



U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT
WASHINGTON, DC 20410

**Written Testimony of Yolanda Chávez
Deputy Assistant Secretary for Grant Programs, Office of Community
Planning and Development, U.S. Department of Housing and Urban
Development (HUD)**

**Hearing before the House Subcommittee on Economic Development, Public
Buildings and Emergency Management**

FEMA Reauthorization: Recovering Quicker and Smarter

Wednesday, September 18, 2013

Chairman Barletta, Ranking Member Carson, and Members of the Subcommittee, thank you for the opportunity to testify today regarding disaster recovery efforts related to Superstorm Sandy and other post-Sandy disasters. As the Deputy Assistant Secretary for Grant Programs in the Office of Community Planning and Development at the Department of Housing and Urban Development (HUD), I am responsible for overseeing key programs that promote affordable housing and community development, including the Community Development Block Grant (CDBG) program and CDBG-Disaster Recovery (CDBG-DR) grants. These grants have played a critical role in helping communities recover from and rebuild after natural disasters like Superstorm Sandy.

In my testimony today, I will cover five subjects: 1) federal agency coordination on Sandy and post-Sandy disasters; 2) how HUD is ensuring that disaster recovery funds are being used only to meet unmet needs not addressed by other federal agencies or other sources of assistance; 3) efforts by the Department to minimize waste, fraud and abuse of disaster recovery resources; 4) the status of allocations made pursuant to the Disaster Relief Appropriations Act, 2013; and 5) areas in which federal recovery efforts could be improved.

Federal Agency Coordination on Sandy and Post-Sandy Disasters

President Obama directed HUD Secretary Donovan to lead coordination of the Federal action relating to Superstorm Sandy rebuilding efforts, and issued an Executive Order on December 7, 2012, designating him as chair of the Hurricane Sandy Rebuilding Task Force. The Secretary also plays an important role in federal

disaster recovery in his capacity as HUD Secretary under the National Disaster Recovery Framework (NDRF).

The NDRF addresses the short, intermediate, and long-term challenges of managing disaster-related recovery. It recognizes the key role of States, Territories, tribes and local governments in such efforts, and provides flexible guidelines that enable Federal disaster agencies to collaborate and cooperate effectively with these entities.

Under the NDRF, HUD plays an important role in recovery from major disasters like Sandy. It is involved in carrying out several Federal recovery support functions, which provide the coordinating structure for Federal efforts to support state and local governments and tribes by facilitating problem solving, improving access to resources, and fostering coordination among all participants in recovery efforts. The Department is tasked under the NDRF as the coordinating agency for the housing recovery support function, and is charged with coordinating and facilitating the delivery of Federal resources and activities to assist local, State and Tribal governments in the rehabilitation and reconstruction of destroyed and damaged housing and the development of other new accessible, permanent housing options, where feasible.

The Secretary's responsibilities as chair of the Hurricane Sandy Task Force were carried out in coordination with the NDRF and have involved cooperating closely with FEMA and the other agencies already involved in recovery efforts. The goal is to coordinate Federal support as State and local governments have identified priorities, crafted individual rebuilding plans, and have begun implementation.

Federal agencies have acted in partnership through the Task Force, sharing best practices, coordinating rebuilding efforts and developing smarter and more efficient mechanisms to enhance mitigation efforts and resiliency in communities recovering from disaster. The President's executive order called for the Task Force to develop a comprehensive regional rebuilding strategy, which was delivered to the President on August 19, 2013. The strategy offers a series of recommendations and identifies the appropriate agencies and vehicles to further strengthen federal efforts to rebuild the Superstorm Sandy-impacted region.

CDBG-DR Allocations

With respect to HUD's CDBG-DR program, the Disaster Relief Appropriations Act, signed by President Obama on January 29, 2013, provided \$16 billion in CDBG-DR funding to address Superstorm Sandy and other qualifying events that occurred in 2011, 2012 and, prospectively, 2013.¹ The Department has since moved aggressively to implement the law and to ensure that the specific requirements of the Act, as crafted by Congress, are fully met.

¹ Since these funds were appropriated in FY2013, they were subject to sequestration. This has reduced the amount of CDBG-DR funds available under the Act to \$15.2 billion, a 5 percent reduction.

On February 6, 2013 – eight days following the President’s signature - the Department announced the first allocation of \$5.4 billion of funds under the Act, to five states and the City of New York to support their efforts to recover from the damage caused by Superstorm Sandy. By March 5, 2013, the Department published a Federal Register Notice outlining the requirements for the use of these funds.

The Department has approved – again, in record time - action plans for all five states – New York, New Jersey, Connecticut, Rhode Island and Maryland – as well as for the City of New York with recovery efforts well underway in each of these jurisdictions. .

HUD/FEMA/SBA Coordination

This unprecedented unified recovery and rebuilding effort was made possible in part through enhanced coordination with other federal agencies under the auspices of both the NDRF and the Task Force. HUD is also working closely with our longstanding partners, FEMA and SBA, in the implementation of the Disaster Relief Appropriations Act. HUD relies on data and the financial assistance provided by FEMA and SBA to determine the unmet housing, economic revitalization and infrastructure needs that remain to be addressed using CDBG-DR funds. As I will discuss later in my testimony, this collaboration among federal agencies plays a critical role in determining the full range of resources needed to address both short- and longer-term needs of communities impacted by a disaster.

HUD and FEMA coordination, however, extends beyond data sharing. We have, for instance, worked closely with New Jersey and New York State to address short-term concerns related to environmental permitting and review inefficiencies in disaster recovery. In developing our response to Sandy, FEMA and HUD recognized that a single federal review, sufficient for both agencies, could expedite the review of housing recovery projects in the State of New Jersey. To that end, FEMA, HUD, and their local counterparts worked together to find efficiencies in environmental review requirements associated with housing recovery projects that leveraged both HUD and FEMA funds. The efforts of HUD and FEMA in New Jersey will avoid the delay that could otherwise be caused by sequential and redundant reviews of housing projects, thereby expediting housing recovery in New Jersey. HUD and FEMA are also pursuing similar approaches to expedite environmental review with the State and City of New York.

Another success in expediting the review processes has been through an expanded use of a model Programmatic Agreement that was developed by FEMA for historic preservation reviews. In the aftermath of Superstorm Sandy, FEMA worked with the New Jersey State Historic Preservation Officer (SHPO), the New Jersey State Office of Emergency Management, the Advisory Council on Historic Preservation (ACHP), and four Indian Tribes to develop an agreement that would satisfy state and federal historic preservation compliance requirements. The result was a significantly accelerated timeframe for agency consultation with the SHPO, the exemption of small scale projects from further review, and the creation of treatment measures to resolve adverse effects to historic properties. Normally, each federal agency develops its own Programmatic Agreement for historic preservation reviews of its projects. Following Superstorm Sandy, HUD took a new approach. HUD proposed and worked with FEMA, SHPO and the ACHP to develop an addendum to the FEMA agreement that allows the New Jersey Department of Community Affairs, as the HUD grantee, to use the same terms and

process to satisfy its compliance responsibilities for projects that use only CDBG-DR funds. Similar FEMA Programmatic Agreements and similar addendum documents have been executed for the State of New York and New York City. Use of the same review terms for both FEMA and HUD projects eliminates duplication and confusion in compliance with historic preservation requirements related to disaster recovery projects..

Ensuring Use of HUD CDBG-DR Funds for Unmet Needs

With substantial federal resources flowing to both communities and entire regions, HUD has established policies and procedures to avoid duplication of benefits, in compliance with section 312 of the Stafford Act. These policies will help ensure that CDBG-DR funding supplements, but does not duplicate the recovery assistance provided by FEMA, SBA, the Army Corps of Engineers, and other public and private sources.

It is our experience that guarding against this “duplication of benefits” is one of the greatest challenges facing grantees in their implementation of federally funded disaster recovery programs. In 2011, the Department published specific guidance to help state and local governments streamline their compliance with Stafford Act requirements related to the duplication of benefits. The Department recently provided Sandy grantees with additional guidance on this topic to further accelerate recovery efforts.

The Department’s efforts to guard against duplication of benefits was also strengthened by a provision of the Disaster Relief Appropriations Act that requires grantees and the Department to certify the adequacy of grantee internal controls, including those related specifically to the duplication of benefits. This certification must occur prior to the Department’s approval of an action plan, providing an additional, up-front look at this important issue.

HUD also requires grantees to set forth in their CDBG-DR action plans the procedures to be employed to ensure that HUD funds are to be used only to “fill the gaps” after other sources of disaster assistance have been provided. Grantees are also required to maintain sufficient documentation in individual program files to substantiate determinations that CDBG-DR funds do not constitute a duplication of benefits provided from another resource.

In March, 2013, HUD also convened a three day training session for grantees receiving funds under the Act, with a session devoted to the policies and procedures that have proven most effective in guarding against the use of multiple sources of funding to address the same need. More recently, through the Department’s OneCPD Technical Assistance Initiative, HUD has deployed technical assistance providers, who are subject matter experts, to work with grantees in developing appropriate safeguards to help ensure that our funds are being used only to address unmet needs that have not been addressed by other sources of funding.

Combating Waste, Fraud and Abuse

In response to the Disaster Relief Appropriations Act, HUD has also redoubled its efforts to minimize waste, fraud and abuse of CDBG-DR funds. The Act and subsequent guidance issued by the Office of Management and Budget compel federal agencies to work closely with their respective offices of inspector general, and HUD is actively engaged with its own Office of the Inspector General (OIG) on this front.

Representatives from HUD OIG have attended, as both participants and presenters, HUD disaster recovery training for our grantees. HUD CDBG-DR officials have similarly served as presenters at training sessions convened by the OIG for its agents and auditors who are focused on disaster recovery. Through monthly conference calls and more informal interactions, we are working with our OIG to identify potential issues and areas of concern that both the program office and the IG can address.

The Disaster Relief Appropriations Act has also prompted the Department to reinforce its own internal controls for combatting waste, fraud and abuse in disaster recovery, through a new internal control plan governing these funds that has been submitted to OMB, GAO and House and Senate appropriators. The internal control plan sets forth the policies and procedures that the Department will deploy, from “cradle to grave,” to guard against the misuse of funds.

Here again, the Act’s requirement that grantees provide evidence of their own internal controls and procurement processes, and that the Department certify to the adequacy of those controls prior to approving a grantee’s action plan, has also introduced an important new oversight tool to guard against waste, fraud and abuse. The Department has also committed to an enhanced level of technical assistance and monitoring for Sandy grantees, with bi-annual, on-site monitoring to review each grantee’s implementation of its action plan, including the extent to which a grantee is acting to avoid any duplication of benefits. It should be noted that this enhanced, technical assistance and on-site monitoring is possible only because of the \$10 million in administrative funding provided by Congress in the Act.

Allocations Under the Disaster Relief Appropriations Act, 2013

The initial \$5.4 billion allocation of funds from the Disaster Relief Appropriations Act to Sandy grantees was informed by FEMA and SBA data related primarily to housing and economic development needs. The action plans submitted by those grantees in response to that allocation have also generally been oriented to these two areas of recovery. Historically, and in the case of Sandy, FEMA data assessing infrastructure damage from a disaster accumulates more slowly, and subsequent allocations of funds for Sandy recovery will be informed by the FEMA infrastructure data and will be targeted primarily to those needs.

In addition to this \$5.4 billion allocation, on May 29, 2013, the Department allocated an additional \$514 million from the Act to 21 state and local governments to assist in their recovery from 2011 and 2012 disasters. This allocation includes nearly \$30 million to the Commonwealth of Pennsylvania, as well as \$9.5 million to Luzerne County, Pennsylvania and \$7.6 million to Dauphin County, Pennsylvania, to continue to address recovery needs from the damage caused by Hurricanes Irene

and Lee. Many of these grantees are working on development of their action plans, with many having already submitted their internal financial controls and procurement process for review by the Department, as required by the Act. The deadline for the submission of action plans by these grantees was September 3, 2013, and the Department is working with each of these grantees to ensure that their plans meet the Department's requirements as well as reflect lessons learned from previous disasters.

The Act also authorizes the Department to provide recovery funds to address 2013 disasters. On August 30, the Department announced the allocation of \$26.3 million to the City of Moore, Oklahoma and \$10.7 million to the State of Oklahoma, for recovery from tornadoes and other storms that hit the state in May and June of this year. This was followed on September 3 with an allocation of \$28.8 million to the State of Illinois, the City of Chicago and Cook and DuPage counties for recovery from damage caused by heavy flooding and high winds in the spring of this year. The Department will shortly publish a Federal Register Notice outlining requirements for the use of these funds.

Improvements to the Recovery Process

In the wake of a disaster, the imperative is to provide timely and meaningful assistance to address both near-term needs and longer term recovery.

Providing federal agencies with increased flexibility is also an important element in ensuring a timely and meaningful response. The Disaster Relief Appropriation Act, for instance, authorizes the Department to adopt an environmental review, approval or permit by another federal agency as a means of satisfying HUD's own environmental requirements under the National Environmental Protection Act when HUD is jointly funding a project. As mentioned earlier, HUD, FEMA and the Responsible Entities (the CDBG grantees) took this kind of collaboration even further and developed a mechanism that eliminated multiple reviews for the same projects, thereby meeting both agencies' requirements and expediting the environmental review process.

Federal funding for disaster recovery is also a data-driven enterprise. The Department's longstanding collaboration with FEMA and SBA to assess the short- and long-term needs of communities confronting recovery would be enhanced through an effort to identify a single point of contact for disaster-related data within each agency and to improve the existing mechanisms for sharing data among federal disaster recovery agencies. Grantees, who must also rely on these data to inform their recovery plans, would also benefit greatly from central points of contact and a consolidated or standardized approach to the availability of federal disaster data.

Thank you again for the opportunity to testify today. I would be pleased to answer any questions you may have.