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**Washington, DC**
**House Financial Services Subcommittee on Oversight and Investigations**
**Hearing on the Administration of Disaster Recovery Funds**
**in the Wake of Hurricanes Harvey, Irma, and Maria**
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## INTRODUCTION

Chairman Green, Ranking Member Barr, and members of the House Financial Services Oversight & Investigations Subcommittee, thank you for the opportunity to submit this testimony. I am the Senior Vice President for Public Policy and Senior Advisor for Resilience at Enterprise Community Partners. Enterprise is a nonprofit organization committed to making well-designed homes affordable so that communities can thrive. We have eleven regional offices and in the past several years have worked in more than 425 communities nationwide. For more than 35 years, Enterprise has been committed to helping communities break down silos and build organizational capacity in both the public and private sectors so that funding is deployed more effectively. We have invested more than $43 billion billion in capital to help create or preserve 585,000 homes in all 50 states plus the District of Columbia and Puerto Rico. We also compete for and regularly receive both HUD technical assistance contracts and Section 4 capacity building funds from HUD, which we use in part to support disaster-impacted communities.

Enterprise invests in disaster recovery and resilience work because people of modest means are most likely to be harmed by disasters and tend to be the slowest to recover. We work to ensure that the people who need help the most are able to get back on their feet more quickly. We have worked to help communities rebuild from disasters since Hurricane Katrina, when we established an office in the Gulf Coast to assist in Louisiana and Mississippi's recovery. Enterprise assisted New Jersey and New York in their recovery from Hurricane Sandy, advising New Jersey on the design of CDBG-DR-funded recovery programs and providing pro bono assistance to multifamily building owners in New York to make their residents and properties safer from future disasters. We are working to address the mitigation needs of public housing in New York State. The Enterprise team 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.

After Hurricane Harvey, Enterprise worked closely with Harris County, TX, to design equitable housing recovery programs and supported the City of Houston's extensive community engagement efforts. After Hurricanes Irma and Maria, we contributed our housing and mitigation expertise to the Governor of Puerto Rico's rebuilding plan and offered free technical assistance in response to proposed CDBG-DR Action Plans. In Puerto Rico, we are convening a nonprofit housing recovery network in Puerto Rico in partnership with NeighborWorks America and the Puerto Rico Community Foundation and are also standing up a Caribbean Resiliency Network to work directly with Puerto Rican Municipalities along with the U.S. Virgin Islands to help tackle local issues, engage in peer exchange and provide comprehensive multisectoral cooperative approaches. In response to the wildfires in California, we are assisting Sonoma County with its recovery planning and leading resilience finance and planning efforts in Northern and Southern California.

Enterprise is also partnering with the University of Florida's Shimberg Center for Affordable Housing to study the impact of disasters on rents and affordability; and we are producing a resilient rebuilding guide for use in Florida, Puerto Rico and the U.S. Virgin Islands. We are partnering with the Urban Institute to study the economic impacts of disaster evacuees on the communities that receive them. At the federal level, last year we convened thought leaders and offered HUD significant policy recommendations [1] for administering the $15.9 billion in CDBG-DR mitigation appropriated in February 2018 that has not yet been implemented.[2] Our CDBG-DR mitigation recommendations are included in this written testimony.

I have worked on disaster recovery since 9/11.When I was a year out of law school, beginning my career as a lawyer for the CDBG program at HUD, I lost a dear family friend in the World Trade Center attacks. I considered myself privileged to have a role in the recovery of Lower Manhattan, administering HUD's first multi-billion dollar CDBG-DR effort. During more than 15 years of service at HUD, I held multiple roles in the Office of General Counsel and in 2013 served as Chief Operating Officer and Acting Executive Director of the federal Hurricane Sandy Rebuilding Task Force. From 2014-2016, I served as Deputy Assistant Secretary for Grant Programs in the HUD Office of Community Planning and Development, where I was directly responsible for the administration of the National Housing Trust Fund, the HOME Program, and the Community Development Block Grant Program, including at that time an open portfolio of more than $20 billion in disaster recovery funds and administration of the National Disaster Resilience Competition.

In the years since 9/11, CDBG-DR has become a critically important resource for communities recovering from natural disasters, including after coastal and riverine flooding, tornados, wildfires, and mudslides. I commend the House Financial Services Committee Subcommittee on Oversight and Investigations for your commitment to examining the program and seeking the input of HUD, its grantees, and my organization on how to strengthen the program and prevent fraud, waste, and abuse, so that taxpayer dollars can be better used to serve the people who need them most.

**Through this testimony, I would like to take the opportunity to emphasize that:**

1) **CDBG-DR's flexibility makes it a necessary tool of disaster recovery**
2) **Through permanent authorization and a formal rulemaking process, CDBG-DR can be improved so that federal funds reach communities more quickly and efficiently**
3) **Use of disaster funds must prioritize the most-impacted disaster survivors and result in fair outcomes for households and communities**

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[1] "10 Recommendations for maximizing HUD's recommendations in mitigation." September 2018. https://www.enterprisecommunity.org/sites/default/files/Enterprise%20Mitigation%20Recommendations%209-28-2018.pdf

[2] Martin, Carlos, McFadden, Marion, Udvardy, Shana. "Disaster-stricken communities aren't receiving the funds they were promised." March 2018.https://thehill.com/opinion/energy-environment/433523-disaster-stricken-communities-arent-receiving-the-funds-they-were

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4) **Communities must rebuild with the future in mind and mitigate natural hazard risk to avoid throwing good money after bad**

After catastrophic disasters, CDBG-DR's housing program assistance is critical for displaced families, preventing them from entering years of financial hardship and distress. However as valuable as the CDBG-DR program is, improvements to its structure are urgently needed. While recovery can never be fast enough for survivors, there is much Congress can do to eliminate unnecessary delays and ensure funds reach survivors who need them most - without increasing risk to the taxpayer. Collectively, Members of Congress, HUD and other federal agencies experienced with disaster recovery, past and current recipients of CDBG-DR, the business community, universities, and community organizations can learn from the mistakes and successes of past recovery efforts to shore up the program for future recoveries.

**CDBG-DR FUNDS ARE ESSENTIAL FOR LONG-TERM RECOVERY**

As the frequency and intensity of natural disasters continue to grow, CDBG-DR has become an increasingly important program for recovering communities. In 2017 alone, natural disasters caused a record-breaking $306 billion in damages in the United States, including $125 billion from Hurricane Harvey, $90 billion from Hurricane Maria, and $50 billion from Hurricane Irma.[3] In the past two years, Congress approved over $36 billion for CDBG-DR, and a quarter of all disaster appropriations in in 2017 were in the form of CDBG-DR.[4] Despite tens of billions of dollars appropriated in the past two decades, the disaster component of the CDBG program lacks standing authority. This means that HUD must write a new Federal Register notice for each one-off appropriation that Congress provides. And most remarkably, unlike permanently authorized FEMA and SBA disaster programs, HUD's CDBG-DR program has never gone through notice and comment rulemaking. The general public has not once been invited to respond and offer comments on HUD's rules for disaster recovery.

We have reached a point where more than a dozen natural disasters causing over $1 billion in damage in a year is the norm rather than the exception. Natural disasters can happen anywhere, and communities must prepare for the risk of hurricanes, floods, tornados, and fires, as well as the risk of extreme heat and water shortages.

It has been said that there is never a time when people need the federal government more than after a disaster. After major catastrophes, 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. CDBG-DR is the line of last defense, designed to cover the gaps left when all other sources have fallen short. It pays for repairs and rebuilding of apartment buildings. It helps small businesses cover uninsured losses and allows them to retool to meet the realities of a disaster-impacted economy. CDBG-DR dollars are also used to repair damaged infrastructure and reopen hospitals, schools, and shopping centers.

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3 National Oceanic and Atmospheric Administration (NOAA), https://coast.noaa.gov/states/fast-facts/hurricane-costs.html

4 Martin, Carlos. "The Evidence Base on How CDBG-DR Works for State and Local Stakeholders." May 17, 2018. https://www.urban.org/sites/default/files/publication/98463/the_evidence_base_on_how_cdbg-dr_works_for_state_and_local_stakeholders_0.pdf

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 .For example, after Hurricane Katrina, Enterprise and Providence Community Housing combined CDBG-DR grant dollars with significant private capital through the use of the Low-Income Housing Tax Credit. Repair and replacement of housing is just one of many examples of how, after major disasters, CDBG-DR helps the families and communities who need help the most get back on their feet.

**SPEED UP DELIVERY OF RECOVERY FUNDS TO COMMUNITIES**

We recommend permanent authorization of CDBG-DR, which would spur HUD to write regulations and develop model programs, policies, and systems that grantees could adopt to shorten the time it takes to get people home again permanently. Authorization of CDBG-DR could also settle key matters of policy that have been treated inconsistently over time by Congress, HUD, or the states and local governments administering CDBG-DR assistance. These policy areas include whether income caps should be placed on eligibility for housing assistance, the total amount of housing assistance a family can receive, and whether some requirements for environmental review may be streamlined.

Agency officials working on disaster recovery across all levels of government should be held in high regard for diving into the taxing and unpredictable work of rebuilding communities that have been torn apart by a major disaster. However, it is indisputable that our nation's disaster recovery must be improved so that taxpayer dollars get to work on the ground rebuilding communities with greater speed and accountability.

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. Congressional appropriation of CDBG-DR after the worst disasters has become the rule, not the exception. Congress appropriated CDBG-DR funds for disasters occurring in almost every year since 2010. After each supplemental appropriation, there is a significant delay in the flow of funds, because HUD assesses uninsured damage and unmet needs and then writes a new set of waivers and alternative requirements to guide grantees. CDBG-DR grantees then 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. Meanwhile families wait in unsafe housing, in hotels, or doubled up with other families. While reducing the time it actually takes to rebuild housing and infrastructure is challenging, codifying CDBG-DR will reduce bureaucratic delay in moving resources from Congress to the ground.[5]

Even after Congress has done its part to appropriate CDBG-DR dollars, homeowners may have to wait 18 months or more to receive the benefit of them because HUD and its grantees are not immediately prepared to implement them. This unnecessary delay compounds the harm that individuals and families

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[5] Martin, Carlos. "The Evidence Base on How CDBG-DR Works for State and Local Stakeholders." May 17, 2018. https://www.urban.org/sites/default/files/publication/98463/the_evidence_base_on_how_cdbg-dr_works_for_state_and_local_stakeholders_0.pdf

suffer. Homeowners stretch their finances to pay for repairs. 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. Homeowners whose homes suffered the worst damage may later receive both repair dollars and interim mortgage assistance to prevent them from having to pay both the mortgage and rent on a temporary home.

**ENSURE THAT DISASTER FUNDS SERVE THE HARDEST HIT AND RESULT IN FAIR OUTCOMES**

It's often said that storms, tornados, and fires are equal-opportunity disasters, causing damage regardless of race or income—but anyone who works in disaster recovery knows that this is not the full picture. While disasters are agnostic to whether a neighborhood is high or low income, low-income households and vulnerable communities generally pay the highest price when a major disaster strikes.[6] Low-income populations and communities of color are less likely to have the resources necessary to prepare for a storm and are more likely to be housing-cost burdened and lack savings before disasters strike. Evacuating alone can be too costly for many, given that fewer than 40 percent of Americans have enough savings to cover a $1,000 emergency.[7] Socially vulnerable populations are more likely to live in physically vulnerable areas that have greater natural hazard risks due to historical, economic, and political factors, and thus cost less than homes in safer locations. Lower-quality homes are less stable in the high winds of hurricanes and tornados, posing additional risk to individuals and families who cannot afford to pay for something safer.

Experience shows that natural disasters exacerbate wealth inequality. Disadvantaged communities are oftentimes the slowest to recover, because they have the most difficulty accessing recovery funds [8] and often get the short end of the stick when resources are allocated[9]. Disaster recovery programs have too often prioritized homeowners over renters, who are more likely to be lower-income and people of color. For example, HUD's largest fair housing settlement resulted from New Jersey's failure to fairly balance resources to address the rebuilding of apartment buildings, mobile homes, and single family homes and communicate the ability of assistance to people of limited English proficiency.[10] Survivors should not have to sue to access the assistance Congress appropriated for them.

The CDBG-DR process is an opportunity to address existing housing disparities across disaster-impacted areas and prevent resegregation of cities and regions. In order to better target recovery funds to the residents with the greatest needs, in making formula allocations, HUD's unmet needs calculations must better consider pre-existing factors like poverty and income. To maximize the impact of their disaster

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[6] Krause, Eleanor, Reeves, Richard V. "Hurricanes hit the poor the hardest." September 18, 2017. https://www.brookings.edu/blog/social-mobility-memos/2017/09/18/hurricanes-hit-the-poor-the-hardest/

[7] Blatchford, Laurel. "Climate Change Disproportionately Affects Low-Income Communities." December 7, 2018. https://www.enterprisecommunity.org/blog/2018/12/climate-change-disproportionately-affects-low-income-communities

[8] Goldberg, Eleanor. "Hurricane Victims Who Need the Most Help Have the Hardest Time Getting It." November 9, 2018. https://www.huffingtonpost.com/entry/hurricane-victims-hard-time-relief_us_5bd8cf4ce4b0da7bfc14d4d5

[9] Capps, Kriston, " Why Are These Tiny Towns Getting So Much Hurricane Harvey Aid?" October 3, 2018. https://www.citylab.com/equity/2018/10/whos-losing-out-on-hurricane-harvey-aid-in-texas/571327/

[10] "HUD and New Jersey Announce Agreement to Expand Hurricane Sandy Recovery Programs." May 30, 2014.https://archives.hud.gov/news/2014/pr14-062.cfm

recovery programs, HUD should teach grantees to adopt approaches that recognize the impact of implicit bias, racial inequities and systemic prejudices. Grantees and HUD should prioritize recovery assistance not only based on the economic loss directly caused by a disaster but should also consider the pre-existing economic conditions of communities pre-disaster and how that affects how severe the post-disaster needs are.

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. Equitable practices may include prioritizing multifamily rental projects built in low-poverty neighborhoods. HUD should conduct greater oversight of program outcomes by collecting data on where unmet needs were greatest and who was served overlaid with census level data on income, race, education, and housing situation.

CDBG-DR provides states and communities the flexibility to address their unique recovery and mitigation challenges, but outcomes need to be better tracked to ensure that funds are being spent on the most impacted households. Grantees should improve their community engagement and information sharing efforts. Enterprise supported the City of Houston in their impressive community engagement process to ensure that the rebuilding program incorporated a diverse range of stakeholder voices that accurately represented community needs and goals. In May and June of 2018, Houston's Housing and Community Development Department convened 17 public meetings, 8 focus groups, and gave 7 presentations. HUD should encapsulate best practices so that new grantees can learn from other successful community engagement processes.

**MITIGATION IS AN ESSENTIAL PART OF FEDERAL INVESTMENTS IN RECOVERY**

Individual extreme weather events like hurricanes and wildfires might be challenging to predict, but their impact on property and safety are predictable and preventable through mitigation. The increasing intensity and frequency of natural disasters we are already seeing, compounded by sea level rise and changing precipitation patterns, will continue to place more people in harm's way. Floods are by far our nation's most costly disasters. According to research from the Union of Concerned Scientists, properties at risk of chronic coastal flooding by 2045 house about 550,000 people and contribute nearly $1.5 billion today's property tax base.[11] As more people continue to move towards vulnerable coastal areas, the risk of major disasters will continue to mount. Furthermore, changing precipitation patterns can also devastate communities - such as what the Midwest has experienced this month - when too much rain falls over regions in short periods of time.

CDBG-DR allows states and localities to rebuild in a forward-facing manner, not putting back what was lost as it was, but rather rebuilding stronger and safer so that federal dollars do not put people back in harm's way. Uses of CDBG-DR for mitigation include buying out homes most likely to experience

[11] "Underwater: Rising Seas, Chronic Floods, and the Implications for US Coastal Real Estate. 2018. https://www.ucsusa.org/global-warming/global-warming-impacts/sea-level-rise-chronic-floods-and-us-coastal-real-estate-implications

repeated flooding and moving residents to higher ground, 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 applauds Congress's commitment to making communities safer by providing mitigation dollars in the recent CDBG-DR appropriations, and we are pleased to see HUD's ongoing commitment to ensuring that properties that are newly constructed or substantially reconstructed after disasters are built with an eye toward the future.

Mitigation measures have been proven to more than pay for themselves. A FEMA-endorsed study by the National Institute of Building Science found that taxpayers save an average of $6 in future disaster recovery costs for every dollar spent on hazard mitigation.[12] At Enterprise, we saw that firsthand in 2017.When a very heavy rainfall flooded New Orleans, residents found their streets waist-deep in water, but the new Faubourg-Lafitte development escaped harm[13] because homes were built two feet above the base flood elevation, taking into consideration the possibility of future harm. Water did not breach the first floor, so homes were unharmed and there was no need to make a claim on the development's National Flood Insurance Program policy. While building two feet above the base flood elevation was not required at the time, HUD now wisely requires that level of elevation when properties in the flood plain are substantially assisted with recovery dollars.

Many communities and homeowners do not fully understand their risk of disasters, especially flooding. Research suggests that FEMA flood maps only account for one-third of buildings at risk of serious flooding.[14]HUD requires elevation of critical facilities, such as nursing homes and hospitals, even higher above the base flood elevation when they are located in flood plains and substantially assisted with CDBG-DR. We recommend that Congress codify these standards for both CDBG-DR and non-disaster CDBG funds, since the need for mitigation is based on the risk of future harm, not the source of funds used for construction. There is no reason why HUD's various programs should apply different elevation standards for buildings, and the lack of consistency generates unnecessary red tape for grantees who may need to demonstrate compliance with multiple federal standards.

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. The federal government must also significantly increase investments in hazard mitigation and increase awareness about the actual hazard risks communities face.

Congress and this Committee in particular have shown bipartisan leadership on improving the disaster recovery process and the CDBG-DR Program. We thank Chairman Green from Texas for initiating this bipartisan effort and thank Representative Wagner from Missouri for taking a stand on this issue last Congress. We look forward to working together to enact solutions that better protect safety and property in communities, result in fair outcomes for the most vulnerable households, and ensure that taxpayer dollars are invested with an eye towards the future.

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[12] National Institute of Building Science, https://www.nibs.org/page/mitigationsaves
[13] The Times-Picayune's Michael DeMocker captured a photo of the 2017 flooding at this property:http://www.nola.com/politics/index.ssf/2018/05/root_cause_report_aug_5_sewera.html.Note that while the street is severely flooded, the floodwaters are below the doorway.
[14] Wing, Bates, Smith, et al. "Estimates of present and future flood risk in the coterminous United States. *Environmental Research Letters.* http://iopscience.iop.org/article/10.1088/1748-9326/aaac65/pdf

MITIGATION RECOMMENDATIONS

These recommendations were developed by Enterprise Community Partners after consultation with experts with significant disaster recovery, mitigation, and resilience planning experience. The recommendations are predicated on the notion that the HUD mitigation dollars are just a down payment on the full mitigation needs of communities nationwide; that they are intended to encourage mitigation actions that cannot be funded (or are unlikely to be funded) with conventional CDBG-DR funds, or with normal FEMA Hazard Mitigation Grant Program funds; that the HUD funds are not intended to fund the same activities as the funds appropriated for Corps of Engineers flood and storm damage reduction projects; and that at some point HUD or others will report on the relative benefits that these mitigation dollars provide (relative to recovery expenditures). These recommendations are also biased toward use of the funds that deliver on-going, long-term benefits to grantees in terms of future risk and hazard understanding and mitigation.

**1) Require and support local determinations of current and future risk from all hazards.**

Risk and vulnerability vary among communities. A community with fewer resources faces greater vulnerability to hazards like floods, wind, and fire than a community with more resources. Resources should therefore be parsed out to support the underlying vulnerabilities faced by communities. Grantees should invest mitigation funds in projects relative to risk and benefit to LMI communities, and each overall mitigation plan must consider the regional systems affecting risk, including codependencies and cascading impacts, such as water, power, health, and the environment. Maximizing the use of resources for planning will allow grantees to better comprehend their current and future risk and ensure that this unprecedented investment of taxpayer dollars will not throw good money after bad. The mitigation and resilience field is growing by leaps and bounds due to advances in science and technology, and requiring grantees to incorporate multidisciplinary perspectives on mitigation will ensure best efforts to protect people, property, jobs, and sensitive natural habitats from harm, lessening the possibility that federal funds will be needed to rebuild and recovery these areas in the future.

Specific recommendations:

- Direct grantees to spend a fixed percentage of their grant on planning. That percentage should be set by regulation or Federal Register Notice, taking into consideration the size of the grant. For grants below $1 billion, we recommend that grantees be required to spend 15 percent on planning. For grants greater than $1 billion, grantees should be required to spend a minimum of $150 million or three percent, whichever is greater.
- If not already developed and in use, require grantees to develop a comprehensive mitigation plan as well as other plans that address specific storm impacts (e.g. drainage plans in areas subject to repetitive flooding); are forward looking taking into account the likelihood of disasters based on a prospective rather than retrospective evaluation of risk; and require that these plans be used to form the basis for any proposed projects. Grantees lacking these plans, should be required to develop such a plan as part of their initial implementation plan. We recommend that HUD explicitly include universities in this planning process to tap into existing technical and local

expertise. Grantees should ensure that new mitigations are aligned with existing comprehensive, land use, transportation, and economic development plans.
- Require grantees to conduct an upstream risk assessment to rank order the risks facing each impacted area and use that assessment to fund projects in an objective manner.
- Clarify that states may use CDBG-DR Mitigation funds towards projects addressing risks and hazards across the entire jurisdiction, not just the most impacted and distressed areas affected by prior disasters, given that the benefits to low- and moderate-income communities is demonstrated.
- Use a portion of the CDBG-DR TA set-aside to educate grantees about successful planning efforts from past grants, including through Iowa's recovery from 2008 floods, the Greater New Orleans Water Plan, HUD's Rebuild by Design competition and National Disaster Resilience Competition, and NY Rising.

**2) Maintain a continuous feedback loop on whether programs are sufficient to meet community needs with evergreen CDBG-DR community participation requirements.**

Given the historic scale of CDBG projects possible with CDBG-DR mitigation funds and the experience of past communities recovering from major disasters, we recommend carving out a role for public engagement throughout the life of the grants. This ongoing engagement can take many forms but must facilitate and document ongoing community input in both the planning and implementation of mitigation projects. Structured bodies for feedback on multi-million dollar initiatives will help ensure that they achieve their objectives and best positions the grantees to see what their programs and projects may be missing. This may also reduce litigation risk.

Specific recommendations:

- Direct grantees to conduct a minimum number of public hearings to maximize community input and buy-in and for all major projects and programs.
- Direct grantees to create advisory bodies of affected populations (including homeowners participating in buy-out programs, small business owners receiving loans for their properties, residents and businesses living near infrastructure projects with $50 million or more of federal funding, etc.) to consider ongoing decisions and input as programs and projects progress. Advisory bodies should produce periodic reports detailing why proposed changes were accepted or not accepted.

**3) Encourage grantees to maximize the use of one-time funding through loans, guarantees, and creative financing vehicles that allow one dollar to support multiple projects over time.**

Specific recommendations:

- Incentivize states/localities to put their own funds towards mitigation through a disaster resilience enhancement fund. Such a program could include a 1:1 match for each dollar grantees put towards mitigation and require a local/state match of HUD funds. Specify that eligible activities include creation and capitalization of mitigation banks (which may require waivers) as well as grants to CDFIs and other economic development entities for loans or other forms of credit subsidies to individual property owners.

- Allow funds to be used for payments in lieu of taxes (PILOTs) for up to 10 years as a result of lost tax base from private property buyouts.
- Require that program income generated must be used for mitigation, so that CDBG-DR Mitigation funds do not lose their designated purpose for mitigation.
- Allow funding to be used to capitalize a local, regional, or state-level Resilience Revolving Loan Fund to Incentivize states/localities to put their own funds towards mitigation through a disaster resilience enhancement fund. Such a program could include a 1:1 match for each dollar grantees put towards mitigation and require a local/state match of HUD funds.
- Permit communities across jurisdictions to pool mitigation resources to address regional watershed and other multi-jurisdictional challenges.

**4) Identify and expedite activities known to mitigate risk.**

Spelling out known mitigation activities in the CDBG-DR Mitigation Notice will save grantees from facing uncertainty about major categories of activities or the burden of requesting waivers or making lengthy determinations beyond initial benefit-cost analyses that projects do in fact mitigate risk.

Specific recommendations:

- Explicitly state that eligible hazard mitigation projects include all activities permitted in FEMA's Hazard Mitigation Grant Program and Pre-Disaster Mitigation Program.
- Create catalogue of best practice mitigation strategies states can pre-approve and pre-authorize for grantees.
- Maintain properties that have flooded multiple times as open space in perpetuity and deed restricted, or used productively for water management or similar mitigation purposes.
- Encourage grantees to use funds for green infrastructure projects or other nonstructural, nature-based flood protections that are known to adapt to as well as mitigate flood risk and provide multiple co-benefits. Also allow funds to be used for operation and maintenance of green infrastructure projects.
- Allow and encourage other activities that reduce risk and benefit LMI communities.

**5) Set physical standards for mitigation projects that meet or exceed the standards laid out in previous CDBG-DR Federal Register notices and permit the use of funds for adoption and enforcement of forward-looking building codes and land use regulations**

We recommend that HUD continue its strong standards for requiring elevation of flood-prone buildings and infrastructure above the base flood elevation, taking into consideration future risk. We note that Congress codified standards similar to HUD's own for the military in last year's National Defense Authorization Act. Recovery and mitigation dollars will have the greatest possible impact if they can influence the use of non-HUD funds. As knowledge about risk and mitigation measures increases, so must building codes and land use regulations.

Specific recommendations:

- Require that rebuilding and replacement of substantially damaged structures (i.e., structures damaged in excess of 50% of their value, including both buildings and infrastructure) be conducted in accordance with HUD's February 9, 2018 Federal Register Notice.

- Where appropriate, mandate that future environmental conditions over the design life of new facilities and infrastructure be incorporated into hazard mitigation planning, construction designs, and modifications, such as language that is included in the recent FY 2019 National Defense Authorization Act (NDAA).
- Allow funds to be used for preparation of educational materials and briefings about the connection between known risk and available mitigation options and technical drafting service for the appropriate legislative body.
- Incentivize grantees to require adoption of forward-looking building codes and land use regulations that mitigate risk as a condition of receipt of funds by governmental subrecipients.
- Incentivize grantees to use funds for time-delineated initiatives that include the enforcement of existing building codes and standards, staff and administrative purposes, and the development and adoption of more protective building codes and land use ordinances.
- Require projects to consider design standards and approaches so that they can accommodate future adaptations and modifications to address changing future conditions (e.g. flooding from extreme precipitation events and sea level rise beyond 2050 could follow a range of trajectories, so it may make sense in certain circumstances to build to a certain level now and use a design that could be built to a more protective standard at a later date). Grantees may use funds for technical assistance to assist in developing forward-looking codes.

**6) Prioritize use of taxpayer dollars for projects that both reduce risk and deliver other needed benefits for low- and moderate-income communities**

The influx of millions or even hundreds of millions of dollars into local communities presents what may be a once-in-a-lifetime opportunity to address systemic challenges like jobs available to entry-level workers and areas safe from natural hazards for vulnerable populations, in keeping with the statutory purpose of the CDBG Program to create livable communities. The mitigation projects in Norfolk, Virginia and New Orleans, Louisiana are good examples of neighborhood-based initiatives that, not only create a healthier, greener environment, but also create jobs for residents. These mitigation projects and others conducted by CDBG-DR grantees have demonstrated model approaches to realizing multiple benefits and spending each dollar multiple ways (such as parks that absorb flood waters during storms and provide recreation to the community every day).

Specific recommendations:

- Require that mitigation projects deliver a benefit greater than risk reduction alone.
- Encourage CDBG-eligible activities that produce risk reduction along with other co-benefits to low-income communities.
- Prioritize mitigation investments in communities with the highest vulnerability to hazards.

**7) Section 3 requirements to ensure that training and job opportunities created with CDBG-DR funds are actually made available to and occupied by low-income residents**

Section 3 of the HUD Act of 1968 (12 USC 1701u) requires that certain HUD-funded contracts support employment and opportunities for training go to low-income residents. CDBG-DR funding provides exactly the kind of funding that can be used to ensure that it is feasible to connect low-income local residents to training and job opportunities across a grantee's mitigation platform. CDBG-DR grantees must also address the needs of affected small businesses. While programs do exist to support small businesses after disasters, most small businesses have never applied for a loan and past recovery efforts show that small businesses usually need help understanding and applying for disaster recovery loans.

Specific recommendations:

- Require dedicated Section 3 coordinators who actively train contractors and subrecipients on requirements and best practices; host job fairs to match employees with opportunities; report regularly to HUD; and share lessons learned with HUD on an annual basis.
- Create a network of peer-to-peer exchange among Section 3 coordinators and hold annual conferences and webinars so that the rest of the nation can understand and learn from their efforts to implement the statutory purpose of Section 3.
- Encourage grantees to address the small businesses climate disaster vulnerabilities by setting aside grant funds to community organizations that work closely with small businesses to offer technical assistance and business counseling.
- To ensure that best efforts are made and result in actual advancement of low-income workers, the CDBG-DR Section 3 requirements can be more direct – and align with evolving industry practices:
    - Instead of 30% local hire being a "best effort" by CDBG-funded contractors, require that it is a minimum industry standard.
    - Require compliance by ensuring that the contractors provide certified payrolls that will demonstrate when an eligible individual is hired, retained over time, and properly compensated for their work.
    - Provide ongoing monitoring to enhance compliance and quickly address any questions or clarifications.
    - For bid opportunities, provide weight and value in a contractor having met, if not exceeded, the local hire requirements. In effect, contractors that meet the letter and intent of the local hire requirements will be providing a needed local community economic and employment benefit – as well as future competitive benefit and advantage for themselves during future CDBG-funded competitions. If key stakeholders believe these requirements may pose a challenging regulatory barrier, make the CDBG-DR mitigation local hire require a pilot – and then rigorously evaluate each funded project's work requirement formation and outcomes to determine best practices, which can be applied in the future.

**8) Require grantees and any jurisdiction receiving funding as a subgrantee to use a portion of their funding to gather, assess, and disseminate updated hazard risk information.**

Many homeowners and small business owners do not know or accurately understand their natural hazard risk, while many others don't know what they can do to address it. For flooding, providing survey elevation certificates or other types of elevation information informs individual owners of the base flood elevation and allows the grantee to create or supplement a centralized database of flood risk. Grantees can then better assess the need for community-scale infrastructure solutions (such as berms, flood walls, pumps, levee setbacks, living shorelines, etc.) and tailor site-specific solutions for individual property owners (such as loans for small business owners or non-LMI homeowners to elevate their properties). In addition, the degree to which mitigation measures reduce a community's overall natural hazard risk profile can only be determined if such a profile has been developed. It is important that cities, counties, and states all understand their risk profile and have established methods by which to measure its change over time.

Specific recommendations:

- Require survey elevation certificates for all properties that receive HUD funding or are insured by the National Flood Insurance Program.
- Allow funding to be used for acquisition of area-wide elevation data, using technologies such as LIDAR, for use in hazard mitigation planning or advisory flood map creation.
- Allow funding to be used to create Advisory Flood Maps that account for future conditions that exacerbate flood risk, like sea level rise, land subsidence, extreme weather events and projected development as well as socio-economic factors that identify areas of vulnerable populations. *Advisory maps do not affect FEMA/NFIP flood insurance premiums.*
- Allow funds to be used to update existing Flood Insurance Rate Maps (FIRMs) or update wildfire hazard maps.
- Encourage funding for resilience audits of single and multi-family residential properties to identify both specific and area-wide solutions and recommendations.
- Encourage funds to be used to establish standardized multi-hazard risk profiles at city, county, and state levels.
- Encourage funds to be used for hydrologic and drainage studies, particularly in urban areas for which none exist.

**9) Educate property owners of the importance of implementing both individual and area-wide mitigation measures as a means of reducing the cost of flood insurance.**

Given the tremendous amount of taxpayer dollars used to repair and rebuild private properties without flood insurance, we recommend that the Department coordinate with FEMA to require specific reporting on flood insurance coverage and implement requirements related to flood insurance coverage.

Specific recommendations:

- Allow funding to be used for flood insurance outreach and enrollment events and activities, including funding sub-recipients to undertake these activities.
- Require grantees to set and meet targets for increasing flood insurance coverage among the general public—not just among recipients of federal funds who are required to obtain and maintain flood insurance.
- Require that subrecipients certify that any buildings or infrastructure built, rebuilt, retrofitted, or repaired are covered by flood insurance, that subrecipients certify that they are self-insuring,

or that they have secured other financial instruments (such as catastrophe bonds or resilience bonds) that will provide funding to address future repairs or replacement.
- Set up educational programs that teach mitigation in schools.

**10) Conduct performance measurement on mitigation investments.**

Grantees must conduct an impact and outcome analysis with every project and the overall program using a HUD-prescribed approach so that success can be measured across grantees and time. While previous Federal Register Notices established measures for reporting on CDBG-DR grants for unmet need, the performance of the mitigation investments needs to be measured over a longer period of time in order to capture to full impact of the mitigation projects on risk reduction. These longer-term performance measurements will be essential to informing future mitigation investments.

Specific recommendations:

- Require grantees to report mitigation activities in the DRGR system to collect data for HUD review, including Quarterly Performance Reports.
- Require grantees to continue tracking mitigation investments for no less than 10 years following project completion data to measure the performance of mitigation investments.
- Share performance data among grantees so that grantees can learn from best practices.

Thank you again for the opportunity to submit this testimony.