



U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT
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**Hearing before the Senate Committee on Appropriations
Subcommittee on Homeland Security
“What HUD Services and Resources are Available for
Disaster Relief and Recovery in FY 2012?”**

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Chairwoman Landrieu, Ranking Member Coats, and Members of the Subcommittee, my name is Fred Tombar, and I am the Senior Advisor for Disaster Recovery to Secretary Donovan at the U. S. Department of Housing and Urban Development (HUD). Thank you for the opportunity to testify today regarding the HUD services and resources available to address disaster relief and recovery.

HUD plays a crucial role in disaster recovery, as evidenced by the Department’s response to Hurricane Katrina. Hurricane Katrina destroyed more than 200,000 homes in Louisiana alone, including more than 82,000 rental homes. All told, the storm displaced more than a million people from the Gulf Coast, with 600,000 households displaced a month after the hurricane. Three-and-a-half years later, nearly 40,000 families who had been displaced by the storms were still relying on government assistance to find housing and more than 30,000 of those families were on the verge of losing housing assistance when HUD’s Disaster Housing Assistance Program (DHAP) came to an end.

HUD worked with nearly 350 public housing agencies throughout the country to find permanent housing by extending disaster rental assistance for an additional six months, providing comprehensive case management, and providing 12,300 of the most vulnerable families with permanent Housing Choice Vouchers. Today, of the 40,000 families who relied on temporary government housing assistance when President Obama took office, we have helped 99 percent of them move into permanent housing. But we will not rest until we’ve completed the job for the remaining families.

HUD’s efforts in disaster recovery continue as we assist the communities that were affected by the tornadoes earlier this year.

The Department is now working with FEMA and our other partners to assist Vermont following Hurricane Irene. HUD provided \$350,000 each to Birmingham and Tuscaloosa, AL, and Joplin, MO, through the Community Development Block Grant Sanctions Fund, which helps communities to address their long-term recovery needs following the impacts of recent disasters. Part of a successful recovery is planning and smart building before the disaster. In 2010, the Department awarded \$311 million from the Disaster Recovery Enhancement Fund helping communities reduce risk from future disasters as they rebuild and recover. HUD is committed to not only rebuilding communities, but rebuilding them stronger, better, and faster.

Consistent with the Department's mission to create strong, sustainable, inclusive communities and quality affordable homes for all, HUD plays a key role in state and local long-term recovery following disasters. However, unlike the Federal Emergency Management Agency (FEMA) or Small Business Administration (SBA), the Department is not authorized or funded to serve as the federal government's primary provider of assistance following all Presidentially-declared disasters.

For the vast majority of disasters, HUD works in coordination with its federal partners to address long-term recovery needs primarily through the flexibility and existing waiver authority of its standing programs and resources. The Department does not receive any dedicated annual funding for disaster recovery purposes, and thus helps individuals and communities by enabling them to use or re-program their existing HUD resources to address recovery needs in an expedited manner.

However, in circumstances involving extraordinary or catastrophic disaster impacts that exceed the ability of existing federal disaster resources to address, Congress at times provides HUD with an expanded role. This expanded role is disaster-specific and is made possible through an Inter-Agency Agreement with FEMA (which funds DHAP) and/or a supplemental appropriation (which has provided Community Development Block Grant disaster recovery (CDBG-DR) funds and disaster housing vouchers).

I would like to briefly identify the Department's various resources available for disaster recovery.

Office of Community Planning and Development (CPD)

CPD utilizes various approaches to assist communities impacted by disasters. Two annual formula-based programs – Community Development Block Grant (CDBG) and HOME Investment Partnership Program (HOME) – allow grantees to reprogram existing funds and direct future grants to address disaster recovery needs. . Collectively, these two grant programs allow grantees to meet a broad range of needs including housing, economic development, infrastructure, and the provision of public services.

In addition, the Secretary is authorized to waive or suspend CDBG and HOME program requirements for use of funds in Presidentially-declared disaster areas except for those related to public notice of funding availability, nondiscrimination, fair housing, labor standards, environmental standards, low-income housing affordability, and requirements that activities benefit persons of low- and moderate-income. In the past, CDBG statutory waivers have included the removal of prohibitions on new housing construction and modifications to expenditure limits for public services.

CDBG regulatory waivers have extended the annual performance report submission deadline for grantees delayed by disaster impacts and have extended the period within which grantees must expend at least 70 percent of their CDBG funds to benefit low- and moderate-income persons.

The HOME program provides funds to states and localities to provide affordable housing to low-income people. Waivers and regulations have been utilized to allow communities to better address housing needs after disasters. For example, Section 220(d) (5) of the HOME Investment Partnerships Act permits HUD to reduce the match requirement by up to 100 percent for jurisdictions in Presidentially-declared disaster areas.

While the CDBG and HOME programs are not designed as disaster recovery programs, they are able to be used to address disaster-related needs. However, in order to re-program funds for disaster recovery purposes, communities must do so at the expense of the previously planned activities for which the funds were initially budgeted. If funding for these programs decreases in FY2012 communities will have fewer tools and resources to meet their unanticipated disaster recovery needs. As funding decreases, it becomes more likely that what limited funding is received will be dedicated to critical core services and activities, thus creating a challenge to re-programming funds.

CPD's Section 108 Loan Guarantee Program provides communities with a source of financing for economic development, housing rehabilitation, public facilities, and large-scale physical development projects. This makes it one of the most potent and important public investment tools that HUD offers to local governments.

CPD headquarters and field office staff provide ongoing and direct technical assistance to grantees to leverage their specialized knowledge and skill sets. HUD may provide technical assistance through a cadre of service providers and specialists in which years of professional experience is applied to addressing targeted needs. This coordinated combination of guidance and technical assistance is a key focus of CPD to help build the capacity of local and state jurisdictions so that they can maximize their use of limited public investments.

CDBG Supplemental Appropriation for Disaster Recovery (CDBG-DR)

Since 1992, Congress has elected to use the CDBG program as a vehicle for providing supplemental disaster recovery assistance in response to extraordinary long-term disaster-related impacts. Supplemental CDBG-DR funding is distinguished from regular CDBG funding in that each appropriation has historically provided the Secretary with broad waiver authority (with the exception of requirements related to fair housing, nondiscrimination, labor standards, and the environment). This waiver authority allows state and local governments to address the unique and urgent needs that disaster recovery presents.

CDBG-DR also provides state and local governments with the ability to develop disaster recovery strategies specific to their needs. For example, State grantees are provided greater discretion in developing and implementing targeted disaster recovery strategies by allowing them to directly administer activities.

Since the terrorist attacks of September 11, 2001, nearly \$30 billion has been awarded under CDBG-DR to assist communities recovering from disasters in 27 states. These funds may be used for a wide range of recovery activities as long as their use does not duplicate other disaster recovery assistance, such as that from FEMA, the SBA, and private insurance. In order to better leverage federal investments, CPD routinely coordinates with other federal agencies funding disaster recovery activities. For example, HUD has worked with SBA and FEMA to develop guidance for local and state grantees that help them be more efficient and effective in preventing duplication of benefits. HUD and SBA are also signing a Memorandum of Agreement regarding how we will work together on duplication of benefits issues. In addition to FEMA and SBA, CPD has also worked directly with the Department of Health and Human Services regarding community health clinics in New Orleans, the Department of Treasury regarding tax credits, and the Army Corps of Engineers regarding levee construction and flood protection measures.

Office of Public and Indian Housing (PIH)

PIH has modeled a variety of disaster housing programs on the Housing Choice Voucher (HCV) program. The HCV program permits existing voucher-assisted families to move within the original jurisdiction to another area. Challenges following a disaster include:

- the availability of remaining safe housing stock in the affected area,
- the ability of a family to relocate to an area with limited employment opportunities, family support, or social service connections,
- the availability of Public Housing Authorities (PHAs) to subsidize portability moves to higher cost areas, and
- the capacity of impacted PHAs to pay in a timely manner while functioning at reduced staff levels.

Following a disaster, PIH has a standing contract in place to assess damages to PHA properties. Depending on HUD and PHA funding, HUD may: approve extraordinary PHA administrative fees, allow voucher holders to move to higher cost units, extend obligation and expenditure deadlines, and waive PHA submission requirements. HUD may also subsidize lost income from damaged Public Housing units while repairs are being made. Operating Fund allocations are based on prior year utilization, so there may not be sufficient reserve amounts in a particular year to fully subsidize a large number of damaged units.

The HCV program is currently at 99.98% budget utilization, which limits the ability of families to move to higher cost areas. If too many families move from a PHA, it can impact the renewal funding and leasing ability of that PHA.

The Public Law 112-10 (Department of Defense and Full-Year Continuing Appropriations Act, 2011, enacted on April 15, 2011) established the methodology for calculating HCV renewal funds and the allocation of funds to a limited set of tenant protection vouchers. To specifically assist disaster-impacted families through the HCV program, HUD would require additional Congressional authorization.

Previously, additional Congressional funding has enabled PIH to implement a variety of post-disaster housing programs. For example, PIH has implemented two-year, emergency housing vouchers for families displaced by Hurricane Andrew in 1992 as well as emergency housing certificates for families in the aftermath of the 1994 Northridge, California earthquake. However, PIH's primary disaster recovery programs are the Disaster Housing Assistance Program (DHAP) and the Disaster Voucher Program (DVP). DHAP is dependent on an Inter-Agency Agreement (IAA) with FEMA and DVP is funded by a direct appropriation from Congress.

Additionally, Congress passed the Supplemental Appropriations Act for Fiscal Year 2009 (Public Law 111-32) in June 2009. The Act provided \$80 million for HCV program funding to PHAs in Presidentially-declared disaster areas following Hurricanes Katrina and Rita. Priority for voucher funding under this special appropriation was provided to PHAs in the most heavily impacted areas of Alabama, Louisiana, Mississippi, and Texas. Priority was also given to PHAs that agreed to establish a preference for families in FEMA temporary housing units.

Disaster Housing Assistance Program (DHAP)

In response to large-scale disasters since 2005, HUD and FEMA currently administer DHAP as a pilot program. It leverages HUD's PHA network to provide temporary rental housing assistance and case management services. As a transitional housing program, it helps eligible families displaced by a disaster to rebuild their lives as they move toward greater self-sufficiency. DHAP is currently funded by FEMA and is facilitated through an IAA. There were two DHAP programs, DHAP-Katrina (ended October 31, 2009) and DHAP-Ike (ended September 30, 2011). Total funding provided by FEMA from the Disaster Relief Fund is over \$1 billion. The use of DHAP to assist families impacted by other disasters would require FEMA authorization and funding through the Robert T. Stafford Disaster Relief and Emergency Assistance Act.

In addition to DHAP, PIH administers the Disaster Voucher Program. DVP is a housing program for families in HUD-assisted housing disaster impacted areas that were displaced by Katrina and Rita.

PIH has maintained a successful and productive working relationship with FEMA through multiple disasters and two iterations of the DHAP program. It is currently collaborating with FEMA on a data sharing agreement and a standard IAA for future disasters. PIH staff is frequently consulted as experts on HUD's disaster programs due to their wealth of institutional knowledge. Staff often coordinate with state and local officials through HUD's existing network of field offices and public housing agencies as well as through onsite technical assistance.

Office of Housing / Federal Housing Administration (FHA)

The HUD Office of Single Family Housing has various resources available for disaster relief and recovery. The National Housing Act grants FHA the authority to insure mortgages that assist borrowers in rebuilding, repairing, and rehabilitating homes that have suffered damage in a disaster. Section 203(h) mortgages provide 100% financing for rebuilding or repairing homes destroyed in a disaster. Under this section, FHA can insure these mortgages made by qualified lenders to victims of a major disaster who have lost their homes and are in the process of rebuilding or buying another home. In addition, section 203(k) mortgages provide insurance for the rehabilitation and repair of single family properties. These mortgages may be used for disaster relief.

FHA also has processes in place that may provide financial relief to borrowers with FHA-insured mortgages who have been affected by disasters. FHA has instituted an automatic 90-day moratorium on foreclosures associated with FHA-insured mortgages for properties in Presidentially-Declared Disaster Areas. This provides borrowers additional time to remain in their homes following a disaster. In addition, under FHA's Loss Mitigation Program, Type 1 Special Forbearance Agreements are available for eligible borrowers. These agreements suspend or reduce mortgage payments to allow borrowers sufficient time to recover from the cause of default.

Furthermore, in order to provide assistance to individuals displaced by disasters, FHA recently announced a pilot program to provide discount sales of HUD REO properties to eligible Public Housing Authorities. Under the pilot, an eligible PHA, whose jurisdiction is in a Presidentially-declared disaster area and that has administered a Homeownership Program for 2 years, is allowed to purchase HUD-owned properties at a 50% discount for the purpose of leasing them to victims of a disaster for 1 year or selling them to disaster victims at a discounted sales price. Eligible buyers or tenants for these properties include those with income levels at or below 120% of median income for the disaster area and/or neighboring area in which they reside. This pilot program was launched in Alabama and Missouri on August 16, 2011 in responses to the tornadoes.

The goal of the HUD Office of Multifamily Housing is to work with the owners of HUD-assisted properties to repair, rehabilitate, or rebuild these affordable housing units and maintain the rental subsidies (if applicable) as quickly as possible after a disaster event.

The Office has developed a handbook chapter that provides guidance and policies solely on addressing mortgage forbearance, priorities for temporary and permanent rental housing, allowing multiple occupants in a unit, leases and rents, Real Estate Assessment Center inspections, use of escrows, and flexibility in occupancy. Immediately after an event, the Office initiates a damage assessment protocol and process for all HUD-assisted properties in the impacted areas. The process includes initial telephone assessments (both of the physical development as well as the status of the residents), followed by physical site visits to the projects receiving moderate and severe damage. This is followed by subsequent meetings (both individual and group) with the owners to discuss repairs, rehabilitation, or rebuilding of the properties as well as the identification of funding resources.

The Office continues to monitor the status of the repairs, rehabilitation, or rebuilding efforts for each property until the work is complete and the project is fully operational. For those projects that have been severely damaged or destroyed, the Department continues to work with the owners to rebuild on site and obtain the necessary financing or move the rental assistance, use agreement, and/or mortgage to alternate sites under existing statutes.

Office of Policy Development and Research (PD&R)

The multidisciplinary PD&R staff includes economists, planners, social scientists and engineers. Building on the broad skill set and knowledge of HUD programs, PD&R is able to identify strategies for the response to and recovery from disasters across the entire urban landscape. As part of the federal team addressing long-term recovery needs, PD&R staff assist in conducting impact assessments and estimating unmet needs. This information is critical to helping agencies at all levels best match limited resources to greatest need.

Through analyzing data provided by others and integrating information to identify areas of particular need, these tools help focus resources on the areas that are most affected. Economists are able to provide tailored analysis in affected areas and engineers can support with technical assistance on innovative building approaches.

Office of Fair Housing and Equal Opportunity (FHEO)

FHEO enforces the Fair Housing Act to ensure all people have equal access to housing of their choice free from discrimination regardless of their race, color, national origin, religion, sex, familial status, or disability. FHEO has the responsibility to ensure that persons affected by disasters are not victimized when searching for new place to call home. Victims of housing discrimination may file a complaint with HUD and FHEO will investigate the complaint free of charge. FHEO services include:

- A Housing Discrimination Hot Line where victims may file a complaint;
- Investigation of complaints;
- A telephone language interpretation line for persons who are limited English proficient;
- Written translation of vital documents for persons who are limited English proficient; and
- Conducting education and outreach to disaster survivors and housing providers.

FHEO communicates and collaborates with an array of state and local government agencies and community based organizations to provide multilingual information on fair housing rights, responsibilities, and resources. HUD educates new emergency housing providers on how to comply with the Fair Housing Act and has created new materials for disability-related and other community service groups.

HUD has added Fair Housing tips to the National Housing Locator Service and assisted a network of foreign consulates to reach otherwise hard to contact local residents. Finally, HUD has works with local communities in the rebuilding stages to ensure future plans affirmatively further fair housing.

Office of Disaster Management and National Security (DMNS)

HUD is also in the process of standing-up the Office of Disaster Management and National Security to coordinate disaster response and recovery activities across the Department. The Office was established in 2010 to serve as a focal point and improve coordination of the Department's response and recovery activities. The Office has worked closely with key HUD program offices and the affected HUD Regional Offices to coordinate departmental response and recovery activities for recent disasters including the Spring 2011 tornadoes, severe summer flooding throughout the Missouri River Basin, Hurricane Irene, and Tropical Storm Lee.

The Office serves as a coordination point with FEMA and other Federal partners at the headquarters level and in the field to help plan and implement response and recovery work. The Office also includes five Disaster Coordinators who help coordinate disaster response and recovery activities at the regional level, serve as a liaison between HUD and FEMA regions, help plan and implement mission assignments, and work closely with HUD program offices to make the most effective use of existing programs and resources. The Office was established through a change in the Department's operating plan. HUD expects to complete staffing of the Office this fall.

Inter-Departmental Coordination

HUD has been working closely with FEMA and other Federal departments and agencies to help develop and implement the new National Disaster Recovery Framework (NDRF). The NDRF serves as a guide to ensure coordination and recovery planning at all levels of government before a disaster, and defines how we will all work together following a disaster. It is built upon existing programs, authorities, and best practices, and was developed in partnership with stakeholders representing local, state, tribal, and federal governments, private organizations, professional associations, academic experts, and communities recovering from disasters.

The Framework introduces six new recovery support functions that are led by designated federal coordinating agencies at the national level. HUD's role, in support of FEMA, is to coordinate the Housing Recovery Support Function. The Housing Recovery Support Function is intended to help address pre- and post-disaster housing issues and coordinate and facilitate the delivery of federal resources and activities to assist local, state, and tribal governments in the rehabilitation and reconstruction of destroyed and damaged housing, whenever feasible, and development of other new accessible, permanent housing options. The primary agencies include our partners at the Department of Homeland Security/FEMA, the Department of Justice, and the Department of Agriculture. The Framework has just recently been released and HUD will be working closely with FEMA and our key housing partners to improve coordination of existing programs to help meet the needs of states and communities.

As previously noted, the Department already undertakes a great deal of inter-Departmental coordination in the everyday implementation of its programs. We expect to continue working close together with all of our federal partners.

Conclusion

In closing, while the Department is not funded or authorized as a primary provider of federal disaster recovery assistance, it continues to maximize its existing programs, tools, staff, and financial resources to address community disaster recovery needs. With its mission to create safer, more affordable, and sustainable communities, it is naturally poised to administer supplemental appropriations of federal disaster recovery funding when necessary. HUD will continue to serve its everyday role in building local capacity and promoting building approaches that reduce risk from hazards—both in advance of and following disasters.