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COMMISSIONER

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Subcommittee on Oversight and Investigations
Committee on Financial Services
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Washington, D.C. 20515

Written Testimony

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Statement before the Subcommittee on Oversight and Investigations Committee
“Community Development Block Grant-Disaster Relief Program – Stakeholder
Perspectives”
May 17, 2018, 10:00 a.m.
Room 2128 Rayburn House Office Building.

Introduction

Good morning Chair Wagner, Ranking Member Green, and members of the subcommittee. I am Rodney Ellis, and I serve as a commissioner of Harris County Precinct 1 in Texas.

Thank you for the opportunity to appear before you to provide perspective on the Community Development Block Grant Disaster Relief Program. I’d like to begin by first expressing my gratitude to members of the committee for their work ensuring disaster relief for my constituents in the wake of Hurricane Harvey.

Harris County, Texas is the third most populous county in the United States and is home to the city of Houston. As one of four elected commissioners, I have over 1.1 million constituents and Hurricane Harvey took an especially heavy toll on my precinct.

There were 24,000 structures in my precinct that flooded. Tens of thousands of cars were lost, and many of my constituents are still struggling to get back on their feet. The hurricane caused extensive damage and destruction to housing in certain impacted areas, as well as to critical infrastructure and community services. Harvey resulted in the deaths of over 80 people, displaced more than 1 million people, and damaged roughly 200,000 homes in a path stretching for more than 300 miles.

CDBG-DR

Texas has shifted into long-term recovery mode and recently submitted its proposal to HUD for the use of \$2.7 billion in CDBG-DR funds, with an amendment on an additional \$2.3 billion for Houston and Harris County.

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As the committee considers future changes to the CDBG-DR program, I would encourage Congress to ensure that any reform package does not hinder what works. There are areas for improvement, but CDBG-DR remains an extremely useful program in providing federal resources to local authorities in a flexible manner.

States and local governments know what is best for their affected communities, and CDBG-DR allows them to have a great deal of discretion in determining how to effectively respond to those disaster recovery needs. Congress should ensure that any reforms to CDBG-DR are ones that continue to maximize local flexibility while more adequately meeting the needs of disaster-affected communities.

It should be noted that Congress has never appropriated enough CDBG-DR funding to meet the full estimates of need from past disasters. It is no longer simply enough to recover, we must do a better job of building to protect ourselves against future disasters.

Harris County and CDBG-DR

While FEMA is the lead agency in the immediate aftermath of disasters, HUD's role has typically been to aid states and local governments in longer-term recovery and rebuilding efforts, in large part through CDBG-DR appropriations. Harris County and Texas have suffered from significant natural disasters in the past, and CDBG-DR funding has helped us to recover and rebuild.

- Past CDBG-DR Appropriations for Texas and Houston:
 - 2017 Hurricane Harvey- State of Texas: \$2.7 Billion
 - 2017 Hurricane Harvey – Houston and Harris County: \$2.3 Billion
 - 2016 Floods – State of Texas:\$238.8 Million
 - 2015 Floods – State of Texas: \$74.5 Million
 - 2015 Floods – City of Houston: \$87 Million
 - 2013 Disasters – State of Texas: \$5 Million
 - 2011 Disasters – State of Texas: \$31.3 Million
 - 2008 Hurricane Ike – State of Texas: \$3.1 Billion
 - 2005 Hurricanes – State of Texas: \$503 Million
 - 1998 Disasters – State of Texas: \$4.8 Million
 - 1997 Disasters – State of Texas: \$2.2 Million
 - **Total – State of Texas: \$9.04 Billion**

Following Hurricane Ike, Harris County stood up the Harris County Homeowner Disaster Recovery Program (HDRP). HDRP processed nearly 2000 applications, served more than 500 homeowners with home repair and reconstruction throughout the County, and expended more than \$56M. Additionally, Harris County implemented a Local Infrastructure Recovery program that includes road and drainage improvements, public facility improvements, and resiliency improvements which included the installation of more than 28 generators and hurricane proof shutters in public and non-profit facilities.

Timelines

The committee is considering legislation that would allow a 3 year extension beyond the 6 year expenditure deadline for CDBG-DR. This is important because it has historically taken a significant amount of time to receive funding and put it to work.

After Hurricane Ike, Harris County received its housing contract on September 1, 2009 (almost a year to the date of the impact of Hurricane Ike), but did not receive approval (from the state of Texas) to proceed with its program guidelines until September 1, 2010.

Thus, Harris County could not begin providing needed home repair assistance until two years after Hurricane Ike, due to the administratively burdensome process of receiving funding approval through the State. Despite this delay, Harris County did start taking applications and processing approvals in November 2009 so that by the time the program guidelines were approved the County was ready to issue the first construction contract in Fall 2010. Even within the single-family program, some projects were delayed by other issues that may delay project approval and construction time frames.

For Housing programs it took on average three years to complete all construction for the HDRP program, however, the timetable for multifamily housing projects averaged six to eight years. To date, we have two projects currently under construction with Hurricane Ike funding—due to issues beyond the County’s control. As an example, one project was delayed for more than a year for a Right of Way issue with the Texas Department of Transportation. Another project is currently under a lawsuit due to a permitting issue with the City of Houston that involves a near-by property owner.

For Infrastructure programs, it took an average of 6 years to complete all construction; about 6 months to complete project closeout with the state of Texas.

Flexibility Needs

In general, while the regular CDBG program is known to be quite flexible, the CDBG-DR program is considered even more flexible in large part due to the broad waiver authority noted above, in order to allow states and local governments to quickly and effectively respond to the disaster recovery needs of their communities.

However, given the issues highlighted above with timeliness, it is important to explore options to expedite the recovery process. Previous legislation has provided the Secretary of HUD with the discretion to make direction allocations to local governments. Harris County, home to over 4 million residents, has not been awarded such an allocation, but must continue to operate as a subgrantee of the State.

As a subgrantee, Harris County must await the State’s publication of its plan, and following the approval of the State’s plan must await approval of our own local plan for use of funds. While the County is steadfastly developing its recovery activities and

preparing its local plan, the subgrantee process inherently delays the distribution of needed recovery resources to our communities simply due to the administrative process.

As a direct grantee, Harris County may submit its plan and receive its grant agreement directly from HUD removing the estimated three to six month delay in receipt of its funds. Harris County is a HUD entitlement community, and has capacity to implement its own programs, and administer grant agreements directly under HUD.

Finally, members of the Committee are considering adding a key improvement to a Grantee's ability to administer its programs by increasing the administrative percentage of funding to ten percent from five percent. While this increase is welcomed, it should be noted that as a subgrantee Harris County has been limited to a two percent share of this administrative funding for housing programs only, and has been allowed no administrative funding to carry out its infrastructure recovery programs. Review of other similar State Recovery Plans, such as the State of New York Hurricane Sandy Recovery Plan allows for the sharing of administrative funding with subgrantees.

I would encourage the committee to direct the Secretary of HUD to allocate disaster recovery funding to local governments with populations over 2 million persons to expedite recovery.

It is my hope that any reform of CDBG-DR or limit on the funding must consider these facts and allow recipients the flexibility they need to deal with events as they occur.

I appreciate the opportunity to appear before this committee and thank you for the support that you have shown to Harris County, Texas in the aftermath of one of the costliest natural disasters in U.S. history. I welcome any questions you may have.