartly, again rebuilding these communities for the
14 future, not rebuilding past communities, which, I think,
15 everybody would be appreciative.

16 So we will have some questions to follow up.

17 Laurel, and I know you will start. We have read your
18 testimony. But if you could really focus on what your role
19 is, because I think it is a new -- well, relatively new role
20 under the new framework plan. And if you could make sure
21 that we get that into the record and then go into your
22 testimony.

23 STATEMENT OF LAUREL BLATCHFORD, EXECUTIVE DIRECTOR,

24 HURRICANE SANDY REBUILDING TASK FORCE

25 Ms. Blatchford: Thank you again, Chair, for having me

1 here today. This is really an honor to be here to testify
2 regarding the ongoing effort to rebuild the region.

3 And thank you to Senator Gillibrand and the rest of the
4 delegation for their support as well.

5 I currently serve as the executive director of
6 Hurricane Sandy Rebuilding Task Force established by
7 President Obama, as you know, and chaired by Housing and
8 Urban Development Secretary Shaun Donovan.

9 Sandy and the nor'easter that followed had immense
10 impacts in New York, New Jersey, Connecticut, Rhode Island,
11 Maryland, and a number of other States. And as you know
12 well, the storm caused tens of billions of dollars in damage
13 and was the second most costly storm in American history,
14 damaging or destroying thousands of small businesses and
15 tens of thousands of homes.

16 The administration's primary focus remains on
17 addressing the region's most pressing needs and, as
18 Administrator Fugate has discussed, the administration's
19 coordinated government-wide approach to response and near-
20 term recovery.

21 But as we learned from Hurricane Katrina and other past
22 disasters, planning for long-term rebuilding must begin even
23 as response activities are underway. That is why the
24 President created the Hurricane Sandy Task Force to deliver
25 the same level of government-wide coordination and

1 responsiveness to help communities as they make decisions
2 about long-term rebuilding.

3 The task force does not seek to impose a one-size-fits-
4 all approach to rebuilding. While the Federal Government
5 has a very important leadership role to play, State and
6 local governments must rebuild based on their own visions.

7 We are working to support States and local communities
8 within the National Disaster Recovery Framework. The task
9 force complements the NDRF, by building on the unprecedented
10 coordination that has already taken place among Federal,
11 State, local, and tribal authorities during the response and
12 ongoing recovery efforts to date. And we seek to carry this
13 coordination forward as the recovery and rebuilding phase
14 begins.

15 With expertise of virtually the entire Cabinet
16 represented, we are actively helping communities with their
17 long-term rebuilding efforts in five key ways: first, by
18 coordinating with all stakeholders to support cohesive
19 rebuilding strategies and develop a comprehensive, locally
20 driven regional plan within 6 months of our first meeting;
21 second, by identifying and removing obstacles to effective
22 rebuilding efforts and reducing regulatory burdens; third,
23 by helping to coordinate the flow of Federal recovery funds
24 and ensuring that the resources the Federal Government
25 provides are informed by local priorities; fourth, by

1 monitoring progress in rebuilding efforts to enhance
2 accountability at every level, as well as prevent waste,
3 fraud, and abuse; and finally, the task force will work with
4 member agencies to ensure that the Federal Government is
5 lending critical support to those on the ground so they can
6 realize their respective visions for rebuilding and
7 redevelopment.

8 As you know, the task force is a short-term entity by
9 design. Building on lessons learned from Katrina and other
10 disasters, the President asked the task force to convene
11 early in the recovery process to ensure the principles for
12 Federal investment are aligned, so there is less confusion
13 down the road.

14 Supporting local rebuilding efforts through financial
15 means is a key part of the Federal role, and on January
16 29th, President Obama signed the Disaster Relief
17 Appropriations Act of 2013. Federal agencies and
18 departments have already begun the process of making this
19 money available.

20 In addition to the work that FEMA has done, the
21 Department of Transportation made available \$2 billion
22 through the Federal Transit Administration's new emergency
23 relief program to repair and rebuild public transit
24 equipment and facilities. And as you know, HUD has also
25 announced the first round of allocations of the CDBG

1 Disaster Recovery Program, totaling \$5.4 billion, and HUD
2 plans to make additional allocations very quickly, as
3 quickly as it can in the coming months.

4 The task force's role is not to supplant the agencies
5 that have received appropriations at all, but to work with
6 them to find ways to maximize the impact of these dollars
7 and help support communities' redevelopment priorities, for
8 example, by working with the Small Business Administration
9 to find opportunities for data sharing that will help us
10 identify areas of unmet need more quickly and more
11 effectively.

12 We will also help impacted communities use this funding
13 to mitigate future risk from storms that science tells us
14 will have intensity and severity increase in the future.

15 As you know, mitigation is sensible and cost-effective,
16 offering a \$4 return on each dollar invested by preventing
17 future damage.

18 We look forward to continuing our work with this
19 subcommittee and others in Congress and the Federal family
20 and our State and local partners to help communities rebuild
21 in a way that makes them stronger, more economically
22 sustainable, and better prepared.

23 Thank you.

24 [Statement follows:]

25

1 Senator Landrieu: Thank you very much.

2 Let me begin, Administrator Fugate, with you, if you
3 could elaborate.

4 The Sandy Recovery Improvement Act, which you helped us
5 through your good testimony to design, passed in January.
6 It gave you some additional authorities, some of which you
7 mentioned. One in particular to make awards in advance
8 based on past estimates.

9 I understand that you are currently right now planning
10 on issuing guidance to applicants in mid-April, just about 2
11 months, 1.5 months from now. Can you talk a bit about
12 FEMA's collecting the guidance it needs to ensure estimates
13 are done in a fair and reasonable manner? Are you tracking
14 the savings that FEMA might garner from this new approach?
15 And if no, I would like to ask you to consider thinking
16 about that.

17 But give us a little bit more detail, because I think
18 this is really key to the recovery of how we are going to do
19 this a little differently to get this recovery going more
20 quickly.

21 Mr. Fugate: Yes, Madam Chair.

22 As the legislation passed, it will require extensive
23 rulemaking to implement. And rulemaking, as you know, can
24 take years. We are going to implement this under pilot
25 programs to apply some of the things we had already been

1 working on, but with your legislation, it now allows us to
2 move forward.

3 I want to give an example. We well know the tragedy of
4 Charity Hospital, but then the tragedy of not being able to
5 come to resolution and going to arbitration and delaying for
6 years.

7 When I came on board, as you well know, we had not even
8 resolved Charity, which meant, for that community, a
9 hospital had not even begun construction to rebuild.

10 Here in New York, we are talking over 9 hospitals. I
11 have been in the basements of Bellevue. I have been in the
12 basement of NYU. I have been at Coney Island.

13 What you have given us is the ability to do this, bring
14 in their experts and their engineers, tell us what the
15 damages are. Do the reviews, come up with the design, tell
16 us what the repairs are, and certify it. Our goal is to
17 have a professional engineer or licensed architect of that
18 State of record certify those damages.

19 I don't need my experts to go look at it if they are
20 going to have a professional engineer tell me that it is
21 over 50 percent that requires substantial improvement. Give
22 us your estimate as you would design to build this, and we
23 will provide initial grant dollars to do that. But once we
24 are at the finished design and you know what your estimates
25 are, we want to be able to write a worksheet that says we

1 will obligate the full amount, allowing them to go forward
2 and build and not wait for reimbursements or for us to
3 monitor each individual piece.

4 The other advantage is, as you point out, what if they
5 choose to make an alternative decision? We have penalized
6 that before. The legislation eliminates that penalty.

7 The other piece of this, though, that you touched on,
8 we really want to focus on, is we don't want to rebuild it
9 in such a way that we have known vulnerabilities. And there
10 is a great example of this at Bellevue.

11 Bellevue, after Hurricane Irene, mitigated their oxygen
12 storage tanks based upon the 100-year flood risk. The
13 problem with that 100-year flood risk was Sandy overtopped
14 it.

15 So we know that in mitigating, we have to go beyond our
16 traditional tools. And this flexibility allows us to look
17 more at the function vs. the mere insurance cost value of
18 repair or replacement.

19 Senator Landrieu: Well, I am very excited to hear
20 that. And I don't know if the local officials realize what
21 a great benefit this is to you all that we did not have in
22 Hurricanes Katrina and Rita, and the difference that it
23 could possibly make.

24 So, A, I thank you for getting the rules done quickly.
25 Thank you for initiating the pilot. And we are really going

1 to be focused to make sure that this pilot is effective.
2 And if there are additional authorizations that you need,
3 let me know.

4 Administrative Fugate, would you comment for a minute
5 or 2 on the shortcomings of insurance, because a lot of
6 critics of what I am doing say the Federal Government has no
7 role or a limited role. They want to pull back the Federal
8 role in disasters, claiming that if everyone was just fully
9 insured, that after a disaster, there would be nothing
10 really for State or local governments to do. The private
11 insurance market would step up.

12 Could you explain a little bit to us why that really is
13 not possible?

14 Mr. Fugate: It is almost, as you ask me the question,
15 I go back and I ask people another question: How many
16 people right now check their home mortgages and have
17 replacement value? In most cases, your insurance is now
18 only covering your exposure to your mortgage. And when you
19 have owned your home for a number of years, you may not even
20 have a mortgage anymore. Your insurance, oftentimes, does
21 not come up with the replacement cost for your homes.

22 So we find people, when we say upside down on their
23 mortgages, they are upside down on their insurance coverage.
24 And they can't afford to have that kind of replacement cost.

25 So oftentimes, we do find people, even if they are

1 insured, are actually underinsured for the rebuilding costs.

2 And then when we talk about government, the cost for
3 government to insure -- again, many of them have become
4 self-insured but don't maintain sufficient reserves. And
5 again, if the commercial insurance was affordable and was
6 available, I think it would be something that you could
7 suggest we could do that.

8 But even in our own flood insurance program, our flood
9 insurance program, as designed by Congress and as we operate
10 it with a new authorization, is going to become more
11 expensive, but continues to focus on protecting the
12 mortgages and limited contents, not providing, necessarily,
13 full replacement value. And there are limits on the total
14 amount of flood insurance you can purchase.

15 So, particularly in those areas that are very
16 expensive, as we know here New York, it is oftentimes not
17 even possible to purchase enough insurance to cover what
18 replacement costs you would have.

19 Senator Landrieu: And, listen, I am not
20 underestimating the importance of responsible insurance. It
21 is a system that the United States uses. To my surprise,
22 the Netherlands does not use it at all. The Netherlands
23 does not have private insurance. Their government funds
24 completely their flood insurance. And instead of people
25 making premium -- I am not suggesting this, but just to say

1 that there are different models in the world. Instead of
2 all the premiums that go to insurance companies, all of that
3 money goes to the local government to build levees that
4 don't fail, to build barrier islands that protect.

5 Now, that is a different model. It is not one I am
6 suggesting. But I do think that we have got to have a
7 little bit more thought in this country, if we are going to
8 have an insurance partnership with the government, what
9 people need to do a little bit better, what governments need
10 to do a little bit better, because what is true, the Federal
11 Government can't continue to pick up more and more and more.
12 We are going to do our part, but we really have to focus on
13 this, particularly for communities that are vulnerable. And
14 frankly, I think there is not a community in the United
15 States that is not vulnerable from something, whether it is
16 a hurricane or a nor'easter or a earthquake or a fire or a
17 flash flood. I mean, think about it.

18 That is, I think, a concept that Americans have to
19 really understand, that we are all at risk, particularly
20 with the climate change and weather patterns changing.

21 Laurel, let me ask you, please elaborate a little bit
22 more on this flexible CDBG, because this was a great
23 victory. We fought very hard.

24 And to underscore this for the press here, in the past,
25 the most flexible Federal program that we could quickly get

1 to local governments was the Community Development Block
2 Grant program. The Community Development Block Grant
3 program was not designed to respond to disasters. It was
4 designed to build communities in the future. There is a big
5 difference in the urgency of both of those tasks and the
6 intensity.

7 You can take your time building for the future. You
8 can't take a lot of time rebuilding immediately what needs
9 to be rebuilt. So we fought very hard to get a more
10 flexible -- I even wanted to call it something different;
11 was rebuffed. I wanted to call it the disaster recovery
12 grant, but that was a bridge too far for people. So we
13 called it the same thing, but made it more flexible.

14 Please tell us, for the record, how you believe that
15 you can use this money, what difference does that
16 flexibility make, if any?

17 Ms. Blatchford: Well, first of all, thank you for your
18 advocacy and support. I think you are right. It is an
19 enormously valuable tool.

20 And based on the lessons learned from Katrina and other
21 disasters, this is a program that has basically emerged for
22 HUD in the last 10 years. I think a lot of what you and
23 your partners in Congress put into the legislation codifies
24 the kinds of directions we want to go and we think are best
25 for flexibly responding to disaster.

1 A couple things I would highlight. We -- "we" meaning
2 HUD -- have gotten the first third of the initial \$16
3 billion out the door. We have been working closely with the
4 local communities as they assess their needs, in partnership
5 with FEMA and other agencies. Our understanding is that
6 they are planning to use that first tranche for a whole set
7 of needs that will really follow on the first round, if you
8 think of it, of Federal investment as well as insurance
9 payments.

10 So the idea here is that flexibility can support what
11 might not be covered under FEMA's programs and the first set
12 of caps that people may have already reached.

13 Senator Landrieu: Which is about \$30,000, right?

14 Ms. Blatchford: Yes, that is correct.

15 So it is designed to follow on that.

16 The second two-thirds, we are working with HUD on that.
17 And my guess is there will be a notice of allocations in the
18 coming months. And that is also -- as you know, people's
19 assessments of needs change. Things develop as rebuilding
20 plans form. So we will be working closely with the grantees
21 in the region to understand how they want to use those
22 longer term investments in things like mitigation,
23 elevation, other kinds of innovative programs, not just for
24 housing, but for small businesses and other entities in the
25 region.

1 So I really think it is that kind of flexible tool that
2 works with, again, the Federal family of programs, but is
3 designed to complement them and really supplement them.

4 Senator Landrieu: We are going to get more testimony
5 on the third panel, but have you gotten any mitigation
6 requests that come to your mind that you would like to share
7 with us that really makes some sense to you? Or is it too
8 early for you to have received that information?

9 Ms. Blatchford: So we are still working with the
10 grantees. As you know, Governor Cuomo has recommended the
11 possibility of buyouts. That is the kind of strategy that
12 is allowable under the program in certain cases. We have
13 not approved -- to be clear, we have not approved this
14 particular plan. But it is the kind of plan that I think,
15 if it is done right, at the community level, and it is done
16 thoughtfully and doesn't need to blight or other problems,
17 and communities really want that, it is the kind of longer-
18 term solution that could be really innovative.

19 I also think there are so many things, whether it is
20 from the Gulf Coast region or the Netherlands or other parts
21 of the country, innovative technologies and other things
22 that can be used to help rebuild, for example, places I have
23 seen on the New Jersey shore, houses that were rebuilt and
24 renovated most recently before the storm look fine. And
25 there is no better demonstration to people of how those

1 kinds of building codes and different materials can help.
2 So that is the kind of thing we are working with the region
3 to think about.

4 Senator Landrieu: Smarter designs, better materials
5 can withstand some of these storms up to 150, sometimes 200
6 mile an hour winds. And if you are building higher, can
7 withstand the water.

8 If you are going to live in a coastal area, it is a
9 smart way and probably the only way to rebuild.

10 Let me ask a few more. In the past, it was difficult,
11 Ms. Blatchford, to do collective oversight of Federal
12 expenditures because there was no aggregate tally across all
13 the agencies. Senator Cochran and I have introduced
14 legislation that requires the Federal Government to
15 comprehensively track spending for catastrophic disasters
16 across agencies. It is not just FEMA.

17 Will your task force begin to do this? And how are the
18 plans for this coming along?

19 Ms. Blatchford: Yes, we will. One of the interesting
20 things that is coming into play for us, are lessons learned
21 from the Recovery Act. As you know, that was a stimulus
22 program in 2009. Agencies like HUD learned a lot about how
23 to track money as soon as it left our doors. So
24 understanding what grantee performance was.

25 So we borrowed from that model and created a project

1 management office. Again, as you know, the task force is a
2 short-term entity. Part of what we are going to do is stand
3 this up, working very closely with the Office of Management
4 and Budget, which works with the CFOs of each agency that
5 has supplemental appropriations, as well as the inspector
6 general and oversight community, as well as the Recovery Act
7 Transparency Board, which was put into effect in the
8 Recovery Act, to kind of work as a team to understand a
9 catalog of performance metrics to communicate performance
10 and spending, to provide transparency.

11 And as I said, I think the longer-term goal will be to
12 institutionalize that. We are not sure exactly where, but
13 we are really charged, at this point, with standing it up,
14 so as to set the tone for that kind of performance
15 management and transparency from the beginning.

16 Senator Landrieu: And, Administrator Fugate, Congress,
17 as you know, provided \$11.5 billion in needed FEMA funding
18 for response and recovery for Hurricane Sandy and other
19 ongoing disasters. People in this region may be interested
20 to know there were 47 presidential declared disasters in
21 2012. And I believe that was a record year of over nine or
22 10, as I remember, over a billion dollars, which was
23 unprecedented and the first in history.

24 In 2011, there were 99 presidential declared disasters.
25 Every State in the Nation has a pending disaster recovery

1 project now open with FEMA.

2 You have testified that sequestration, which is
3 technically going into effect as we speak, will reduce the
4 total amount available in the FEMA disaster fund to help
5 rebuild communities by \$1 billion. Is it true that a
6 sequester of \$1 billion could result in FEMA having to shut
7 down some disaster rebuilding processes or other disasters
8 as early as August? Would you comment about the probability
9 or possibility of that?

10 Mr. Fugate: Yes, Madam Chair.

11 What will happen is we won't run out of money, but we
12 are going into peak hurricane season, and in the fiscal
13 year, we will be in the final quarter. We will get to,
14 potentially, a budget amount which will require us to look
15 at and ensure we have sufficient funds to continue immediate
16 needs funding, which is for the families. We don't want to
17 take away from the survivors.

18 That may mean that we go into a system where permanent
19 work that has not already been started will be delayed until
20 we get additional funding.

21 The other part of that is part of that Disaster Relief
22 Fund are the dollars we use to respond to the next disaster
23 and deal with wildfires and emergencies. That also took a
24 cut. And, again, looking at the drought and the other
25 things that took to get ready for Sandy will also impact our

1 ability to ensure the capability to respond to not only the
2 existing disasters as well as to Sandy recovery, but future
3 potential impacts.

4 So, again, we are very concerned and are working to
5 manage those dollars effectively. But again, the original
6 request was based upon what was anticipated for the full
7 fiscal year, and the concern will be, if we draw down at a
8 rate we project, we may reach a point going into the peak
9 hurricane season that we would have to postpone permanent
10 work to preserve the capability to respond and ensure that
11 we are still meeting the survivors' needs in those programs.

12 Senator Landrieu: And I would just like to underscore
13 that testimony, because this has been one of my very strong
14 points I have tried to make to colleagues on both sides of
15 the aisle, that when a community is going through a
16 recovery, they do not want to see yellow lights flashing.
17 They do not want to see red lights. They do not want to see
18 stop signs. They want to see green lights going forward,
19 because this is a long, hard road.

20 And what happens is, if Congress nickels and dimes
21 FEMA, as it has a tendency to do -- we have had to fight
22 very hard against a philosophy that I do not agree with --
23 they end up having FEMA, under the law, it cannot go down to
24 a level of funding that would prevent them from responding
25 should a disaster happen next month.

1 And so they end up having to slow down recovery all
2 over the country, which, A, is not fair to survivors; B,
3 counter to local governments having to then be on the hook
4 for some of these projects and small businesses on
5 contracts; and, C, it has an immediate impact on the
6 recovery of our economy, which is very negative.

7 So while every part of the budget is sensitive to
8 budget cuts, I want to underscore that, under the law, when
9 FEMA's bucket gets low, the only thing they can do is stop
10 ongoing recovery to anticipate and hold a reserve for
11 disasters that might happen. And that is why I fight so
12 hard for full and robust funding, to avoid that happening.

13 And that is just worth underscoring. We hope that this
14 will not happen, but sequester is a real threat, in my mind,
15 to this whole effort.

16 I think that I have had my questions, most of them,
17 answered. I am going to check with the staff in a minute.
18 Why don't you give a 1-minute close, if there is anything
19 that I haven't asked, either one of you, that you would like
20 to get on the record before your panel is over.

21 Mr. Fugate: Madam Chairwoman, there are a couple
22 things that were in Sandy legislation, one of which I really
23 appreciate was your support for tribal recognition. We are
24 implementing that as we speak.

25 But to the other question you asked, I did not answer

1 fully, was cost savings with these new procedures. Yes,
2 ma'am, we are very much tracking that. We think there are
3 substantial reductions in FEMA's overhead in not having to
4 have long-term management of projects where we are
5 reimbursing with multiple changes and multiple revisions,
6 but be able to use an estimate that both parties can agree
7 to, to fully fund the project and ensure fiscal stewardship
8 on our part without the burdensome process of managing a
9 long-term recovery. We think there are substantial savings,
10 and we are documenting that.

11 We can tell you that in the debris rules you gave us,
12 we have seen substantial savings when local governments are
13 able to use their personnel to pick up debris and get
14 reimbursed, vs. having to rely upon hiring contractors and
15 going into overtime. And we have also documented that and
16 greatly appreciate your support in those changes.

17 Senator Landrieu: Good. Thank you.

18 Ms. Blatchford?

19 Ms. Blatchford: I just want to say thank you for
20 having me here today. We haven't talked much about the
21 timeline for the task force, but we are hard at work. We
22 will be delivering our report to the President with all of
23 our Federal partners in August, and we look forward to
24 working with you and your staff to make the recommendations
25 as effective and forward leaning as possible.

1 Senator Landrieu: Well, I really hope, I saw that in
2 your testimony, I sure hope we can get that delivered before
3 August. I know that the law says you have until that time,
4 but this storm was 4 months ago. There is a spring and
5 summer season coming up that is so important for New Jersey
6 and the coastal communities that rely on this tourist
7 season. It is just imperative for us to really push forward
8 to get particularly these small businesses back up and
9 running along, so that this community can have as a normal
10 season as possible.

11 It is going to be very difficult. I mean, the Gulf
12 Coast did not come back that next year. It took a long
13 time. But it can happen, and it can be, as you said, even
14 better and more resilient.

15 Let me also mention, before they leave, I want to give
16 credit to Senator Lieberman and Senator Collins, who led the
17 Homeland Security Committee these last 10 years. Both have
18 retired now -- well, Senator Collins is still there, but
19 moved on to another committee. Senator Lieberman has
20 retired.

21 And without their leadership, a lot of these reforms
22 would not have been possible. So I want to make sure that
23 we give them credit at this hearing.

24 Thank you all very much. And, of course, you can
25 submit other things for the record.

1 As the third panel comes forward, let me thank these
2 local officials who have been on the frontline for the last
3 4-plus months. It has been, I know, a very difficult task
4 that you have all been facing.

5 We will first hear from Mayor Joseph Mancini, who I had
6 an opportunity to meet when we toured your community, Mr.
7 Mayor, with I think it was with Senator Menendez and Senator
8 Lautenberg, of course, who are supportive.

9 Scott Mandel, City Council President of Long Beach, New
10 York, and Brad Gair, director of Housing Recovery Operations
11 for New York City.

12 So we know that there are hundreds of other local
13 officials like yourselves, elected and appointed, that are
14 struggling with this recovery. You represent just a small
15 group that we could accommodate at this hearing.

16 But as the rules of this committee go, we can receive
17 testimony from anyone on this subject. This record will
18 stay open. Encourage your colleagues to submit their
19 statements for this record, because it will be thoroughly
20 reviewed. And we hope to take some of these ideas, of
21 course, back to help you in every way that we can be
22 helpful.

23 So with that, Mayor, why don't we begin with you?

24 STATEMENT OF HON. JOSEPH H. MANCINI, MAYOR, TOWNSHIP OF LONG
25 BEACH, NEW JERSEY

1 Mr. Mancini: Thank you, Senator Landrieu, for holding
2 this meeting. And I want to thank you for your leadership
3 on the FEMA subcommittee.

4 And I also want to thank you for coming too Long Beach
5 Island to see firsthand, with your knowledge from Louisiana.
6 And your dad and brother being mayors, you can feel our
7 pain. And I want to thank you for that.

8 Long Beach Island is an 18-mile long barrier island.
9 Long Beach Township is 12 out of the 18 miles. The other
10 towns are Beach Haven, Ship Bottom, Surf City, Harvey
11 Cedars, and Barnegat Light.

12 About 12 years ago, Congress approved our engineered
13 beaches on Long Beach Island. Unfortunately, only 4 miles
14 were completed, because of lack of funding.

15 Behind those dunes, which are our levees, the homes
16 behind those engineered dunes did not suffer any damage by
17 wave velocity. Also, none of the communities on the
18 mainland directly in the shadow of those dunes were damaged
19 significantly. We had a lot of water, but no wave action.

20 On the remaining section of the island, we had millions
21 of cubic yards of sand displaced and moved around onto
22 properties. It looked like a blizzard that never melted.
23 And unfortunately, FEMA did not pick up any of the sand
24 removal from personal residences, which is something that we
25 should be really looking at, because it was \$10,000 to

1 \$20,000 per residence to move that sand.

2 We definitely need, and we have put into our
3 legislators and senators, a request for funds to finish our
4 levee, so to speak, the remaining 12 miles. In meeting in
5 Washington yesterday, our New Jersey Senators and our
6 Congressmen have assured us they are going to work for that.
7 And we appreciate FEMA's help in funding that.

8 Two problems that we had during this event that I would
9 like to bring to your attention. Number one, as you have
10 just stated previously, it has been 4 months since the event
11 occurred, and 50 percent of our people still do not know
12 what their settlements are going to be -- 50 percent.

13 Along with that, FEMA just released a preliminary
14 flight elevation map, which, in our area, a 20-mile radius,
15 has just added 16,000 homes to a bayside V Zone.

16 Out of those 16,000 homes, 8,000 of those homes are
17 built on slabs, which cannot be raised and put on pilings.
18 So we have a lot of anxiety occurring between people not
19 knowing what funding they are going to be receiving from the
20 NFIP, number 1; and number 2, how are they going to raise
21 the homes.

22 We all agree on the maps that the elevations are
23 correct. We absolutely disagree with the new V Zones. The
24 new V Zones, there is no such thing as a 3-foot mythical
25 wave that is going to go through 1 mile of housing

1 developments. It just doesn't work.

2 So we would really like to work with FEMA on correcting
3 this. Unfortunately, 2 weeks ago, we met with the New
4 Jersey State DEP Commissioner, Bob Martin, a member of FEMA,
5 and two of their engineers, and eight of the local mayors,
6 asking them how come there was no input from the local
7 government and our local engineers.

8 They would not respond. They told us that we had an
9 opportunity to appeal it, if we could bring our data. I
10 requested their data, and we still have not seen it.

11 So, Senator, this is a major problem.

12 Senator Landrieu: We will get it for you. Don't
13 worry.

14 Mr. Mancini: Once again, I want to reiterate, the
15 elevations, we all agree on. But I would like to say, on
16 Long Beach Island, the 1984 base flood elevations worked.
17 We had nothing built after that tide that was compromised.

18 The last thing is LTI is moving forward. By Memorial
19 Day, we will be 95 percent open, businesswise. On June
20 15th, we are inviting you and all the other first responders
21 back to the island for a thank you fest. And I would just
22 like to inform you that we have 20 Louisiana State troopers
23 coming back, so thank you.

24 [Statement follows:]

25

1 Senator Landrieu: Thank you, Mr. Mayor.

2 Mr. Mandel?

3 STATEMENT OF HON. SCOTT MANDEL, CITY COUNCIL PRESIDENT, LONG
4 BEACH, NEW YORK

5 Mr. Mandel: First, Madam Chairwoman, thank you for
6 allowing us this opportunity and venue to share our
7 experiences with Superstorm Sandy.

8 I also want to take this opportunity to thank New York
9 State Governor Cuomo, Department of Homeland Security, OEM,
10 Nassau County, as well as the Nassau County Executive Ed
11 Mangano, Assemblyman Weisenberg, Senator Skelos, Congressman
12 King, Congresswoman McCarthy, Senator Schumer, and, of
13 course, Senator Gillibrand.

14 And dovetailing to Senator Gillibrand's testimony
15 earlier this today, we share those concerns and
16 frustrations.

17 I am honored to have this opportunity to participate on
18 today's panel on behalf of Long Beach, New York, the other
19 Long Beach. And to that end, also talk a little bit about
20 other Long Island areas that were affected as coastal
21 communities, regarding storm preparedness, response,
22 recovery, and mitigation.

23 As I mentioned, Sandy was a one-of-a-kind superstorm.
24 Long Beach is a barrier island sandwiched between the
25 Atlantic Ocean on the southern border and the bays on the

1 northern border.

2 Going into the storm, and before the storm, the city
3 made extensive operation efforts several days prior. We
4 provided advance notice to our residents. We evacuated. We
5 provided means for evacuation. We used Robo calls, text,
6 emails, radio, television, newspaper, website, and social
7 media. We created temporary barriers on the beach and made
8 sure all hands were on deck to be of assistance.

9 And then the storm hit. The brunt of the storm was
10 between 5 p.m. and 9 p.m. And, literally, the ocean met the
11 bay.

12 Our recovery efforts began immediately, and we were
13 fortunate to secure assistance from all levels of
14 government.

15 Unfortunately, Sandy brought with it many obstacles,
16 including a complete cutoff of all communication.
17 Unfortunately, in a world where we rely on technology, when
18 that is taken away from us, we have to scramble to find
19 other means to reach our residents. We relied on flyers,
20 bullhorns, large signs, and even door-to-door reaching out
21 efforts.

22 In that period of time, we were still a new
23 administration, only 10 months into the administration when
24 the storm hit. And we came into office facing a \$10 million
25 deficit.

1 Thankfully, all of our city personnel stepped up
2 quickly and rose to the occasion. Without the heroic
3 efforts of our city personnel and our elected officials, our
4 city would not have stood.

5 Our city consists of 35,000 residents. It is unique
6 community.

7 Some of the things that were compromised by the storm:
8 Our sewer facility was severely damaged; we had no sewer
9 system. Our water treatment facility was severely damaged.
10 For approximately 10 days, there was no drinking water, no
11 water to shower in, no sanitary water. Our rec center was
12 compromised. Our library is still closed. Our schools were
13 closed, some of which still remain closed.

14 Miles of street were covered with sand and debris from
15 both the bay and the ocean, seaweed and other sea items.

16 And just as a symbol of how traumatic this was, we have
17 a 2.2-mile boardwalk that is the heart of our city.
18 Portions of that, some of to 14 feet with railings still
19 attached, were found six blocks north of the boardwalk where
20 it had ripped off of the boardwalk foundation and floated,
21 literally, up to the center of our town.

22 Our businesses have been severely stressed. Residents
23 are terrorized. Some even haven't been able to return.

24 Long Beach is a summer community, but we have residents
25 who live there year-round. Our neighbors are also our

1 business owners, our local community members. Without the
2 security that we are able to rebuild safer, smarter, and
3 stronger, and knowing that the financial backing is there to
4 do it, we don't know if we would be able to come back from
5 Superstorm Sandy.

6 We have mitigation needs that range from raising homes
7 to allowing us to rebuild our boardwalk in a way that would
8 prepare us to never have to have, unfortunately, these type
9 of experiences again. And we also have a loss of revenue
10 for our businesses and loss of jobs for residents.

11 So again, I thank you for this opportunity, and I
12 appreciate the opportunity to share our unfortunate
13 experiences with you.

14 [Statement follows:]

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1 Senator Landrieu: Thank you. I am going to have some
2 questions for you about your budgets and how you all have
3 managed to keep your operations going with the \$10 million
4 deficit and with the impact to your tax base. So I will
5 come back to that.

6 Mr. Gair?

7 STATEMENT OF BRAD GAIR, DIRECTOR OF HOUSING RECOVERY
8 OPERATIONS, NEW YORK CITY, NEW YORK

9 Mr. Gair: Good morning, Chairman. My name is Brad
10 Gair. I am director of Mayor Bloomberg's Office of Housing
11 Recovery Operations. Thank you for allowing me the
12 opportunity to testify on our efforts to find and rebuild
13 permanent, sustainable housing for displaced New York City
14 residents in aftermath of Hurricane Sandy.

15 According to our estimates, Hurricane Sandy impacted as
16 many as 60,000 housing units in New York City. And of
17 course, many thousands more were temporarily displaced from
18 their homes due to power outages and service disruptions.

19 We have over 800 buildings representing 900 units that
20 were destroyed or made structurally unsound; another 1,700
21 buildings representing 19,000 units that sustained major
22 damage; and another 16,000 buildings representing 40,000
23 units that sustained less severe damage; plus 32 public
24 housing developments, which sustained major damage to
25 building systems; and there were 241 first-floor residential

1 units that sustained damage at facilities.

2 We estimate the total cost to rebuild or repair the
3 damaged housing in New York City will be approximately \$3.2
4 billion. Of that, about \$1.5 billion will be covered by
5 existing or identified public and private resources, while
6 the balance will, hopefully, be covered by the HUD CDBG
7 funds allocated to New York City.

8 Today, I would like to specifically address the
9 challenges and opportunities in post-disaster housing
10 recovery in the context of Hurricane Sandy. There are five
11 particular issues that I will just go through briefly.

12 First, the best temporary solution is a permanent one.
13 FEMA's temporary housing program continues to rely on
14 options that are expensive, slow to implement, not well
15 suited to an urban environment, or all of the above. Cruise
16 ships, mobile homes, converted shipping containers and other
17 similar methods may cost tens of thousands of dollars per
18 family just to implement and are all simply throwaway
19 options that contribute nothing to a permanent solution.

20 On this disaster, New York City, in cooperation with
21 FEMA, devised and implemented a pilot program that FEMA
22 calls STEP and we call Rapid Repairs. In less than 90 days,
23 New York City Rapid Repairs has restored heat, hot water,
24 and electricity for nearly 20,000 residential units, and
25 allowed many thousands of New Yorkers to return to their

1 homes more quickly than otherwise would have been possible.

2 One of our key takeaways from Hurricane Sandy is that
3 FEMA should institutionalize an expedited repairs program
4 that is ready to go and easy to turn on in any disaster.
5 Doing so will make every dollar spent count as a true
6 investment in recovery.

7 And on the record, I would like to recognize our
8 Federal coordinating officer, Mike Byrne, who is in the
9 audience, who was instrumental in getting Rapid Repairs
10 rapidly approved. So, many thanks.

11 Senator Landrieu: Thank you, Mr. Byrne.

12 Mr. Gair: The second item, in general, the Federal
13 post-disaster housing recovery approach simply does not meet
14 the needs of many disaster survivors. We are 7-years-plus
15 now after Hurricane Katrina, and we still have programmatic
16 weaknesses in our large-scale housing disaster programs, and
17 we still need to work on a comprehensive, viable strategy.

18 The current National Disaster Housing Strategy is
19 mostly a compilation of basic principles, best practices,
20 and rudimentary guidance. It still needs a strategic
21 framework and operational guidance necessary for actual
22 implementation in a disaster like Hurricane Sandy.

23 Furthermore, FEMA's basic housing recovery programs
24 remain hard to understand for many key stakeholders and are
25 not specifically designed to naturally progress to permanent

1 rehousing solutions.

2 For example, the individual assistance cap of \$31,900
3 per household often forces our families to choose between
4 fixing their homes, replacing their belongings, renting an
5 apartment, and even paying for funerals. It is really
6 difficult to have to hear FEMA tell hardworking families in
7 tough economic times that the Federal Government is not here
8 to make you whole when whole for so many right now means
9 just getting by.

10 Similarly, temporary housing solutions from FEMA and
11 HUD, including direct housing, direct leasing, and the
12 disaster housing assistance program, need to come online
13 more quickly, have better defined activation thresholds, and
14 have programmatic parameters and details already in place.

15 Most importantly, it would be extraordinarily
16 beneficial to have a Federal permanent housing
17 reconstruction program that builds upon lessons learned and
18 best practices already in place and ready to go in the
19 immediate aftermath of disasters. It would have a variety
20 of options that we could customize to our own specific
21 needs.

22 The CDBG program provides tremendous flexibility, as
23 you know. We would like to take advantage of those, but
24 having something already in place, so we don't have to re-
25 create the road home every time, would be a huge benefit for

1 us, so we don't face that gap that we are having right now
2 where we are waiting for supplemental appropriations and
3 then we have to design a new CDBG action plan from scratch.

4 Finally, we need to promote and provide routine
5 programmatic support for building back better, safer, and
6 more resilient. The FEMA Hazard Mitigation Grant Program is
7 competitive, and so it leaves a lot of people out who need
8 help in building their homes back in a more resilient way.

9 Third, we would like to see more effort and emphasis to
10 promote regional cooperation on housing. There are lots of
11 opportunities there. We have people from multiple
12 jurisdictions here today. We really don't have a strategy
13 in place yet for cooperating on post-disaster housing even
14 across the thinnest of jurisdictional boundaries.

15 Fourth, our experience should teach us that mold is
16 always an important public issue in the aftermath of a
17 natural disaster. While health experts may not see mold as
18 an immediate threat to public health, homeowners and
19 residents have a visceral reaction to seeing the mold form
20 on their walls, especially after having gone through the
21 trauma of a flood or hurricane. We know that homeowners can
22 use their FEMA assistance to address mold, but the costs are
23 significant. And there is no distinct Federal program to
24 help with mold, which leaves State and local governments
25 trying to figure out the programs on their own.

1 I will just point out, on this disaster, that we put
2 together a \$16 million philanthropically funded
3 collaboration between New York City, the Mayor's Fund to
4 Advance New York City, the Robin Hood Foundation, and
5 American Red Cross, that will address mold in about 2,000
6 homes, so that is to start. But we really need a permanent
7 program for that as well.

8 Fifth and finally, we are just continuing to work to
9 try to better integrate government, private sector, and
10 voluntary agencies. We need to find better ways to do that.
11 The whole-of-community approach is the right way to go. We
12 need some more programmatic support to help us
13 institutionalize that, so we can turn it on very quickly and
14 do it more effectively on every disaster.

15 In summation, let me be clear that I am not intending
16 to be at all critical of FEMA, HUD, or any Federal agency.
17 We have had a great partnership on this disaster and have
18 already accomplished some truly amazing feats of response
19 and recovery together.

20 The Federal agencies are doing the best they can with
21 the programs and tools they have been given. But the
22 housing recovery legacy of Hurricane Katrina and the
23 experience of every disaster from then through Hurricane
24 Sandy should prove to us that we can do a lot better with
25 fewer, clearer, and more efficient programs.

1 Thank you very much.

2 [Statement follows:]

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1 Senator Landrieu: Thank you very much, all three of
2 you, for that excellent testimony.

3 And, particularly, Mr. Gair, with your focus on
4 housing, it has been one of the focuses that I have tried to
5 bring, and I could not agree with you more that, while we
6 have made some incremental progress, there is a long way to
7 go in having America and our States and local governments
8 come together on a smarter, more efficient, more permanent
9 housing solution in the aftermath of catastrophic disasters.

10 Housing is not a luxury; it is requirement. Second
11 homes, you could argue. But primary homes, shelter is an
12 absolutely fundamental part of any community. And we do not
13 have the Federal programs yet, although we have made great
14 improvements since Katrina.

15 But I love your throwaway housing model. We should be
16 spending that money in every way for something that is
17 permanent and better. And also think about the differences
18 between rural areas. I mean, the Joplin, Missouri, response
19 to housing is a lot different than the Newark, New Jersey,
20 or New York, New York, response, because the communities are
21 completely different. And having a one-size-fits-all model,
22 it just is not smart, and it does not work.

23 So I think your analogy to a toolbox is something that
24 I have used or tried to use in explaining to Congress that
25 we may have one toolbox, but there are different tools

1 available already sharpened and ready to go to work.

2 And when we opened that toolbox in Katrina, there were
3 very few tools. The ones that were there were dull and not
4 appropriate to the job that we had to do.

5 And so I think that is a good analogy. And if you can
6 continue to stay on that housing piece, we will work with
7 you and try to get some additional testimony to help.

8 Now, I do want to ask you, and then I am going to come
9 back to Mayor Mancini, in your thinking about how not to
10 have throwaway housing programs, could you elaborate a
11 little bit about what role you see the State of New York
12 playing, what role you see the City of New York playing, and
13 what, again, the private sector or the philanthropic
14 community could play in this effort?

15 Mr. Gair: Absolutely. Thank you very much, Senator.
16 I appreciate your comments.

17 And having been a part of FEMA at the time and worked
18 post-disaster housing after Katrina, I do see the
19 difference. But there is quite a long ways to go.

20 I think that what we saw in Katrina and subsequently
21 was spending really, at times, hundreds of thousands of
22 dollars per family on developing sites and putting in
23 trailers and mobile homes. And for that amount of money, we
24 could create permanent solutions for people without going
25 through a lot of that.

1 So we saw in this model of Rapid Repairs, which was
2 really a great joint effort between FEMA and the State and
3 New York City to get online very quickly, if we had that in
4 place in advance and didn't just have to limit it to the
5 very temporary pieces -- hot water, electricity, and heat,
6 which were essential. But we finished that very quickly,
7 and then we had a gap.

8 So if we were able to have the program continue to do
9 floors and the sheet rock and the cabinets, not only would
10 we have gotten people back in their homes more quickly,
11 their housing recoveries would now be complete or virtually
12 complete.

13 Instead, now we have this pause between now and
14 probably 60 days from now when we get our action plan done
15 and can start with the CDBG funds.

16 So I think that is where we really need the State and
17 Federal Government to help us with a program to allow us to
18 do this. And then the city and the private sector can
19 really work in advance to get contracts in place to be able
20 to turn that on quickly.

21 And by the way, the voluntary agencies also are a
22 partner with us on this. We are putting together a
23 consortium of all the homebuilding voluntary agencies that
24 will work in cooperation with the city, and we are going to
25 try to do about 1,000 units even before the CDBG funds

1 become available, all using philanthropic dollars.

2 Senator Landrieu: And I just think it is very
3 important for the public to understand that there are no
4 cheap solutions to this dilemma, but there are better
5 solutions than others.

6 FEMA right now, and I don't know what the number is,
7 but we will find out and put it into the record, is spending
8 tens of thousands of dollars maintaining families in hotel
9 rooms at a cost of -- what? -- \$150 a night? \$200 a night?
10 \$300 night?

11 Mr. Gair: This is New York City.

12 [Laughter.]

13 Senator Landrieu: I am not in Louisiana. I am not in
14 Kansas anymore.

15 [Laughter.]

16 Senator Landrieu: You know, \$300 a night when you
17 could add that money up and put it to the rebuilding of
18 their home in a smarter way.

19 Now, the taxpayer is going to pay the money anyway
20 under the law. Now we could change the law and say people
21 should just be homeless until their homes are built; I don't
22 think that is going to happen. Or they should spend their
23 time in a homeless shelter; I don't think that is going to
24 happen.

25 So we back up and look at it and say, why would we

1 spend \$50,000 for a hotel bill for this family? What if you
2 took that \$50,000 and put it with the insurance they had,
3 the equity that they themselves, sweat equity that they can
4 put in, much like maybe in the Habitat for Humanity model,
5 and some other things. You could get them back in a better
6 house, a stronger house, for less money.

7 Thank you, Brad. But I mean, I just can't say it
8 enough. Some people might not listen to me. Maybe they
9 will listen to you.

10 I sound like a broken record, but that is exactly what
11 we are trying to do. So, thank you, and let's keep pushing.

12 Mayor, let me go back to your description, because I
13 saw this with my own eyes, and I was so impressed with this
14 when I saw it. And you know, your barrier islands are very
15 different than, of course, the barrier islands in the Gulf
16 Coast, but they serve the same purpose. They blunt the
17 forces of the wind and water, protect what is behind them.

18 Your beaches are little bit different than ours, but
19 the same thing, same physics work.

20 You said that, 13 years ago, you had a project that was
21 authorized, but yet not completed. Only a fraction of the
22 engineered levee was completed, and you testified that on
23 the other side of that levee, the citizens were protected,
24 homes were not destroyed. But yet, beyond that engineered
25 levee, there was great distraction.

1 Can you tell us, if you know, what the cost of that
2 project would have been 13 years ago? And have you been
3 able yet to calculate the savings to the public had that
4 project actually been done, because the damage would have
5 been virtually, at least in your community, completely
6 mitigated? Or much of it would have been mitigated?

7 Mr. Mancini: Yes, Senator. Originally, the project
8 was authorized at \$89 million.

9 Senator Landrieu: \$89 million?

10 Mr. Mancini: \$89 million to do 17 miles. We are not
11 funding with drips and drabs. We have had three separate
12 projects, first, Surf City, a mile; Harvey Cedars was 1.8
13 miles; and a section in my town, about a mile.

14 The projection to complete the remainder of the island
15 plus to refurbish the existing is about \$160 million now.
16 We have requested those funds through all the channels.

17 Behind the jobs that were completed, I am going to say
18 for every \$10 spent, it was \$100 saved. It was an
19 incredible cost to improve vs. cost to save. It was an
20 incredible amount of money.

21 And that doesn't even take into consideration the
22 properties of the communities on the other side of the bay
23 that, on the unengineered dune systems that were breached,
24 that surge went over and took out Beach Haven, and West
25 Mystic Islands, and Tuckerton Beach.

1 So we are not looking even looking at that savings.

2 Senator Landrieu: Okay, because I want to make sure
3 that we get this in the record. And I am going to say what
4 I can repeat. Thirteen years ago, there was a project for
5 \$89 million that was authorized. Had it been funded, you
6 would have saved yourself at least a portion or maybe all of
7 the \$160 million you have now requested to finish it,
8 because it would have been done 13 years ago.

9 In addition, you have millions of dollars, that we
10 would like your staff to get into the record of this
11 committee, of damage that was done. And it is going to be
12 10 times the \$160 million, or maybe more, that was ruined
13 because the \$89 million wasn't there initially when it
14 should have been.

15 This brings me to my other really tough point that I am
16 trying to bring home to Congress. The Federal Government
17 has \$1.6 billion for the entire country for new construction
18 for the Corps of Engineers. I have said it before, and I am
19 going to say it again for the record, I could spend \$1.6
20 billion in Louisiana alone on actual Corps of Engineers
21 projects that must be done to mitigate against storms and
22 disaster, to dredge the ports that are necessary to support
23 the economic activity of the whole nation, not just the 4.5
24 million people.

25 I think I could spend \$1.6 billion in Texas next door,

1 which I am very familiar with.

2 So you can see what a deficit we have here in Corps of
3 Engineer funding, because with that \$89 million that could
4 have been funded, it would have saved hundreds of millions
5 of dollars of damage, heartbreak, loss of income. And some
6 of it is hard to calculate, because some people will just
7 not come back, their businesses. So the loss of future
8 earnings, the loss of ability for a business to grow; they
9 just shut their doors and left. We don't even really
10 calculate that in our calculations of loss.

11 Now, there is a solution to this. I am not sure what
12 it is. But there must be a solution, because we are just
13 playing now devastating catch up.

14 And we have a \$40 billion backlog -- \$40 billion -- of
15 which your project was one of those backlogs. And this is
16 what happens to those backlogged communities. You get
17 devastated.

18 And a storm is going to come, or a river is going to
19 overflow, or a levee is going to break, because it wasn't
20 repaired correctly. And the taxpayers will pay on the
21 backend out of their noses.

22 So we have a lot of deficits in Washington to worry
23 about. One of them is this infrastructure deficit,
24 particularly as it comes to the Corps of Engineers.

25 Let me ask, if I could, Scott, to you, try to describe

1 in a little bit more detail your community. You said you
2 had a \$10 million deficit coming in. What is the budget of
3 your community? And how did the impact to your tax base,
4 how is it affecting your ability to operate, if it is at
5 all, your police, your fire, your schools, your library?
6 Try to give a little bit of context to that.

7 And do you have the money that you need to operate?
8 And if you do, where did you borrow it from, or where did
9 you get it from?

10 Mr. Mandel: Thank you, Madam Chair.

11 The budget is approximately \$82 million.
12 Unfortunately, when we did take office, this deficit was
13 something that preexisted that we found out about after the
14 fact. The ability to go forward at that point was mostly
15 based on our ability to bond and to restructure the best we
16 could, under whatever limitations we had.

17 Unfortunately, due to the storm, Superstorm Sandy
18 compounded now the burden that will be placed on our tax
19 base. Basically put, our residents are still reeling from
20 the deficit, and now to have to share in additional costs by
21 contributions to FEMA would be devastating.

22 We managed to get by. We are very conservative in our
23 financing. We have streamlined our government to make sure
24 that we meet the needs and are as cost-effective as
25 possible. But going forward, that will only cover so much,

1 especially --

2 Senator Landrieu: Did you lay off people? Or did you
3 push back maintenance? How did you streamline your budgets
4 to absorb that?

5 Mr. Mandel: We downsized. We also, unfortunately,
6 during the turnover of the administration, some staff were
7 let go. Other staff were hired back at lower salaries. The
8 city council itself took a reduction in pay. We negotiated
9 with our unions. Any way possible to reduce this burden, we
10 have explored.

11 We have reached out to our local legislators, and we
12 have even at times attempted to pass -- to allow us to
13 finance our debt in various different ways.

14 Again, that now compounded with the extra cost from the
15 storm is insurmountable for our residents.

16 In my materials that I submitted, we have an
17 itemization of our financial needs going forward. Just
18 being practical in rebuilding, but not rebuilding for the
19 sake of rebuilding, but rebuilding to be safer and stronger,
20 and under those figures, we are looking at the upwards of
21 \$291 million.

22 It is truly a concern, not only at the government level
23 but for our residents.

24 Senator Landrieu: So your annual budget is \$82
25 million, and you have \$291 million in damage.

1 Mr. Mandel: Approximately, yes, due to the repairs,
2 yes.

3 It is something that, again, unanticipated, but this
4 impacts not only on our residents, but also on our economic
5 development. This is something that takes into account
6 aspirations for business grants, for enticing businesses to
7 come back to Long Beach, those that have closed up shop.

8 There is no reason for them to stay. Again, as a
9 seasonal community impacted by this type of storm, we are
10 wondering if there will be a summer in Long Beach, wondering
11 if there will be a boardwalk for residents to come to and
12 spend their days and spend their funds.

13 And again, these numbers we believe are on the
14 conservative side, but it is a reality that we have to deal
15 with.

16 Senator Landrieu: Okay, let me ask one more question,
17 and I am sorry our time is going to cause us to have to
18 close. But for each of you, particularly, Mayor, and,
19 President, what are you hearing from your small-business
20 owners?

21 Now, the Small Business Administration, they are not
22 here to testify, but I would still like to hear, are they
23 being responsive? Are they getting the loans that they
24 need? Are they not interested in loans; they are really
25 interested in grants, because they already had a good bit of

1 debt or their normal debt burden that most businesses will
2 carry some?

3 Can you give us a little flavor of what you are
4 hearing? Because I was so impressed to see the density of
5 the number of small businesses that were devastated and
6 destroyed, from restaurants to bars to souvenir shops, et
7 cetera, et cetera, et cetera, which we are familiar with in
8 the Gulf coast, but we don't nearly have the density that
9 you have for such a long stretch. We will have communities,
10 and then you will go for a while without many businesses but
11 just homes.

12 But when I was going through your town, Mayor, I was
13 just struck by a mile after mile after mile of small
14 business after small business after small business. What
15 are you hearing from them? Are they getting help from their
16 local banks? Are they getting help from their credit
17 unions? Are they getting help from the Small Business
18 Administration or from the State?

19 Mr. Mancini: Senator, the SBA, local businesses have
20 been applying. About 50 percent of them are turned down.
21 The interest rates at the SBA are higher than the local
22 banks, and the paperwork is about three-to-one greater.

23 On Long Beach Island, we are very blessed that we have
24 a 10,000-person population in the wintertime. It would go
25 up to 120,000 in the summertime.

1 Our local businesspeople, we took a poll, brought them
2 in, 95 percent of them are rebuilding.

3 Senator Landrieu: Wonderful.

4 Mr. Mancini: Ninety-five percent will be open by
5 Memorial Day. We have a lot of local interaction, a lot of
6 help from other businesses, a lot of fundraisers.

7 Senator Landrieu: And the banks are stepping up to try
8 to help?

9 Mr. Mancini: Everybody is helping to get businesses
10 open, because we realize that tourists will not come unless
11 they are open. And it has been really a great community
12 effort, and it has been wonderful.

13 As far as the housing, temporary housing on our
14 secondary market, a lot of our people that were displaced
15 just moved into seasonal homes without cost. The community
16 has been incredible in embracing the displaced. So LBI is a
17 very special place. We are very lucky.

18 Senator Landrieu: Mr. Mandel?

19 Mr. Mandel: Thank you, Madam Chair.

20 The response from our local businesses have been that,
21 although the SBA has been working with the community, the
22 process itself is arduous. And for some, it is just
23 overwhelming considering the other factors they are dealing
24 with.

25 I am quite certain more grants would be a more welcomed

1 response. But in reality, any opportunity for these
2 businesses to come back, grants would be preferred, but the
3 path using the SBA, were it simplified, were it more
4 accessible, I think would be well received by the local
5 businesses.

6 Senator Landrieu: Well, I am chair of the Small
7 Business Committee as well, and I am going to commit right
8 now to have a hearing in a short period of time. I would
9 like to work with you all on this issue, because I am not
10 going to give up.

11 It is not where it needs to be. We have worked and
12 worked for 8 years. We have pushed the SBA. I will
13 continue to push them, because this is just not fair.

14 I don't expect grants to be given out willy-nilly, but
15 a \$10,000 grant here, a \$20,000 grant there, would be a good
16 investment of taxpayer money, particularly for businesses
17 that have staying power and will generate that rebuilding
18 opportunity in these communities.

19 So they have to be limited and strategic, but we saw
20 some of them worked pretty well. And while we have reduced
21 the time, we have increased -- we still have not done what
22 we need to do with the SBA.

23 So I am going to put them on notice today. They are
24 going to be called on the carpet to get this done better.

25 We have to have some way for small businesses to

1 recover more quickly after a catastrophic disaster. And I
2 am going to call New York and New Jersey, their economic
3 development teams in, to see what they are doing to help
4 some of the smaller communities. Some communities are
5 wealthier than others, and they have resources where they
6 can come back.

7 But the poor communities, which need extra help, need
8 to have special strategic abilities. They do have a lot to
9 offer. And they are very, very important.

10 Finally, I will say this, as a girl who grew up, a
11 woman now who grew up on the coast, the last thing I want to
12 see in America is that the only people who can live within a
13 few blocks of the beach are people who have net worth of \$20
14 million or more.

15 Our coastal communities are culturally significant to
16 us. They are made up of all kinds of people and
17 backgrounds, fishermen, people that live simply, as well as
18 people who are very wealthy. And if we are not careful with
19 the way we recover, you will lose the culture of these
20 coastal communities. You will not have your crabbers; you
21 will not have your shrimpers; you will not have your little
22 mom-and-pop businesses; you will not have little moms and
23 pops. They will not be able to live.

24 And there has to be a way for America to preserve these
25 coastal communities in a smart, economic, cost-effective

1 way, without burdening the taxpayers too much, because
2 everyone enjoys the coast. And if some of us wouldn't live
3 there, no one would enjoy them, because there would be no
4 one to see when you showed up.

5 Let me just see if -- there are questions about the
6 flood map and the V Zones. Let me just ask this final
7 question, because it is very important for the record, and I
8 am going to probably have to come back and do something on
9 these V Zones as well, because they are affecting us,
10 particularly in the southwestern part of our State.

11 Tell me a little bit more, Mayor, about the questions
12 that you all have about the flood maps and the V Zones. And
13 what would you like to see our committee focused on to try
14 to help you get the information that you need, so that you
15 can respond, your engineers can respond appropriately to
16 this information you have been given?

17 Mr. Mancini: Senator, when we questioned the FEMA
18 individual who was the head of that that showed up at the
19 State DEP Commissioner's meeting, we asked them if they take
20 into consideration our engineered dunes. They didn't even
21 know about them.

22 So this is as of July of 2012. Hopefully, we will have
23 the dunes in place within 12 months, and that will
24 facilitate, and should facilitate, the elimination of 16,000
25 homes. In the meantime, they were not willing to suspend or

1 review --

2 Senator Landrieu: Well, Congress can mandate them to
3 do so. I will be very interested in doing that.

4 Mr. Mancini: It is incredible. You are talking about
5 rebuilding, and rebuilding to the proper elevations.

6 The V Zone rebuilds for these people means they have to
7 move the properties off, their homes off, put the piling in,
8 move them back on. You can't do that with the slab.

9 So, with the height, with just the foundation,
10 concrete, normal, we can facilitate that at a decent cost.

11 Senator Landrieu: And you can also, for new building,
12 we have a lot of slabs that were built that should not have
13 been built, but they were. So you have your engineered
14 levees, slabs can live safely behind them at times.

15 But what you want to do, with your new construction,
16 require the raising. I mean, that is what makes the most
17 sense to everyone and is the most effective.

18 And we are going through that right now. So we will
19 make sure that we get that --

20 Mr. Mancini: Just one follow-up to that is we asked
21 them how did they get this information, because we never saw
22 any boots on the ground. This map was done at 10,000 feet.
23 No boots on the ground, Senator.

24 Senator Landrieu: Okay.

25 Mr. Mandel?

1 Mr. Mandel: We echo the same concerns. Our major
2 obstacle is elevation. A lot of our homes were originally
3 bungalow homes in the different part of Long Beach.
4 Basically, they cannot exist unless elevated, and the funds
5 just aren't there for the average homeowner to literally
6 elevate their entire life, especially after recovering from
7 the storm, considering that their homes were washed away.

8 It is insurmountable at this point. We need that open
9 dialogue and communication. We need the process to move a
10 little faster for us and also the security for our residents
11 that the funds are available.

12 Senator Landrieu: Okay, any final words, Mr. Gair?

13 Mr. Gair: This topic is obviously a very, very
14 important issue, and I will say that New York City, when the
15 advisory base for elevation maps were coming out here, we
16 have some resources and were able to work with FEMA, taking
17 their data and doing some additional modeling and were able
18 to actually cut back significantly on the V Zones before the
19 actual maps were released.

20 So there is no question, and FEMA is the first to
21 admit, that it is very simplified modeling to get some good
22 information out as quickly as possible. But it leads to
23 some very expensive challenges, if you have to accept those
24 without some additional work being done.

25 Senator Landrieu: Well, I will commit that we will be

1 doing a meeting in Washington with your delegation through
2 my committee on this. And we will get back to you on that.

3 Let me call the meeting adjourned. I thank you all
4 very much for your testimony.

5 The record will stay open for one week, and I encourage
6 people to submit other testimony for the record.

7 Thank you, and best of luck for your recovery.

8 [Whereupon, at 12:14 p.m., the hearing was adjourned.]

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