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RETHINKING DISASTER RECOVERY AND RESILIENCY: PROTECTING COMMUNITIES AND ACCELERATING ASSISTANCE, PART II

WEDNESDAY, MAY 19, 2021

U.S. SENATE,
SUBCOMMITTEE OF THE COMMITTEE ON APPROPRIATIONS,
Washington, DC.

The subcommittee met, pursuant to notice, at 10:01 a.m. in room SD–192, Dirksen Senate Office Building, Hon. Brian Schatz (chairman) presiding.

Present: Senators Schatz, Reed, Van Hollen, Collins, Boozman, Hoeven, and Kennedy.

DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT

STATEMENT OF MR. ARTHUR JEMISON, PRINCIPAL DEPUTY ASSISTANT, SECRETARY FOR COMMUNITY PLANNING AND DEVELOPMENT

OPENING STATEMENT OF SENATOR BRIAN SCHATZ

Senator SCHATZ. Good morning. This hearing will come to order.

This is our second oversight hearing to examine how departments under our jurisdiction manage disaster recovery programs and how we can make our communities more resilient to the effects of climate change.

Today's focus is on the Department of Housing and Urban Development. I want to welcome our witnesses to the subcommittee this morning. And thank Senator Collins for her leadership in examining these issues.

Across the country, Americans are feeling the effects of climate change every day. Last year alone this country faced 22 extreme weather and climate-related disaster events with losses exceeding $1 billion each. The most on record since NOAA started recording billion-dollar disasters in 1980.

Communities impacted by disaster are struggling to recover, and our Federal response is not equipped to deal with the repeated and severe events that are happening today. While FEMA and SBA are the lead agencies to respond immediately after a disaster, HUD's CDBG Disaster Recovery Program has become a key tool in the recovery process. Since 2005, more than $80 billion has been appropriated by this subcommittee for CDBG–DR.

These flexible funds have been critical to not only rebuilding, but also reshaping communities in the wake of catastrophic disasters for decades. But the funds take far too long to reach the people who need them the most. While programs through FEMA and SBA are intentionally designed to move quickly after disaster, they often fail to get help to those that need it the most. This is where HUD is well positioned to help fill the gap.

The assistance should not just go to the small business owner, it also needs to go to the small business worker, and not just to the homeowner, but the home renter. We also need to change how we finance recovery by establishing a fund for long-term disaster recovery at HUD. Communities need to know that there will be a next stage of assistance available for large-scale disasters. They should not have to wait for congressional action or for Federal notices to get started.

I am committed to working on a bipartisan basis on a revised authorization bill to make common-sense changes to accelerate assistance.

Today, we will also discuss how HUD can best support communities as they plan for the future and invest in resiliency. GAO has found that the Federal response to disaster risk reduction is reactive and fragmented. This needs to change. The Department should work with other agencies to build capacity support pre-disaster planning, and align policies and investments across Federal programs.

From my experience in disaster recovery, local governments often struggle to make different sources of funds work together. The work we do here can help to reduce the burdens and improve the outcomes. The American Jobs Plan offers $50 billion for resiliency activities, but we need to focus those resources to achieve targeted and tangible results. And this investment should be just the beginning.

I look forward to hearing from our witnesses and the members of this subcommittee on their experiences and their recommendations.

With that, I will turn it over to Ranking Member Collins for her opening statement. And I look forward to working with everyone to tackle these important issues.

STATEMENT OF SENATOR SUSAN COLLINS

Senator COLLINS. Thank you very much Chairman Schatz.

Today, as you have indicated, we hold our second hearing on disaster recovery and resiliency, this time focusing on the CDBG Disaster Recovery Program.

I want to welcome our two witnesses from HUD and the GAO, and thank them for joining us this morning.

Natural disasters affect housing and community infrastructure sometimes resulting in a scale of damage that state and local governments are simply unable to handle without Federal assistance. Helping to address this unmet need is an appropriate role for the Federal government.

Such Federal engagement occurs through several agencies. FEMA is responsible for providing the primary immediate response. The Small Business Administration provides a secondary level of support to businesses and homeowners, and HUD offers critical funding for the longer-term recovery efforts through the CDBG program.

The regular CDBG program provides state and certain local governments with the flexible block grant, allowing local decisions and needs to drive the use of the funds. This flexibility has made CDBG one of HUD's most popular programs with state and local governments, as well as one of the most sought after programs within the T–HUD Appropriation Bill, and if you look at the requests that we receive from our fellow senators.

The CDBG–DR program maintains this flexibility, which can be even more critical when responding to emergencies. In the nearly 30 years of CDBG–DR funding this program has provided nearly $90 billion for recovery efforts. Currently 62 grantees are administering 130 grants worth $67 billion.

These grants had been used to respond to hurricanes and winter storms, earthquakes and tornadoes, wildfires and floods, lava flows, and even recovery from terrorist attacks. Although it has been a critical resource for disaster-affected communities for nearly 30 years, oddly enough, the program has never been authorized and it could be improved.

The statutory framework for this program exists only in the individual Supplemental Appropriations Act. Since 1993 there have been 39 such supplementals. In some cases, a single supplemental has covered disasters across multiple years. And other times multiple appropriations have been provided for the same disaster, further complicating matters, and the statutory language has been modified over the years to reflect changing needs and lessons learned.

This ad hoc approach to the disaster program has meant that some grantees have had to concurrently administer multiple grants, applying slightly different rules and requirements for each one. This approach has also had, as the chairman mentioned, the unintended consequences of slowing the delivery of assistance to communities, sometimes by several years.

That makes it challenging for communities to proactively design effective disaster response programs and to meet the needs of their residents. Natural disasters are not partisan in their impact, and our response should not be either. We can and must find bipartisan solutions to disaster recovery, mitigation, and resiliency.

And I very much appreciate the chairman's leadership and commitment to work on a bipartisan basis to improve and authorize existing programs like CDBG–DR. We will be working together to develop bipartisan legislation with input from our committee members on both sides of the aisle.

The need for such legislation is clear and authorization would enable HUD to develop and issue clear and consistent program regulations. That would mean simpler management and streamlined oversight for those who are managing the grants for multiple disasters. It would help speed the delivery of critical assistance to recovering communities.

In any CDBG–DR authorization, however, it is critical that the programs remain flexible, such flexibility is needed given the geographic diversity of the potential recipients and the unique challenges presented by any particular disaster, as well as the fact that we may not be able to anticipate exactly what future disasters may look like.

The administration's proposed American Jobs Plan includes $50 billion for disaster resiliency, the plan apparently intends for these funds to flow through a number of new and existing programs, as well as new initiatives at the Department of Transportation, and new tax credit proposals.

Beyond this, however, the President's proposal does not include any details on the administration's intent for CDBG and the disaster program under CDBG. Today's hearing provides an opportunity for us to learn more about the administration's proposal and what it envisions for those programs.

I look forward to hearing from today's panel, and working with the chairman, and other members of this subcommittee to advance our shared bipartisan priorities.

Thank you, Mr. Chairman.

Senator SCHATZ. Thank you, Ranking Member Collins.

I want to now turn to our panel of witnesses before us today, and welcome both of you to the subcommittee.

First we have Mr. James Arthur Jemison, the second principal deputy assistant secretary of the Office of Community Planning and Development at the Department of Housing and Urban Development.

And next we will have Mr. John Pendleton, director of Financial Markets and Community Investment at the GAO.

Mr. Jemison, you may proceed with your testimony.

SUMMARY STATEMENT OF MR. AURTUR JEMISON

Mr. JEMISON. Thank you. Thank you. Chairman Schatz, Ranking Member Collins, and members of the subcommittee, I thank you for inviting me to testify here today.

Every year, millions of people across the country are affected by natural disasters. Disasters can have wide-ranging impacts, from physical injury, and even death, to loss of home, property and community.

Across the country American families are struggling to recover from natural disasters, ranging from hurricanes, floods, and landslides, to extreme heat and wildfires. Last year the country has had an ominous record, 22 disasters that each costs $1 billion or more worth of damage. This broke the prior record of 16 events that occurred in 2011 and 2017. We face a profound climate crisis and have a narrow moment to pursue action to avoid the most catastrophic impacts of that crisis and seize the opportunity that climate change represents.

As the President has stated, we must listen to the science and meet the moment. The President signed, Tackling the Climate Crisis at Home and Abroad Executive Order on January 27th, 2021, and charges the administration with implementing a government-wide approach to reduce climate pollution and increase resilience to the impacts of climate change.

We must also end the endless cycle of disaster recovery by focusing investment on increasing resilience and reducing climate emissions to slow the rate of climate change. The Department's fiscal year 2022 discretionary requests and the President's American Jobs Plan include critical investments along these lines. Given the increasing severity and frequency of natural disasters, a coordinated whole-of-government approach to disaster recovery and response requires a permanent and reliable framework.

HUD is uniquely positioned to carry out these priorities as we work with Congress to define HUD's role in disaster recovery through the CDBG Disaster Recovery Program, building on lessons learned from the existing approach of ad hoc supplemental appropriations acts.

HUD is currently managing over 67 billion in active CDBG disaster recovery grants, supporting communities across the country from Hawaii to Puerto Rico, North Dakota to Louisiana, and the U.S. Virgin Islands to California. In total, funds appropriated for supplemental appropriations for disaster recovery exceed the annual budget of our Department. We welcome opportunities to strengthen their effectiveness.

I want to highlight the Department's longstanding and ongoing relationship with the U.S. Government Accountability Office. The GAO reports on better monitoring of CDBG–DR grants, have led us to strengthen our reviews of grantee submissions, and improved guidance to grant managers.

In recent years, the Department has played a significant role in helping low-income communities recover from, and build resilience to natural disasters through CDBG–DR. The CDBG–DR program, including the CDBG mitigation investments, has a unique focus on long-term recovery and resilience efforts targeted to families with low and moderate incomes in the most impacted and distressed areas.

The focus is unique from other Federal disaster assistance programs administered by FEMA and by the small business administration, as well as the role of private insurance. While we work with Congress to develop a proposal that reflects the administration's shared priorities for disaster recovery programs, and incorporates lessons we have learned from our experience in CDBG–DR supplementals, the Department is developing a universal notice that will outline standing program requirements and an allocation notices to provide more clarity and transparency to grantees in the interim.

I have outlined program elements in my written testimony that directly address obstacles within the CDBG–DR program as it exists currently. HUD seeks a permanent, reliable framework for the future. These elements align with current research and approaches, as well as consistency with the administration's priorities, including tackling the climate crisis.

We look forward to working with Congress to maximize HUD's expertise, to ensure a reliable, whole-of-government approach to support the long-term recovery of communities devastated by natural disasters.

I look forward to your questions.

[The statement follows:]

PREPARED STATEMENT OF MR. JAMES ARTHUR JEMISON II

INTRODUCTION

Every year, millions of people across the country are affected by natural disasters. Disasters can have wide-ranging impacts, from physical injury and even death to loss of home, property, and community. Across the country, American families are struggling to recover from natural disasters ranging from hurricanes, floods, and landslides to extreme heat and wildfires. Last year, the country set an ominous record: 22 disasters that each caused $1 billion or more in damage.

This broke the previous record of 16 events that occurred in both 2011 and 2017. The science is clear. Climate change is making many of these disasters more frequent and intense. As the most recent National Climate Assessment documented, climate-related risk is rapidly increasing. These risks are compounded where there is aging infrastructure and as our population becomes more urbanized, and as growth continues along the nation's coastlines.

Essential local and regional infrastructure systems (e.g., water, energy, and transportation) are interdependent and increasingly disrupted by the effects of climate change. For example, heavy downpours, which are increasing nationally, can overwhelm combined sewer systems, where storm water runoff is combined with sewage from homes and businesses. During intense rainstorms, sewage can overflow into rivers, roads, and homes.

The National Climate Assessment has also documented that climate change disproportionate ly impacts older adults, children, low-income communities, and some communities of color. That is because existing social inequities are exacerbated by the impacts of natural disasters. These adverse impacts are felt across the country in urban, rural and coastal communities from hurricanes and tropical storms that ravage the eastern seaboard and gulf coast to flooding in the upper Mississippi River basin and Ohio River basin.

We face a profound climate crisis and have a narrow moment to pursue action to avoid the most catastrophic impacts of that crisis and seize the opportunity that climate change represents. As the President has stated, "we must listen to the science and meet the moment."

The President signed Executive Order 14008, "Tackling the Climate Crisis at Home and Abroad," on January 27, 2021. In this Executive Order the President recognized this crisis and charged his Administration with implementing a Government-wide approach to reduce climate pollution and increase resilience to the impacts of climate change.

The Administration knows that the frequency and severity of disasters will increase due to climate change which, in turn, will magnify existing racial and socioeconomic gaps. As the Administration implements the policy goals articulated in Executive Orders "Advancing Racial Equity and Support for Underserved Communities Through the Federal Government" (EO 13985) and "Tackling the Climate Crisis at Home and Abroad," (EO 14008) we see an opportunity to coalesce around shared priorities that will guide Federal disaster recovery investment to ensure it is: equitable, fair, and incentivizes resilient investment in vulnerable communities. I would like to highlight each of these priorities:

Equitable. As part of Executive Order 14008, the Administration created a government-wide Justice40 Initiative with the goal of delivering 40 percent of the overall benefits of relevant Federal investments to address the disproportionate health, environmental, economic, and climate impacts on disadvantaged communities. Consistent with the EO, Federal disaster recovery efforts will be targeted to prioritize disadvantaged communities, turning neighborhoods that have been historically marginalized and overburdened by pollution and underinvestment into healthy, thriving communities.

Fair: The Administration acknowledges that there are areas that have been and continue to be underserved and regions that will be more vulnerable than others to natural disasters. Identifying Federal, State and local disaster responsibilities and resources is key to balanced and fair policies that incentivize and support resilient communities. A priority would also be to ensure that the availability and eligibility of Federal programs allows impacted communities to understand their options, make an informed decision, and build back resilient to future risks while meeting the needs of their community.

Resilient: People of color and low-income people are more likely to live in areas most vulnerable to flooding and other climate change-related weather events. They also are less likely to have the funds to prepare for and recover from extreme weather events. The Federal government will support community engagement, as well as proactively invest in planning and resources for more comprehensive community-based disaster resilience, and will build back infrastructure, including housing, to above existing codes and standards after disasters.

Given the increasing severity and frequency of natural disasters, a coordinated, whole-of- government approach to disaster recovery and response requires a permanent and reliable framework. HUD is uniquely positioned to carry out these priorities as we work with Congress to define HUD's role in disaster recovery through the Community Development Block Grant—Disaster Recovery (CDBG–DR) program, building on lessons learned from the existing approach of ad hoc supplemental appropriations Acts.

CURRENT CDBG–DR LESSONS

HUD is currently managing over $67 billion in active CDBG disaster recovery grants, supporting communities across the country from Hawaii to Puerto Rico, North Dakota to Louisiana, and the U.S. Virgin Islands to California. In fact, every State represented by members of this subcommittee has had a CDBG–DR grantee in their State. In total, funds appropriated in supplemental appropriations for disaster recovery exceed the annual budget of the Department. We welcome opportunities to strengthen their effectiveness.

I also want to highlight the Department's longstanding and ongoing relationship with the U.S. Governmental Accountability Office (GAO). The Department takes the work of the GAO to heart; GAO reports on better monitoring of CDBR–DR grants have led us to strengthen our reviews of grantee submissions and improve guidance to our grant managers. The GAO's recent report on fraud risk management appropriately recognizes steps HUD has taken to combat fraud in the use of CDBG–DR funds, but also calls for a broader fraud risk assessment an approach on which HUD has begun preliminary work. The GAO report on the need for improved coordination among Federal agencies in our efforts to restore Puerto Rico's electrical grid has also yielded results, including joint HUD–FEMA "flex match" guidance.

DISASTER RECOVERY—LOOKING FORWARD

In recent years, the Department has played a significant role in helping low-income communities recover from and build resilience to natural disasters through CDBG–DR. The CDBG–DR program, including CDBG-Mitigation investments, has a unique focus on long-term recovery and resiliency efforts targeted to families with low and moderate incomes in the most impacted and distressed areas. This focus is unique from other Federal disaster assistance programs administered by the Federal Emergency Management Agency (FEMA), and the Small Business Administration (SBA), as well as private insurance.

While we work with Congress to develop a proposal that reflects the Administration's shared priorities for disaster recovery programs and incorporates lessons we have learned from our experience in CDBG–DR supplementals, the Department is developing a "Universal Notice" that will outline standing program requirements and "Allocation Notices" to provide more clarity and transparency to grantees in the interim. However, underlying any broader proposal are program elements that are necessary to address issues with the program's current structure. The following are some highlights:

Ensure fairness and predictability in allocations. HUD relies on data from FEMA and SBA to calculate unmet needs. Under the current structure, the allocation methodology is specified in the notice that is issued after the supplemental appropriations. Instead, the formula should be defined in regulation, enabling allocations to be based on the best available data, on a predictable timeline.

Ensure flexibility to allow fungibility across allocations in the same jurisdiction. The current program does not allow for funding across multiple disasters, therefore CDBG–DR funds can be used only to recover from the disaster for which funds were appropriated. While Congress has provided fungibility between disaster appropriations in some supplemental appropriations Acts, Congress could include flexibility to allow funding to be used interchangeably when a community is recovering from multiple events within a defined period (for example, 5 years). Such flexibility could lead to better coordination on large-scale investments and projects (for example, nature-based solutions) and could reduce administrative burdens for the grantee.

Ensure communities integrate mitigation and resilience measures to recover from the current disaster and the next one at the same time. Some CDBG–DR supplementals involve two or more awards for grantees, the first for unmet needs and a second for mitigation activities promoting resilience. This leads to confusion, inefficiency, and delays grantees' use of CDBG–DR funding. Disaster recovery funding should integrate investments for community resilience (e.g., stronger building codes) to future natural disaster risks from all climate hazards, not only from the current disaster, into a single award that includes funding for both unmet needs and mitigation and resilience measures.

Retain broad waiver flexibility. Finally, in CDBG–DR supplementals, the Department is granted broad waiver and alternative requirement authority (except for fair housing, nondiscrimination, labor, and the environment). This authority is instrumental to providing grantees the flexibility needed to fully recover from disasters, and adapt to specific and novel recovery activities tailored to each disaster.

The elements I have outlined directly address obstacles with the CDBG–DR program as it exists currently. HUD seeks a permanent, reliable framework for the future. These elements align with current research and approaches as well as consistent with the Administration's priorities, including tackling the climate crisis.

OTHER EFFORTS RELATED TO CLIMATE CHANGE AND RESILIENCE

We must also end the endless cycle of disaster recovery by focusing investment on increasing resilience and reducing climate emissions to slow the rate of climate change. The Department's fiscal year 2022 Discretionary Request and the President's American Jobs Plan include critical investments along those lines.

HUD has an important role to play in reducing carbon pollution and fighting the underlying cause of climate change. In fact, HUD spends $6.4 billion annually on utilities in public and assisted housing. Further, HUD's role in the housing finance market can help move the overall market toward more green, healthy, and resilient housing. On average, low-income households pay 8.1 percent of their income on energy costs, compared to 2.3 percent for market households. Older adults also face disproportiona l energy burdens. Investments in green building can lower energy costs, provide good-paying union jobs, and improve building conditions in otherwise sub- standard housing.

HUD's fiscal year 2022 Discretionary Request addresses climate change on two fronts: both in lowering the carbon footprint of HUD's public and assisted housing (mitigation), and at the same time helping the communities served by HUD programs to better withstand and increase their resilience to future disasters (adaptation). The Budget requests $800 million for targeted investments to improve the quality of housing through climate resilience and energy efficiency.

As part of the Administration's whole-of-government approach to the climate crisis, the Department is committed to expanding energy efficient and climate-resilient housing options in public and assisted housing. Funds will be used for initiatives that align with or are structured within existing programs.

HUD provides rental assistance to approximately 4.6 million households and plays a key role in the development and preservation of affordable housing through a wide range of programs.

HUD's annual outlay on utility expenditures (energy and water) for the existing housing stock consume more than 10 percent of the agency's total budget and represent an estimated 13.6 million metric tons of carbon emissions. Improving the energy performance (through on-site generation and storage, for example) of HUD assets will play a significant role in reducing these outlays and lowering carbon emissions.

AMERICAN JOBS PLAN

As described before, communities across the country have witnessed a historic number of deadly and destructive weather and climate events in the last 10 years.

To address these risks, the American Jobs Plan includes funding for a new Community Development Block Grant program for resilience activities in communities vulnerable to climate change. HUD would target funding to low-and-moderate income areas with increased risk from climate related disasters. These investments are intended to focus on housing and housing-related resilient infrastructure to complement the FEMA BRIC program. This program would build on prior community-scale resilience programs that HUD has administered in the past—the National Disaster Resilience Competition, Rebuild by Design, and CDBG-Mitigation programs. The program could also benefit from ongoing interagency collaboration that has taken place among the Department of Energy (DOE), FEMA and EPA in recent CDBG–DR work.

CONCLUSION

Climate change is here. The time to act is now. As the President has stated we must deploy the full capacity of government to combat this crisis. The Department has an important role to play in reducing climate pollution and building the resilience of communities for future disasters. We look forward to working with Congress to maximize HUD's expertise to ensure a reliable, whole-of-government approach to support the long-term recovery of communities devastated by natural disasters.

Senator SCHATZ. Thank you very much.

Mr. Pendleton, please proceed.

STATEMENT OF MR. JOHN PENDLETON, DIRECTOR, FINANCIAL MARKETS AND COMMUNITY INVESTMENT, GOVERNMENT ACCOUNTABILITY OFFICE

Mr. PENDLETON. Thank you. You can hear me, okay, I hope.

Chairman Schatz, Ranking Member Collins, and members of the subcommittee, thank you so much for having me up to talk about our work on HUD's Disaster Recovery Block Grant Program.

Back in 2019 we concluded, after a pretty thorough study, that many of CDBG–DR's challenges were traceable to the way the program is funded, in specific appropriations by disaster with multiple Federal register notices to implement them. This is proving to be challenging to administer both at HUD and by the grantees who felt that they were having to navigate, often changing requirements, and rules, and unpredictable funding streams.

We suggested that Congress permanently authorized a program for unmet needs rather than continuing the year-by-year, disaster-by-disaster approach. We stopped short of saying that that program should be placed in HUD, but we do stand by the recommendation.

And we are pleased the subcommittee is considering it. I should acknowledge HUD's efforts to address management recommendations we made in that report. We made five recommendations to them, four of which they have acted on, and we appreciate the progress on the fifth. Those are described on page 7 of my prepared statement.

Before the hearing, we put our heads together, virtually of course in the pandemic, to offer the subcommittee some factors to consider to frame the discussion about whether and how to authorize and codify a program.

The first is to be careful to clarify how this program will fit into the broader Federal disaster framework. Dozens of agencies are involved, better joint planning across agencies will be essential to success, duplication of effort and redundancy of requirements are certainly a risk.

The second factor we offered for you to consider is the need to clarify the purpose of the program and design it so that it fits that purpose. "Unmet needs" is a term of art and a tough thing to plan for prior to a disaster. Of continuing concern as well is the slow rate that the money has found its way to the folks that need it, the slow spending problem. In crafting this authorization, Congress needs to be as clear as possible about what—about what it wants the program to achieve, and how long grantees have to get this done.

The third factor is capacity and infrastructure. If this is going to be a program, then it needs to be run like one. If it is in HUD, then HUD needs the right people with the right skills and mindset, and the right IT infrastructure. Critical to long-term success as well, and probably as importantly, is ensuring that the grantees have enough capacity to manage the programs and manage fraud risk, which is substantial in a program with this many layers and players.

Mr. Chairman, codifying a DR-like program will not be a panacea, but we think it is an excellent starting point to formalize and standardize, and importantly, better integrate it into the broader Federal efforts.

That concludes my statement. And I am happy to take any questions you may have, sir, ma'am.

[The statement follows:]

PREPARED STATEMENT OF MR. JOHN PENDLETON

Chairman Schatz, Ranking Member Collins, and Members of the Subcommittee: I am pleased to be here today to discuss our work on one of the Federal government's key disaster recovery programs—the Department of Housing and Urban Development's (HUD) Community Development Block Grant Disaster Recovery (CDBG–DR) program. In numerous appropriations from fiscal years 1993 to 2019, Congress provided more than $90 billion in supplemental appropriations through HUD's Community Development Block Grant (CDBG) program to help affected communities recover from disasters.[1] Just since 2001, HUD has issued at least 100 Federal Register notices linked to these funds. Communities use their CDBG–DR grants to address a wide range of unmet recovery needs—losses not met with insurance or other forms of assistance, including Federal disaster assistance—related to housing, infrastructure, and economic revitalization.

HUD is one of approximately 30 Federal agencies tasked with helping communities respond to, recover from, and mitigate the impacts of disasters. The Federal Emergency Management Agency (FEMA) is the lead agency, and several national frameworks, such as the National Response Framework, National Disaster Recovery Framework, and National Mitigation Framework, set a vision for a coordinated Federal approach.[2] However, even with these and other coordinating bodies in place, successfully executing these wide-ranging and interrelated disaster recovery and mitigation programs is an immense challenge.

Over the years, questions have been raised about the administration of CDBG–DR, including the long life cycle of CDBG–DR grants and grantees' capacity to administer them. For example, as of April 2021, Florida, Texas, Puerto Rico, and the U.S. Virgin Islands had spent 5 percent of the over $31 billion available to respond to the 2017 hurricanes (Harvey, Irma, and Maria). In addition, we and others have noted that HUD has to customize grant requirements for each disaster due to a lack of permanent statutory authority.

In this statement, I will discuss (1) challenges associated with the lack of permanent statutory authority for CDBG–DR and (2) factors to consider when weighing the possibility of permanently authorizing CDBG–DR or a similar disaster assistance program. In preparing this statement, we relied primarily on our March 2019 and May 2021 reports on CDBG–DR and our prior work issued between February 2004 and June 2019 identifying useful considerations and principles for critical Federal policy decisions, such as government reorganizations.[3]

For our March 2019 report, we conducted a literature search for GAO, HUD Office of Inspector General (OIG), and other reports on CDBG–DR funds used to recover from the 2005 Gulf Coast hurricanes and Hurricane Sandy and reviewed relevant reports. For our March 2019 and May 2021 reports, we also interviewed HUD officials and the four grantees that received the largest CDBG–DR grants to respond to Hurricanes Harvey, Irma, and Maria to obtain their perspectives on challenges administering the 2017 grants. Our work identifying useful considerations and principles for Federal policy decisions was based on our observation of efforts to reorganize or streamline government and prior work related to disaster recovery and resilience. Detailed information on the scope and methodology can be found in the issued products cited throughout this testimony.

We conducted the work on which this statement is based in accordance with generally accepted government auditing standards. Those standards require that we plan and perform the audit to obtain sufficient, appropriate evidence to provide a

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[1] The total amount of CDBG–DR appropriations is in nominal dollars.

[2] Department of Homeland Security, Federal Emergency Management Agency, National Response Framework, Third Edition (Washington, D.C.: June 2016); National Disaster Recovery Framework, Second Edition (Washington, D.C.: June 2016); and National Mitigation Framework, Second Edition (Washington, D.C.: June 2016).

[3] GAO, Disaster Recovery: HUD Should Take Additional Action to Assess Community Development Block Grants Fraud Risks, GAO–21–177 (Washington, D.C.: May 5, 2021); Disaster Recovery: Better Monitoring of Block Grant Funds Is Needed, GAO–19–232 (Washington, D.C.: Mar. 25, 2019); Federal Protective Service's Organizational Placement: Considerations for Transition to the DHS Management Directorate, GAO–19–605T (Washington, D.C.: June 11, 2019); Fragmentation, Overlap, and Duplication: An Evaluation and Management Guide, GAO–15–49SP (Washington, D.C.: Apr. 14, 2015); and Combating Terrorism: Evaluation of Selected Characteristics in National Strategies Related to Terrorism, GAO–04–408T (Washington, D.C.: Feb. 3, 2004).

reasonable basis for our findings and conclusions based on our audit objectives. We believe that the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objectives.

BACKGROUND

OVERVIEW OF FEDERAL DISASTER RECOVERY AND RESILIENCE PROGRAMS

Federal agencies can respond to a disaster when effective response and recovery are beyond the capabilities of the affected state and local governments. In such cases, the Robert T. Stafford Disaster Relief and Emergency Assistance Act (Stafford Act) permits the President to declare a major disaster in response to a request by the governor of a state or territory or by the chief executive of a tribal government.[4] Such a declaration is the mechanism by which the Federal government funds and coordinates response and recovery activities.

Major disaster declarations can trigger a variety of Federal response, recovery, and resilience-promoting programs and activities involving at least 30 Federal agencies. Under the National Response Framework, which governs any type of Federal disaster or emergency response, the Department of Homeland Security (DHS) is the Federal department with primary responsibility for coordinating disaster response.[5] Within DHS, FEMA has lead responsibility and provides three principal forms of funding for disaster recovery—Individual Assistance, Public Assistance, and Hazard Mitigation Grants.[6] The Small Business Act also authorizes the Small Business Administration (SBA) to make direct loans to help businesses, nonprofit organizations, homeowners, and renters repair or replace property damaged or destroyed in a federally declared disaster.

HUD uses data from FEMA and SBA to make decisions on the amount of CDBG–DR funding to allocate to affected communities.

We have previously identified the rising number of natural disasters and increasing reliance on Federal assistance as a significant source of Federal fiscal exposure. In 2013, we included the Federal government's fiscal exposure to climate change risks on our High-Risk List.[7] Investments in disaster resilience are a promising avenue to address the Federal fiscal exposure because such investments offer the opportunity to reduce the overall impact of disasters. However, we have found that the Federal approach to disaster risk reduction, including investments in disaster resilience, has been reactive—revolving around disaster recovery efforts—and fragmented.[8]

Funding disaster resilience in reaction to disasters after they have occurred has exacerbated fragmentation across Federal programs with different timelines and purposes. In turn, this creates challenges for nonFederal partners trying to use Federal funds in a way that maximizes overall risk reduction. For example, following

[4] 42 U.S.C. § 5170. Under the Stafford Act, the governor of a state may request a declaration of a major disaster w hen effective response and recovery are beyond the capabilities of the state and affected local governments. 42 U.S.C. § 5170.

[5] Department of Homeland Security, Federal Emergency Management Agency, National Response Framework. The National Response Framework is part of the National Preparedness System established in Presidential Policy Directive 8. It is to be used to manage any type of disaster or emergency response, regardless of scale, scope, and complexity. Specifically, this framew ork covers actions to save lives, protect property and the environment, stabilize communities, and meet basic human needs follow ing an incident.

[6] The Individual Assistance Program provides financial assistance directly to survivors for expenses that cannot be met through insurance or low -interest loans, such as temporary housing, counseling, unemployment compensation, or medical expenses. The Public Assistance Program provides Federal disaster grant assistance to state, local, tribal, and territorial governments and certain types of nonprofit organizations for debris removal, emergency protection, and the restoration of facilities. The Hazard Mitigation Grant Program is designed to help communities prepare for and recover from future disasters. It funds a w ide range of projects, such as purchasing properties in flood-prone areas, adding shutters to windows, and rebuilding culverts in drainage ditches.

[7] The term fiscal exposure ref ers to the responsibilities, programs, and activities that may either legally commit the Federal government to future spending or create the expectation for future spending. For the most recent High-Risk List update, see GAO, High-Risk Series: Dedicated Leadership Needed to Address Limited Progress on Most High-Risk Areas, GAO–21–119SP (Washington, D.C.: Mar. 2, 2021).

[8] GAO, Disaster Resilience Framework: Principles for Analyzing Federal Efforts to Facilitate and Promote Resilience to Natural Disasters, GAO–20–100SP (Washington, D.C.: Oct. 23, 2019). We have defined fragmentation as those circumstances in w hich more than one Federal agency is involved in the same broad area of national need and opportunities exist to improve service delivery. See, for example, GAO, 2019 Annual Report: Additional Opportunities to Reduce Fragmentation, Overlap, and Duplication and Achieve Billions in Financial Benefits, GAO–19–285SP (Washington, D.C.: May 21, 2019).

Hurricane Sandy, we found that a lack of a strategic approach to disaster resilience may have resulted in lower returns on investments or lost opportunities to mitigate against known hazards effectively. Specifically, grantees noted that timing differences among Federal grant programs—some funding was available right away, other funding was available months later—contributed to a fragmented recovery process and made it difficult for grantees to invest in resilience and comprehensively plan to use the Federal funds for maximum risk reduction.[9]

HISTORY AND ADMINISTRATION OF CDBG–DR

Recognizing the serious effects of natural disasters, including Federal fiscal exposure they can create, we developed the Disaster Resilience Framework in October 2019.[10] This framework is intended to support analysis of Federal opportunities to facilitate and promote resilience to natural hazards. It provides a set of high-level principles to help those who have responsibility for oversight and management of Federal efforts to consider actions they might take to increase resilience to natural hazards. See appendix I for more information on the framework.

The Housing and Community Development Act of 1974 created the CDBG program to develop viable urban communities by providing decent housing and a suitable living environment and by expanding economic opportunities, principally for low- and moderate-income persons. Program funds can be used for housing, economic development, neighborhood revitalization, and other community development activities. Because the CDBG program already has a mechanism to provide Federal funds to states and localities, the program is widely viewed as a flexible solution to disburse Federal funds to address unmet needs in emergency situations.

When disasters occur, Congress often appropriates additional CDBG funding (CDBG–DR) through supplemental appropriations. These appropriations often provide HUD the authority to waive or modify many of the statutory and regulatory provisions governing the CDBG program, thus providing states with greater flexibility and discretion to address recovery needs.[11] Eligible activities that grantees have undertaken with CDBG–DR funds include relocation payments to displaced residents, acquisition of damaged properties, rehabilitation of damaged homes and public facilities (such as neighborhood centers and roads), and hazard mitigation.

In numerous appropriations from fiscal years 1993 to 2019, Congress provided more than $90 billion in CDBG–DR funds to help states recover from Federal disasters. For example, Congress directed CDBG–DR funds toward recovery and rebuilding efforts in the Gulf Coast after Hurricanes Katrina, Rita, and Wilma in 2005; in New York after the September 11th terrorist attacks in 2001; in North Dakota, South Dakota, and Minnesota after the floods in 1997; in Oklahoma City after the 1995 bombing of the Community Development Act of 1974. The Secretary may not w aive requirements related to fair housing, nondiscrimination, labor standards, and the environment.

GAO'S PRIOR WORK ON CDBG–DR

Alfred Murrah Building; in Southern California after the 1994 Northridge earthquake; and in Florida after Hurricane Andrew in 1992. As of April 2021, HUD was overseeing 157 CDBG–DR grants totaling more than $84 billion.

HUD's Office of Community Planning and Development (CPD) administers the traditional CDBG program and CDBG–DR funds. Before 2004, existing CPD staff that administered the traditional CDBG program also administered CDBG–DR. In 2004, HUD established the Disaster Recovery and Special Issues Division within CPD's Office of Block Grant Assistance to manage large CDBG–DR grantees with allocations of $500 million or more. CPD field office staff generally manage all other grantees.[12]

In our March 2019 report on CDBG–DR, we made five recommendations to HUD, four of which the agency has implemented.[13] These recommendations were intended to help HUD improve CDBG–DR program management by better assessing grantees' processes and capacity, implementing a comprehensive monitoring plan, and developing a workforce plan.

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[9] GAO, Hurricane Sandy: An Investment Strategy Could Help the Federal Government Enhance National Resilience for Future Disasters, GAO–15–515 (Washington, D.C.: July 30, 2015).

[10] GAO–20–100SP.

[11] The HUD Secretary may provide w aivers or specific alternative requirements if such waivers are not inconsistent with the overall purpose of Title I of the Housing and

[12] According to HUD officials, HUD headquarters staff may assume oversight of grants under $500 million if the grants prove to be high risk.

[13] GAO–19–232.

The recommendation that HUD has not yet implemented is for the agency to provide its staff with additional guidance on reviewing the capacity and unmet needs assessments that CDBG–DR grantees develop. In February 2021, HUD provided us with a draft of such guidance, which largely refers HUD staff to the associated Federal Register notice but generally does not describe how HUD reviewers should evaluate the adequacy of capacity and unmet needs assessments. For example, the guidance does not clarify how HUD staff could determine whether the number of personnel a grantee plans to designate for certain program functions, including management and monitoring, is reasonable. See table 1 for the status of our March 2019 recommendations.

Table 1: Status of Recommendations to HUD from GAO-19-232, as of May 2021

Recommendation	Status	Description of actions taken
Develop additional guidance for HUD staff to use when assessing the adequacy of grantee capacity and unmet needs assessments that grantees develop.	Not implemented	HUD partially agreed with the recommendation and provided us with draft guidance in February 2021. We do not believe it is specific enough to meet the intent of our recommendation.
Develop additional guidance for HUD staff to use when assessing the adequacy of the financial controls, procurement processes, and grant management procedures that grantees develop.	Implemented	HUD partially agreed with the recommendation and revised its checklists for review of grantees' financial processes and procedures to include specific guidance indicating examples of acceptable responses and documentation that would address the program requirements.
Require staff to document the basis for their conclusions during reviews of grantees' financial processes and procedures and capacity and unmet needs assessments.	Implemented	HUD agreed with the recommendation and revised the checklists used for the disasters in 2018 and 2019 to require grant managers to indicate the basis for their conclusions.
Develop and implement a comprehensive monitoring plan for the 2017 grants.	Implemented	HUD agreed with the recommendation and developed a fiscal year 2020 and 2021 monitoring schedule and strategy that described the scope of review for the monitoring visits for the 2017 grantees.
Conduct workforce planning for the Disaster Recovery and Special Issues Division to help ensure that it has sufficient staff with appropriate skills and competencies to manage a growing portfolio of grants.	Implemented	HUD agreed with the recommendation and conducted a workload analysis in fiscal year 2019, assessing organizational functions, work products, and resources to determine the staffing gaps within the division. As of June 22, 2020, HUD had hired 28 staff to fill gaps identified.

Source: GAO. | GAO-21-569T

Note: The recommendations in this table are from GAO, *Disaster Recovery: Better Monitoring of Block Grant Funds Is Needed*, GAO-19-232 (Washington, D.C.: Mar. 25, 2019). The actions taken are based on analysis of documentation from the Department of Housing and Urban Development (HUD).

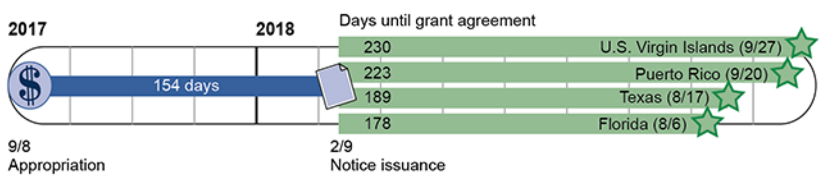
In our March 2019 report, we also recommended that Congress consider permanently authorizing a disaster assistance program that responds to unmet needs in a timely manner rather than continue the ad hoc approach taken since 1993. Similarly, as recently as April 2021, the HUD OIG called on HUD to pursue codification of the CDBG–DR program.[14] Legislation has been proposed over the years that would have permanently authorized the CDBG–DR program or a similar program, but no proposal has been enacted.[15]

PERMANENT STATUTORY AUTHORITY WOULD PROVIDE A MORE CONSISTENT FRAMEWORK

Unlike CDBG–DR, other Federal disaster assistance programs, such as those administered by FEMA and SBA, are permanently authorized and activated upon a presidential disaster declaration.[16] In our March 2019 report, we identified a number of challenges that could be linked in part to the lack of permanent statutory authority for CDBG–DR, including lags in funding and varying requirements.[17]

Time lags in accessing funding. As shown in figure 1, it took 154 days (or 5 months) after the first appropriation for the 2017 hurricanes for HUD to issue the Federal Register notice establishing the grant requirements. According to HUD officials, they delayed issuance of the first notice for the 2017 hurricanes because they expected a second appropriation and wanted to allocate those funds in the same notice.[18] After HUD issued the Federal Register notice, it took the 2017 grantees over 6 months to complete all of the required steps to enter into grant agreements.

Figure 1: Time It Took HUD to Issue the Initial *Federal Register* Notice and Enter into Grant Agreements for the 2017 Hurricanes



Source: GAO analysis of Department of Housing and Urban Development (HUD) data. | GAO-21-569T

Establishing permanent statutory authority would allow for the issuance of permanent regulations and require less need for Federal Register notices and the use of waivers after each disaster, according to HUD officials. They said these changes would allow funds to be available for providing assistance sooner. They stressed that for a permanently authorized CDBG–DR program to be effective, Congress would need to provide HUD the flexibility to waive traditional CDBG statutory requirements and adopt alternative requirements to help address recovery needs. Moreover, two grantees that we interviewed also suggested that the CDBG–DR process could be shortened if there were an established set of rules for states to follow instead of waiting months for a new Federal Register notice to be published for each allocation.

Varying requirements. CDBG–DR grant requirements vary from notice to notice. Officials from one of the CDBG–DR grantees we interviewed for our 2019 report said it was challenging to manage multiple CDBG–DR grants, each with different rules. As an example, they noted that 2015 grant funds could not be used on levees, while funds from other years could be used for this purpose. To help manage these different requirements, they stated that they must tie each grant to the relevant public law in their grant management system. To further ensure compliance with the various notices, their legal department prepares a new template for the agreement that the state signs with subrecipients for each public law. Officials from an-

[14] Department of Housing and Urban Development, Office of Inspector General, Review of HUD's Disbursement of Grant Funds Appropriated for Disaster Recovery and Mitigation Activities in Puerto Rico, 2019SU008945I (Washington, D.C.: Apr. 20, 2021).

[15] Ref orming Disaster Recovery Act of 2018, H.R. 4557, 115th Cong. (2018); Ref orming Disaster Recovery Act of 2019, H.R.3702, 116th Cong. (2019); Ref orming Disaster Recovery Act, S.2301, 116th Cong. (2019); and Natural Disaster Recovery Program Act of 2020, H. R. 8949, 116th Cong. (2020). Most recently, the Natural Disaster Recovery Program Act of 2021, H.R. 2809, 117th Cong. (2021) w as introduced.

[16] SBA also makes disaster loans available w hen it issues a physical disaster declaration in response to a timely request by a state governor, based on the occurrence of at least a certain minimum amount of physical damage that meets certain tests. SBA can also make an economic injury disaster declaration in response to a determination of a natural disaster by the Secretary of Agriculture or by relying on a state certification that at least five small business concerns in a disaster area have suffered substantial economic injury as a result of the disaster and are in need of financial assistance not otherw ise available on reasonable terms. 13 C.F.R. § 123.3.

[17] GAO–19–232.

[18] Because the second appropriation took longer than HUD expected, the February 2018 notice allocated only the first appropriation.

other 2017 grantee stated that it was difficult to build infrastructure for managing current and future CDBG–DR funds, as the rules often could be different for each allocation. According to HUD officials, the requirements have varied because of differences in appropriations language and policies across administrations and changes made in response to input from the HUD OIG.

In addition, a July 2018 HUD OIG report identified 59 duplicative or similar requirements in most of the notices that could benefit from a permanent framework.[19] For example, the following rules or waivers were consistently repeated: (1) allowing states to directly administer grants and carry out eligible activities, (2) requiring grantees to submit an action plan, (3) requiring grantees to review for duplication of benefits, (4) allowing states to use subrecipients, and (5) allowing flood buyouts.[20] The HUD OIG recommended that the Office of Block Grant Assistance work with its Office of General Counsel to codify CDBG–DR in regulations.[21] HUD disagreed with this recommendation, stating that it lacked statutory authority to create a permanent CDBG–DR program.[22] In commenting on the report, HUD stated that congressional direction would be needed for a more standard, regulation-governed program.

Unpredictable timing of CDBG–DR appropriations. In a July 2015 report on Hurricane Sandy, we found that the unpredictable timing of the appropriation for CDBG–DR created challenges for grantees' recovery planning.[23] As shown in figure 2, the first CDBG–DR supplemental appropriation for the 2005 Gulf Coast hurricanes was enacted 4 months after the first of these hurricanes occurred. For Hurricane Sandy in 2012 and Hurricane Harvey (the first of the 2017 hurricanes), less time elapsed between when the hurricane occurred and Congress's appropriation of funds—3 months and 2 weeks, respectively. In contrast, a presidential disaster declaration, rather than congressional appropriation, activates the provision of funds from FEMA's Disaster Relief Fund. The SBA Disaster Loan Program is also activated by a presidential disaster declaration. Congress funds both programs through annual appropriations.[24]

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[19] Department of Housing and Urban Development, Office of Inspector General, HUD's Office of Block Grant Assistance Had Not Codified the Community Development Block Grant Disaster Recovery Program, 2018–FW–0002 (Fort Worth, TX: July 23, 2018).

[20] Flood buyouts ref er to the acquisition of property located in a floodw ay or floodplain that is intended to reduce risk from future flooding. Unlike traditional CDBG funds, grantees may use CDBG–DR funds for a buyout program. The purpose is to encourage revitalization through uses compatible w ith open space, recreational, and natural floodplain functions; other ecosystem restoration; or w etlands management practices.

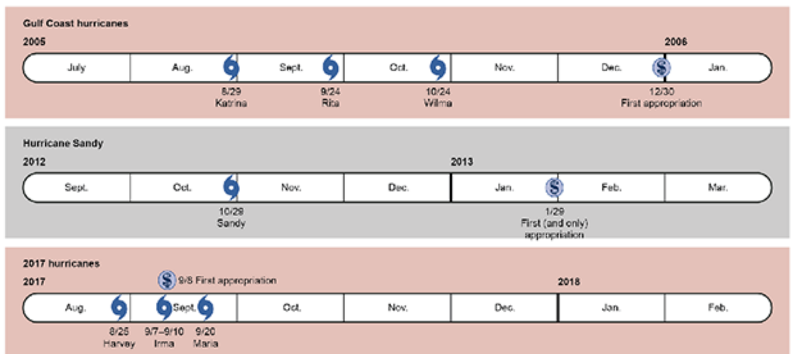
[21] As previously discussed, the HUD OIG reiterated this recommendation in its April 2021 report. Department of Housing and Urban Development, Office of Inspector General, 2019SU008945I.

[22] HUD further stated that CDBG–DR funds are provided under a series of constantly changing appropriation statutes, and that it could not publish regulations that rely on statutory w aivers and alternative requirements, as it has not been permanently granted authority from Congress to do so.

[23] GAO–15–515.

[24] After large-scale disasters, Congress frequently provides additional funding for both programs through supplemental appropriations.

Figure 2: Time Elapsed between Selected Hurricanes and First Appropriation of Community Development Block Grant Disaster Recovery Funds



Source: GAO analysis of appropriations data and National Aeronautics and Space Administration and National Oceanic and Atmospheric Administration data. | GAO-21-569T

FACTORS TO CONSIDER IN AUTHORIZING A PERMANENT STATUTORY PROGRAM FOR UNMET NEEDS

Based on our prior reviews of CDBG–DR, our body of work on emergency management, and our past observations of broader government initiatives, such as reorganization efforts, we have identified factors to consider when weighing whether and how to permanently authorize a program for unmet disaster recovery needs.

Clarify how the program would fit into the broader Federal disaster framework. In prior work, we have emphasized the importance of articulating a program's relationship to other programs.[25] This is particularly important with disaster programs, given the approximately 30 agencies involved. Therefore, when modifying or developing any new disaster assistance program, it will be important to take into account the similarities and gaps among existing programs; identify any opportunities to fill those gaps; and strategically position the program within an organization with a compatible mission and goals.

CDBG–DR is widely seen as providing flexible grant funds that can address certain unmet recovery and resilience needs after other Federal programs have begun providing assistance. It may be helpful to assess what those unmet needs have been, whether other existing programs at HUD or elsewhere can or should address those needs, and whether the program's role addressing unmet needs would be affected by a permanent authorization.

Careful consideration of any new program's alignment with other disaster recovery and resilience programs may also reduce fragmentation of Federal efforts. GAO's National Disaster Resilience Framework states that Federal efforts can facilitate coordination and promote governance approaches that mitigate fragmentation by requiring, or funding, mechanisms to enhance the continuity of different efforts across jurisdictions.[26] For example, joint planning processes across different grant programs or resilience focal points with the responsibility and authority to oversee integrated risk-reduction processes can enhance collaboration. Putting into place agency coordination mechanisms, such as between FEMA and HUD, may better position these agencies to implement any new effort in a coordinated manner.

In March 2019, we cited previous work in which we found that CDBG–DR grantees faced difficulties coordinating with multiple Federal agencies.[27] For example, in July 2015, we found that different disaster response programs are initiated at different times, making it challenging for state and local officials to determine how to use Federal funds in a comprehensive manner.[28] In response to a survey that we conducted for that report, 12 of 13 states and cities reported that navigating the multiple funding streams and various regulations was a challenge that affected their ability to maximize disaster resilience opportunities. For example, state officials we interviewed for that report noted the redundancy of some Federal require-

[25] GAO–19–605T.
[26] GAO–20–100SP.
[27] GAO–19–232.
[28] GAO–15–515.

ments for receiving disaster assistance such as the duplication of environmental reviews, which are required by both HUD and FEMA.

Clarify the purpose and design the program to address it. In prior work, we have stressed the importance of clearly identifying the purpose of government initiatives and the particular national problems they are directed toward.[29] In considering whether to permanently authorize a new program or modify an existing program to address unmet needs following disasters, it may be helpful to identify the purpose and specific goals of the effort—what is not working in the current authorizing environment and why. The answers depend on the purpose the funds are intended to serve.

Given CDBG–DR's flexibility as a funding source for unmet needs, greater clarity about the program's purpose could help resolve some implementation issues we have previously identified. These issues include how much time grantees should have to spend CDBG–DR funds and the proportion of funds that should be distributed to renters.

—In March 2019, we found that once grantees had entered into grant agreements with HUD, it could take years for grantees to implement activities and expend all of their CDBG–DR funds.[30] Since 2015, HUD had required that grantees expend their funds within 6 years of signing a grant agreement, but we found that some grantees had not met this requirement.

—In March 2019, we also cited previous work in which we found CDBG- DR funds were not proportionally distributed to renters. In January 2010, we reported that the proportional damage to rental stock in Louisiana and Mississippi after the 2005 Gulf Coast hurricanes was generally greater than damage to homeowner units.[31] However, 62 percent of damaged homeowner units received assistance, compared to 18 percent of rental units. We recommended that Congress consider providing specific direction regarding the distribution of disaster-related CDBG housing assistance; however, as of April 2021, this issue had not been addressed.[32]

Consider the necessary capacity and support infrastructure to implement the program. Our prior work has emphasized the importance of identifying the resources and investments necessary for government initiatives.[33] These resources include budgetary requirements, human capital needs, and information technology investments. They also include necessary mechanisms for oversight to ensure proper use of program funds.

Given our past work on challenges ensuring appropriate use of CDBG- DR funds, it will be particularly important to consider these issues as part of discussions about permanently authorizing CDBG–DR or another program for unmet needs. Our prior disaster recovery work found that it had been a challenge for state, local, territorial, and tribal grantees and Federal agencies to build the technical capacity needed to manage large grants and ensure appropriate use of funds.[34] For example, in March 2019, we found that grantees had experienced difficulties establishing the necessary capacity to manage large CDBG–DR grants.[35] These capacity challenges might have contributed to the slow expenditure of funds mentioned previously.

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[29] GAO–04–408T.

[30] GAO–19–232.

[31] GAO, Disaster Assistance: Federal Assistance for Permanent Housing Primarily Benefited Homeowners; Opportunities Exist to Better Target Rental Housing Needs, GAO–10–17 (Washington, D.C.: Jan. 14, 2010).

[32] Although Congress has not provided more specific direction w ith regard to CDBG–DR funds for homeow ners and renters, HUD's February 2018 and August 2018 Federal Register notices provided guidance on how 2017 grantees should direct their CDBG–DR funds. For example, the February 2018 Federal Register notice required "each grantee to primarily consider and address its unmet housing recovery needs." See Allocations, Common Application, Waivers, and Alternative Requirements for 2017 Disaster Community Development Block Grant Disaster Recovery Grantees, 83 Fed. Reg. 5844 (Feb. 9, 2018) and Allocations, Common Application, Waivers, and Alternative Requirements for Community Development Block Grant Disaster Recovery Grantees, 83 Fed. Reg. 40314 (Aug. 14, 2018).

[33] GAO–04–408T.

[34] We have a large body of w ork identifying capacity challenges for disaster grantees and Federal agencies, including FEMA, HUD, and the Department of Transportation. See, for example, GAO, Disaster Resilience: FEMA Should Take Additional Steps to Streamline Hazard Mitigation Grants and Assess Program Effects, GAO–21–140 (Washington, D.C.: Feb. 2, 2021); Disaster Recovery: Recent Disasters Highlight Progress and Challenges, GAO–20–183T (Washington, D.C.: Oct. 22, 2019); GAO–19–232; and GAO–15–515.

[35] GAO–19–232.

In addition, in May 2021, we found that CDBG–DR was vulnerable to numerous types of risks, including increased financial risks and fraud risks.[36] Each time Congress appropriates CDBG–DR funds, HUD uses its authority to customize grant requirements—essentially creating new CDBG–DR programs. HUD officials expressed concern about grantees' capacity to implement increasingly complex CDBG–DR requirements and the potential for improper payments. We also identified fraud risks related to grantee capacity challenges, and we recommended that HUD comprehensively assess fraud risks, including by identifying the inherent fraud risks affecting CDBG–DR and examining the suitability of existing fraud controls. HUD acknowledged that it had not performed a comprehensive fraud risk assessment, but noted several actions it takes to minimize risks.[37]

In sum, we continue to believe that establishing permanent statutory authority for a disaster assistance program that responds to verified unmet needs in a timely manner would provide a more consistent framework for administering funds going forward. The program could be administered either by HUD or another agency that has authority to issue associated regulations. Such a statute and regulations could create consistent requirements for grantees and specify how the program would fit into the Federal government's disaster assistance framework. Any such effort would require careful consideration of how the program fits into the broader Federal disaster framework, its purpose and design, and necessary capacity and support infrastructure.

We continue to monitor the status of the four largest 2017 CDBG–DR grantees, including the expenditure of funds. In addition, we have ongoing work on how CDBG–DR assists vulnerable populations and on the disaster survivor application process and indicators of fraud or abuse in CDBG–DR program management.

Chairman Schatz, Ranking Member Collins, and Members of the Subcommittee, this concludes my statement. I would be pleased to respond to any questions you may have.

Senator SCHATZ. Thank you very much.

I will start with you, Mr. Pendleton. Can you give me a concrete example or two of how not having permanent authorization impacts grantees, and HUD's ability to do oversight?

Mr. PENDLETON. Yes. I mean, at the front end, for example, with the work we did in 2019, looked at a number of things, including the 2017 disasters, it was a year from appropriation until the grant agreement was signed, and there was a lot of uncertainty in that time. So. you have got that. When we looked and talk——

Senator SCHATZ. Can you walk us through how a permanent authorization would collapse that time period? I mean, delays exist in Federal government systems.

Mr. PENDLETON. Sure.

Senator SCHATZ. Even when there is an authorization. So how does that actually collapse the time period?

Mr. PENDLETON. Right, people will know the rules going in, and you won't have to create a new Federal Register notice to describe anything that is specific in the appropriation.

Senator SCHATZ. So, in other words, every time there is a disaster, you have to go through rulemaking?

Mr. PENDLETON. That is exactly right, sir. I mean, when we have done work in the past, I think about 5 years ago, we talked to grantees, and most said that this waiting in the beginning causes them a lot of unnecessary anxiety. They are not sure what is coming, it is hard for them to plan. So I think those are—I mean, as a practical matter that is the issue, sir.

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[36] GAO–21–177.

[37] HUD neither agreed nor disagreed w ith this recommendation and has not yet implemented it. HUD stated it took initial steps to create a template for fraud risk assessment in 2019, but this effort has been delayed due to the coronavirus pandemic and contracting issues. We continue to monitor steps taken to address this recommendation.

Senator SCHATZ. And historically the amount of funding that a grantee gets is dependent entirely on how much Congress provides, and that varies depending on the time of year, the mood politically and fiscally. How can we better link the mitigation funding then to the actual needs of a community?

Because it is not just the kind of idiosyncrasies of where we are in a political or budgetary cycle, it is also the difference in mitigation going forward for, let us say the difference between wildfires and a volcanic eruption. I mean, these are not necessarily going to the same. So how do you kind of rationalize that part of the system?

Mr. PENDLETON. I have been thinking about this ever since you asked me to testify. And when we did the work in 2019, CDBG mitigation was not really a thing. And this adds a lot of wrinkles to the issue here, right? And, so I think it is going to put a premium on planning in advance. Both within the interagency process, but also working with the grantees so that they know that there is some potential money for mitigation and resiliency efforts and plan accordingly, as opposed to dealing with it when—you know, in the middle of a disaster.

Senator SCHATZ. In advance of a disaster, you mean?

Mr. PENDLETON. Yeah, yeah, absolutely, you can preplan.

Senator SCHATZ. So the local emergency management agency does some—they do not just do disaster planning, they do mitigation planning.

Mr. PENDLETON. Yes. Absolutely.

Senator SCHATZ. And that is on the shelf for the next time the disaster occurs and then you throw it over it over to TRANSAM, to the Feds, when the disaster hits?

Mr. PENDLETON. Absolutely. And I think HUD needs to be a part of that planning, particularly if there is going to be efforts for long-term recovery and mitigation through this program going forward.

Senator SCHATZ. Thank you.

Mr. Jemison, GAO's testimony highlights the benefit of creating a permanent authorization. I think we also need to create a disaster recovery fund to allow HUD to get assistance out faster. What is your reaction to that idea, and where should the threshold be in terms of eligibility for funding?

Microphone?

Mr. JEMISON. I will get this Chairman. I will probably get it together.

Senator SCHATZ. You have got it now.

Mr. JEMISON. So my reaction to it is, listen, I think we have said very directly that we are interested in having a permanent reliable framework, you know, my secretary has been on the record. And so in terms of thinking about a fund, to the extent that GAO has already commented, a fund would enable us to deal with one of the major issues of the program, which is this distance between the incident happening and the money being available.

If it is done correctly, it can also enable us to have—our grantees to have access to kind of resources to plan. And as it was just said a minute ago, be able to quickly move into the kind of planning for recovery, and planning for resilience that you want to come out of an incident.

So I think the fund idea that has been discussed here is very interesting to us, and we would love to explore that further with you, through discussion.

Senator SCHATZ. We also want to get into it, not necessarily during this hearing, about the thresholds for distributing funds.

Mr. JEMISON. Oh.

Senator SCHATZ. And I don't want you to throw out a dollar amount, or specific criteria, but that is something we are going to have to kind of fuss out.

Mr. JEMISON. Absolutely.

Senator SCHATZ. My final question for this round.

Mr. JEMISON. Happy to do it.

Senator SCHATZ. Historically, the amount of funding that had—excuse me—I wanted to ask you about rental housing. I am seeing that most of the disaster recovery money that comes in for communities is for homeowners, and that is absolutely great. We want to support our homeowners who have lost an asset. It is a little harder to establish that someone has lost something if they do not own it. But they have lost something. They have lost their place to reside.

And so I am wondering how we can tweak these programs to recognize that it is renters as well as homeowners that we want to provide assistance to. And I will just give each of you a moment to respond to that.

Mr. Jemison, first.

Mr. JEMISON. Sure, Chairman. So our agency does have that charge to (a) look after HUD equities, and HUD equities are typically a HUD-assisted housing and also, you know, market apartments, et cetera, that may be supported through other HUD resources. So I think we see that as a major area, and a specific charge to HUD, as part of the CDBG–DR program.

Senator SCHATZ. Sure. But just so we are clear. You know, it is not just HUD inventory that we are worried about, it is renters all over the lot who may be in, you know, market rate, un-subsidized.

Mr. JEMISON. Mm-hmm.

Senator SCHATZ. So I don't want us to get too narrow and just worry about whether or not a HUD-subsidized building was knocked down. There are a lot of people who are renters, who are not in any kind of federally-subsidized scenario.

Mr. Pendleton.

Mr. PENDLETON. Our work on looking at this, it is kind of old, about a decade old as a matter of fact, and it is out of the Gulf hurricanes. But about 62 percent of the money that went to homeowners, and only about 18 percent went to renters in those days, I cannot give you the dates, but this is a tricky problem, Senator Schatz, because I have the housing area at GAO, and we have been looking at the evictions moratorium, and other things going on as part of the CARES Act, and it is difficult to, from a Federal standpoint, help renters because, you know, you are dealing with landlords, and all sorts of other things.

It is much easier, in some ways, to help homeowners. It is easier to trace who owns it, and a million other things. But it is going to—my point here is, if this is important to the committee, when you authorize it, you need to make that clear.

Senator SCHATZ. And it is going to take some doing.

Mr. PENDLETON. Absolutely.

Senator SCHATZ. Fair enough.

Mr. PENDLETON. Yes.

Senator SCHATZ. Ranking Member Collins.

Senator COLLINS. Thank you, Mr. Chairman.

Mr. Pendleton, an example of the kinds of delays that we have been talking about is what happened following the 2017 hurricanes that struck Puerto Rico and other areas. In this case it took 5 months after the first appropriation to get through for HUD to issue the Federal Register notice establishing the grant requirements, according to your testimony. Then after those requirements were out there, it took the recipients another 6 months to complete all of the required steps to enter into the grant agreements.

What can HUD do now to speed up the front end of the CDBG–DR process? I think all of us agree that we need an authorization, that there could be rulemaking that is done that applies to every disaster, but they are probably going to have to tailor it for some. What could be done now?

Mr. PENDLETON. I think what Mr. Jemison said about having a framework where some things do not change that much. HUD IG looked across a number of Federal Register notices, and they found that certain things were common to all the disasters. So I think you have a core, you know, set of requirements, and then you tailor it from there, ma'am. That is what I would suggest.

Senator COLLINS. Thank you.

Mr. Jemison, getting people back into their homes and communities as soon as possible after a major disaster is essential to their lives, and to stabilizing the local economy. When I was chair of the Homeland Security Committee and HUD, we did an investigation into the response to hurricane Katrina. I remember traveling down with committee members, and we saw all these FEMA trailers, many of which had created problems because they had formaldehyde and they were not usable. They were very expensive, and obviously caused significant time to get them there.

An alternative approach is being pursued by the University of Maine using 3D printing. And it is still in the early stages, but it is so intriguing. And one of our witnesses at the first hearing, Dr. Habib Dagher, is involved in it. It is a partnership between the University of Maine, Maine Housing, and local community action agencies.

And they are essentially working on being able to print, believe it or not, using 3D printers, housing and temporary housing options. Now, part of what the administration wants is innovative construction techniques and materials for use in disaster recovery, but does HUD have the expertise and the resources to oversee a project like that, that might be the answer to providing rapid rehousing on a temporary means?

Mr. JEMISON. Ranking Member, we are very interested in this. I have heard about the research that you are talking about, and we are very interested in being part of that plan to investigate those technologies and find out if there are some of them that could be well deployed in disaster recovery.

Each part of the country is different, has different housing stock, different codes, so we think there is going to be a series of solutions, or a suite of different solutions for different places, but we are very interested in—I would be happy to come up and meet some of the people you have described at the University of Maine and talk to them about these technologies, because we were very interested in doing, in doing them. We spend, through our grantees, a large amount of money through the DR program on that, and we would love to learn more about it.

Senator COLLINS. Mr. Jemison, as we decide—as we work on designing a permanent CDBG–DR program, how can we ensure that the eligibility and allocation criteria are flexible enough so that we are not overemphasizing larger urban areas at the expense of rural areas, which actually may have more difficulty in recovering from a disaster because they have fewer resources?

Mr. JEMISON. Ranking Member, thank you for the question. So we are very interested in learning more about how—you know, what aspects of the formula concern you the most, that you are concerned, may be disadvantaged rural areas. We have got many rural and smaller CDBG–DR allocates, including Vermont, North Dakota, Arkansas, and West Virginia.

So if there are ways that we can hear from you, and others, and make these parts of our standing notices, so that we are making sure that there aren't any biases against our rural communities. We are really eager to hear about it.

Senator COLLINS. Thank you.

Thank you, Mr. Chairman.

Senator SCHATZ. Senator Boozman.

Senator BOOZMAN. Thank you, Mr. Chairman, and thank you, and Senator Collins, for having this hearing today.

Mr. Jemison, again, we appreciate all that you are doing, your hard work. Before getting into my questions, I would like to mention an issue that was brought to my attention that concerns one of my constituents, but I know that is going on all over the country.

This constituent reached out to my office about difficulties regarding the finalization of their Rental Assistance Demonstration program with HUD.

Mr. JEMISON. Mm-hmm.

Senator BOOZMAN. My staff has been in contact with HUD to request further information on the status of final approval. And I believe that HUD is moving forward with this particular request. However, it is my understanding that this delay in finalizing the Rental Assistance Demonstration projects is not a new case. And the problem is that each month that goes by without a response can lead to our constituents paying unnecessary and burdensome extension fees.

Mr. JEMISON. Right.

Senator BOOZMAN. So what I would like for you to do is just commit to looking into that and see if we can resolve that. Again, this is something that I am aware of through a constituent, but I know it is going on all over the country, and it is just an unnecessary hassle.

Mr. JEMISON. Senator, you have my commitment. Me and my staff will get back to you. I think my colleagues in PIH are probably closest to this, but I will reach out to them immediately after this hearing, and will be back to you shortly.

Senator BOOZMAN. Good. Thank you very much. Homeless rental assistance, as you know, the administration's request for fiscal year 2022 funding would provide $3.5 billion an increase of $500 billion to prevent and reduce homelessness, the requested funding would also provide an increase of $5.4 billion for housing choice vouchers to maintain services for all currently assisted families, and expand assistance to an additional 200,000 households, prioritizing those who are homeless or fleeing domestic violence.

How will that increase funding prevent and reduce homeless in our rural areas? The COVID–19 pandemic has impacted everyone, but specifically rural communities. And it is important these communities are not forgotten or left behind by Congress and the administration.

Mr. JEMISON. Senator, thank you for the question. So, we are pleased that the discretionary request is going to include a significant number of new vouchers. Those vouchers, I think studies have shown, have a huge impact on household's ability to control, and get quality housing. I think, if I understand some of the direction of your question, it is only possible about quality housing if quality housing exists in the region and the area that you live.

So especially for the households that we are talking about, and that who would be the beneficiaries of the programs you are mentioning, the importance of the recently-passed funds that will allow communities to develop new low-income housing, and in some cases, permanent support of housing through the HOME–ARP Program, there is going to be—there is going to be a lot of new resources, than they produce the housing that people may want to choose to use through vouchers or if they lower incomes.

You can only use the voucher if there is a unit available to use it. And as I understand it often that is not the case to the degree we like it in rural environments. And so making sure that communities have both the resources to develop the kind of housing that we want to have, safe, clean and decent units, as well as making sure people have the resources to choose great housing in every part of the United States, not just big cities, but also in our rural communities is a major priority of mine, and other people who work with me at our agency.

Senator BOOZMAN. Very good. We appreciate that. Thank you. Thank you.

Thank you, Mr. Chairman.

Senator SCHATZ. Senator Van Hollen.

Senator VAN HOLLEN. Thank you, Mr. Chairman, Ranking Member Collins, and our witnesses,

Mr. Jemison, you note in your testimony that the CDBG–DR program, including the CDBG mitigation investments have a unique focus on long-term recovery and resiliency efforts targeted to families with low and moderate incomes in the most impacted and distressed areas. This focus is—it is unique, it is very different from other Federal disaster assistance programs that are administered by FEMA and the SBA, as well as from private insurance.

Can you please tell us more about the types of gaps that CDBG–DR could uniquely fill for communities that are trying to make their homes, their roads and buildings more resilient in the face of climate change?

Mr. JEMISON. Senator, thank you for the question. So, DR is—CDBG–DR more specifically, is really a unique instrument that, as the ranking member highlighted, is one of the most popular of our programs, because it makes available flexible funding that communities can use to build or rebuild many public improvements and affordable housing.

So when a crisis strikes, you know, DR serves that same purpose, but it has the ability to serve it in a way that is unique. In recovering from the crisis you might learn, for example, that the street, park, greenway that was damaged, you may be able to rebuild it in a way, for example, that takes more stormwater out of the system, or in a way that fights the heat island effect, or a number of other kinds of impacts of climate change.

So what I think DR gives us the opportunity to do if we were able to make sure our communities are ready to absorb it and have the capacity to execute with it when they have it, is to make sure that all those pieces of a neighborhood that that count to make the quality of life in that neighborhood good. The open spaces, the affordable housing, market housing, streets, parks, all those things can be part of the process of creating resilience, I am hopeful community leaders can make that happen. So that is why DR is so important, and in some of the capacity it has to help us rebuild our communities.

Senator VAN HOLLEN. Well, thank you. And, you know, in my State of Maryland we see, sort of, perennial flooding now in Annapolis, which is also home to the Naval Academy, and that flooding impacts homeowners and small businesses, none of those floods, you know, rise to the level of a Stafford Act, emergency disaster declaration, but they still have very damaging impacts. And of course do reoccur on a regular basis.

Are there ways to make sure that the CDBG–DR program is flexible enough to help a community like Annapolis in making long-term investments in resiliency and mitigation? Is that the kind of application that the program could be used for?

Mr. JEMISON. Senator, yes. I appreciate the question because, you know, as we—first, there is a dimension of it that has to do with how we select where allocations are made. And we look to, you know, where the disaster damage and geography has been, as well as what grantee capacity is in for Annapolis, or another community is well-prepared, and is really the right place for the money to be located, because the disaster is sort of localized in that community, those are the things that we think about in making these allocations.

The second part of your question really speaks to some of the potential of the American Jobs Plan, where, we have proposed that a significant amount of the resilience money be part of a competitive program, that is going to help us learn from the National Disaster Resilience Competition, our mitigation awards, et cetera, where Annapolis or other communities could propose to make that exact kind of investment in their community as part of resources allocated through the American Jobs Plan.

It is one of the ways that we would like to put new resources in the hands of places like Annapolis, so they can actually plan the improvements that are going to take will reduce the impact of that flooding long term.

Senator VAN HOLLEN. No. I appreciate that. Because, you know, I think our goal here is to make sure we have a program, like this one, I think, that is more attuned to different kinds of metrics and triggers than just the emergency disaster declarations. Those are blunt instruments, and that is often after the fact. And, here, I hope we can use this as a tool to address efforts by communities across the country, like Annapolis, to be better prepared, and more resilient in the face of rising sea level and climate change. So I look forward to continuing this conversation with you.

Thank you, Mr. Chairman.

Senator SCHATZ. Thank you, Senator Van Hollen.

Senator Kennedy just arrived. Are you ready to ask your questions? Or should I move over to Senator Collins?

Senator KENNEDY. Thank you, sir.

Good morning. Mr. Jemison, have you ever been to Louisiana?

Mr. JEMISON. Senator, I have.

Senator KENNEDY. Well, good. Come back, come back to see us. Louisiana is sometimes described as sort of a boot, the heel of our boots, Southwestern Louisiana, had a tough time last year, and I am not—for us it was a fantastic impression of hell. And I am not just talking about COVID–19.

We got hit by two major hurricanes, since then we had a major freeze, right now we just had about anywhere from 8 to 15 inches of water in that area, in other areas in our state too. And I don't mean to tell you our problems, but those two hurricanes did lasting damage. Disaster relief in terms of a block grant, you know the rule and the custom. The White House recommends to us, and then we act, we, Congress, in our wisdom.

I cannot get an answer out of the White House. I have talked directly with President Biden about it. I have talked to the White House staff, my governor who happens to be a Democrat has, we have begged, we have pleaded, we have sent fruit baskets, we have done everything we possibly can to get an answer, and we just get silence. Can you help me get an answer?

Mr. JEMISON. Sure, sir. Senator Kennedy, thank you for the question. And obviously just in the spirit of the way you are asking the question we are—I sympathize. And HUD is ready to act, and moving all the ways that we have to support Louisiana in the part that you are describing specifically, when we get direction from our White House. And I will absolutely share what we have talked about today with them immediately after this call.

Senator KENNEDY. Who in the White House do you think, sir, would handle something like this?

Mr. JEMISON. Well, the first person I am going to speak with is our secretary, and I am going to highlight that this happened.

Senator KENNEDY. Right.

Mr. JEMISON. This part of our testimony, and I believe that she will probably reach out to—she is probably going to reach out to the various policy councils and others that she coordinates with every day. And that will probably get to the officer——

Senator KENNEDY. I don't mean to interrupt you, but I am about to run out of time. So HUD is recommending, yes. Is that correct?

Mr. JEMISON. Senator, I am not in a position to say that. I work for a secretary; she is the one who says what HUD is doing. And so I have to defer to her.

Senator KENNEDY. Would you mind calling me today or tomorrow, after you talk to the secretary. I will start with HUD first, if you are recommending yes, or no. Just tell me. And then if you could tell me who to talk to in the White House—I have talked directly to President Biden about it. And I know they are busy, I get it. But this has been going on for a while and we just need an answer.

Mr. JEMISON. Senator, you have my commitment. You will hear from me tomorrow after having spoken with the secretary.

Senator KENNEDY. You are a fine American. And thank you, sir.

Mr. JEMISON. Thank you very much.

Senator KENNEDY. That is all I have got, Mr. Chairman.

Senator SCHATZ. Thank you, Senator Kennedy.

I am going to take my second round now. The first question I have is, maybe starting with Mr. Pendleton, and then to Mr. Jemison.

As we picture in our mind's eye how this authorization is going to work. And I think it was Mr. Pendleton that said, you know, you are going to need organizational capacity within HUD in order to run a program, right? This is, we are doing a permanent reauthorization if we can. And we are trying to rationalize this process, staff it up, build capacity. What does that look like? How many human beings? How much money is it going to take?

And maybe I should start with HUD first, Mr. Jemison?

Mr. JEMISON. Chair, thank you very much for this question. We do need more, S&E to do this work. I think when you think about what grantees have to do, they have to rapidly develop capacity to execute large-scale projects in a very short period of time. So if we are going to support them in doing that, we need the same level of support.

I think we need to look at this as really part of our, not a disaster recovery or reaction approach, this is about building and adapting to the conditions that we are presented with. And so I think that is as important a project as any. And I think that adequate resources for us, and also adequate resources for our grantees are important to making sure that, instead of having this be a kind of an ad hoc thing that we do well sometimes, it needs to be something that we do well every time, we have the resources and the grantees have them too to be successful.

Senator SCHATZ. But I did not hear—with all due respect—I did not hear an answer there. And I am a little worried that we would just assign additional duties to existing staff in the same physical location. And just say, now you do this, and now you are also in charge of CDBG–DR, which is permanently reauthorized. Congress fixed it, but everyone is still in the same cube doing the same work. And so it seems to me, we need a discrete shop that does this, and I think we need to know what that is going to take in terms of resources.

Mr. JEMISON. Senator, I appreciate the question very much. You have no idea. I would further say that I want to give your question the due diligence that it requires. And I think within a short period, I can provide you with a specific recommendation to the memoranda.

Senator SCHATZ. That is a much better answer than a wild guess. Thank you.

Mr. Pendleton.

Mr. PENDLETON. Well, I appreciate you picking up on what I said. If you are going to spend tens of billions, you need to spend a few million to make sure the program is managed right. And so that is going to require HUD, I think to—should it land in HUD, to really think about what this program needs to be managed properly. It is going to require interagency planning. It is going to require a number of things that they may not currently be doing, well beyond just writing Federal Register notices.

And I think it is going to require a proactive, technical assistance operation to help get at some of the rural issues that were brought up in other places, where I think FEMA is going to have to lean— or excuse me—HUD is going to have to lean forward sometimes like FEMA has learned how to do in the past few years, to really help the grantees execute the funds in a way that is consistent with what we hope they do.

Senator SCHATZ. I just want to pick up on what you said about FEMA. You think FEMA has sort of developed, through iteration, a model for servicing local communities.

Mr. PENDLETON. You know, FEMA is not really in my portfolio, but I have done a lot of work on disaster recovery. I was in Louisiana right after Hurricane Katrina. I think they have gotten better, and they are leaning forward. Their capacity gets stretched sometimes, and they have got their own workforce challenges, but I think being proactive—I think it is going to require, bluntly put, a mindset change for our friends at HUD. And I think that is going to be as important as the organization, but you won't be able to do it without enough people to do it.

Senator SCHATZ. Sure. A final question for this round. You know, I think what we are trying to achieve, in addition to speed, right, is the ability to kind of enable a conversation between the disaster managers, the emergency response types, and community planners, both at the Federal and the state level, because if we are doing mitigation money, I mean, I think about the volcanic disaster, CDBG money sort of lands.

And then we are making some pretty big choices about where these homes are going to be located. Are they still going to be in Lava Zone 1? Should they be relocated to Hilo Town? What is the deal here? And the emergency response people are not even by law required to talk to the people who are in charge of housing, and where it goes, and how infrastructure is built. And so you are sort of at an—in the best case you are at an impasse, in the worst case, people are actually moving in opposite directions because that is sort of what the statute dictates.

Would you like to comment on that Mr. Jemison?

Mr. JEMISON. Chairman, I would love to. I completely agree with the sentiment you are sharing here. The money you spend in an emergency, sometimes you look back and say, I would rather have spent that doing the larger project that actually is going to be baked into the work that is going to help my community to get stronger, right? And so I mentioned the parks, and greenways, and other things that were destroyed, maybe there is a way to build them back that does the thing you want.

But when you are focusing on an emergency only, you do not have the benefit of knowing that you might have mitigation funds to actually build it back—the community improvement back, right, you can make mistakes. So I think it is a great idea to try to bring those pieces more closely together. And some of the things we have mentioned today will help us do that.

Senator SCHATZ. We look forward to receiving your technical assistance on this particular question, because I worry a little bit that Congress is just going to say, there shall be coordination, and then assume that it is going to occur. And we have got to sort of dig into how to make sure that we effectuate this in a way that will work.

Ranking Member Collins.

Senator COLLINS. Thank you, Mr. Chairman.

I have a question that I would like to get the opinions of each of you on. The regular CDBG program is administered both by states and larger metropolitan areas referred to as "entitlement communities". And over the history of the disaster relief program, the grants have been provided to both types of grantees as well. And I can see the case either way.

But let me start with you, Mr. Pendleton. GAO has reviewed the work of multiple DR grantees over the years. Do you have an opinion on whether or not, as we write this bill, we should limit the grants to states? Or should entitlement communities remain eligible grantees under the DR program?

Mr. PENDLETON. I cannot choose, but I can—but it should turn on an assessment of their capacity to handle the funding. And our open recommendation, if you remember my opening statement of the five, is that HUD needs to improve its assessment of grantee capacity. And I think that is—we are likely to leave that recommendation open for a little while, so I can pester Mr. Jemison about it.

Because that, I think, it becomes the most important thing. If you give it to someone that does not know what to do with it, it is going to be a problem. But, on the other hand, the closer you can get to where the work needs to be done, the better off you are. So I think it is that assessment of capacity becomes the main thing, Senator Collins.

Senator COLLINS. Mr. Jemison, do you have an opinion on that? Jemison, sorry.

Mr. JEMISON. Ranking Member, I do. Thank you for the question. Exactly as, Mr. Pendleton mentioned, grantee capacity is a very important dimension of the selection that the secretary makes about where the allocation should go. It is also considered, if a disaster crosses boundaries, a municipal county, et cetera, thinking about which jurisdiction should receive the funds, often states are chosen because they allow you to deal with—go across municipal or county boundaries.

And finally, I guess I would say that the risk matter that was talked about is also part of the analysis. I would tell you, though, that we would like to go to the grantee where we are going to have the grantee will have the most possibility of success, obviously. And then as closest to the ground as the best understanding of what the improvements ought to be.

And so when there are places where we have gone to the city, or county, or state levels, we try to bring—push it down to the most appropriate, lowest level of government.

Senator COLLINS. Thank you. I am just going to ask one last quick question, since we have additional colleagues who have arrived.

Mr. Pendleton, the National Institute of Building Sciences reports that for every dollar that we invest in disaster resiliency investments, that it saves $6, depending on the circumstances and the type of the hazard. But still that is a pretty good return on investment and shows the old saying that an ounce of prevention can be worth a pound of cure. The administration's plan includes 50 billion for improving infrastructure resilience, and a small slice of that would go through the CDBG program. There is other funding for new initiatives at DOT, there is tax credits, there is a FEMA, new FEMA program.

And the rationale for investing in resilience is clear to me, but I am concerned about having too many agencies and too many programs focused on medication, and that that will leave to fragmentation, confusion for communities, and states and increase the risk of fraud, which you talked about in your report. What is your view?

Mr. PENDLETON. Yes, I agree with you. As more people get into the space, there is more opportunity for duplication, overlap, fragmentation, and all sorts of bad things. We have work ongoing looking at this very question, not mitigation or resilience specifically, and we are teaming inside GAO across the agency to really look at this space. And give me a few months and I might have a better answer for you about what some of the specific dangers are here.

DR has not really been—and I mentioned earlier—it has not really been a mitigation thing in the past, right? So it is more money, more people moving into that space. So I think—that is the reason why I keep coming back to joint planning, working together with stakeholders, and all that basic stuff.

Senator COLLINS. Thank you.

Senator SCHATZ. Senator Reed.

Senator REED. Well, thanks very much Mr. Chairman.

And Mr. Jemison, the Community Development Block Grant Disaster Recovery program is absolutely essential. It is unique, it aids communities when they are in a desperate situation, and it gives HUD insights into the disaster operations, and many other Federal agencies and state agencies. And, in fact, it is episodic. It only happens after a major disaster.

What steps has HUD taken to build a permanent capacity to administer this funding, to streamline its own administrative requirements, and coordinate among other agencies to move projects forward more quickly?

Mr. JEMISON. Senator, thank you for the question. So one thing, obviously you have heard us today say that we are interested in having a permanent, reliable framework for this work to go forward in the future. And I think there is a lot of consensus about that approach in this room.

Second, we are developing a sort of universal notice, and a standing a notice that will help us unify all the things that my colleague, Mr. Pendleton, was talking about are different among all the different appropriations.

So we are trying to make sure that there is, instead of having these little cracks and loopholes between different allocations, we have one standard that makes sense. I think the process that is being described here will help us, do that even more. So those are steps we are taking to streamline today.

I would also highlight in the American Jobs Plan, as was highlighted by the ranking member, you know, we are very strong believers in the $1/$6 analysis that was highlighted, it was also in a Pew Trust report. And so in our American Jobs Plan we are proposing that the administration is proposing that there be a significant allocation to do this.

One of the things I think we would like to do with that is to, kind of, run the kind of competition that helps communities prepare in advance for those kinds of funds being the influx coming into their community, and I would try to resonate with one other item you asked about.

One of the reasons that DR administered through HUD is an important part of the sort of constellation, is because it is those plans and in the implementation of the plans that come out of these resources, that you are able to integrate resilience into the improvements that again, make life better in all of our communities. So that is an important dimension of it. I appreciate you giving me the chance to highlight.

Senator REED. One of the challenges that we face, we all face, and maybe they occurred in last year's hearing when we discussed this issue with HUD, and also in the Banking Committee hearing just this week, it is the National Flood Insurance Program, and that is the issue of quantifying and communicating risk. Having experience of disasters, HUD is in a position to provide an insight to what is coming next, if you will.

And how can HUD and the Federal Government better provide information to communities about current and future risk? And maybe adding future information to flood maps that are being published now? But, unfortunately, it is likely that if there is a physical disaster in one place, it won't be the last time something like that happens. Any comments?

Mr. JEMISON. Senator, you are highlighting an important dimension. So, you know, FEMA, SBA, HUD and private insurers all have a role to play in the recovery of a community. And so the flood insurance portion of the work, is obviously a private activity, but the regulatory partner, for that industry is in FEMA, because they control mass.

To the extent that we are involved, I mean, we have recently had FHA publisher rule allowing flexibility for the FHA insurance related to this. So we are have a role to play and we play it but this is one where we work through the National Disaster Recovery Framework with FEMA and rely on them for guidance on this.

Senator REED. Well, thank you very much.

Thank you, Mr. Chairman.

Senator SCHATZ. Senator Hoeven.

Senator HOEVEN. Thank you, Mr. Chairman. Appreciate it.

Mr. Jemison, the City of Minot, North Dakota and surrounding region had a very bad flood in 2011, something like 4,000 homes were impacted. Many of them ruined, 11,000 people, I think, were out of their home for some period of time. Afterwards the State of North Dakota, working with the City, put together a flood protection plan. I think originally it cost us about $800 million. You know, it is probably gone up some since then.

We have broken it into phases. Like eight phases. The first three phases are, you know, under construction, some completed, a lot of state and local funding, we are working with the Corps to get some funding. And of course, trying to get, you know, all the things addressed that they need. But we have also gotten CDBG money. And I think it was about $75 million, and Senator Kaine and I sponsored legislation.

And so we have gotten some of that extended, along with some of the other resiliency grants, I think there were like 13 of them. So I am going to ask you about that in a minute. Our grant was 75 million under the National Disaster Resiliency Program. They need some more flexibility there. I want to make sure you are working with them on that, as well as the other communities to get resiliency funding.

But my question is, is there help that you can provide through CDBG, or the CDBG Disaster Recovery funding, to support our flood mitigation efforts, and our flood protection? And the reason I ask is because the Corps has all this cost benefit stuff, and so on and so forth. So some of these eight phases we can do with state, local, or Corps money, but others don't meet the benefit cost. And in some cases, that is in our lower-income areas of the community and the surrounding regions. So we need other sources of funding to complete this project.

We want to make sure that low-income areas are not left out because they don't meet benefit costs. So that is kind of a long question, but we need some help from agencies like yours, figuring out how to fund some of these phases and keep this moving, particularly for our, our lower-income areas, so you don't have some of the higher-income areas that get protection, and the lower-income don't, or they are waiting around for it, and they are having to pay flood insurance.

So we need some help from agencies like yours. And I would ask for any thoughts you have as well as a commitment from you to work with us.

Mr. JEMISON. Senator, thank you for the question. You have my commitment today. But specifically what we will do is we will—we have got great professionals working in our Disaster Recovery and Special Issues area directly. We also have technical assistance providers who can come out and help you nab your Minot, which I have heard a lot about, by the way, as one of the communities where they got a designation and then an allocation even though they are a smaller community, but they have had great success.

So when you have great success, sometimes you have unique challenges like the one you described. I am prepared to have people from our staff at headquarters respond directly, and also have TA providers help them navigate the issue you are talking about with the Corps, and the cost-benefit analysis. I think the flexibility of the CDBG resources that you have gotten, well, can help you through that problem. And I know that the staff and TA we can give you can help you too.

Senator HOEVEN. Yes. We absolutely need to link in with you and your staff to see if we can figure some things out. The community is about 50,000 people, there is an Air Force base there of about 12,000 people, and if they don't get this flood protection, the base actually can be cut off from getting to the missile fields, and some other things that they have to do.

Mr. JEMISON. Yes.

Senator HOEVEN. So it has got military implications. And then, like I say, we really have to look at some of these programs that help in lower-income areas, because those are some of the areas that, you know, we have not started their part of the protection yet. And so we really need you and some others to help us piece together some programs. And we purposely did it in phases to get it moving. So we did not have everybody sitting and waiting until all the hundred million was put together.

But we have got about 60 percent of the protection underway, but about this 40 percent is an area where we are really trying to find ways to fund the flood protection. And so I appreciate that. We will follow up with you, and we would love to get you and some people out there, and see what can come up with creatively.

And then just an update, if you will, on the Disaster Assistance Resiliency grants for the 13 or 14 communities, how are you doing as far as giving them some flexibility, and working with them? And is that going well? And is there anything else you need?

Mr. JEMISON. So, Senator, so far the report is back in. Again, I am in my, maybe, 120th day, but the reports back from grantees have been good. I know that there are—that some folks are reporting about their plans to finish their projects within the timeframes given are obviously causing them a little bit of—the kind of concern that any developer or development agent would be concerned about.

But we are working with them as close as we can. And again, if we are hoping that as part of this process, things like that get managed so that people have enough time to finish their projects.

Senator HOEVEN. Yes. And again, that is why I think the community is trying to use these funds as effectively as possible, which is why they needed a little more flexibility and a little more time. So we appreciate, you know, you working with them to do that.

Mr. JEMISON. We absolutely will.

Senator HOEVEN. Again, thank you.

Thank you, Mr. Chairman.

Senator SCHATZ. Thank you, Senator Hoeven.

I want to thank everybody for coming today to discuss this critical topic. And I especially want to thank Senator Collins and her staff for working with me to authorize the CDBG–DR program. GAO and HUD's expertise has been really valuable in thinking through how we structure and inform our disaster recovery systems.

ADDITIONAL COMMITTEE QUESTIONS

I look forward to introducing this bipartisan bill with you in the very near future. The hearing record will remain open until next Friday, May 28th, to allow members to submit additional questions for the record.

QUESTIONS SUBMITTED TO ARTHUR JEMISON

QUESTIONS SUBMITTED BY SENATOR BRIAN SCHATZ

Question. Staffing for HUD's disaster recovery program is largely provided through supplemental appropriations and impacts HUD's ability to conduct long-term oversight of grantees.

What metrics does HUD use to plan for and estimate its workforce needs to support CDBG–DR and its responsibilities under the National Disaster Response/Recovery Frameworks?

Answer. The Department has generally used five metrics for its estimates of workforce needs associated with the implementation and oversight of CDBG–DR funds: (1) number of grants; (2) number of grantees; (3) grant expenditure deadlines; (4) open GAO/OIG audits to be addressed; and (5) ratio of permanent staff to "term" staff funded through disaster-specific CDBG–DR appropriations. An additional consideration relates to the relative geographic remoteness of the grantees and the value of placing CDBG–DR staffing in closer proximity to the grantee (e.g., our Hawaii-based staff and the CDBG–DR grantees of Hawaii, Kauai, American Samoa and the Northern Mariana Islands). The recent significant expansion of CDBG–DR staffing has been supported largely by CPD's S&E resources and have come at an opportunity cost for CPD in addressing the staffing needs of other core programs and functions. A permanently authorized CDBG–DR program would create additional HUD staffing needs and demands, centered on training grantees on new program requirements and engaging high risk communities in pre-disaster planning and building resilience.

Under the National Disaster/Response/Recovery Frameworks, the Department has defined its roles and responsibilities pertinent to each Framework that guides workforce needs. Based on those roles and responsibilities, HUD had developed a volunteer recruitment process as well a leadership cadre of volunteers who support this work. This year, we have over 400 staff that have volunteered to assist HUD in fulfilling our responsibilities under these Frameworks. However, with the increasing number of disaster events, the Department is exploring other staffing alternatives (e.g. retired staff, surge employees).

Question. As we consider permanent authorization of a disaster recovery fund, what type of staffing levels would you need in order to support communities with pre-disaster planning and recovery on an ongoing basis?

Answer. Communities consistently tell the Department that they need knowledgeable HUD staff on the ground as early as possible during the disaster. Ensuring that HUD's Disaster Recovery and Special Issues Division has sufficient staffing, consistent with recent budget requests, ensures that HUD is able to support pre-disaster planning, including efforts to incorporate resilience. With the potential permanent authorization of CDBG–DR as a program, pre-disaster planning efforts present an additional opportunity to reach high-risk communities and to deploy staff expertise and technical assistance to develop the pre-disaster resilience capacity of those communities in the Disaster Recovery and Special Issues Division of CPD and in other CPD program areas. The Department, in consultation with HUD's Office of Disaster Management and National Security (ODMNS) FEMA's Community Planning and Capacity Building Recovery Support Function, will develop a final recommendation on staffing that allows HUD to identify the gaps in staffing when incorporating the pre-disaster planning function. At a minimum, CPD would seek resources to secure the current 15 temporary or term positions as permanent staff in DRSI, and to add up to an additional 15 staff to support pre-disaster planning efforts as part of its current long-term recovery mission.

QUESTIONS SUBMITTED BY SENATOR JOE MANCHIN

Question. As it relates to recovery funding, post disaster, FEMA and HUD are the primary avenues of this funding and resources. In West Virginia, our worst disaster in recent years was the 2016 flooding that took the lives of 23 citizens and destroyed thousands of homes. Most recently West Virginia received a Presidential Disaster Declaration for the winter storms in February opening up federal resources for recovery. With that comes questions—your office has heard about how confusing it is to explain to individuals what agencies they need to contact, when and for what. They would like to see simpler ways of proving information and a simpler explanation from the federal agencies to individuals on their available options. Immediately following a major disaster, many families and individuals are simply trying to figure out their next move.

How can HUD work with other federal agencies like FEMA to best serve immediate needs of individuals?

Answer. In the immediate aftermath of a disaster, HUD leads the Housing Recovery Support Function under the National Disaster Recovery Framework, working to re-house disaster victims as quickly as possible. HUD's CDBG–DR funds, however, which are focused on whole community, long term recovery, is not available to communities until Congress appropriates those funds for a disaster. A standing source of CDBG–DR funds and consistent requirements would allow HUD to be "on the ground" earlier to provide CDBG–DR assistance and position communities to better coordinate its recovery priorities, with FEMA, SBA and the Housing Recovery Support Function resources that are more immediately available after the disaster.

Question. During these times of great stress, some of the local leaders in my state have expressed how tough it is to explain, in simple terms, what resources are available to individuals and families.

What can HUD and other agencies do to simplify the information on available resources to individuals and families post disaster so it is easily understood?

Answer. Through the Recovery Support Function Leadership Group (RSFLG) and the Mitigation Framework Leadership Group (MitFLG), HUD and FEMA and other federal disaster recovery agencies are also developing web portals and other "one stop" resources to improve community and public access to federal recovery resources.

Question. What resources would HUD need to work with other federal agencies to coordinate such an effort?

Answer. As part of an effort to make CDBG–DR funding more readily available sooner after a disaster, HUD would seek to also move away from the disaster-specific staffing resources that have been made available by Congress through most recent CDBG–DR supplemental appropriations.

While the additional resources and staffing are needed and welcome, they allow HUD to only employ "term" or temporary staff who are limited to working only on the disaster for which funds were appropriated, for a limited time and who are brought "on-board" only once the supplemental CDBG–DR appropriation is available. Additional resources to increase staffing levels for HUD's permanent disaster recovery staff would allow HUD to build its capacity and to significantly increase its presence alongside FEMA and the U.S. Small Business Administration following a disaster to continue to improve coordination.

QUESTIONS SUBMITTED BY SENATOR SUSAN M. COLLINS

Question. CDBG–DR supplemental appropriations over the past five years have permitted the use of more than $20 million in funding for technical assistance purposes.

How much of that funding has been used to support the $40 billion appropriated since 2016?

Answer. While not all CDBG–DR supplemental appropriations have included funding for technical assistance, since February 9, 2018, CDBG–DR supplemental appropriations have made a total of $20 million available for the specific purposes of capacity building and technical assistance, including assistance on contracting and procurement processes, to support States, units of general local government, or Indian tribes (and their subrecipients) who have received CDBG–DR and CDBG–MIT funding.

As of August 2, 2021, $7,405,898 has been expended for direct technical assistance engagements, needs assessments, capacity building tools and products, workshops and training, and technical assistance provider administrative and coordination costs for CDBG–DR and CDBG–MIT grantees. An additional $4,799,447 of the $20 million has been committed to existing technical assistance engagements, and the remaining $7,794,654 remains available to address on-going and future technical assistance needs. HUD will continue to support CDBG–DR and CDBG–MIT grantees with these resources until the current balance of assistance funds has been exhausted.

Question. What exactly have been the results of that investment?

Answer. While the results of technical assistance can be qualitative and anecdotal due to the complexity of measuring the effectiveness of capacity building activities, HUD requires technical assistance providers to generate work plans to guide their activities and intended outcomes. These work plans are categorized based on the type of technical assistance engagement and typically include the following types for disaster recovery: direct technical assistance (TA), needs assessment, product development, and training delivery.

To further clarify, needs assessment and direct TA engagements often involve a technical assistance provider assisting a grantee in determining their disaster recovery unmet needs, launching their disaster recovery program, and/or addressing specific concerns that a grantee may have in implementing their CDBG–DR and CDBG–MIT grants. Product development and training delivery engagements are typically for multiple or all CDBG–DR and CDBG–MIT grantees and address large-scale capacity building needs for disaster recovery.

Technical Assistance Products	Number of Work Plans	Percent of Work Plans	Total Technical Assistance Funding Disbursed[1]
Training Delivery	11	18%	$1,373,101.54
Product Development	4	7%	509,999.22
Needs Assessment	2	3%	157,301.51
Direct Technical Assistance	43	72%	7,789,996.00
Total	60		9,830,398.27

[1] Amount of appropriated technical assistance funds committed to completed or currently active work plans.

HUD's analysis of the work plans showed that the most common outcome associated with the work plans is "improved capacity to deliver projects, programs or systems that address community needs." Grantees, particularly smaller jurisdictions with limited capacity (e.g., recent CDBG–DR grantees in the Pacific), have only been able to undertake DR-funded recovery through HUD funded technical assistance efforts.

Question. Do HUD's chosen providers have the capacity to deliver the kind of in-depth assistance that is necessary?

Answer. Yes, selected technical assistance providers have been required to undergo a competitive application process through Notice of Funding Availability (NOFA) announcements managed by CPD's Technical Assistance Division (TAD) to demonstrate their capacity to meet the current and future needs of disaster-affected communities. To do this, applicants complete a capacity and interest chart as part of the application package. TAD reviews the application package by using HUD's Community Compass Rating Guide to evaluate and select the providers. The $20 million of technical assistance funds for disaster recovery were awarded over the course of three NOFAs, and the chosen providers were required to apply each year for the 2017, 2018, and 2019 awards.

To further clarify, HUD's capacity and interest chart allows providers to demonstrate their understanding of the requested technical assistance in the NOFA and to highlight their experience and interest in providing technical assistance to specific HUD programs, including CDBG–DR and CDBG–MIT. The chart gives HUD a preliminary view of the providers' abilities, capacity, staffing considerations, and challenges. The Community Compass Rating Guide allows HUD to review providers' applications using up to three rating factors, a number-based methodology for scoring each applicant, and key questions that the providers are expected to respond to per the guidelines of the associated NOFA. HUD rates the providers based on their applications and responses to these key questions, which show their understanding of grantees' challenges, prior technical assistance engagements, and number of past similar engagements. HUD then selects providers if the providers' scores are above a certain threshold.

Question. HUD also considers other factors to determine each provider's capacity when awarding technical assistance funds. While these factors vary for each NOFA, they can include, but are not limited to, expertise conducting specific technical assistance activities, past performance, technical assistance priorities for the upcoming year, and the range of subject matter expertise.

How can HUD improve this process to the benefit of disaster-affected communities?

Answer. HUD has identified several areas to improve the processes associated with delivering effective technical assistance to grantees and is currently refining these processes so that grantees can expedite disaster recovery and deliver better outcomes to their disaster-affected communities.

For instance, some grantees are not fully aware of the capacity building opportunities available to them and how to request technical assistance for their specific disaster recovery needs. To address this concern, HUD will expand training for HUD staff managing CDBG–DR and CDBG–MIT. The initial round of training improved communication and has led to more accessible and directed technical assistance that better meets grantees' needs. Additionally, HUD will be launching a disaster recovery repository within the next few months that will give all CDBG–DR and CDBG–MIT grantees access to previously produced technical assistance products. The repository will hold tools and templates that were created from the appropriated technical assistance funds and can be repurposed to meet the needs of current and future disaster-affected communities.

HUD is also working on improving the tracking of outcomes from technical assistance engagements to confirm that grantees' needs are being met by the chosen technical assistance providers. To do this, HUD will begin implementing surveys in which CDBG–DR and CDBG–MIT grantees receiving technical assistance will be asked about the effectiveness of the technical assistance and capacity building activities provided after their engagements have ended. The results of these surveys will demonstrate which chosen providers were most effective at delivering technical assistance and how (or if) the technical assistance met the needs of the disaster-affected communities, which will ultimately improve the future delivery of technical assistance and subsequently lead to better disaster recovery outcomes for disaster-affected communities.

Question. When grantees are not performing adequately in the use and management of CDBG–DR funding, HUD traditionally waits to act and then only reluctantly. Over many years, HUD has indicated that it is statutorily constrained from being more aggressive and has limited means of recourse, such as cutting off funding access, to address problems related to the management of CDBG–DR funds.

What expanded authorities should be provided to HUD to effectively manage the CDBG–DR portfolio?

Answer. The CDBG–DR program currently lacks permanent authority and regulations—unlike other federal disaster programs such as those administered by FEMA and SBA. Codifying the CDBG–DR program would permit HUD to effectively manage the CDBG–DR portfolio and establish permanent regulations to pursue remedies for noncompliance, similar to the manner in which the regular CDBG program operates at 24 CFR part 570. Supplemental CDBG–DR appropriations without permanent authority can delay HUD's efforts in publishing the Federal Register notices required by each appropriation. Those Federal Register Notices establish the waivers and alternative requirements for grantee use of the funds for recovery, including the rules and requirements grantees must follow. There can also be a lack of consistency between appropriations and Federal Register notices that can reduce transparency for grantees and increase the risk of fraud, waste, and abuse.

Statutory authority to establish CDBG–DR regulations would accomplish the following:

—Increase HUD's ability to consistently enforce instances of noncompliance and provide grantee with established requirements for performance and compliance;

—Increase transparency for grantees and the public regarding CDBG–DR requirements;

—Reduce the time between a disaster and a grantee's access to long-term recovery funds; and

—Reduce the potential for fraud, waste, and abuse, especially for grantees who currently manage multiple grants that operate under different requirements.

Question. The HUD Inspector General (OIG) issued several audit reports questioning both HUD's interpretation of CDBG–DR procurement requirements applicable to states as well as many procurements conducted consistent with HUD's interpretation (summarized in Audit Report # 2017–PH–0002).

Have the Office of Community Planning and Development and the OIG reached an agreement on disposition of all the related audit recommendations? If not, when will these recommendations be resolved?

Answer. The Department and the OIG have not reached an agreement on the disposition of all procurement related recommendations. There are currently 11 procurement-related recommendations that remain in referral from the OIG. The remaining procurement-related recommendations remain in referral at this time and will be resolved as staff brief HUD's new leadership regarding the open referral and make a determination on the disposition of the open recommendations, as applicable.

Question. Earlier this month, GAO issued a report on the fraud risks of the CDBG–DR program. This report addressed the fraud risks and risk environment of CDBG–DR, as well as the steps HUD has taken to assess fraud risk. The report notes that HUD has taken some steps to assess fraud risks agency-wide, such as a Front-End Risk Assessment, and a redesign last year of its agency-level Fraud Risk Management Maturity Model. GAO also noted in its report that HUD neither agreed nor disagreed with the recommendations, and instead offered a description of mitigating actions.

Does HUD agree with GAO's recommendations?

Answer. The Department agrees with the GAO regarding the importance of a fraud risk assessment and has taken steps to create a Fraud Risk Assessment template, but the effort was delayed due to the Coronavirus pandemic. While this effort remains in the HUD CFO's workplan, current contracting issues have delayed forward momentum on development of the template. In the interim, the Department continues to deploy risk management tools and controls designed to mitigate fraud risk. HUD's overall approach to managing fraud and fraud risk in the CDBG–DR portfolio is focused on oversight, relationship management, and building capacity.

The Department does disagree, however, with the GAO recommendation to require CDBG–DR grantees in the risk assessment. As a Federal block grant, CDBG–DR places primary responsibility on grantees to ensure compliance with federal requirements. These longstanding CDBG regulations impose sanctions on the ineligible use of funds, including payments made for fraudulent purposes. Instances of fraud can result in repayment of funds to the Treasury, made from the grantee's non-federal funds. HUD's response to the GAO report outlined a robust set of internal controls and processes that are used by HUD to ensure that grantees are taking effective action to prevent and detect fraud. These processes include requiring grantees to develop and submit policies to detect and prevent fraud, waste, and abuse, as part of HUD's financial certification review, and monitoring grantees for compliance with those policies. These controls also include requiring grantees to have dedicated internal auditing staff charged with combating fraud. Grantees and subrecipients are also required to attend anti-fraud trainings offered by HUD Office of the Inspector General. HUD will also seek feedback from grantees on risks that they have identified that can be part of a broader training effort for CDBG–DR grantees and staff.

QUESTIONS SUBMITTED BY SENATOR JOHN KENNEDY

Question. During the hearing, Mr. Jemison committed to following-up with our office regarding disaster relief funds.

What conversations have occurred to date between HUD and the appropriate policy councils at the White House regarding additional funding?

Answer. When asked, HUD provides preliminary estimates of remaining unmet disaster recovery needs for disasters. HUD looks forward to working with Congress to identify and address any disaster-related unmet needs.

Question. What was the outcome of those conversations?

Answer. As reflected in the Administration's CR anomaly package, HUD has provided preliminary estimates of unmet disaster recovery needs for 2020 and 2021, pre-Hurricane Ida. Further, the Administration remains committed to working with the Congress to ensure an appropriate and robust response to Hurricane Ida, as well as other ongoing natural disasters and extreme weather events.

Question. What more needs to be done to ensure a commitment is made to the people of Louisiana that help is on the way?

Answer. HUD has worked to review its internal processes to identify any bottlenecks that may be addressed to expedite the availability of funds to those grantees. HUD is also taking steps (outlined in our response to #2) to streamline the CDBG–DR process for all grantees.

Question. The lag between a disaster and an appropriation of CDBG–DR funds is significant.

What steps will you take to ensuring this process is streamlined so that communities in need can rebuild as quickly as possible?

Question. Absent a permanent statutory authorization of CDBG–DR, the steps available to HUD to streamline its CDBG–DR processes is determined in part by the provisions of each supplemental CDBG–DR appropriation. Prior CDBG–DR appropriations, for instance, allowed grantees to use disaster funds for Hurricane Matthew and Florence interchangeably to address recovery needs arising from either disaster. Other prior appropriations have allowed HUD to use its disaster-specific administrative funds interchangeably, allowing for more rapid on-boarding, deployment, and retention of staff to assist grantees in launching their recovery programs. HUD is also developing a Federal Register Notice that is intended to be prospectively applicable to future CDBG–DR supplemental appropriations as a means of providing potential grantees and the public with a clear and consistent understanding of CDBG–DR requirements.

Question. The lag in spending funds once grant agreements have been signed can take years.

What considerations have been made regarding an additional extension of CDBG–DR funds beyond September 30, 2023?

Answer. This question presumably references CDBG–DR funds appropriated pursuant to Public Law (P.L.) 113–2 for long term recovery from Hurricane Sandy and other disasters occurring in 2011, 2012 and 2013. P.L. 113–2 established a maximum expenditure period for these funds of September 30, 2022. The Consolidated Appropriations Act, 2021 (P.L. 116–260), enacted on December 27, 2020, provided one additional year for the expenditure of all P.L. 113–2 funds to September 30, 2023. HUD is working with all P.L. 113–2 grantees to implement the extended period provided by Congress. Should Congress enact an additional extension of the statutory period for the expenditure of the P.L. 113–2 appropriation, HUD will continue to assist grantee in the full implementation of their remaining recovery activities.

HUD also recognizes that several of the CDBG–DR grantees who received funding under P.L. 113–2 also received disaster assistance in the prior year (P.L. 112–55) for the same disasters. The grantees had to revise or reset those disaster recovery efforts to match the requirements of the new funding from P.L. 113–2.

Question. What is the unobligated amount of CDBG–CV funding provided in the CARES Act? Can these funds be repurposed for the CDBG–DR? Please explain.

Answer. As of August 31, 2021, $4,860,951,369 was obligated, or 97.4% of the appropriated funds, with $129,048,631 remaining to be obligated. Please note, however, that grantees have until August 16, 2021, to apply for the full amount of their allocation and HUD has 45 days to review and accept grantee submissions and we anticipate the majority of the remaining funds will be obligated by the end of the review period. After this deadline, HUD will reallocate the remaining unobligated amount to existing CDBG–CV recipients based on factors identified within the CARES Act, as determined by the Secretary. CDBG–CV funds may not be repurposed for CDBG–DR as they must be used for the statutory purpose as expressed in the CARES Act, however, they may be used as a leverage or stand-alone activities that are eligible for CDBG–CV and meet the tie-back requirement for these funds.

Grantees may use CDBG–CV funds only for those activities carried out to prevent, prepare for, and respond to coronavirus. By law, use of funds for any other purpose is unallowable. To satisfy these purposes, grantees may assist activities that respond to direct effects, such as the need to rehabilitate a building to add isolation rooms for recovering coronavirus patients. HUD is not prohibiting grantees from carrying out any particular CDBG eligible activity described in the HCD Act and the 24 CFR part 570 regulations, because other CDBG eligible activities, such as acquisition, can justifiably be used to fulfill the CARES Act purposes depending upon the circumstances.

Through the CDBG–CV notice, HUD provided a number of suspensions and waivers, in addition to those within the CARES Act to allow grantees additional flexibility in using CDBG–CV funds to prevent, prepare for, and respond to coronavirus. To remain consistent with the structure of a block grant program and the flexibility of CDBG to provide multiple avenues to achieve the purposes of the CARES Act, HUD is implementing the limitation that funds be used for the coronavirus-related purposes of the CARES Act by requiring grantees to document the use of funds to prevent, prepare for, and respond to coronavirus, rather than by expressly prohibiting grantees from undertaking any of the eligible activities described in the HCD Act. HUD has cautioned grantees that the recordkeeping requirements of this notice requires clear documentation that all uses of funds satisfy the statutory purposes of the CARES Act.

QUESTIONS SUBMITTED TO JOHN PENDLETON

QUESTIONS SUBMITTED BY SENATOR JOE MANCHIN

Question. As it relates to recovery funding, post disaster, FEMA and HUD are the primary avenues of this funding and resources. In West Virginia, our worst disaster in recent years was the 2016 flooding that took the lives of 23 citizens and destroyed thousands of homes. Most recently West Virginia received a Presidential Disaster Declaration for the winter storms in February opening up federal resources for recovery. With that comes questions—your office has heard about how confusing it is to explain to individuals what agencies they need to contact, when and for what. They would like to see simpler ways of proving information and a simpler explanation from the federal agencies to individuals on their available options. Immediately following a major disaster, many families and individuals are simply trying to figure out their next move.

How can HUD work with other federal agencies like FEMA to best serve immediate needs of individuals?

Answer. Better data sharing among HUD, FEMA, and other federal agencies and with state, local, territorial, and tribal governments could help better serve the immediate needs of disaster survivors. In May 2019, we found a lack of timely data from FEMA hampered efforts to target assistance.[1] For example, officials we interviewed from Texas, Florida, and Puerto Rico said they experienced difficulty obtaining FEMA data that could help them deliver assistance to individuals.

It is important to note that the disaster recovery funding provided through the Community Development Block Grant program (CDBG–DR) is intended to address the unmet needs of impacted communities rather than the immediate needs of individuals. However, our prior work has found that coordination among federal agencies is a challenge, and we have identified some ways that agencies can collaborate more effectively to better serve disaster survivors. For example, we have previously reported that joint planning processes across different grant programs or establishing focal points with the responsibility and authority to oversee integrated risk-reduction processes can enhance collaboration.[2] In addition, we have an ongoing review examining the coordination of federal disaster programs, including CDBG–DR.

Question. During these times of great stress, some of the local leaders in my state have expressed how tough it is to explain, in simple terms, what resources are available to individuals and families. What can HUD and other agencies do to simplify the information on available resources to individuals and families post disaster so it is easily understood?

Answer. It is important for HUD and other federal agencies to coordinate their efforts to inform disaster survivors about available resources. While GAO has not examined the steps HUD could take to help simplify the information on available disaster assistance resources available to survivors, our prior work can help inform HUD's coordination efforts with other federal agencies. Specifically, we have previously found disaster survivors face challenges obtaining and understanding disaster assistance and made recommendations for improvement.

For example, under the Individuals and Households Program (IHP), FEMA requires that certain survivors first be denied a Small Business Administration (SBA) disaster loan before receiving certain types of IHP assistance.[3] In September 2020, we found that FEMA did not fully explain the requirement to survivors and its process for the requirement may have prevented many survivors from being considered for certain types of assistance, including low-income applicants who are less likely to qualify for an SBA loan.[4] We recommended that FEMA (1) improve the communication of the SBA loan requirement and (2) assess the extent to which this requirement limits or prevents survivors' access to IHP assistance, and work with SBA to identify options to simplify and streamline the disaster assistance applica-

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[1] GAO, Disaster Assistance: FEMA Action Needed to Better Support Individuals Who are Older or Have Disabilities, GAO–19–318 (Washington, D.C.: May 14, 2019).

[1] GAO, Disaster Resilience Framework: Principles for Analyzing Federal Efforts to Facilitate and Promote Resilience to Natural Disasters, GAO–20–100SP (Washington, D.C.: Oct. 23, 2019).

[3] For eligible survivors, FEMA's IHP can offer financial assistance-including money for personal property losses and repair of certain home damages. The IHP may also provide rental assistance or direct housing assistance, such as trailers, when justified by the lack of available housing resources.

[4] GAO, Disaster Assistance: Additional Actions Needed to Strengthen FEMA's Individuals and Households Program, GAO–20–503 (Washington, D.C.: Sept. 30, 2020).

tion process for survivors. FEMA agreed with these recommendations and has taken steps to address them.[5]

In addition, some have suggested that the creation of a single application for federal assistance so that disaster survivors apply once and can be qualified for all forms of assistance could help simplify the application process for disaster assistance.

Question. What resources would HUD need to work with other federal agencies to coordinate such an effort?

Answer. One reason HUD and other federal agencies may struggle to provide clear and consistent information on available resources to disaster survivors is their uncertainty about what resources will be available to individuals and families and when. Different federal disaster response programs are initiated at different times. In a July 2015 report, we found that the unpredictable timing of the appropriation for CDBG–DR challenged grantees' recovery planning.[6] The unpredictability also makes it difficult for federal agencies to provide clear and consistent information to disaster survivors immediately following a disaster. Unlike CDBG–DR, other federal disaster assistance programs, such as those administered by FEMA and SBA, are permanently authorized and activated upon a presidential disaster declaration. In a March 2019 report, we recommended that Congress consider permanently authorizing a disaster assistance program that responds to unmet needs in a timely manner.[7] Doing so would increase predictability and facilitate clearer and more consistent messaging about the availability of CDBG–DR funding. In response to our work and that of others, the Reforming Disaster Recovery Act (S.2471 and H. R. 4707) was introduced in July 2021 to permanently authorize CDBG–DR. The bill includes provisions to improve coordination, such as requiring HUD to establish data sharing agreements with relevant federal agencies to ensure disaster benefits effectively and efficiently reach intended beneficiaries.

In addition, it is important that HUD have the necessary staff to administer CDBG–DR or a similar program and coordinate with other federal agencies. In March 2019, we recommended that HUD conduct workforce planning to help ensure that it has sufficient staff with appropriate skills and competencies to manage a growing portfolio of CDBG–DR grants.[8] HUD addressed this recommendation by conducting a workload analysis in fiscal year 2019, which helped it determine the staffing gaps within the program office. However, because concerns remain about HUD's capacity, it is important for the agency to continue monitoring its workforce needs as the portfolio of CDBG–DR grants grows and fill any gaps identified.

SUBCOMMITTEE RECESS

Senator SCHATZ. This hearing is now adjourned.

[Whereupon, at 11:10 a.m., Wednesday, May 19, the subcommittee was recessed, to reconvene subject to the call of the chair.]

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[5] Regarding our recommendation to improve the communication of the SBA loan requirement, in August 2021, FEMA officials stated that as part of the 2020–2021 letter review FEMA coordinated with the SBA to update initial letters that survivors receive, which explain the requirement for survivors to complete the SBA loan process before they may be considered for certain FEMA assistance. FEMA plans to continue its review of the letters and implement any revisions by April 2022. For the second recommendation, in August 2021, FEMA officials stated that FEMA leadership approved a draft options paper developed by a FEMA–SBA working group that identifies and addresses the challenges related to the implementation of the SBA requirement. FEMA needs to take action to simplify the disaster assistance process for survivors before we determine that FEMA has addressed the recommendation.

[6] GAO, Hurricane Sandy: An Investment Strategy Could Help the Federal Government Enhance National Resilience for Future Disasters, GAO–15–515 (Washington, D.C.: July 30, 2015).

[7] GAO, Disaster Recovery: Better Monitoring of Block Grant Funds Is Needed, GAO–19–232 (Washington, D.C.: Mar. 25, 2019).

[8] GAO–19–232.