U.S. Senate Appropriations Subcommittee on Transportation, Housing and Urban Development, and Related Agencies

"Communities in Crisis: What Happens When Disaster Recovery Funds are Delayed"

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Introduction

Chairman Schatz, Ranking Member Hyde-Smith, and Members of the Subcommittee, thank you for the opportunity to provide testimony on disaster recovery and mitigation efforts at the U.S. Department of Housing and Urban Development, how delayed funding affects communities, and policies that can be implemented to improve the process.

I am Shaun Donovan, CEO and President of Enterprise Community Partners, a national nonprofit on a mission to make home and community places of pride, power and belonging for all. To make that possible, we listen to what our communities need and bring everything under one roof to deliver it to them. That means we advocate on a nonpartisan basis for sound public policy at every level of government; we develop and deploy programs and support community organizations on the ground nationwide; we invest capital to build and preserve rental homes; and we own and operate 13,000 apartments and provide resident services for 23,000 people. All so that people not only make rent, they build futures.

This end-to-end approach, combined with more than 40 years of experience and thousands of local partners, has enabled Enterprise to build and preserve 951,000 affordable homes, invest $64 billion in communities and improve millions of lives. Our strategic priorities are advancing racial equity, building climate resilience and upward mobility and creating and preserving housing people can afford. We also compete for and regularly receive both technical assistance contracts and Section 4 capacity building funds from the Department of Housing and Urban Development (HUD), which we use in part to support disaster-impacted communities.

At Enterprise, our climate work is focused on transforming affordable housing development practices so that homes are resilient and help lead the transition to a low-carbon economy. We invest in solutions to address climate mitigation, adaptation, and recovery because all three are critical in protecting all communities, particularly low-to-moderate (LMI) communities and communities of color, which are the hardest hit by climate change. Besides being more likely to live in vulnerable areas with greater natural hazard risks, due to their financial limitations, residents of these communities also tend to live in lower-quality homes that are less stable in the event of extreme weather events. These same individuals are less likely to have resources to prepare for a weather-related event and savings to cover temporary housing and other necessities after a disaster; as a result, they take longer to recover—if they recover at all.

Across the board, many low-income communities lack access to adequate infrastructure, green spaces, safe housing, and other resources that offer substantial protection from extreme weather events (Fifth National Climate Assessment). Reducing the energy used by homes – particularly eliminating the use of fossil fuel energy in homes – will slow the pace of climate change and protect people, homes, and communities from the increasing impacts of extreme weather events, while also reducing utility costs for residents. By spending less on utilities, individuals and families have more income to spend on other necessities, creating a more affordable home.

Rather than spending hundreds of billions every year to respond to disasters after they occur and rebuild structures that couldn't withstand the events, we have an opportunity to make an up-front investment in long-term resilience so that the homes built today will still be around for our children and grandchildren.

Building Resilient Futures

Enterprise has been active in green building strategies for affordable housing, disaster recovery, and preventative resilience strategies around the nation for nearly 20 years since we established a Gulf Coast office to assist in Louisiana and Mississippi's recovery and rebuilding after Hurricane Katrina. One goal of our national Building Resilient Futures initiative is to ensure affordable homes and LMI communities can withstand the harmful impacts of extreme weather events.

Since then, Enterprise has been working to ensure that the most vulnerable people are living in homes and communities that are able to withstand natural disasters. We also advocate for programs and policies to enable people and places to rebuild more quickly after an event. Enterprise assisted New Jersey and New York in their recovery from Hurricane Sandy, advising New Jersey on the design of their Community Development Block Grant–Disaster Recovery (CDBG-DR) funded recovery programs and providing pro bono assistance to multifamily building owners in New York to protect their residents and properties from future disasters. The Enterprise team also supported the State of Colorado in designing CDBG-DR-funded programs to repair housing and infrastructure damage caused by severe flooding in 2013, which was especially devastating to rural communities. We have also worked closely on housing recovery programs with Harris County, TX after Hurricane Harvey, in Puerto Rico after Hurricanes Irma and Maria, and in response to wildfires in Northern and Southern California.

In addition to the work mentioned above, our longstanding Green Communities Criteria is the nation's only national green building program designed explicitly with and for affordable housing. Green Communities provides a roadmap to create climate-ready resilient housing for affordable single-family and multifamily communities. Since its launch, nearly 230,000 homes have met Green Communities certification — creating efficient, healthy, resilient affordable living spaces for over 2.2 million people. Each year, Enterprise Green Communities-certified developments are saving $31.8 million in energy and water costs, and their reduction in carbon emissions is equivalent to taking 19,870 cars off the road. Importantly, commitment to green standards is not a red or a blue state issue. We've seen this achievement in nearly every state in the country; in rural and urban locations and everything in-between; in single-family homes and small multifamily buildings and high-rise properties; and in new construction and rehabilitation

of existing homes. Green and resilient housing is not a luxury for big cities or upper-class America; it is an implementable solution that has proven workable across all incomes and throughout the entire nation.

In order to prepare affordable housing owners, developers and operators for a new climate future and adapt to current changing conditions, Enterprise developed and began deploying regional Climate Resilience Academies in 2021. Through these academies, we help affordable housing providers assess portfolio risk, implement resilience strategies, navigate funding opportunities, develop business continuity plans, explore decarbonization policies and programs, and work to identify solutions to the current challenges the industry is facing around insurance. Thus far, the program has served over 150 affordable housing providers in 5 regions, with two additional regions slated for 2024. As a result, over 10,000 homes and residents are better prepared for increased weather events.

Given the urgency of needing to decarbonize housing for the health of the planet and people, Enterprise is also focused on helping affordable housing stakeholders address policy and capital barriers related to equitable decarbonization. Decarbonization requires knowledge building, actionable tools, and a network of incentives and resources to prove that the model works — both for residents and providers. We are developing an online national Information Hub, providing technical resources and case studies, a policy database, funding roadmap, and peer exchange activities for the sector. Additionally, we will continue to help scale this work through peer convenings, provide funding for deep energy retrofits, electrification, and renewable assessments, and advocate for decarbonization strategies and public resources in housing policy and financing vehicles.

At the state and local level, Enterprise's Community Powered Resilience (CPR) program seeks to build a more resilient and equitable California, where frontline communities lead the way in disaster planning and recovery. The need for this program became clear in 2017 with our work in Sonoma County after the Tubbs Fire, where Enterprise's efforts focused on supporting the affordable housing sector in designing finance tools, accessing CDBG-DR funds, and putting together the County's need to build resiliency as a part of an equitable and sustainable recovery process. Since the program launch, Enterprise has used the CPR program to train over 200 public agencies, housing providers, and community members across California on equitable disaster mitigation and recovery strategies to build resiliency. We believe by investing in frontline communities, following their lead, and listening to their solutions, they and everyone else will be more resilient in the face of climate change and will face fewer negative impacts during and after a disaster. Given that each community has unique resilience/mitigation needs, it is vital that frontline communities are empowered to lead the way with our support toward better recovery outcomes.

Our local presence and our partnerships with state housing finance agencies uniquely position us to work directly with state officials to scale these solutions across the country. One approach is leveraging the Low-Income Housing Tax Credit (Housing Credit), which is the largest capital source for affordable housing across the country. The requirements and guidelines to qualify for Housing Credits are governed by each state's Qualified Allocation Plan (QAP). By promoting incentives within these QAPs for comprehensive green building programs such as Enterprise

Green Communities and complementary resilience-ready programs such as FORTIFIED™ building standards, we are producing and preserving safe, resilient and climate-ready housing in our most vulnerable communities. Incentives (or requirements) for green affordable housing are currently offered in 32 states and several major cities.

At the national, state, and local level, we have proven that climate-ready housing is an attainable reality for both new construction and existing single and multifamily properties through retrofits. But despite the progress that has been made by Enterprise and our partners, the need for robust investment in affordable housing that is built to last is tremendous. This testimony 1) describes the changes needed to address delays in disaster recovery; 2) addresses the reduced capacity of marginalized communities; and 3) provides building and mitigation recommendations to reduce the human and financial costs associated with natural disasters.

Section 1: Addressing Delays in Disaster Recovery

Unprecedented Records for Billion-Dollar Disasters & New Forward-Looking Climate Projections

On August 8, 2023, Hawaii experienced its deadliest wildfire in generations, claiming 98 lives in Lahaina, Maui. Tragically, this was not the sole extreme weather event this year. Throughout 2023, there have been 25 events with losses exceeding $1 billion each, the most on record and much higher than the 1980-2022 average of 8.1 events. These tragedies included one drought in Texas, two flooding disasters in the Northeast and California, 19 severe storms throughout the eastern half of the country including two major tornadoes, one tropical cyclone in Florida, one winter storm in the Northeast, and the Maui wildfire. Altogether, these disasters resulted in the deaths of 464 people, created large economic burdens for the areas affected, and cost more than $73.8 billion.

In addition to the tragic loss of life and severe economic consequences, disasters compound the housing shortage. A Climate Central report estimates that "by 2050, virtually every coastal state is expected to have at least some affordable housing exposed to more than one coastal flood risk event per year, on average -- up from about half of coastal states in the year 2000." Another report from NYU Furman Center projects that 30 million people live in the combined 100-year and 500-year floodplains, mostly low-income and communities of color. Fortifying the nation's housing stock will help families recover faster after disasters and reduce the economic strain disasters place on families, communities, and taxpayers.

It is clear that the trajectory of disasters will only get worse. According to the Fifth National Climate Assessment, released this November, coastal sea levels are expected to rise about 11 inches over the next 30 years. Coastal flooding will occur 5-10 times more often in 2050 than 2020 in most locations — in the US these areas are home to 123 million people, about 40% of the population, who will be at risk of displacement.

Even if we cut greenhouse gas emissions to zero today, the impacts of increasingly severe weather events will only slow down, not stop. The increased frequency of record-breaking weather events, and warnings of an even worse 'new normal' ahead, necessitate that we

prioritize climate resilience. The Fifth National Climate Assessment recommends increasing current efforts and implementing new measures to address current risks and prepare for future impacts.

Disasters' Disparate Impacts

Extreme weather events tend to impact underserved communities, the elderly, disabled people, and people of color the most because they are more likely to live in higher-risk areas, and also have limited resources to recover physically, economically, and socially. This is in part due to the fact that, over time, individuals from low-income communities and people of color have been pushed to live in higher-risk areas that have more affordable property prices due to their lower property value. These natural hazard events also fuel the displacement of disadvantaged residents who get priced out of their neighborhoods due to rising property values, taxes, rents and other economic factors.

Moreover, there are striking overlaps between contemporary flood risk maps and New Deal-era maps used by the federal government to assess risks in mortgage lending. These historically redlined neighborhoods face a greater risk of flooding today; across 38 major U.S. cities, more than $107 billion worth of homes at high risk for flooding are located in historically redlined neighborhoods, which is 25% more than non-redlined areas. These disparities reflect decades of disinvestment and the disproportionate climate impacts underserved communities face when compared to wealthier and non-redlined areas.

Senior housing and communities also face unique challenges when it comes to disaster preparedness. This was made keenly apparent in the devasting Lahaina fire. We must better prepare and address the needs of older adults and other vulnerable populations, such as those with disabilities, into community resilience and disaster preparedness.

The Justice40 Initiative, a Biden Administration goal to flow 40% of benefits from certain federal investments into disadvantaged communities, is an important step towards ensuring that historically underserved and marginalized populations have the resources and funding they need to prepare for disasters and increase the speed of recovery. In addition, the initiative aims to build the capacity of disadvantaged communities to address the long-term climate stressors they face.

CDBG-DR's Vital Role in Long-term Recovery

There is never a time when people need the federal government more than after a disaster. In the wake of major catastrophes, Congress provides funding for residential recovery and rebuilding efforts primarily through the Department of Housing and Urban Development's Community Development Block Grant-Disaster Recovery (CDBG-DR) program, which funnels flexible resources to counties, cities, and states to address community needs.

CDBG-DR is the difference maker for property owners whose insurance proceeds, FEMA grants, and SBA homeowner loans have been insufficient to repair their homes or get them to stable new housing. While every impacted resident feels the economic consequences of natural

disasters, the inequities exacerbated by disasters are further compounded by relief and recovery policy responses. More affluent homeowners are likely to have myriad sources for recovery, including private or NFIP insurance, low interest SBA loans, FEMA Individual Assistance grants, and bank loans, in addition to personal savings. Lower-income households and communities are often locked out of these types of assistance. CDBG-DR can be used to fill the gap, allowing impacted families to occupy (or re-occupy) decent, safe, and sanitary housing.

CDBG-DR gives states and communities control over how to design their rebuilding programs. Some jurisdictions may choose to focus on homeowner rehabilitation, while other states emphasize buyout programs to move people from harm's way. CDBG-DR is flexible and is used as leverage for other public funds and private resources. Repair and replacement of housing is just one of many examples of how CDBG-DR helps the families and communities who need it the most get back on their feet. Our recent research "CDBG-DR (Community Development Block Grant-Disaster Recovery) and Rental Housing in the Wake of Natural Disaster" shows that while most of the existing disaster response and recovery programs focus on protecting homeowners, CDBG-DR's rental housing requirements include conditions and funding activities that expressly support renters and affordable rental housing rebuilding.

The program also allows states and localities to rebuild for the future so that federal dollars do not put people back in harm's way. Prioritizing investments in mitigation and resilience standards serves as a long-term safeguard for the well-being of both residents and taxpayers. Uses of CDBG-DR for mitigation include buying out homes most likely to experience repeated flooding, moving residents to higher ground, and then restricting the future use of the property to green space; creating gray and green infrastructure solutions to prevent flooding, such as natural berms and installing pumps and erecting sea walls; attaching roof straps and hardening structures in tornado- and earthquake-prone areas; and installing windows rated to withstand high winds. Enterprise is pleased to see HUD's ongoing commitment through CDBG-DR and Federal Flood Risk Management Standards (FFRMS) to ensuring that properties that are newly constructed or substantially reconstructed after disasters are built with an eye toward the future. Approaching recovery through a resilience lens allows stakeholders to identify actions that promote multiple positive benefits to urban systems while enhancing their capacity to face future risks.

Permanently Authorizing CDBG-DR will Speed Up Recovery and Make Process More Equitable

Despite the fact that more than $100 billion in taxpayer dollars have gone to the program in the past two decades, the disaster component of the CDBG program lacks standing authority. One of the most pervasive challenges facing communities is the time it takes for HUD funds to reach them. FEMA, the Small Business Administration, and other federal agencies have standing resources to serve communities when disasters strike. However, HUD only receives disaster recovery funding when Congress passes special appropriations for CDBG-DR.

Congress has appropriated CDBG-DR funds for disasters occurring in almost every year since 2010. But after each supplemental appropriation there is a significant delay in the flow of funds, because each time HUD has to assess uninsured damage and unmet needs and then write a new set of waivers and alternative requirements to guide grantees. Then, CDBG-DR grantees need to

study the rules, make policy choices, and stand up their own disaster recovery programs. According to research from the Urban Institute, grantees typically take 9-12 months after an Action Plan is approved to hire staff, procure contractors and develop grant management systems.

This unnecessary delay compounds the harm that individuals and families suffer. Homeowners stretch their finances to pay for repairs, and it is not uncommon for many who will ultimately qualify for help from HUD to max out their credit cards and deplete not only their saving accounts, but also college and retirement accounts while they wait. Many families who cannot afford the indefinite waiting period start over elsewhere, moving to new communities without financial or social safety nets. Others use the limited funds they have on hand to rebuild, but often lack the capital to ensure their new homes are fortified against future disasters.

The bottom line is that the lack of a permanent and predictable structure for CDBG-DR reduces the effectiveness of recovery funding and delays long-term recovery. A permanent program would also speed up the legislative process, by establishing a CDBG-DR reserve fund that can quickly disperse initial recovery funding. While supplemental appropriations would primarily drive activities moving forward, annual funding would bridge the gap on assistance to disaster survivors. Communities that were hit by major disasters in 2023, for example, are at the very start of the process — still waiting for the funding to be approved by Congress, leaving them in a state of uncertainty and hindering their ability to rebuild. Codifying CDBG-DR will drastically reduce delays in moving resources from Congress to the ground, which currently takes an average of 20 months but can take up to 2 years.

Since CDBG-DR operates on a temporary basis, regulations change with each appropriation, which not only further compounds the delay but also creates inconsistencies and disparities in how disaster recovery funds are administered across different locations. Inconsistencies result in an inequitable process, making it harder for some communities to access or effectively utilize these funds compared to others. The need for continuous adaptation to new regulations also add complexity and administrative burden for local governments and organizations working on disaster recovery efforts.

A more consistent framework would lead to fairer distribution and better utilization of resources in disaster-affected areas. Without consistent regulations and a standardized framework, the pace of recovery could be slowed down in some areas versus others. Consistent regulations would help grantees especially in areas with low capacity to facilitate spending and financial allocations down to the community. This creates unequal access to resources, often favoring geographical location rather than the actual need, which exacerbates existing disparities. Inconsistent regulations lead to complex and varied application processes across different regions. This complexity disadvantages smaller communities or those with fewer resources to navigate bureaucratic hurdles. Communities affected by disasters need stability and predictability in aid. Temporary authorization means uncertainty about the availability and continuity of resources, making it challenging for local governments and affected individuals to plan and rebuild effectively.

Bipartisan Legislation to Improve Disaster Resilience

Permanently authorizing CDBG-DR provides a straightforward solution to these challenges. Instead of the constant cycle of delayed appropriations and long waits for HUD regulations that are different for each set of disasters, codifying the program would keep it active and ready to deploy, getting the dollars out the door faster and allowing communities to recover and rebuild in a matter of months rather than years. While permanent authorization of CDBG-DR would not resolve all timing concerns that affect the program's utility, a more predictable funding mechanism accompanied by permanent regulations would go a long way toward improving performance.

Enterprise strongly supports passage of the *Reforming Disaster Recovery Act of 2023* (S. 1686) to make the country's only source for federal long-term disaster housing recovery funding more efficient, equitable, and accountable to taxpayers. In addition to codifying the CDBG-DR program in statute, the bipartisan legislation would:

- Authorize HUD to issue permanent regulations for the program and to do so within stated timeframes (proposed rule within 6 months of enactment and a final rule within one year of enactment)
- Direct HUD to publish CDBG-DR allocation methodology within 30 days of enactment and to take public comment before issuing methodology as a final rule
- Direct HUD to allocate available CDBG-DR funds within 90 days of qualifying disaster declarations
- Require grantees to develop an action plan for the use of granted funds — a plan that must be approved by HUD (within 60 days of submission).
- Authorize the creation of a CDBG-DR Reserve Fund that can quickly disperse initial recovery funding post disasters without waiting for congressional approval.
- Maintain the current requirement that 70% of the funds benefit low- and moderate-income people
- Create a capacity building and technical assistance set aside for grantees
- Require federal agencies to share all data to improve coordination of the disaster recovery process, as well as increase oversight and data transparency
- Promote disaster mitigation and resiliency by establishing an Office of Disaster Recovery and Resilient Communities at HUD
- Create a significant set-aside for disaster mitigation activities
- Create specific minimum construction standards for areas designated as Hazard-Prone by HUD and FEMA

These reforms are critical as the nation continues to face catastrophic, life threatening extreme weather events, including stronger hurricanes, extreme heat, unprecedented drought, and severe wildfires. Ensuring that permanent authorization maintains CDBG's current requirement that

70% of funds must benefit people with low and moderate incomes is crucial because as noted above these events disproportionately affect underserved communities and people of color.

Section 2: The lack of capacity in marginalized communities

The Substantial Capacity Building Needs of Small, Rural and Remote Communities

No community is ever truly prepared for a catastrophic disaster. Residents and local government officials, even those in high-capacity jurisdictions, must navigate multiple federal agencies and programs, each with their own rules. Even The City of New York, the single largest recipient of annual CDBG entitlement funds, took well over a year to begin rebuilding through its CDBG-DR homeowner rebuilding program after Hurricane Sandy.

In smaller metropolitan areas and suburbs, staffing and funding levels that may be sufficient to run successful programs during normal times can be stretched to the breaking point by a disaster. Especially for jurisdictions that may be navigating major disaster recovery for the first time, standing up the administration of one (or possibly more) new grant programs, possibly with funding from different agencies with different requirements, is a daunting task regardless of capacity. HUD, FEMA and other federal agencies must be able to provide technical assistance and support that meets the individualized needs of each location, whether large cities, suburban areas, small but well-resourced metropolitan areas or rural places, Tribal trust land and Native land.

Given the unique capacity challenges faced by very small and remote communities and Tribal areas, including Tribal trust land like reservations, it is important to discuss the additional technical assistance needs of those "low-capacity" communities. This year, a study funded by NOAA's Adaptation Sciences (AdSci) research program evaluated the capacity of communities around the country to create a Rural Capacity Map. There are low-capacity communities in a wide range of places across the country, defined by limited local government staffing, limited community education and engagement, and negative socioeconomic trends. However, many low-capacity communities as identified by the Rural Capacity Index are remote places, rural communities, Indian Country lands including Tribal trust land and Alaska Native Villages, and Hawaiian Homelands.

The low capacity of these communities often translates to difficulty in applying for and administering funding and limited ability to provide non-federal or private matching funds. Additionally, regardless of whether a disaster has recently struck, specific issues unique to rural and Tribal places present challenges to navigating federal programs. For example, there is often a mismatch between federal regulations and Tribal governance systems in the case of Tribal lands, with state programs that use federal resources being inadvertently designed to limit eligibility or use by Tribal communities. Tribes in rural places may be disadvantaged by applications that automatically score lower or require complex waivers for factors beyond the control of Tribes in rural areas, such as access to public transportation or public utilities. Additionally, awarding funds through states with no directive for Tribal set-asides may prevent Tribal Nations from accessing the money at all.

Additional land ownership issues in rural places may complicate the use of federal funds, including CDBG-DR, to increase resilience. For example, manufactured home communities are disproportionately flood-prone and residents are at risk of property loss, but the fact that in most instances residents own their homes but not the underlying land complicates buyouts or mitigation projects. In rural places, the presence of significant amounts of heirs' property, where ownership of a large parcel may be split between dozens of family members, hampers access to federal recovery funding when owners are unable to produce clear titles or proof of ownership. Finally, in remote places, individual homeowners will likely need additional support in rebuilding to ensure that they can meet current energy efficiency or flood standards for housing funded through HUD, the Federal Housing Administration (FHA) or the USDA.

A recent analysis of the Rural Capacity Index scores of recipients of competitive FEMA Building Resilient Infrastructure and Communities (BRIC) funds shows that lower capacity was directly related to an inability to access funding. Only 3% of FY22 BRIC awards went to projects in low-capacity counties, compared to 83% of funds going to projects in high-capacity counties. Additionally, when disasters strike on Tribal land, in Alaska Native Villages or in Hawaiian Homelands, the utmost care must be taken to ensure that recovery is undertaken in partnership with sovereign nations and the original stewards of the land. For example, Tribal consultation is key to ensuring that program requirements established by state governments do not conflict with Tribal laws, regulations and land management traditions, and cultural sensitivity surrounding the damage or destruction of Native places. This summer's devastating fires in Maui, which destroyed much of the former Native Hawaiian royal capital, show the importance of working directly with Native people during recovery, to ensure that places of cultural significance are restored and that residents can return after rebuilding.

Enterprise recommends that federal agencies have increased directive, capacity, and authority to enter into equitable and meaningful co-stewardship and co-management agreements for federal lands, and to support Tribal self-governance to address wildfire risk reduction, management, and recovery, and to enable beneficial fire practices. The Biden-Harris Administration's Memorandum on Guidance for Federal Departments and Agencies on Indigenous Knowledge, which offers guidance for incorporating Native knowledge on fire and flood management, is an important first step for partnering with Tribal Nations to improve stewardship of federal land. In addition, disaster recovery funding that goes to Tribal Nations must explicitly support Tribal self-governance as Tribes choose how to best recover and increase resilience.

The Importance of Funding Technical Assistance and Streamlining Regulations

It is an economic and safety imperative that Congress and federal agencies improve the disaster recovery framework to enable faster recovery so that federal funds more effectively and equitably serve communities and survivors. One way to accomplish this goal is through technical assistance (TA). As a TA provider for HUD with extensive organizational expertise working in disaster-impacted communities, Enterprise strongly supports the commitment of TA resources, which allow HUD to send in experts from across the country to help grantees address systemic challenges and aggregate best practices to support grantees in being best prepared to absorb the large amount of disaster dollars needed and use them efficiently.

This work can include drafting action plans, developing training curriculums and standing up rebuilding programs all the way to training construction crews in resilient building methods (e.g. how many fasteners to use on a roof so it does not blow off in hurricane-force winds). We strongly recommend increased TA resources for future disasters that are available to support the entire continuum, from preparedness through long-term recovery.

There is also an opportunity to improve support for grantees immediately post disaster to help assess needs and develop action plans and design programs. The emphasis on compliance and associated requirements poses a difficulty for numerous communities in managing the administrative workload. This hampers their ability to improve administrative functions and, consequently, delays the prompt deployment of funding. This can significantly slow down the entire process for capacity strapped jurisdictions, impeding the ability to effectively leverage resources and partnerships for more substantial investment. In the case of Puerto Rico, one on the ground challenge is following of the general procurement processes, of which many subrecipients struggle to follow because of unfamiliarity, limited capacity/bandwidth to create procurement policies that follow the regulation or adopting those of the local jurisdictions that are overly burdensome. On the other end, in disaster impacted communities, there are often not enough qualified respondents, or other market factors, that don't yield successful contracting, thus having entities have to engage in various processes to be able to contract vendors or procure good.

HUD could focus deployment of TA to align with phases of recovery with more intensive TA in the short- to immediate-term. This scaled approach would help local partners quickly identify immediate needs, align partners, standup interim programs that respond to immediate needs, and establish transition plans toward longer-term solutions. Enterprise stresses the importance of support in needs identification, strategic planning, community engagement, collaboration or leverage of local entities, development of policies, procedures, protocols, and effective internal training. Additionally, expanding availability of readily available tools and best practices including procedures, process maps, compliance forms, programs-in-a-box, and training curriculums would greatly enhance recovery efforts.

Section 3: Investing in Resilience Mitigates the Impacts of Increasing Disasters and Enhances Security

The expected increases in the frequency and severity of disasters and the associated high cost of being unprepared demonstrate the growing value of investing in resilience. A large body of research clearly shows that the payback on resilience investments is great, well above the cost mitigation takes to implement. Historically, policy discussions have placed less emphasis on the costs of inaction, particularly in terms of the indirect impacts of climate-fueled disasters; however, this trend is now starting to shift. According to the National Institute of Building Sciences, federal grants for climate hazard mitigation save $6 for every $1 invested. Since 1995, public-sector investment in mitigation through federal agencies such as FEMA, EDA, and HUD cost the country $27 billion but will ultimately save $160 billion.

Building resilience is about recognizing uncertainties, understanding the interconnectedness of shocks and stresses, and designing interventions accordingly. The recently released Climate Resilience Framework, representing a vision for a climate-resilient nation and crafted to steer and coordinate climate resilience investments and activities undertaken by the federal government and its partners, amplifies the anticipated investment in resilience. This strategic framework marks a promising beginning in addressing climate challenges and fortifying the nation's resilience.

Opportunities Presented by Significant Recent Federal Investment in Resilience and Adaptation

Enterprise applauds Congress for the enactment of The Bipartisan Infrastructure Law (BIL) and Inflation Reduction Act (IRA), which have unlocked tremendous potential. These unprecedented investments will advance solutions to build a safe, equitable, and sustainable future by addressing both mitigation of greenhouse gas emissions as well as climate resilience, all while ensuring that at least 40% of the investment is directed to disadvantaged communities. However, consistent annual appropriations remain essential to meet the increasing demand for resilience and to reduce long-term costs.

The IRA provides $369 billion for investments in climate resilience, energy security programs, and efficiency improvements. Enterprise is pleased that $25 billion in direct spending is targeted to or can be leveraged for affordable housing -- in addition to the various tax credits included in the law that aim to increase energy efficiency and renewable energy projects -- including $1 billion for a HUD-led grant and loan program to improve the resilience, energy and water efficiency of eligible affordable housing, $9 billion in consumer home energy rebate programs for low-income consumers to make energy efficiency and electrification retrofits, $27 billion for the EPA's Greenhouse Gas Reduction Fund, a historic new program to mobilize financing and leverage private capital for clean energy and climate projects that reduce pollution, and $1 billion administered through the Department of Energy (DOE) to incentivize states and localities to adopt and implement energy codes that meet or exceed the 2021 International Energy Conservation Code (IECC).

The BIL made available $550 billion in new federal investments in America's infrastructure over the next five years. As part of these investments, the Department of the Interior announced $20 million to build climate resilience in tribal communities nationwide; USDA made available $131 million in wildfire mitigation investments; and FEMA released $60 million in Swift Current grants to help four states affected by Hurricane Ida become more resilient to flooding. Through BIL investments, DOE began disseminating over $3 billion in funding for residential energy retrofitting and weatherization, and the U.S. Department of Health and Human Services released $200 million to help households pay their outstanding energy bills.

Despite this tremendous progress, continued and large investments in resilience and adaption are needed, such as the following:

1) A National Approach to Resilience and Adaptation

We cannot ensure that communities and families can make better, more informed choices in preparing for and adapting to extreme weather events without a national plan. It is a critical step to ensure we use taxpayer money effectively and efficiently while also investing in resilience measures that can save lives, livelihoods, and communities. The White House Climate Resilience Framework provides needed direction on how communities prepare for worsening climate-fueled extreme weather events. The new framework is designed to guide government actions that can help communities become more resilient and will help guide wise investment of federal dollars by ensuring, for example, that climate change is embedded in all aspects of planning and management. The next step in advancing the framework must be to create a national adaptation strategy.

A national adaptation strategy should, among other things, identify goals, promote resilience to the extent possible, coordinate planning requirements and applications for federal resources, direct support to under-resourced communities, increase the accessibility of climate information, improve resilience measurement, prioritize federal resilience funding and develop ways to support nonfederal partners' resilience building. Enterprise supports the bipartisan S.3261 - *National Coordination on Adaptation and Resilience for Security Act of 2023*, led and co-sponsored by members of this subcommittee, to lay out a clear strategy and plan to shore up American resiliency; consolidate government efforts to promote efficiency in disaster planning; and proactively and fiscally responsibly invest in our future. The bill holds great promise for improving this country's resilience to current and future disasters by:

- Setting a National Adaptation and Resilience Strategy and an Implementation Plan with federal, state, local, private sector, and non-profit partners.
- Establishing a Chief Resilience Officer position in the White House to implement the plan.
- Creating interagency working groups to streamline efforts and ensure accountability.
- Creating a federal information hub to provide resilience resources to communities.

As tens of billions of taxpayer dollars begin to flow from the BIL and IRA, the U.S. needs identifiable leadership and a comprehensive roadmap to optimize the efficiency and effectiveness of those investments. The NCARS Act offers a prudent, bipartisan solution that would jumpstart national resilience efforts toward a safer and more secure country.

2) Implementing Forward-Thinking and Disaster-Conscious Standards

We must commit to enhanced building codes and standards to ensure our communities are prepared for increasing weather events. Congress should set resilient building standards as the minimum quality standard for all new construction and substantial rehabilitation projects built with agency dollars, ensuring that federal funding supports disaster-ready, affordable buildings**.** Minimum standards must be enforced to ensure that when we are rehabilitating and building affordable housing that we are future-proofing homes. Protecting federal investments from foreseeable risks ensures that taxpayer dollars are invested in projects that will deliver maximum

results and ensures the safety and security of the people living and working in those properties.

The recent HUD-USDA Determination setting new modeled energy code standards, as well as HUD and FEMA's proposed rule updates to Federal Flood Risk Management Standards, are all critical in reducing energy burden and reducing flood risk to renovated and newly built housing stock. HUD's FFRMS applies to buildings receiving HUD assistance, financing, or insurance and FEMA's FFRMS standards apply to federally funded buildings broadly. Both FEMA and HUD's proposed FFRM standards aim to utilize primarily, where possible, the Climate Informed Science Approach (CISA) which is a "forward-looking assessment of flood risk based on likely or potential climate change scenarios, regional climate factors, and an advanced scientific understanding of these effects." With the proposed updates, newly constructed or substantially improved structures can be elevated or floodproofed to provide a greater level of flood protection, ensuring long-term resilience for buildings, which is especially vital for affordable housing developments.

Research of the adoption of a new building code in Florida following the catastrophic losses attributed to Hurricane Andrew reviewed ten years of insurance loss data and showed that the adoption of the stronger building code reduced the number of claims. Additionally, the total value of claims was 72% less for buildings built after 2000. In that ten-year period, Florida received $3.50 in benefit (due to the lower number and value of insurance claims) for every $1.00 of additional cost associated with implementing the building code. These standards will ensure that whether a resident is facing the slow creep of rising temperatures or the sharp impact of a hurricane, that they are able to survive and thrive.

The Louisiana Housing Corporation (LHC) is setting an example with their Piggyback Resilience Initiative – Mixed Income (PRIME) initiative for areas impacted by recent hurricanes. Now in its third round (serving parishes impacted by Hurricanes Laura, Delta and Ida), these CDBG-DR awards require certification to both Enterprise Green Communities (including several resilience-focused criteria available within the program) and FORTIFIED™ standards to create affordable housing in areas that is designed and constructed to withstand the next storm and enable residents to return to livable homes post-storm, minimizing community disruption. The positive impact of this program has already been seen in the pilot development project 'Les Maisons de Bayou DeForge', which was nearly completed when struck by Hurricane Ida in 2021 but received only cosmetic damage, enabling it to be inhabited post-storm.

3) Preventing Delays in Recovery Through Increased Resilience

By understanding the importance of resilience as a linchpin in the recovery process, we can pave the way for a more agile and robust response to adversity. For starters, it is critical to add extreme heat, which is the deadliest climate-driven disaster, to FEMA's qualifying list of major disaster events. This will make federal resources available to help keep people safe during periods of extreme heat. Enterprise supports the enactment of legislation such as *The Extreme Heat Emergency Act (H. R. 3965),* which would allow FEMA to declare an extreme heat major disaster to mobilize certain types of federal assistance:

- The use of FEMA's mobile cooling centers
- Distribution of emergency supplies, such as water and fans
- Assistance with medical expenses caused by heat-related illnesses
- The deployment of FEMA personnel to help with heat-related emergencies
- Crisis counseling and disaster legal services

In terms of wildfire mitigation, the Biden-Harris Administration's Wildland Fire Mitigation and Management Commission released a report in September 2023 providing strategies to address the urgent and severe wildfire crisis. In terms of building codes, the commission states that resilience focused building codes should be encouraged during the rebuilding process, especially where there are sheltering and permanent housing solutions provided by FEMA. One of the broader strategies recommended in the report is to invest in resilience. Specifically, the report calls for significant and sustained funding for preparing "ignition-resistant, and smoke-ready communities", planning and implementation to reduce wildfire impacts on landscapes, and the development of a workforce to accomplish both tasks above. The report emphasizes that short-term funding will not create the scale of impact or change needed to address the issue. In order to facilitate these goals, Enterprise recommends Congress establish a Community Wildfire Risk Reduction Program via an interagency coordinating partnership to proactively address wildfire risk reduction actions and increase ignition resistance of the built environment.

The recent designation of 483 jurisdictions as part of the Community Disaster Resilience Zones will also help build disaster resilience across the nation by driving federal, public and private resources to the most at-risk and in-need jurisdictions. This initial designation will help funnel these resources especially to rural areas of color. A study by the Urban Institute, found that overall, the CDRZs are significantly more rural (41.9%) than the country (19.1%), and also less white. Regionally, the CDRZs tend to have higher shares of Black residents in the South and Northeast, and higher shares of Hispanic residents in the Northeast and West. The CDRZs have slightly lower Asian populations than average in every region.

4) Addressing Risk Realities and Insurance Costs

Insurance rates in the United States have been increasing for 24 consecutive quarters, according to third-quarter data from Marsh's Global insurance market index. This is the longest running increase since the index's inception in 2012. A recent survey conducted by the National Leased Housing Association of over 400 rental housing providers operating 2.7 million rental homes found that 29% experienced premium increases of 25% or more for 2022-23 renewals. As an owner and operator, syndicator and investor in affordable housing, Enterprise has experienced first-hand the drastic rise of insurance rates at our properties. In fact, for the 13,000 affordable units we operate, we saw the cost per unit increase from $359 in 2022 to $968 in 2023. In addition, 67 insurance carriers declined to even provide a quote for our properties. Further, the coverage we did secure required a significant increase in our deductible. These gaps are particularly hard on affordable housing developers, who have a limited ability to pass along higher costs to renters. Rent hikes run contrary to the mission of affordable housing, and in any case rents for subsidized projects are restricted by statute.

While there are many factors at play in the incredible spike in insurance premiums and departure of insurers from the marketplace, a key driver of this trend is the increased claims resulting from natural disasters. A study by RMI states that "the increased frequency and severity of climate-related extreme weather events, such as hurricanes and wildfires, has caused property and casualty losses to surpass $600 billion in the past decade. This has led insurers to cut coverage and increase premiums — essentially passing the risk on to homeowners. These consequences have resulted in — and will continue to result in — homebuyers purchasing homes that could later become unaffordable." These costs will only continue to grow, and the backing to home and property owners will continue to shrink.

The problem acutely affects affordable housing providers, who are already struggling to address housing supply and costs. In one sample of affordable housing developments in Enterprise's California investment portfolio, insurance costs increased by 56% from 2020 to 2022. But from 2022-2024, housing providers are reporting increases from 50% up to 500%. Without stronger regulation, both federal and local, as well as the private sector leading the charge on innovation of insurance products, communities will be left unguarded. We must rethink the status quo when it comes to property insurance.

In using a climate-informed science approach to understanding current and future risk, we are realizing the true financial and human cost of risk. Using the latest available science and data to understand the accurate risk of natural hazards ensures that governments, communities, the built environment, and people can plan and prepare proper risk management and mitigation strategies.

Several jurisdictions are piloting new ways of addressing the uncertainties in the insurance markets. For example, New York City has partnered with the insurance provider Swiss Re and reinsurer Guy Carpenter to develop a pilot parametric flood recovery assistance program for LMI households. The pilot will provide up to $1.1 million in emergency funding to households after a major flooding event. The State of California established a Climate Insurance Working Group to study and make recommendations on addressing their widening protection gap, the gap in insurance coverage between insured and uninsured losses, as well as risk reduction and risk transfer solutions. Additionally, following an Executive Order from Governor Newsom, the California Insurance Commission will now be expediting the introduction of new rules for the review of climate catastrophe models that recognize the benefits of wildfire safety and mitigation actions at the state, local, and parcel levels, while at the same time securing commitments from insurance companies to cover all parts of California by writing no less than 85% of their statewide market share in high wildfire risk communities. Some residential property insurance providers are also offering both community-wide discounts (for example, a home in a Firewise or a Shelter-In-Place community) and home-specific discounts (for example, maintaining defensible space or home-safety measures against wind-blown embers). We encourage this expansion to commercial properties, as well as in other States for residential coverage.

At the federal level, Enterprise has been engaged with our industry partners and federal agencies to explore potential solutions for the insurance affordability issue. One potential solution is for the Government-Sponsored Enterprises (GSEs) and the FHA to cover targeted risks given that the federal government is already facing increased risk that these properties will not be able to operate or will become foreclosures as a result of rising insurance costs.

Congress should also prioritize reauthorization of the National Flood Insurance Program (NFIP), which is set to expire February 2, 2024. If the NFIP is not reauthorized, FEMA would be required to stop the issuance of new policies and would be limited on its borrowing authority. If NFIP lapses, or if FEMA's fund to pay claims gets depleted and FEMA reaches its borrowing authority limit, FEMA would be forced to delay paying flood insurance claims, which could lead to severe consequences for policy holders.

Though there are innovations happening to address the alarming spikes in coverage costs (where coverage is even still available) the bottom line is governments and providers must incentivize risk mitigation and resilience measures to reduce risk and appropriately pass along the savings from risk reduction to the insureds. In addition to assessing and publicly disclosing potential climate-related risks, incentivizing mitigation of those risks is key. Insurers can play an active role in building risk awareness and facilitating investments in resilience strategies by developing a standardized method for incorporating resilience improvements into the valuation and insurance pricing models, just as California did in 2022. Incorporating nature-based solutions like the fortification model previously noted and community resilience will reduce risk to property and life, addressing the long-term affordability and insurability.

Conclusion

The pace of disaster recovery remains a painful hurdle for families and communities attempting to rebuild. Recent major recovery efforts have offered crucial lessons to the federal government, yet progress has been slow. Urgent, sweeping changes are necessary to not only hasten this pace but to normalize construction of resilient, future-ready housing to reduce the scope of recovery needed in the first place. Communities should be resilient and should have unwavering access to a dependable and steadfast CDBG-DR program, offering sustained resources for long-term recovery.

On behalf of Enterprise, I offer my thanks to Chairman Schatz, Ranking Member Hyde-Smith, and all the Members of this Subcommittee for your bipartisan leadership on these issues and the recognition of a need for bold action to move our country forward in a more climate-ready and equitable direction. Enterprise implores Congress to implement these critical adjustments, aiming not only to expedite a more equitable recovery, but also to save taxpayer funds by shortening the gap between disaster and rehabilitation.

My Enterprise colleagues and I look forward to partnering with you to uplift affordable housing and community development policies that advance racial equity and climate resilience, ensuring that every hard-working family can count on a safe home every day.