

**ENSURING EQUITABLE DELIVERY OF  
DISASTER BENEFITS TO VULNERABLE  
COMMUNITIES AND PEOPLES: AN  
EXAMINATION OF GAO'S FINDINGS  
ON THE CDBG-DR PROGRAM**

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**VIRTUAL HEARING**  
BEFORE THE  
SUBCOMMITTEE ON OVERSIGHT  
AND INVESTIGATIONS  
OF THE  
COMMITTEE ON FINANCIAL SERVICES  
U.S. HOUSE OF REPRESENTATIVES  
ONE HUNDRED SEVENTEENTH CONGRESS  
SECOND SESSION

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JANUARY 19, 2022  
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**Wednesday, January 19, 2022**

U.S. HOUSE OF REPRESENTATIVES,  
SUBCOMMITTEE ON OVERSIGHT  
AND INVESTIGATIONS,  
COMMITTEE ON FINANCIAL SERVICES,  
*Washington, D.C.*

The subcommittee met, pursuant to notice, at 10:03 a.m., via Webex, Hon. Al Green [chairman of the subcommittee] presiding.

Members present: Representatives Green, Cleaver, Adams, Tlaib, Garcia of Illinois, Garcia of Texas, Williams of Georgia; Emmer, Loudermilk, Kustoff, and Timmons.

Chairman GREEN. The Oversight and Investigations Subcommittee will come to order.

Without objection, the Chair is authorized to declare a recess of the subcommittee at any time. Also, without objection, Members of the full Financial Services Committee who are not Members of this subcommittee are authorized to participate in today's hearing.

As a reminder, I ask all Members to keep themselves muted when they are not being recognized by the Chair, to minimize disturbances while Members are asking questions of our witnesses. The staff has been instructed not to mute Members, except when a Member is not being recognized by the Chair and there is inadvertent background noise.

Members are reminded that all House rules related to order and decorum apply to this remote hearing. Members are also reminded that they may participate in only one remote proceeding at a time. If you are participating in today's hearing, please keep your camera on, and if you choose to attend a different remote proceeding, please turn your camera off. Members wishing to be recognized during the hearing, please identify yourself by name to facilitate recognition by the Chair.

Members are reminded that your questions and answers are limited to 5 minutes. To elaborate just a bit, I do ask that you please try to get your answer as well as your question in within the 5 minutes. You should be able to see a timer on your screen that will indicate how much time you have left, and a chime will sound at the end of your time.

The title of today's hearing is, "Ensuring Equitable Delivery of Disaster Benefits to Vulnerable Communities and Peoples: An Examination of GAO's Findings on the CDBG-DR Program."

I will now recognize myself for 3 minutes to give an opening statement.

In 2020, Chairwoman Waters and I tasked the Government Accountability Office (GAO), with assessing the degree to which Federal disaster recovery resources were meeting the unique needs and challenges of vulnerable populations in the wake of natural disasters.

Vulnerable populations too often include high-poverty areas, racial minorities, persons with limited English proficiency, persons with disabilities, and the elderly.

In their report, the Government Accountability Office recommends that, going forward, HUD should collect, analyze, and publish demographic data from CDBG-DR grantees on vulnerable populations who apply for assistance, as well as those who receive it.

It is important to note that data collection necessitates cooperation from grantees, such as the State of Texas. Texas was awarded more than \$4 billion for Hurricane Harvey relief, with nearly half still unspent due to the State's action plan being incomplete, as indicated in HUD's January 7, 2022, letter to the Deputy Land Commissioner for the State of Texas.

In the 116th Congress, Congresswoman Ann Wagner and I introduced legislation which not only addresses data collection, but also codifies and streamlines the data collection process as it relates to disaster relief. This legislation passed the House in the 116th Congress, and the latest iteration of the legislation is pending before the House and the Senate.

This concludes my opening statement.

At this time, without objection, I would like to place the following documents in the record: H.R. 4707, the Reforming Disaster Recovery Act; the Department of Housing and Urban Development letter of disapproval for the Texas GLO's State Community Development Block Grant Mitigation Action Plan; GAO Report Number GAO-22-104452 entitled, "Disaster Recovery: Better Data are Needed to Ensure HUD Block Grant Funds Reach Vulnerable Populations"; and GAO highlights summary of report GAO-22-104452, "Disaster Recovery: Better Data are Needed to Ensure HUD Block Grant Funds Reach Vulnerable Populations."

I now recognize the ranking member of the subcommittee, the gentleman from Minnesota, Mr. Emmer, for 5 minutes for an opening statement.

Mr. EMMER. Thank you, Mr. Chairman. I appreciate you holding this hearing today. And I thank our witnesses for appearing before this subcommittee. I look forward to their testimony.

The Community Development Block Grant Disaster Recovery (CDBG-DR) Program is one of several ways that Congress and the Federal Government assist in the local disaster recovery process. It is supposed to swiftly meet the needs of our most vulnerable communities and help small businesses recover from the most severe natural disasters. It is also supposed to provide targeted relief so

that affected communities can rebuild homes and infrastructure, and affected businesses can reopen and support their communities.

But instead, the program has a history of waste, fraud, and abuse. Time and time again, we see examples of grantees misusing disaster recovery money for purposes outside the scope of approved action plans, or we see bureaucratic gridlock in distributing funds appropriately, or we even see appropriated funds remaining unspent even decades after a disaster.

For these reasons, it has become apparent to this subcommittee that the Community Development Block Grant Disaster Recovery Program fails in its objective to address the unmet needs of the most targeted vulnerable communities. That is a problem.

Why is this the case? How can we eliminate waste, fraud, and abuse within the Community Development Block Grant Disaster Recovery Program so that funds reach those who need them most?

I look forward to hearing from our witnesses and investigating this topic today. And I applaud my colleagues, Chairman Green and Representative Wagner, for their continued work to protect this program from waste, fraud, and abuse.

When disasters strike, aid must be delivered as effectively and efficiently as possible. This can only be achieved through proper oversight of the program. I am proud that this committee shares this priority.

However, some of my colleagues propose to fix the program by appropriating money in advance of a disaster, rather than waiting to see if there are unmet needs after agencies like the Federal Emergency Management Agency (FEMA) and the U.S. Army Corps of Engineers provide immediate relief. That is a bad idea.

Natural disasters vary in size, severity, and occurrence. For this reason, we should not subject the Community Development Block Grant Disaster Recovery Program to annual congressional appropriations. This would be a less-than-responsible and preemptive use of taxpayer dollars, and it could result in a misjustice to the vulnerable communities that the assistance is designed to support.

As we will explore in this hearing, communities are currently left without a clear understanding of where to turn and how to properly access the Community Development Block Grant Disaster Recovery funds. If responsibly codified, this program will establish a clear, streamlined structure so that all parties involved in distributing relief to communities understand the process and the guidelines.

The Department of Housing and Urban Development's Office of Inspector General has spent years conducting audits and investigations of this program, revealing the potential for mismanagement and the possibility of waste, fraud, and abuse. The Government Accountability Office (GAO) recently completed a report investigating this program's effectiveness at reaching the most vulnerable populations.

I look forward to the witnesses' testimony so we can further our efforts to protect vulnerable communities in times of disaster, increase transparency, and establish the proper structure and oversight so that funds can be swiftly distributed.

Thank you, Mr. Chairman, and I yield back the remainder of my time.

Chairman GREEN. Thank you, Mr. Emmer, for your very kind words. And the gentleman yields back.

The Chair now recognizes the Vice Chair of the subcommittee, the gentlewoman from Georgia, Ms. Williams, for 1 minute.

Ms. WILLIAMS OF GEORGIA. Thank you so much, Chairman Green.

My home City of Atlanta, unfortunately, has the largest racial wealth gap in the country. On this committee, a big part of our job is making investments that help close that racial wealth gap. At the same time, though, it is our responsibility to guard those most-marginalized against shocks that could further widen the racial wealth gap. That is why today, I look forward to the conversation about ensuring that disaster relief is accessible to members of vulnerable populations.

For my district, natural disasters aren't just an abstract concern. My home county, Fulton County, is currently tied for first place as the most tornado-prone county in the State of Georgia.

I will especially never forget the half-billion dollars' worth of damage a 2008 tornado did to metropolitan Atlanta. And I will never forget the 500-year flood in 2009 that resulted in 10 deaths and another half-billion dollars in damage.

My constituents have seen, and will see again, natural disasters. It is our job to make sure that our government is prepared to help all of the people get back on their feet, and that no disaster takes us backwards when it comes to closing the racial wealth gap.

Thank you, Mr. Chairman, and I yield back.

Chairman GREEN. Thank you, Madam Vice Chair. The gentlelady's time has expired.

I will now welcome each of our witnesses, and I am pleased to introduce our panel.

Daniel Garcia-Diaz is the Managing Director for Financial Markets and Community Investment at the U.S. Government Accountability Office. Welcome.

Diane Yentel is the President and CEO of the National Low Income Housing Coalition. Welcome.

Chrishelle Calhoun-Palay is the Director of the Texas-based HOME Coalition. Welcome to you, as well.

Andreanecia Morris is the Executive Director of HousingNOLA. Welcome.

And Stephen Begg is the Deputy Inspector General of the Department of Housing and Urban Development's Office of Inspector General. Welcome to you, as well.

I welcome all of you.

Witnesses are reminded that your oral testimony will be limited to 5 minutes. You should be able to see a timer on your screen that indicates how much time you have left, and a chime will go off at the end of your time. I would ask that you be mindful of the timer, and quickly wrap up your testimony if you hear the chime, so that we can be respectful of both the witnesses' and the subcommittee members' time.

And without objection, your written statements will be made a part of the record.

Once the witnesses finish their testimony, each Member will have 5 minutes to ask questions.

Mr. Garcia-Diaz, you are now recognized for 5 minutes to give an oral presentation of your testimony.

**STATEMENT OF DANIEL GARCIA-DIAZ, MANAGING DIRECTOR,  
FINANCIAL MARKETS AND COMMUNITY INVESTMENT, U.S.  
GOVERNMENT ACCOUNTABILITY OFFICE (GAO)**

Mr. GARCIA-DIAZ. Thank you.

Chairman Green, Ranking Member Emmer, and members of the subcommittee, thank you for the opportunity to testify on GAO's recent report on how CDBG-DR serves vulnerable populations.

Our work confirms that certain populations face steep challenges in accessing help. CDBG-DR is focused on those who are poor or of modest means, but some populations face additional hurdles in getting help, for example, the elderly or disabled may need transportation or reasonable accommodations. Disaster victims may not have access to the internet or may not be proficient in English to understand available resources. From an agency perspective, even identifying people in need can be challenging.

Now, once disaster victims have been located or seek help, extensive documentation requirements can be difficult to comply with. One of the tricky parts of this work was settling on a definition of, "vulnerable population." HUD has not always been clear about the term. We examined Federal Register notices since 2013, and the term has been evolving throughout that time.

Our recent report describes efforts by grantees to develop outreach plans for such populations and offer special services. However, many that we spoke with at all levels expressed concerns about the lack of clarity around the term. In response to our report, HUD pledged to better define this in future Federal Register notices. This would certainly be a step in the right direction. And we certainly hope that the CDBG office includes its Office of Fair Housing as well as other critical stakeholders in its deliberations.

However, even if vulnerable populations are better defined in the future, we remain concerned that HUD does not currently collect the data that it needs to fully assess how well the program is addressing unmet needs. For instance, HUD only requires that grantees report on those who receive assistance, not those who apply, even though the grantees collect the information on both applicants and recipients.

We recommended that HUD gather, analyze, and make public additional data on both applicants and recipients across a range of demographic characteristics. HUD stated that it would work on this recommendations as part of an ongoing effort being led by the Office of Management and Budget (OMB) to improve the Federal Government's ability to assess whether programs have full and equal participation by all eligible individuals.

In its response to our report, HUD also noted that such changes could require resources/investments as well as consideration of privacy concerns, although its response did not detail what resources would be needed.

We urge HUD to take steps to implement our recommendation, given the size and importance of the program and disaster recovery.

Mr. Chairman, while the focus of this hearing is on how CDBG-DR serves vulnerable populations, we think the issues we found in our recent report are indicative of the bigger challenge with the Federal approach to disaster recovery. After each disaster, individual Federal Register notices have been developed and grantee action plans must be submitted and reviewed. This is time-consuming and paperwork-intensive, and it can also incentivize grantees to be more reactive rather than proactive in their disaster planning.

GAO has previously recommended that Congress consider permanently authorizing the CDBG-DR Program or some similar program to address the needs unmet by FEMA, insurance, or other resources, rather than continue to authorize it as a series of supplemental appropriations that HUD administers through ad hoc notices.

As you know, the current structure of CDBG-DR has contributed to delays in making funding available. Further, grantee capacity challenges in administering extraordinary large grant amounts have added to the delays.

We must keep in mind that these funding delays and grantee capacity issues directly and disproportionately affect vulnerable populations. A permanent program could help meaningfully speed up the front end of this process and encourage more pre-disaster planning to prevent back-end delays.

As potential reform options of CDBG-DR are weighed, three critical questions need to be considered. First, how does CDBG-DR fit into the broader set of Federal programs? HUD's efforts don't exist in a vacuum. The current structure creates too many layers and too many players and creates confusion for applicants.

Second, and unrelated, what is the underlying purpose of CDBG-DR? This is where Congress could give specific guidance and introduce accountability and transparency so that no part of disaster-affected communities is overlooked by CDBG-DR.

And third, how will the capacity challenges in administering the program be addressed at the Federal, State, and local levels? Funneling money into organizations is risky if they do not have the capacity to manage it well. Building capacity at the grantee level, especially prior to a major disaster, is essential.

Mr. Chairman, we at GAO have work underway to help the Congress understand these fundamental challenges, and we look forward to assisting the committee in its oversight and reform efforts going forward.

This concludes my remarks, and I would be happy to answer any questions you may have.

[The prepared statement of Mr. Garcia-Diaz can be found on page 52 of the appendix.]

Chairman GREEN. Thank you, Mr. Garcia-Diaz.

Ms. Yentel, you are now recognized for 5 minutes to give an oral presentation of your testimony.

**STATEMENT OF DIANE YENTEL, PRESIDENT AND CEO,  
NATIONAL LOW INCOME HOUSING COALITION (NLIHC)**

Ms. YENTEL. Thank you.

Chairman Green, Ranking Member Emmer, and members of the subcommittee, thank you for the opportunity to testify today on ways to ensure that our nation's disaster rebuilding and mitigation efforts address the unique and often overlooked needs of the lowest-income and most-marginalized survivors, including people of color, people with disabilities, people experiencing homelessness, and others.

NLIHC has worked on disaster housing recovery issues for nearly 2 decades, and from this experience we have found that America's disaster housing recovery system is fundamentally broken and in need of major reform. It is a system that does not address the unique needs of the lowest-income and most-marginalized people and the communities in which they live, and as a result, it consistently leaves them behind in recovery and rebuilding efforts and makes their communities less resilient to future disasters.

The CDBG-DR and CDBG mitigation programs are vital recovery tools that provide States and communities with flexible, long-term recovery and mitigation resources needed to rebuild affordable housing and infrastructure after a disaster and to prevent future harm. Too often, however, these resources reach communities much too slowly, and they are diverted away from the people and communities with the greatest needs, for whom the programs were designed to serve.

My written testimony provides multiple examples from disaster after disaster of how CDBG-DR recovery efforts tend to prioritize homeowners, who are more likely to be White, over renters, who are predominantly Black and Brown. In doing so, disaster recovery exacerbates racial wealth disparities and pushes more low-income renters of color into long-term housing instability and, in worst cases, homelessness.

While Black and Brown communities are often located in areas at higher risk of disaster with less resilient infrastructure to protect residents from harm, long-term recovery resources tend to go to White communities that face fewer risks. Rather than dismantling racial segregation that is the direct result of intentional Federal, State, and local policy, rebuilding efforts tend to entrench racial disparities and inequities.

In my written testimony, I outline key barriers to equitable and comprehensive disaster housing recovery and our recommendations on how to reform CDBG-DR, to ensure that these resources are deployed quickly, equitably, and effectively.

Many of our recommendations are aligned with those made by the GAO in its recent report. NLIHC agrees with the GAO's recommendations related to increasing data transparency and equity. To better assess whether CDBG-DR funds are effectively reaching survivors with the greatest needs, HUD and grantees must collect, analyze, and make public key demographic data on the race, ethnicity, disability status, language preference, and other characteristics of program applicants and beneficiaries. Data transparency and an increased focus on equity must be central to any efforts to reform the CDBG-DR Program, and HUD should implement these changes immediately.

NLIHC also supports GAO's recommendation that Congress permanently authorize the CDBG-DR Program. The Reforming Dis-

aster Recovery Act would provide important safeguards and tools to help ensure that Federal disaster recovery efforts reach all impacted households, including the lowest-income and most-marginalized people.

The bill would quickly target resources to those with the greatest needs by requiring funds to be spent proportionally between homeowners and renters, based on need, and by keeping in place the requirement that at least 70 percent of funds benefit low- and moderate-income survivors.

The bill would prioritize data transparency and oversight by requiring HUD to create a public-facing dashboard summarizing how funds are being spent, requiring public input, and directing grantees to provide more details on how they would use the funds to serve the lowest-income survivors.

The bill would protect civil rights and fair housing by requiring that the funds be administered in compliance with fair housing and civil rights laws, and requiring HUD to release information publicly regarding disaster recovery efforts, disaggregated by race, geography, and all protected classes. And the bill would encourage mitigation and resiliency.

Our country must reform existing disaster housing recovery systems to ensure that affordable housing investments and Federal disaster recovery resources reach all impacted households. The Reforming Disaster Recovery Act would allow for important progress towards these goals and should be advanced and quickly enacted by Congress.

Thank you again for the opportunity to testify. I look forward to your questions.

[The prepared statement of Ms. Yentel can be found on page 79 of the appendix.]

Chairman GREEN. Thank you very much, Ms. Yentel.

Ms. Calhoun-Palay, you are now recognized for 5 minutes to give an oral presentation of your testimony.

**STATEMENT OF CHRISHELLE CALHOUN-PALAY, DIRECTOR,  
HOUSTON ORGANIZING MOVEMENT FOR EQUITY (HOME) CO-  
ALITION**

Ms. CALHOUN-PALAY. Good morning. On behalf of the Houston Organizing Movement for Equity (HOME), thank you, Chairman Green, Ranking Member Emmer, and members of the subcommittee, for the opportunity to testify today.

I am Chrishelle Calhoun-Palay, Coalition Director of HOME, which was created in response to Hurricane Harvey in Houston, Texas. HOME is a coalition of organizations that advocate for a just and equitable recovery.

It has been 4 years since Hurricane Harvey, and the HOME Coalition continues working on behalf of families who still have not recovered. Harvey may have been natural in its formation, but even after the water dried up and the volunteers were fatigued, its aftermath continues to linger for people with fewer resources.

And I don't speak rhetorically or anecdotally. Not only have I been involved in disaster recovery advocacy for over 10 years, but I also reside and am raising a family in one of the most flood-prone

and disaster-impacted neighborhoods in Houston: Kashmere Gardens.

Low-income survivors are forced to navigate complicated recovery assistance programs like FEMA, HUD, and SBA. And while each agency offers assistance programs open to everyone, no single agency has the sole responsibility and mission to assist low-income survivors.

Households who are dependent on assistance must exercise extreme patience and remain in hazardous living conditions as they await a long approval process for program design and implementation. Households are also urged to apply for FEMA assistance, but fewer than half of applicants were granted assistance after Hurricane Harvey. And families have the ability to appeal the denials, but this just adds to the wait time for help. Those with financial means to cover immediate costs will be well on their way to recovery, while those without may be stuck for months or even years.

Some homeowners who apply for home repairs through the city, county, or State are also still waiting. Following the State takeover of the program, those who applied for assistance from the city or the county were given the option to transfer to the State repair program. Some applicants were instructed to reapply while others were assured that they had been approved. And almost a year since the transition, many homeowners today still don't have clear answers.

Tenants have also had their fair share of challenges in receiving adequate assistance in response to Hurricane Harvey. They have largely been left out of the funding allocation or programming.

A dedicated single agency must be established to address the needs of low-income survivors through the entire course of disaster response and recovery. The City of Houston spent only 1.8 percent of its \$1.2 billion suballocation, causing massive delays in assistance for community members who needed it most, and this fact alone demonstrates the need for intentional agency collaboration and reliance on the lessons learned to inform program planning and ensure that preexisting capacity exists.

There is no reason that all recovery efforts should start from scratch every single time. A shift in a positive direction is possible, with the consideration of the following recommendations: take an immediate first step by holding a joint hearing with witnesses from both FEMA and HUD to explore gaps and opportunities for coordination between agencies to serve low-income and marginalized communities; require grantees to prioritize racial and social equity, using a metric focused on the number of people or housing units protected, instead of the current cost-benefit analysis; and adopt general standards to guide disaster recovery and mitigation efforts that center on a community's basic human rights.

Storm survivors should have the right to stay and return home to neighborhoods that have adequate storm protection. They should have the right to choose whether and where they want to relocate. They should have the right to equal treatment. Every neighborhood, regardless of race, ethnicity, economic status, or disability, must be provided equitable levels of quality flood protection and equal access to essential public infrastructure. And they should have a right to have a say; survivors must help design the recov-

ery, know where they are in the process, and be empowered to speak and be heard in the language that best suits them.

For a complete list of recommendations and observations, I encourage you to refer to my written testimony.

Thank you again for the opportunity to testify today, and I look forward to your questions and working with you to address these longstanding issues of equitable delivery of disaster benefits.

[The prepared statement of Ms. Calhoun-Palay can be found on page 47 of the appendix.]

Chairman GREEN. Thank you, Ms. Calhoun-Palay.

Ms. Morris, you are now recognized for 5 minutes to give an oral presentation of your testimony.

**STATEMENT OF ANDREANECIA MORRIS, EXECUTIVE  
DIRECTOR, HOUSINGNOLA**

Ms. MORRIS. Good morning, Chairman Green. Thank you. Thank you all for having me here today and inviting me to this hearing to speak on this issue that drives so much of the work of the organization that I have been a part of over the last 16 years.

Unfortunately, we in Louisiana are experts on these programs, as we far too often find ourselves in the path of a storm, both literal and figurative. And it feels as if we are constantly recovering from a natural disaster, yet we never seem to reach full recovery before the next disaster strikes.

New Orleans, in particular, has long struggled with the challenges to provide for its most vulnerable residents, especially when attention turns towards the next disaster.

Hurricane Katrina's floodwaters 16 years ago required billions of private and public dollars to make the City livable. Redevelopment efforts increased the amount of quality housing, but also drove up prices and dramatically increased housing insecurity.

Is displacement an inevitable byproduct of this kind of investment? Do the necessary and needed changes and improvements after a major catastrophe have to increase instability? I do not believe that needs to be the case. Still, the failure to plan for these outcomes and aggressively mitigate these issues is a pattern we are doomed to repeat again and again.

In New Orleans, we are continuing to struggle to secure safe, decent, and affordable housing for all, while dealing with the confounding contradiction that there are thousands of overpriced vacant homes, thousands of blighted, unused properties, and vacant and underdeveloped land.

While housing insecurity and the lack of stable housing or shelter was a challenge before the most recent crisis, the pandemic, it is now a key issue that is going to make COVID recovery even harder to accomplish.

The connection between housing and community were lessons I thought we had learned during Hurricane Katrina, but those lessons have not been incorporated in our response to crisis after crisis.

The resources pour in and billions are used to rebuild a community, but the programs often fail to account for the needs of the vulnerable and the most hard hit after that crisis. In New Orleans, this has led to homeowners, African-American homeowners in par-

ticular, being unable to build wealth, and now finding themselves 33 percent of the community cost burden, renters struggling to remain within housing limits, while housing costs continue to rise and wages are stagnant.

After Hurricane Katrina, the City lost 100,000 African Americans who have not been able to return. This kind of systemic displacement is the result of a lack of living-wage jobs and our City's failure to center on the needs of the most vulnerable.

Most recently, the COVID-19 pandemic and Hurricane Ida have once again tested the resilience of our City systems and exposed ongoing challenges to our housing stock, our economy, and our infrastructure. In hindsight, it is clear that recovery efforts need to center on the needs of the most vulnerable, not the squeakiest wheel.

Yet, we do not meet the real needs of our communities using clear and quantifiable metrics that assess the needs of the most vulnerable. This pattern of behavior has left us with weakened infrastructure and little capacity to actually become resilient. Instead, the people of Louisiana exist in a forced reality of living with less, simply because State and local governments don't center on the needs of its people.

Despite this pattern, the unprecedented influx of investment in our State that is pending could afford us another opportunity, another chance to make improvements, but we must heed the testimony of my fellow panelists today and make necessary improvements to these programs.

A disaster, unfortunately, provides one more opportunity for traditionally marginalized participants to gain access to policymakers and advocate for policy proposals. Here in Louisiana, we have done that, and we have attempted to redefine the resiliency and quantify the needs of the people of Louisiana and demand that their issues be made front and center.

The time is now for public partners and private entities to work together to make strategic investments. Our communities cannot continue to survive this way. The standard for success is simple: It must be whether or not a community is made better.

Thank you for having me today on this incredibly timely topic, and I look forward to further conversations about this.

[The prepared statement of Ms. Morris can be found on page 68 of the appendix.]

Chairman GREEN. Thank you very much, Ms. Morris.

Mr. Begg, you are now recognized for 5 minutes to give an oral presentation of your testimony.

**STATEMENT OF STEPHEN M. BEGG, DEPUTY INSPECTOR GENERAL, OFFICE OF INSPECTOR GENERAL, U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT (HUD)**

Mr. BEGG. Chairman Green, Ranking Member Emmer, and members of the subcommittee, thank you for the opportunity to testify about our disaster oversight work. It is my honor to represent the dedicated professionals of the HUD Office of Inspector General (OIG).

I would like to take a moment to express, on behalf of the entire OIG staff, our deepest condolences for the tragic loss of life caused

by the recent fires in Philadelphia and in New York City. We are keeping the families affected in both Cities in our hearts and prayers, and our office is closely monitoring the developments in those incidents.

We appreciate the chance to assist this subcommittee in its oversight of HUD's disaster programs as it examines GAO's recent report assessing HUD's delivery of disaster recovery assistance to vulnerable populations.

Our office has identified several key opportunities to improve HUD's disaster programs, most notably through codification. Both the OIG and the GAO have recommended for several years that the CDBG-DR Program be codified to provide a more consistent framework for administering disaster assistance. We thank this subcommittee and its staff for its bipartisan efforts to advance legislation in that regard.

Codification will not eliminate the challenges HUD and its grantees face, but we believe that it would help disaster assistance reach victims sooner and produce better outcomes for them. HUD's current process of establishing program requirements through Federal Register notices takes months and, in extreme cases, years.

Establishing a permanent framework of requirements would reduce the time it takes HUD to make funding available to grantees. It would also provide clarity and consistency for grantees about core requirements, which would allow them to plan and design programs more quickly and efficiently after a disaster occurs.

We have also found that disagreements between grantees and their subrecipients over program requirements can delay the offering of assistance to victims. As the GAO report notes, funding delays often mean vulnerable populations with limited resources continue living in damaged or compromised homes while waiting for an opportunity to request assistance.

Streamlining HUD's process and standardizing requirements could also help grantees build capacity to administer disaster grants that are massive in size and scope. Our work has identified that grantees can become overwhelmed early in the process, as they lack the staff needed to stand up systems, design programs, and develop the policies needed to administer grants in accordance with HUD's requirements.

These challenges increase the risk that grantees will not make the best use of funding. Capacity limitations can result in grantees being slow to gain approval to implement and offer programs to victims, and to complete projects.

The GAO report highlighted that capacity limitations often result in grantees struggling to reach the most vulnerable members of communities. Additionally, grantees with limited capacity are more likely to use funds for ineligible activities or to be unable to detect and prevent fraud. Losing dollars to fraud or waste reduces the number of disaster victims that HUD's programs can assist.

HUD must also remain vigilant in helping its grantees overcome spending challenges and holding them accountable. We recently reported that HUD had several tools available to identify and track slow-spending disaster grantees. We found, however, that HUD does not require grantees to address their slow spending pace or resolve compliance issues until the time the grant is closed.

We recommended that HUD require its grantees to resolve these issues in a more timely manner. It is important that HUD and its grantees take action earlier in the grant cycle to prevent important disaster assistance funding from being left on the table at the time of grant closeout.

For several years, we have stressed the need for HUD to continue building its own capacity to oversee disaster grantees, and we commend HUD's recent efforts to increase staff dedicated to disaster oversight. It is important that HUD staffing and technology keep pace with increases in the amount of disaster funding and the number of grantees it oversees.

Looking forward, our office remains committed to helping HUD achieve its strategic objective to support effectiveness and accountability in long-term disaster recovery. We believe codification is an important step towards achieving that objective.

Thank you for the opportunity to discuss our disaster oversight work today. I look forward to answering your questions.

[The prepared statement of Mr. Begg can be found on page 32 of the appendix.

Chairman GREEN. Thank you for your testimony.

At this time, the gentlewoman from North Carolina, Ms. Adams, is recognized for 5 minutes for questions.

Ms. ADAMS. Thank you, Mr. Chairman. I also thank Chairwoman Waters for holding this hearing. And to our witnesses, thank you for your testimony.

When we discussed the need for Congress to finally codify CDBG back in July of last year, our witnesses painted a compelling picture. We heard about how States couldn't adequately prepare for disaster recovery, because they didn't know how much emergency funding would flow to them. We heard that it took longer than it otherwise would have for HUD to get time-sensitive dollars out the door to communities in need. And we heard that different communities were not treated equitably, all because we haven't acted proactively.

Ms. Yentel, in your testimony you describe the impact that disasters have on a region's housing stock. Can you share those findings with us now, and can you explain why it is critical that CDBG-DR dollars are used to support affordable housing?

Ms. YENTEL. Yes, Congresswoman. Thank you for the question. Most communities have a severe shortage of homes that are affordable to the lowest-income people even before disaster strikes. Nationally, for every 10 of the lowest-income renter households, there are fewer than 4 apartments that are affordable and available to them.

Then, the disasters exacerbate these already-severe shortages of affordable rental homes. And it has devastating consequences for the lowest-income people, puts them at risk of displacement, evictions, and a worst case is homelessness.

One of the consequences after disasters is that the price for rent often increases dramatically. It is from a combination of the rapid loss in available housing stock due to the disaster itself, and, at the same time, the increased demand, because displaced renters and homeowners need new apartments. And sometimes, it is simply price gouging by local landlords.

For example, there were some ZIP Codes in Houston where rents increased by 50 percent after Hurricane Harvey, and these kind of rapid increases, clearly, the lowest-income people can't afford and they end up being displaced as a result.

And also, affordable and accessible homes are most often located in areas that are most vulnerable to disasters, and the housing itself is more vulnerable. It is older. It is in poor condition. It is located in flood zones, and it is less likely to be rebuilt after the disaster strikes.

Ms. ADAMS. Yes, ma'am. Thank you. I have another question for you. I am pleased to be here to discuss GAO's report, since it confirms so many of the recommendations made by your organization.

Can you discuss how Chairman Green's legislation, H.R. 4707, would help eliminate the barriers that prevent the most-impacted and lowest-income survivors of disasters from achieving an equitable recovery?

Ms. YENTEL. Yes. There are many ways that the Reforming Disaster Recovery Act could make recovery more equitable and prioritize and center the needs of the lowest-income and the most-marginalized survivors.

First off, just permanently authorizing the program would have a tremendous positive impact in that the money could get out faster. Congress and HUD wouldn't have to rewrite the rule every time a disaster strikes, so the money could get to communities faster.

Communities would be required to prioritize the use of the funds for the lowest-income people. They would be required to prioritize the needs of people with the most severe needs. They would be required to have proportionality, in other words, to ensure that the funds go equally to affordable housing, to economic revitalization, and to infrastructure. Very often, communities prioritize infrastructure or economic revitalization over affordable housing, despite housing needs being the clearest and the most severe.

It would also require really robust public consultation, so that local communities could have a say in how these resources are used and how they get prioritized. And it would make some important changes to prevent displacement and prevent relocation, wherever possible.

Ms. ADAMS. Thank you very much.

I think I am out of time, Mr. Chairman, so I yield back.

Ms. YENTEL. Thank you.

Chairman GREEN. The gentlelady's time had not expired. You had about 15 seconds left.

Ms. ADAMS. Oh, okay. Well, I am going to yield back to you the 15 seconds. Thank you. And thank you to our witnesses.

Chairman GREEN. Thank you.

At this time, the Chair will recognize the ranking member of the subcommittee, the gentleman from Minnesota, Mr. Emmer, for 5 minutes.

Mr. EMMER. Thank you, Mr. Chairman.

The Department of Housing and Urban Development's Inspector General has identified and referred for prosecution several cases of fraud and abuse in the Community Development Block Grant Disaster Recovery Program, including public corruption, embezzlement, bid rigging, bribery, and kickback schemes. More broadly,

there is a rich history of States using CDBG-DR funds for purposes that have no nexus to the original disaster.

Mr. Begg, I understand your office has made a number of criminal referrals for fraud related to the CDBG-DR funds over the years. Can you share with us generally how those tend to be uncovered and prosecuted?

Mr. BEGG. Thank you for the question, Ranking Member Emmer. Our office relies on whistleblowers frequently to uncover instances of fraud, waste, and abuse, and we receive many of the leads on those cases through our hotline. And we also work closely with HUD's Office of Community Planning and Development, and grantees, to train them on ways that they can identify and detect fraud, waste, and abuse and ways that they can train their staff to make referrals to us of allegations of fraud.

We generally rely on program participants and the general public to help us identify those cases, and we work with our partners at the Department of Justice to see that they are appropriately prosecuted.

Mr. EMMER. Excellent. Thank you.

Billions of dollars appropriated for prior disasters remain unspent today, including money appropriated for the 9/11 attacks, for Superstorm Sandy in 2012, and for storm damage in Mississippi back in 2008. But the data is clear: CDBG-DR funds tend to remain unspent for years and years after HUD sends the funds to States.

Mr. Begg, do you think having a pot of Federal money sitting there for years and years is an invitation for fraud?

Mr. BEGG. Yes. The longer that money remains available, the more likely it is that it is going to be used for ineligible activities and it is susceptible to fraud, waste, and abuse.

That is why it is important for HUD to remain diligent in its oversight and monitoring of slow-spender grantees. And as we reported earlier this month, it is important for HUD to work with them to help them resolve their capacity issues and the root causes of why they are not spending funds more timely, so that money is not left on the table towards the end of the grant cycle, when it is susceptible to rushed expenditures that may be indicative of waste or fraudulent activity.

Mr. EMMER. Right. For example, the money from way back in the early years of this century. As a State becomes further removed from the original disaster in terms of time, and these large sums of money remain unspent, does it become more difficult for your office—and maybe not even your office. Let's concentrate on those that the money has been delivered to in the specific States. Does it become more difficult for even them to identify legitimate purposes for the money?

Mr. BEGG. That is certainly possible. Another issue that we have identified is that those seeking assistance may also be confused as you get further and further away from a disaster event as to how to navigate HUD's programs in seeking assistance.

For example, we recently identified that Texas disaster recipients did not know or may have been unaware of the fact that they were eligible for money from Hurricane Ike and Hurricane Harvey. So, the further away you get from a disaster, and the longer it takes

for those in need to request assistance, the more likely it is that they will be unclear as to what is available to them.

Mr. EMMER. Thank you, Mr. Begg. I know we just have a few seconds left. If you can—and maybe I will follow up with you after this hearing—can you describe how codifying the program and including some guardrails and some oversight mechanisms might address some of these vulnerabilities your office has identified?

Mr. BEGG. Absolutely. The main benefit that we see to codification is two-pronged: increasing the timeliness of the funding reaching grantees and then those in need—I see the time has expired.

Mr. EMMER. I will follow up with you. Thank you, Mr. Begg.

Thank you, Mr. Chairman.

Mr. BEGG. Thank you.

Chairman GREEN. Thank you. The gentleman's time has expired.

The Chair will now recognize the gentlewoman from Texas, Ms. Garcia, for 5 minutes.

Ms. GARCIA OF TEXAS. Thank you, Mr. Chairman, and thank you so much for bringing forth this hearing and these great witnesses. And I especially, of course, want to welcome Ms. Calhoun-Palay from Houston to the United States Congress.

Mr. Chairman, this grant program provides essential assistance for communities deeply hurt by natural disaster, especially as noted in our Houston area, which I represent.

In the case of natural disasters, timing is critical. The previous witness mentioned that timing is critical, how quickly we can get the help to the people who need it. Every day following a catastrophic event is a day that families go without food, without water, without shelter, without transportation, and without their basic livelihood.

What is concerning to me is that, currently, the Community Development Block Grant Program is not fully authorized in statute, so it is subject to the changing tides of local politics. It is not held to a consistent standard at the national level and, thus, it is vulnerable to changes in rulemaking in grantee action plans.

Although grantees are expected to comport with CDBG national objectives, this can differ by year and by the rulemaking put into place. As a result, there are vulnerabilities that result from basic turnover in Government Administrations that can allow grantees' programs to falter in carrying out their duties.

It is critical that we support and reinforce this program through permanent authorization and full enforcement of data collection, so that we can accurately perceive how these funds are being used.

In Houston, for example, following the 2015 flooding, the Disaster Recovery Program provided the City of Houston with a direct allocation funding that did not have to go through our State Government. As a result, the funding was allocated swiftly to projects rebuilding the Houston communities that were hit the hardest.

In contrast, the newly-created Disaster Mitigation Fund, which was created in direct response to Hurricane Harvey, was not a direct allocation to our area that was hit by the hurricane. Instead, the funding went through the State, which has not yet to provide any of that \$4.3 billion in Federal taxpayer money to either the City of Houston or Harris County.

In addition to allocating the funds to multiple other jurisdictions while excluding the 2 largest communities hit by the hurricane, the State used the maximum allowable funds of 5 percent for administrative costs—5 percent—which resulted in \$215 million going to the State government. Now, this \$215 million, Mr. Chairman, is more than the entire payroll of the Houston Astros. That is how much the State kept.

I highlight this because it is profoundly concerning that these programs are not reaching the intended recipients who were most impacted by the hurricanes. We must find a way to get the money to those intended, those most in need swiftly, because people do suffer. Poor people become poorer.

Additionally, there is never enough data collected at the Federal level, so it is always difficult to assess what has really happened. So, we must codify the disaster relief programs, but we must also work with HUD to access the communities that these programs were designed to work for.

My first question is for Mr. Garcia-Diaz. Mr. Garcia-Diaz, in your testimony, you provided several cases for how this program can better target underserved populations, including data collection. You stated that while grantees can and do collect data, we are not collecting the data of those who apply, only of those who receive.

Can you elaborate, please, on this point, and what else we should be doing so that we can get better information on the cultural and language barriers related to vulnerable populations, especially those with limited English?

Mr. GARCIA-DIAZ. Thank you for your question, Congresswoman Garcia.

That is absolutely right. Data, especially if you are dealing with vulnerable populations, you need to know something about who they are and what their situation is like. And particularly, if you want to make sure that the program is addressing their needs, you need good data both—and we emphasize this in the report—on the applicant side as well as the beneficiary side.

And the reason we emphasize applicant data, which is something HUD does not collect at all, is that you need to know who is making it through and who is not making it through. And that is a critical part of holding the grantees and HUD itself accountable that they are delivering assistance to the neediest population. And data is fundamental to that.

Ms. GARCIA OF TEXAS. Thank you.

Very quickly, and I know I am running out of time, Ms. Yentel, could you elaborate any more on how we can better reach our limited English proficiency applicants?

Ms. YENTEL. Sure. Yes, if I have the time I would be happy to.

For limited English proficiency applicants, HUD guidance directs grantees to ensure that disaster recovery activities meet language access requirements, but often communities don't. Puerto Rico is one of the most egregious examples after Hurricane Maria, where Spanish is the predominant language on the island, but the CDBG-DR materials were in English, and only after significant pushback were they translated to Spanish, and there were multiple errors within it.

HUD requires that there be language access, but they could do more in terms of oversight and ensuring that actually happens. And HUD could also learn a lot from Treasury and the implementation of the emergency rental assistance programs, where successful grantees partnered with community-based organizations to reach marginalized communities, including those for whom English is their second language.

Ms. GARCIA OF TEXAS. Thank you, Mr. Chairman. I yield back. I have run out of time.

Chairman GREEN. The gentlelady's time has long since expired.

The Chair now recognizes the gentleman from Georgia, Mr. Loudermilk, for 5 minutes.

Mr. LOUDERMILK. Thank you, Mr. Chairman.

First, let me kind of continue on with what Mr. Emmer had started to ask about, and that is the absence of a permanent law or permanent statute for the CDBG-DR Program.

The absence of a permanent law governing the program means that when Congress activates the program after a natural disaster, which we have had plenty of recently, the parameters of the program have to be established on an ad hoc basis, and HUD must continue rulemaking every time new funds are allocated. Of course, this is going to lead to inefficiencies and delays with getting the funds distributed.

Mr. Begg, you had started to touch on some of these issues but, unfortunately, ran out of time. Can you describe the problems that result from the lack of a permanent statute with this program, and how enacting a statute to govern the program would help address those problems, and anything else that you would like to discuss that Mr. Emmer had asked?

Mr. BEGG. Certainly. Thank you for the question.

As I mentioned previously, codification of the program could help streamline HUD's allocation process. We reported in April of 2021 that HUD engaged in lengthy negotiations with the Office of Management and Budget about program requirements that would be included in the Federal Register notices for the 2017 disasters, which produced significant delays in making the announcements in the Federal Register notice which, in turn, prevented grantees from finalizing and submitting action plans. And that, in turn, delayed HUD and the grantees from entering into grant agreements which would give them access to the funding.

Streamlining HUD's process through codification, we think is an important step in speeding up disbursement of disaster recovery, but providing permanent authorization for the program would also clarify requirements for grantees so that they can plan earlier and for future disasters so that they can implement programs disaster over disaster rather than waiting for HUD to announce specific waivers that really kind of keep them in gridlock while they are trying to figure out how to design programs for their communities in need.

Mr. LOUDERMILK. Thank you. So, we could still implement a codified law giving guidance, but leave flexibility for the uniqueness of the disaster in a particular area?

Mr. BEGG. That is correct. There is always going to be a need for flexibility at the local level, and our office understands what we

have identified as the need for clarity and consistency up front so that grantees and HUD can be in step on the plans, and then the actions and milestones needed to result in getting money down to the ground level at the local level where the flexibility can really be designed to benefit the individuals and vulnerable populations in need.

Mr. LOUDERMILK. Okay. Thank you.

Mr. Garcia-Diaz, could you also comment on the problems of not having this program codified or the lack of legislation on it and what could be resolved if we had it?

Mr. GARCIA-DIAZ. Yes. Thank you for the question. I think codification helps make CDBG-DR a real program, subject to all of the requirements that all programs are expected to follow, including the requirements regarding fraud risk management.

Of course, DR is subject to those requirements as is, but the more that the program is permanent, the more that everyone knows what the expectations are going forward and after a disaster. That is going to allow for preparation to occur not only at HUD, but also at the grantee level, because they know what to expect, and they know that there is enough stability in the program that they can start thinking ahead about the future disasters and what they need to do to be positioned to best distribute those funds efficiently and effectively to these populations who sorely need the help, but also protect taxpayer interests here, and ensure that the right people are getting the funding and eligible people are getting the funding.

Mr. LOUDERMILK. Thank you. And while I have you, as you know, we need to balance the need to reduce waste with the need to distribute funds quickly. In the short amount of time I have, what changes do we need to make to ensure that funds are used for the intended purpose but are also distributed timely?

Mr. GARCIA-DIAZ. I think we have to build capacity both at HUD and at the grantee level to accomplish that. Speed and proper use of funds don't overlap completely. They can often diverge. And so, there is that risk, and we want to manage that and we need [inaudible] to do that.

Mr. LOUDERMILK. Thank you, Mr. Chairman. I yield back.

Chairman GREEN. Your time has expired. Thank you.

The gentlewoman from Michigan, Ms. Tlaib, is recognized for 5 minutes.

Ms. TLAIB. Thank you, Mr. Chairman. I really appreciate us holding this hearing. I have seen firsthand how disasters like flooding can devastate our communities and the inequities in how those communities access and qualify for disaster relief. We can continue to fund various programs, but implementation is so critically important, especially in communities like mine.

One of the most immediate and devastating impacts of disaster is always housing affordability for low-income residents.

Ms. Yentel, the organization you work for has been really critical in exposing some of the broken systems that are in place and some of the needs and policy changes to make sure we address those. You testified that recovery and mitigation efforts typically favor higher-income, predominantly White communities. And markets across our country are already squeezed because of a lack of hous-

ing supply. Disasters often cause dramatic spikes in rental prices, leading to displacements, evictions, and homelessness.

We also know that nearly one-third of federally-assisted housing stock is located in areas with a relatively high risk of negative impacts from natural hazards and so forth. Many of us call these front-line communities of the climate crisis.

Ms. Yentel, can you describe how natural disasters and inadequate disaster relief can displace low-income communities and communities of color, and really talk about what we can do as a legislative body to address that?

Ms. YENTEL. Sure. You touched on some very important issues around how low-income people are most likely to live in communities that are hardest hit by disasters, and they are most likely to live in housing that isn't built to withstand the storm itself, so they are vulnerable in multiple layers from the disasters.

They are least likely to have the resources needed to evacuate prior to the disaster, they are least likely to have the resources or the social network to help them recover during the disaster, and they are most likely to be left behind in the recovery unless there is very focused advocacy and legislation that requires the prioritization of their needs in recovery.

When affordable housing stock is lost in disasters, it is virtually never recovered to the same degree that it was pre-disaster. And as I shared earlier, pre-disaster, most communities have a severe shortage of homes that are affordable to the lowest-income people. So, when we are losing affordable housing stock that is affordable to those lowest-income people, and communities are not prioritizing the repair and reconstruction of those affordable homes, then there is permanent displacement of the lowest-income people, who are predominantly people of color, Black and Brown people.

And one way this plays out as well is how these disaster resources are targeted. Time after time, disaster after disaster, we see that limited resources that Congress appropriates to communities after disasters are targeted towards higher-income homeowners who are predominantly White, at the expense of lower-income renters who are predominantly Black.

Ms. TLAI. Ms. Yentel, I do want to have some time, because I want to get to some specifics around this, because flooding was a huge, huge issue. Some of my residents' homes were flooded up to 4 times.

This is to all of the witnesses on the panel. I am curious to hear this. As flood plains have shifted with climate change, and extreme weather events become more common, should funding and authorization of CDBG-DR also include updated flood mapping?

The other question is, how should localities balance the need to build communities in more resilient, less flood-prone areas without disbursing the full of affordable housing? I want to hear from everyone on the panel about this.

Again, flood mapping is something that has been on my mind and wanting to see if we should be really laser-focused on that to try to shift some of those resources, again, to those impacted the most. Is there anybody on the panel who can talk about that?

Mr. GARCIA-DIAZ. I can. Just quickly, GAO has done some work, and we can get back to you with more details on FEMA's progress

in improving their mapping capabilities. That is an area that has been of concern for us, and it has a lot of knock-on effect on every other program that seeks to either build affordable housing or recover it after a disaster.

So, we can share some information there, but government decisions on funding should be based on the best available data and analysis in FEMA, and particularly the National Flood Insurance Program (NFIP), which is responsible for that.

Ms. TLAIB. I am so sorry we didn't have a chance to hear from the others. Thank you so much. And if you do have an answer and want to submit it to the committee, I would welcome that.

Thank you.

Chairman GREEN. The gentlelady's time has expired, and the Chair will ask the witnesses to respond to the gentlelady's questions in writing.

The Chair will now recognize the gentleman from Tennessee, Mr. Kustoff, for 5 minutes.

Mr. KUSTOFF. Thank you, Mr. Chairman. I thank you and the ranking member for calling today's hearing, and I also thank all of the witnesses who are appearing virtually today.

Mr. Begg, can you talk about the waiver process or the CDBG-DR grantees? How are waivers granted, if you will? And, I guess, and without asking this as a leading question, are the waivers granted on an inconsistent basis?

Mr. BEGG. Thank you for that question. In general, waivers are granted for—HUD has the authority to grant waivers from the traditional CDBG framework, which generally applies to CDBG-DR and CDBG funding.

And the Secretary has discretion, when appropriate, to waive requirements or create alternative requirements that would benefit particular funding streams. And, in certain instances, grantees have the authority to make certain waivers of their own program requirements.

We haven't examined the consistency of those waivers across the portfolio, necessarily, but one thing that we have seen is that the waivers can create confusion at times and lack of clarity for grantees.

In one instance recently, we identified a scenario where the City of Houston was seeking a waiver of program requirements from the Texas General Land Office (GLO) regarding the rebuilding specifications for homes. And GLO ultimately denied the waiver, but they spent a lot of time disagreeing with the City of Houston about whether it was appropriate, because if they granted that waiver to the City of Houston, it might produce an inequitable result for other cities and counties across their State in the distribution of the Hurricane Harvey relief funds.

So, the waiver process is designed to get at the flexibility issue we discussed earlier, but it does come with risks and it needs to be managed and assessed.

Mr. KUSTOFF. I do appreciate that answer. And I think what you just said, that regardless of who the HUD Secretary is, whomever he or she is, if a waiver is granted, there are no clear guidelines as to the parameters of the waiver or waivers. Is that right?

Mr. BEGG. There are certain aspects of the program that can't be waived, like fair housing and environmental reviews, but in large part, there are many options for waivers consistent with what you said.

Mr. KUSTOFF. Yes. During your questioning or the questioning of everybody this morning, there has been a great deal of talk about codification that Chairman Green and Congresswoman Wagner have worked on, and others. Does the waiver process beg for some direction in terms of codification? In other words, should there be codifications about what lanes, avenues, directions the waivers can be granted by the HUD Secretary?

Mr. BEGG. Waivers ultimately are a policy call for Congress and the HUD Secretary and leadership to make. Our office's role is generally to look at whether the waivers and the program execution is achieving goals effectively and efficiently.

And so, to the extent that waivers continue to be part of the process for CDBG-DR program execution, what we would focus on is looking at ensuring that those waivers work, and they produce the intended effective outcomes for the individuals in need.

Mr. KUSTOFF. If there was abuse in the waivers, somewhere in the process or after the waiver was granted, your office would investigate, right?

Mr. BEGG. Absolutely.

Mr. KUSTOFF. In terms of making your work easier, if you were waving a magic wand and were working on codification, what are some of the parameters that you would look to codify?

Mr. BEGG. As I mentioned earlier, streamlining HUD's allocation process is a critical component. And in Chairman Green's bill, one benefit we see is the enhanced deadlines that are in place to ensure that HUD and its grantees are moving through the various gates of announcing allocations, reviewing and approving action plans, and then entering grant agreements.

Mr. KUSTOFF. Thank you very much. I yield back.

Chairman GREEN. The gentleman yields back.

The gentleman from Illinois, Mr. Garcia, is recognized for 5 minutes.

Mr. GARCIA OF ILLINOIS. Thank you, Mr. Chairman, and I thank you and the ranking member for holding this important hearing on the CDBG-DR program, and I thank our witnesses for joining us today.

At a time when disasters seem more and more frequent, CDBG-DR oversight is, unfortunately, an extremely important topic. The devastating events that have taken place in Puerto Rico in the last few years, from Hurricane Maria to the devastating earthquakes, have affected me personally, along with many of my constituents in Chicago. I traveled to the island to look at recovery efforts, and I don't have to tell you that it has been slow going. Challenges in the CDBG-DR allocation process are no small part of it.

Ms. Yentel, in your testimony, you highlighted some of the challenges that Puerto Ricans have faced with CDBG-DR funds after Hurricane Maria. It is serious stuff. One CDBG-funded program only released housing resources in English, only translating them after protests. Many homeowners in flood plains have not been able to get help at all, leaving them vulnerable to displacement, and

small, local construction companies have been left out of contracts. And it feels like Puerto Rico has been left behind time and time again.

Ms. Yentel, do you think that HUD is sensitive to the needs of Puerto Rico and its recovery? And do you think that the GAO's recommendations for the CDBG-DR program will meaningfully improve disaster relief efforts on the island?

Ms. YENTEL. I do think it will. It would make a significant difference for people who were harmed by Hurricane Maria, and for people who may be harmed by future disasters. Puerto Rico is an especially egregious example of how disaster recovery and rebuilding don't work for the lowest-income people when local communities, especially, are often shut out of the conversation about how these resources should be used.

Those local communities and impacted people should be leading the conversations about how resources should be used, about how questions of relocation should be considered. And, certainly, at the very least, materials about available resources should be made available in the relevant language to the communities, and none of that has been true in Puerto Rico.

Advocates and impacted people have fought their way to the table and have been able to make some improvements to the programs, but it shouldn't be that hard. It shouldn't take that level of effort. It should be automatically built into the system that communities have a say in how these resources are used.

And one of the improvements that this bill would do is to require really robust community consultation, and especially consultation with communities that are most impacted by the disaster.

Mr. GARCIA OF ILLINOIS. For my first question, would that be a yes or a no on the sensitivity of HUD to their needs?

Ms. YENTEL. In terms of the sensitivity of HUD, yes. Unfortunately, it has been a political question. The previous Administration created many unnecessary obstacles and blocks to even getting the money to the island. This Administration has a different approach and is prioritizing the needs of Puerto Ricans and being much more sensitive to their needs.

Mr. GARCIA OF ILLINOIS. Thank you for that.

Mr. Begg, the GAO's report found that vulnerable people face obstacles to accessing relief through the CDBG-DR program. That is troubling for my community, being hit by a natural disaster, or for any community, but it is especially troubling in Puerto Rico where English is not the primary language, and the average incomes are lower than they are in the continental U.S. and more people live in informal housing.

Can you discuss what steps HUD can take to deliver relief to the people of Puerto Rico specifically?

Mr. BEGG. Thank you for the question. The steps that HUD can take to assist Puerto Rico are similar to the steps that it can take to assist all grantees. Technical assistance and oversight and monitoring of progress in the grant is critical from the HUD perspective to ensure that when grantees are facing challenges, either in reaching their communities or in executing their programs or establishing them as a threshold matter, it is important that HUD step in and do what it can through technical assistance to make sure

that the grantees have everything they need from HUD to be successful.

Mr. GARCIA OF ILLINOIS. Thank you very much.

Mr. Chairman, I yield back.

Chairman GREEN. The gentleman yields back.

The gentleman from South Carolina, Mr. Timmons, is recognized for 5 minutes.

Mr. TIMMONS. Thank you, Mr. Chairman. And I want to begin by thanking you for your work with Congresswoman Wagner to reform the CDBG-DR and ultimately help the communities across our country who have suffered from natural disasters, whether hurricanes, tornadoes, floods, or wildfires.

When these disasters strike, the communities that are least able to properly recover often end up being the hardest hit. When functioning properly, the CDBG-DR program can provide invaluable support to low- and moderate-income communities reeling from devastating natural disasters.

But knowing this, it is critical that this program be transparent and accountable to ensure the taxpayer dollars that fund this critical program are directed to the right people and only spent on appropriate disaster recovery-related needs. And, of course, the program must be quick and efficient in responding to the various disasters that will inevitably come.

Mr. Begg, your report showed that fraud prevention is something that needs to be addressed for CDBG-DR, and I know that we have been discussing codification a lot today, but I am curious, do you think that if Chairman Green and Congresswoman Wagner's bill to codify the program were to become law, it would be easier for HUD to identify and prevent fraud? And would codifying the law help with the staffing capacity issue identified in the report?

Mr. BEGG. Thank you, Congressman, for that question. We certainly believe that codification is an important step towards eliminating opportunities for fraud, waste, and abuse. But as I mentioned in my opening statement, it is not a cure-all for all of the problems that grantees and HUD face.

In successfully executing disaster recovery assistance programs, preventing improper payments and reducing the opportunities for fraud is something our office has stressed over the years. In our recent top management challenges report, we identified fraud risk management as a top challenge for HUD across the Department, but specifically within disaster recovery. And our colleagues at GAO last year published a report examining the steps that HUD has taken to assess fraud risks in the DR program specifically.

We believe that HUD's action on those recommendations from the GAO to comprehensively assess fraud risk within the DR program is a key step in identifying and understanding fraud risk so that the Department and its grantees are in a position to mitigate and prevent that fraud.

Mr. TIMMONS. Sure. Thank you for that. Also, would a streamlined rulemaking process help reduce fraud as well?

Mr. BEGG. Yes. We think so. We think it could help, certainly. As I mentioned earlier, the longer that funds sit out there, and they are not spent to address unmet disaster recovery needs, the

more likely it is that they could be used for ineligible purposes, and that opens the door to potential fraud.

Mr. TIMMONS. Sure. Thank you. Lastly, I want to focus on how this program needs to be streamlined and become more efficient, which is obviously something codifying the program would help with. When disaster strikes, this type of relief needs to get out the door as quickly as possible while still maintaining the security and integrity of the program.

Mr. Begg, again, where in the CDBG-DR program can we cut red tape while still allowing the program to remain flexible so it can successfully respond to the various natural disasters we deal with in our country?

Mr. BEGG. One area that we have highlighted frequently is consistency around the core requirements of the programs. Generally, the programs are designed to do a handful of things, and by permanently authorizing the program statutes and requiring HUD to establish permanent regulations outlining program requirements, we think that will help grantees focus and plan better so that they don't engage in endless disagreement or endless pursuit of perfection in their program design, and they can start implementing around the core simplified requirements in the regulations.

Mr. TIMMONS. Sure. Thank you for that. I will end with, I think the burdensome Federal Register notice process seems to be a good place to start. It has to be really tough for grantees when there are so many changes to the original requirements, and we need to really make it very transparent, what we are expecting from them, so we can be efficient with this program.

I really appreciate you being here virtually, and with that, Mr. Chairman, I yield back. Thank you.

Chairman GREEN. The gentleman yields back. The Chair now recognizes the gentleman from Missouri, Mr. Cleaver, for 5 minutes.

Mr. CLEAVER. Mr. Chairman, thank you. The CDBG-DR is extremely important, and I had to deal with it for about 20 years when I was in municipal government. And one of the problems that we had in Missouri, in Kansas City, after a couple of 500-year floods that occurred over about 3 years, the whole—the issue of trying to get it dealt with when it is not permanently authorized.

I am not sure what the historical reason is for not doing the permanent authorization, but I am familiar with the fact that we don't need delays in the midst of a disaster, where we have to get Presidential or Congressional authorization. And it just delays what the government can do, and it creates frustration. And I am wondering if there is anyone who has any reason why it should not be permanently authorized, because otherwise, it is going to be very difficult for me to ever see this as something that is okay. Anybody else? So, everybody agrees with me that we need it to be permanently authorized?

Mr. GARCIA-DIAZ. GAO has made a recommendation to Congress to consider making the program permanent. We think there are very compelling reasons for doing so, and I don't think the status quo is really acceptable going forward given the size, scale, and frequencies of these disasters.

Mr. CLEAVER. I wish I could go back in history to find out why, and maybe even if we found out why, it still doesn't make sense, but it is something that I am hoping we can do.

The Chair of the subcommittee, Chairman Green, and I have had some discussions about this because we are taking a pretty in-depth look at the CDBG program, period. And one of the things that we have talked about is hopefully, we can get this program, this CDBG which is not a very complicated piece of legislation, including the DR program. So, I appreciate your comments.

Are there any programs in the Federal Government that any of you know of, that can respond quickly? What is the fastest program we have to respond to a disaster? Anybody?

Ms. MORRIS. Obviously, those are the Federal Emergency Management Agency (FEMA) programs. Those programs are on the ground immediately, and there has to be conversation about integrating those programs with the CDBG-DR more effectively, and more impactfully.

And one thing I would say, Congressman Cleaver, is that while I certainly do not object to the notion of codification of the CDBG-DR, I would like to add that we need to also see reform, and we need to see reform that centers on the needs of the most vulnerable. We have talked a lot today about fraud and waste management, and what we seem to be losing the thread on is the people who are left behind. If funds are misappropriated by contractors and used for other things, that increases the number of people who are left behind.

And the notion of fraud and waste management or mismanagement is often used to disenfranchise the most vulnerable. In the name of checking boxes and making sure that all the Is are dotted and the Ts are crossed, the most vulnerable are often ignored in these programs, and that is something that must be said.

So, while I appreciate and agree wholeheartedly that these funds must be managed appropriately, we must also be careful about continuing to stigmatize the people who desperately need these programs, when we say fraud and mismanagement permeates these programs. We have to be clear that it is often by administrators and contractors who are hired by grantees, not the recipients themselves.

Mr. CLEAVER. Okay. Thank you, Mr. Chairman.

Chairman GREEN. The gentleman's time has expired.

The Chair will now recognize the Vice Chair of the subcommittee, Ms. Williams, for 5 minutes.

Ms. WILLIAMS OF GEORGIA. Thank you, Mr. Chairman.

In Atlanta, there are only 29 affordable and available housing units for every 100 extremely low-income renter households. As we have already heard today, any disaster can further stress the shortage that we have in my district and across the country. Not only do we have to invest in our long-term affordable rental housing stock now, but we also have to be sure that we take the same approach when disaster strikes.

Ms. Yentel, in your testimony, you mentioned that HUD has the authority to reject State action plans that favor homeowners over renters. What else can HUD do proactively to ensure that the plans that come to them equitably provide disaster relief for renters?

Ms. YENTEL. I would say one of the most important things that they could do right now, that is part of the GAO's recommendations to them, is to require of themselves and grantees more data transparency, to collect information on who is applying, and the demographics of who is applying, and who is or is not getting resources, who is being accepted and who is being denied.

I think just in having that kind of data transparency, it will become very clear what people on the ground and people who have been doing this work for a long time know, which is that there are significant disparities in who receives resources, disparities between lower- and higher-income people, and disparities between people of color and communities of color and White communities. So, that data transparency is really essential.

Ms. WILLIAMS OF GEORGIA. Ms. Yentel, after a disaster, rebuilding apartments and homes is critical to ensuring those most impacted have a place to live and don't see their wealth permanently impacted. As we make investments to rebuild communities, we have the opportunity not only to prevent a widening racial wealth gap but also to reinvest funds back into impacted communities and people.

How can HUD make sure that the money invested in local recovery more often goes to local businesses and creates local jobs? How would this help ensure recovery efforts or credits to closing the racial wealth gap in a place like Atlanta, which leads the country?

Ms. YENTEL. Yes. It is a very important point because a lot of times, these resources go to contractors to run the programs, and these contractors often are not grounded in the communities that are impacted. They are out of State, they are out of the city, and they are profiting from the administration of these programs.

And many times, they are doing it well—sometimes, I will say. There are also egregious examples where they are doing it poorly, and yet, get rehired after future disasters. But most importantly, it is not creating the local infrastructure to be able to respond to disasters in the future.

These kinds of significant resources going to communities can not only serve the primary purpose of rebuilding apartments and making homes affordable for the lowest-income people where homes have been destroyed, but they can also create local jobs and create local expertise. Then, that community has more and better capacity to respond to future disasters.

And that is a place where HUD can do more, and they have been, of late, doing more in this Administration to really look more closely at State and local action plans and how they are using CDBG.

And as with the case in Texas, just recently, going back and saying, we are not going to accept this action plan until you do more to ensure that these resources are going to the communities instead of the people who have the greatest needs.

Ms. WILLIAMS OF GEORGIA. And, Ms. Yentel, I am sorry to make it feel like you are in the hot seat, but in your testimony, you also emphasized the importance of sharing data on disaster recovery with academic and research institutions so we can continue to understand equity issues in disaster recovery and identify potential solutions, one of my priorities here on this subcommittee.

What current barriers remain to working with colleges and universities on this effort? And how can we prioritize partnerships with institutions such as Historically Black Colleges and Universities (HBCUs) that are well-positioned to do this type of research?

Ms. YENTEL. Again, yes, it is so important, and it comes back to the importance of data transparency. And, certainly, there is some data that can't be released publicly because of concerns around privacy, but there are ways to mitigate those concerns, especially when sharing data with academic institutions.

And it is critically important. There is very little data available nationally despite the number of disasters that are occurring and despite the increased frequency. There is little data that is available about who is impacted, how they are harmed, how there are racial and other disparities, and who is assisted and who is not, and that kind of data sharing is essential.

There should be public transparency, and there should be greater data shared with academic institutions to provide this kind of analysis, and provide it to Members of Congress so that we are ensuring that public policy meets local needs.

Ms. WILLIAMS OF GEORGIA. Thank you, Ms. Yentel, and thank you, Mr. Chairman. I yield back.

Chairman GREEN. The gentlelady's time has expired.

The Chair now yields himself 5 minutes for questions. Let me start by thanking all of the Members, and I especially have to thank Mrs. Wagner for her Herculean efforts in helping. Mrs. Wagner, if you are listening, I want you to know that I appreciate greatly all that you have done, as well as the Chair of the Full Committee, Chairwoman Waters.

In Texas, we have what may be considered unique circumstances. Hurricane Harvey hit Houston in 2017, and we appropriated funds, and we still have funds that have not been utilized. Someone spoke of slow-spenders earlier. Mr. Begg, I am concerned about slow spending. I want to know from you, has there ever been a clawback, or what typically is done when the slow-spender becomes a no-spender. Mr. Begg, if you would, please?

Mr. BEGG. Thank you for the question, Mr. Chairman. I was having a little difficulty hearing you, but I just want to confirm that you were asking about what happens when slow-spenders are identified as no-spenders in terms of clawing back grant funding?

Chairman GREEN. Yes, sir. That is correct, and I am sorry about the volume.

Mr. BEGG. No problem.

In our recent review of HUD's oversight of slow-spending disaster recovery grantees, what we have seen is that HUD actually has metrics built into its disaster recovery grant reporting system to identify at various stages of the grant whether grantees are meeting their expenditure targets and whether they are on pace to expend on a monthly basis the dollars that they need to to exhaust the grant before closeout.

One concern we have is that when some of those red flags in the system show that grantees are no-spenders for 6, 12, 24 months, HUD does not require the grantees to address those flags until the time of grant closeout. The risk there, from our perspective, is that a no-spending grantee could continue not using funding until the

grant closeout, and money would be left on the table that HUD would then have to recapture, and it wouldn't be available to go to the communities and individuals in need.

Chairman GREEN. Thank you.

For the benefit of persons in Houston who may be tuning in, let me ask Ms. Yentel, would you explain why we understand it is important for us to spend timely? And I would also like to get Ms. Calhoun-Palay to respond as well as Ms. Yentel. So, if you would be brief, that would be helpful.

Ms. Yentel?

Ms. YENTEL. I am so sorry, Congressman. I didn't quite hear the question, but maybe Ms. Calhoun-Palay did, and she could start off.

Chairman GREEN. I am speaking at my volume level higher than I have been speaking. The question is explain, if you would, why it is so important for the dollars to be spent timely. People in Houston would like to know that we understand this process and why it is so important.

We will start with you, Ms. Calhoun-Palay, if you would?

Ms. CALHOUN-PALAY. Sure. The importance of timely spending of these funds is directly linked to the folks who are most in need of repairs and recovery. So, what is happening on an ongoing basis, and even to this day, is that as applicants are waiting for responses, they are having to jump through hoops, and there is an ongoing cycle of having to resubmit paperwork before the actual application gets approved and gets funded.

What happens in the meantime is that homeowners are sitting in black mold, continuing to sit in homes that have leaky roofs, and are just waiting.

And in some cases, the guidance has been so ambiguous and vague where some homeowners have started to try to recover on their own. And then once they are approved, they are hearing that they are approved, they are told that they must stop. They must stop the ongoing construction in their homes or repairs in their homes so that the city or whatever agency can come forward and complete those repairs.

The waiting game has a hazardous impact on actual homeowners who are just waiting. So, that is one of the reasons why it is timely—or so important that spending timelines are really quick.

Chairman GREEN. My time is about to expire. Thank you.

Let me just end with this. I am going to look at legislation to see whether the funds can be [inaudible] the State to perform the function of appropriating the funds within the State.

Having said this, my time has expired. And, again, we would like to thank each of the witnesses for their testimony and for committing the time and resources to share their expertise with the subcommittee. Their testimony today will help to advance the important work of this subcommittee and of the Congress.

The Chair notes that some Members may have additional questions for these witnesses, which they may wish to submit in writing. Without objection, the hearing record will remain open for 5 legislative days for Members to submit written questions to these witnesses and to place their responses in the record. Also, without

objection, Members will have 5 legislative days to submit extraneous materials to the Chair for inclusion in the record.

This hearing is adjourned. Thank you, one and all.

[Whereupon, at 11:43 a.m., the hearing was adjourned.]

# **A P P E N D I X**

January 19, 2022

Written statement prepared for the  
Subcommittee on Oversight and Investigations,  
Committee on Financial Services,  
U.S. House of Representatives hearing entitled:

“Ensuring Equitable Delivery of Disaster Benefits to Vulnerable Communities and Peoples:  
An Examination of Key GAO Findings”



Testimony of  
Stephen M. Begg, Deputy Inspector General  
Office of Inspector General  
U.S. Department of Housing and Urban Development

January 19, 2022



**OFFICE OF INSPECTOR GENERAL**  
U.S. Department of Housing and Urban Development

Testimony Before the Subcommittee on Oversight and Investigations, Committee on Financial Services, U.S. House of Representatives hearing entitled “Ensuring Equitable Delivery of Disaster Benefits to Vulnerable Communities and Peoples: An Examination of Key GAO Findings”  
January 19, 2022

Chairman Green, Ranking Member Emmer, and Members of the Subcommittee:

Thank you for the opportunity to testify before this Subcommittee about our office’s work related to the U.S. Department of Housing and Urban Development’s (HUD) disaster recovery and mitigation programs. HUD is one of a handful of Federal departments that play a critical role in assisting States, localities, and territories in recovering from and preparing for disaster events. HUD is one of the largest distributors of disaster recovery funding, focusing on long-term recovery and mitigation needs that are unmet following initial disaster relief efforts.

From 2001 to 2021, Congress appropriated \$87.8 billion to HUD to provide for disaster recovery and mitigation. HUD has allocated \$85.8 billion of this grant funding through the Community Development Block Grant Disaster Recovery (CDBG-DR) and CDBG Mitigation (CDBG-MIT) programs to various States, cities, counties, parishes, and territories. Of the \$85.8 billion in disaster allocations, nearly \$61.9 billion has been obligated, and more than \$47.5 billion had been disbursed by grantees as of January 7, 2022.<sup>1</sup>

The HUD Office of Inspector General (OIG) provides robust oversight of HUD disaster assistance programs through audits, evaluations, investigations, and reviews. Given the magnitude of the damage caused by recent disasters, the large supplemental appropriations provided to address unmet and mitigation needs, and the importance of HUD’s disaster recovery programs in achieving its equity-related goals, oversight of HUD’s disaster programs will continue to be a priority for HUD OIG.

We are pleased to assist the Subcommittee in its study of the issues outlined in the U.S. Government Accountability Office (GAO) report, “Disaster Recovery: Better Data Are Needed to Ensure HUD Block Grant Funds Reach Vulnerable Populations.”<sup>2</sup> The findings in that report will assist HUD in enhancing the equitable delivery of disaster assistance, and the report helps inform future objectives in HUD OIG’s disaster oversight. HUD OIG’s testimony will describe the most critical challenges HUD faces in administering disaster assistance as well as recent oversight work. We hope to provide context for the broader challenges HUD faces when addressing equity-related issues like those raised in the GAO report.

<sup>1</sup> Congress appropriated \$88.6 billion for this period, but the total amount was reduced by budgetary sequestration which affected P.L. 113-2.

<sup>2</sup> [GAO-22-104452](#), Published Nov. 10, 2021

## The CDBG-DR and CDBG-MIT Programs

The CDBG program provides grant funds to localities and States to develop viable urban communities by providing decent housing, a suitable living environment, and expanded economic opportunities, principally for persons of low and moderate income. To achieve these goals, the CDBG authorizing statute<sup>3</sup> and regulations<sup>4</sup> set forth eligible activities and national objectives that each activity must meet. The three national objectives are (1) benefit to low- and moderate income (LMI) persons, (2) aid in the prevention or elimination of slums or blight, and (3) meet an urgent need.

HUD provides disaster recovery and mitigation assistance through the traditional CDBG framework, which provides recipients with broad flexibility to perform a wide range of eligible activities to address the unmet needs of communities following initial disaster response. However, unlike the traditional CDBG program, the program requirements for the CDBG-DR and CDBG-MIT programs are announced through Federal Register notices rather than being set out in HUD's regulations. The CDBG-DR program has historically been the largest disaster-oriented HUD program, and the CDBG-MIT program was created in 2018 to fund mitigation activities to increase resilience to, and lessen the impact of, future disasters.

Complementing the national objectives, HUD noted in its September 2021 "Climate Adaption Plan" its focus on using the more than \$67 billion in active CDBG-DR and CDBG-MIT grants to address equity-related issues, including better integrating resilience and environmental justice principles into the CDBG-DR program.<sup>5</sup> HUD also demonstrated this focus in its November 2021 allocation of more than \$2 billion in CDBG-DR and CDBG-MIT funding, announcing that it "will go to recover from and build resilience to natural disasters, including climate disasters, with a specific focus on low- and moderate-income populations."<sup>6</sup>

## Administering Disaster Recovery Assistance Is a Top Management Challenge for HUD

HUD OIG issues an annual "Top Management Challenges" report summarizing our independent determination of the most serious management and performance challenges facing HUD.<sup>7</sup> This year, HUD OIG identified two related challenges: (1) Administering Disaster Recovery and (2) Grants Management – both of which identify challenges that affect HUD's ability to implement grant programs like CDBG-DR and CDBG-MIT. We believe that a number of the findings in the GAO report evaluating the delivery of CDBG-DR assistance to vulnerable populations are consistent with what HUD OIG reported as the Top Management Challenges facing HUD.

<sup>3</sup> Housing and Community Development Act of 1974 (codified at 42 U.S.C. (United States Code) § 5301, *et seq*)

<sup>4</sup> 24 CFR part 570

<sup>5</sup> HUD Climate Adaption Plan (Sept. 2021), available at: <https://www.sustainability.gov/pdfs/hud-2021-cap.pdf>

<sup>6</sup> HUD Press Release No. 21-181 (Nov. 1, 2021), available at

[https://www.hud.gov/press/press\\_releases\\_media\\_advisories/HUD\\_No\\_21\\_181](https://www.hud.gov/press/press_releases_media_advisories/HUD_No_21_181)

<sup>7</sup> HUD OIG [Report](#), Top Management Challenges Facing the U.S. Department of Housing and Urban Development in FY2022 (November 12, 2021)

HUD has made progress in improving the assistance its disaster recovery programs provide, but it continues to face the following key challenges in administering and overseeing disaster recovery grants:

- the need to codify the CDBG-DR and CDBG-MIT programs;
- ensuring that expenditures are administered in a timely manner, and are eligible and supported; and
- addressing concerns that people encounter when seeking disaster recovery assistance.

In addition to the two challenges listed above, HUD has faced many of the same difficulties that other federal departments and agencies face, such as human capital management, increasing efficiency in procurement, fraud risk management, and management and oversight of information technology, that also affect its disaster recovery programs.

#### *The Need to Codify the CDBG-DR and CDBG-MIT Programs*

The specific requirements for CDBG-DR and CDBG-MIT programs are not codified in HUD's regulations as they are for the traditional CDBG program. Instead, HUD establishes program requirements for each disaster using notices in the Federal Register.

After a disaster occurs, Congress may provide supplemental appropriations of disaster relief funding through HUD's CDBG program, and these supplemental appropriations also provide HUD with broad authority to waive CDBG program requirements and establish alternative requirements via Federal Register notices. HUD then issues Federal Register notices for each supplemental appropriation to allocate funds and set requirements for the grantee designated to receive funds for the applicable disaster. With each newly issued Federal Register notice, grantees must study the notice and develop an action plan outlining the programs it will implement to address the unmet recovery or mitigation needs of their communities using HUD disaster grant funds. HUD must approve each grantee action plan and then enter into a grant agreement for each specific grant, which may impose additional or unique conditions on the use of those grant funds. Upon execution of the grant agreement, grantees can begin submitting activities to HUD for approval and disbursement of grant funds.

Each of these initial steps is expected to be completed during a time of great uncertainty, when grantees' personnel and communities' infrastructure may have been severely impacted by the disaster. Navigating HUD's process simply to gain access to grant funds can take grantees many months and in extreme cases, years.<sup>8</sup> Further, grantees that receive funding for different disaster events must follow the respective Federal Register notices related to each disaster, which can be confusing.

<sup>8</sup> [“The Evidence Base on How CDBG-DR Works for State and Local Stakeholders”](#), Carlos Martin, Senior Fellow, Urban Institute, testimony before the Subcommittee on Oversight and Investigations, Committee on Financial Services, U.S. House of Representatives (May 17, 2018). See also GAO Report, *Disaster Recovery: Better Monitoring of Block Grant Funds Is Needed*, GAO-19-232, March 25, 2019 (<https://www.gao.gov/assets/700/697827.pdf>).

More than 80 Federal Register notices have been issued since the funding of the 9/11 disaster-recovery efforts in 2001. An example of the complexity an individual grantee faces navigating disaster-related Federal Register notices is Texas, which has 14 disaster recovery grants totaling more than \$14 billion covering multiple disasters occurring from 2005 to 2018. Fifty-nine separate Federal Register notices govern how the funds must be managed. Some of the notices apply to one or several specific grants, and some notices apply to all. Tracking requirements that are laid out in this complex structure is time intensive for grantees.

Since 2017, both OIG and GAO have recommended that HUD seek to codify the CDBG-DR program. In its November 2021 report, GAO again concluded that establishing permanent statutory authority for a disaster program would provide a more consistent framework for administering funds, which could lead to more clearly defined requirements for grantees serving vulnerable populations with program funds.

HUD Secretary Marcia Fudge has expressed support for permanent authorization of the CDBG-DR program and said that HUD would work with Congress on codification proposals. Bipartisan, bicameral congressional support for codification has resulted in proposed legislation, in the House and Senate versions of the Reforming Disaster Recovery Act, which are responsive to OIG's and GAO's recommendations to codify the CDBG-DR and CDBG-MIT programs.

While we recognize that codification will not resolve all the challenges in HUD's disaster programs, we believe it would result in disaster assistance reaching communities and individuals faster, and that it would produce better outcomes for them.

#### Codification Would Help HUD Make Funding Available to Grantees More Quickly

The recent GAO report<sup>9</sup> noted that grantee and organization officials described the timeliness of funding as a challenge in administering CDBG-DR, an issue HUD OIG has identified in our oversight work as relating, in part, to the disaster programs' not being codified. We first recommended that HUD codify its CDBG-DR program using its regulatory authority in a July 2018 audit report, in which we highlighted the challenges grantees face in navigating applicable Federal Register notices.<sup>10</sup> In response to that report, HUD did not agree that codification was necessary, and it stated that Congress had not permanently authorized the CDBG-DR. It was HUD's position that authority to operate the CDBG-DR program was provided in each supplemental appropriation from Congress and, therefore, HUD could issue new regulations for each of those appropriations but that it was more efficient to use Federal Register notices to communicate program requirements for each appropriation. We disagreed with the Department's position and our recommendation remains open and unresolved.

In an April 2021 report, we found that HUD was significantly delayed in publishing Federal Register notices and entering into grant agreements for 2017 disaster recovery and mitigation grantees in the aftermath of Hurricanes Irma, Maria, and Harvey. We found that the primary causes for the delays were HUD's extensive negotiations with the Office of Management and

<sup>9</sup> [GAO-22-104452](#), Published Nov. 10, 2021

<sup>10</sup> HUD OIG Audit Report [2018-FW-0002](#), HUD's Office of Block Grant Assistance Had Not Codified the Community Development Block Grant Disaster Recovery Program, issued July 23, 2018

Budget regarding requirements to be included in the Federal Register notices allocating funds to the grantees. We found these negotiations also delayed HUD's ongoing efforts to enhance the requirements outlined in its standard CDBG-DR grant agreements and in its development of CDBG-MIT grant agreements.<sup>11</sup>

Our report recommended that HUD codify the CDBG-DR and CDBG-MIT programs to (1) create a standardized framework for future disasters, (2) reduce the volume of Federal Register notices needed for the program, (3) standardize rules for grantees and clarify the scope of HUD's authority in this area, and (4) ensure that funds can be disbursed in a timely manner. Taking action to address these recommendations could streamline the initial phase of the grant cycle for HUD and grantees and ultimately speed up grantees' access to grant funds.

Before our April 2021 report, research suggested that HUD had been improving its efficiency in allocating disaster funds to grantees, as the time between the initial supplemental appropriation and the allocation of funds shortened during the period studied and the time between funding allocation and completion decreased by an average of 7.2 percent per year from 2005 to 2015.<sup>12</sup> However, recent data shows that the time between appropriation and allocations varied and steadily increased from 2017 through 2019. Our findings in the April 2021 report related to the delays in allocating the 2017 disaster funding highlight the need for standardization and streamlining of HUD's process to avoid future instances of delays in making disaster funding available to grantees.

#### Standardized Program Requirements Would Help Grantees Deliver Assistance More Effectively

We have also identified that codification of program requirements could provide grantees with greater clarity and certainty about core requirements. This measure would make grantee and subrecipient planning efforts more straightforward and reduce the amount of time it takes to design programs. Further defining certain requirements could help ensure that HUD grantees are delivering assistance equitably and in accordance with HUD's policy and guidance. An example of a requirement that could benefit from additional clarity is the "affordability period," which is the length of time a project is required to be affordable to low- and moderate-income households.

In a September 2019 report, we found that the Texas General Land Office (Texas GLO) implemented inconsistent affordability periods for its homebuyer assistance and housing assistance programs that a subrecipient operated in the aftermath of Hurricane Ike.<sup>13</sup> Texas GLO established a 10-year affordability period for homebuyer assistance that exceeded \$40,000 but only a 3-year affordability period for its housing assistance program, in which nearly all of the 125 homes built or assisted exceeded \$100,000. Under the housing assistance program, Texas GLO allowed its subrecipient to spend \$17 million to build 120 replacement homes to assist

<sup>11</sup> HUD OIG Report [2019SU008945I](#), Review of HUD's Disbursement of Grant Funds Appropriated for Disaster Recovery and Mitigation Activities in Puerto Rico, issued April 20, 2021

<sup>12</sup> See Carlos Martín, Brett Theodos, Brandi Gilbert, Dan Teles, and Christina Plerhoples Stacy: Improving the Speed of Housing Recovery after Severe Disaster: A Mixed-Methods Analysis of HUD's Community Development Block Grant Disaster Recovery Program

<sup>13</sup> HUD OIG Audit Report [2019-FW-1007](#), The Texas General Land Office, Jasper, TX, Did Not Ensure That Its Subrecipient Administered Its Disaster Grant in a Prudent and Cost-Effective Manner, issued September 30, 2019

those households.<sup>14</sup> In comparison, the same subrecipient operated a program under a previous round of Hurricane Ike funding, spent \$5.6 million, and assisted 102 households. Further, the prior program limited assistance to \$85,000 for reconstruction and \$35,000 for rehabilitation.

We found that Texas GLO's affordability period appeared to be unreasonable considering the significant government investment made to build each of the homes, especially when compared to the 10-year affordability period for homebuyer assistance exceeding \$40,000. We reported that the inconsistent affordability periods resulted in the grantee's and its subrecipient's not assisting as many homeowners as they could have and the government's investment benefiting a relatively small number of low- and moderate-income persons for a short time.

In response to our report, the grantee maintained that it had appropriately created guidelines for its affordability period in the absence of criteria established by HUD, and it stressed the need for guidance at the CDBG-DR program level on the affordability period to ensure consistency in how the standard is applied across grants.

In a report issued this month, we found that the City of Houston, a subrecipient of Texas GLO for Hurricane Harvey CDBG-DR funding, was slow in establishing many of its programs and was delayed or unable to meet its planned targets for the number of households assisted.<sup>15</sup> We reported that as of August 2020, the City had spent only \$22.8 million (1.8 percent) of its \$1.275 billion suballocated grant funds and had assisted only 297 of 8,784 participants (3.4 percent) in its housing programs, leaving affected Houstonians without the help they needed. We identified that a cause of the City's delays was its significant disagreement with the primary grantee, Texas GLO, about program requirements. These disagreements resulted in the City's rewriting of various program guidelines, which ultimately delayed its implementation of the programs and offering of assistance to victims of the storms.

Several of the disagreements were related to how best to design a program that would deliver assistance equitably. A prominent disagreement that resulted in delayed program implementation was the City's request for a waiver from Texas GLO that would have allowed it to rebuild houses to prestorm conditions regardless of the number of family members in a household. Texas GLO denied this waiver on the basis that it could result in a reduction of overall households served, an inequitable distribution of assistance for localities across the State, and noncompliance with Federal laws and regulations. The City and Texas GLO also disagreed about the affordability period for housing that would be rehabilitated or reconstructed with CDBG-DR funds. The City proposed a 20-year period to ensure that benefits from the investments would continue to flow to low-income families for future decades, but the Texas GLO believed a 3-year period was sufficient.

In response to our report, the City emphasized that its focus had been on equitable program design and not simply the speedy expenditure of available grant funds. We acknowledged that the City's efforts were intended to increase the effectiveness of its programs and that it spent

<sup>14</sup> The other five assisted homes were not construction or reconstruction homes and no households were assisted under the homebuyer assistance program.

<sup>15</sup> HUD OIG Audit Report [2022-FW1001](#), The City of Houston, Houston, TX, Faced Challenges in Administering Its Hurricane Harvey Program and Risked Losing its Funding, issued January 4, 2022

significant time designing programs that would provide equitable outcomes for the communities it serves. However, the City's requests for these waivers were not approved by Texas GLO and ultimately resulted in delays in the City's use of grant funds to help victims of Hurricane Harvey.

Additionally, in our July 2018 report recommending that HUD codify the CDBG-DR program, we noted that grantees struggled to manage the number of notices that applied to a given grant, which could contain repetitive and confusing language, and found that standardizing the program could help grantees avoid common weaknesses with procurement requirements and closing out grants in a timely manner.<sup>16</sup>

While it would not eliminate all future disagreements among HUD, grantees, and subrecipients, codification would provide additional clarity and would help define core requirements of the programs. The delays and inconsistencies caused by program design disagreements jeopardize the effectiveness of the CDBG-DR program overall and present challenges for HUD in ensuring that its grantees are meeting its national objectives and goals for equitably serving vulnerable populations.

*Ensuring That Expenditures Are Administered in a Timely Manner, and are Eligible and Supported*

For HUD's programs to deliver the best outcomes for disaster victims in need, it is imperative that grantees use funds timely and appropriately. In our November 2021 report on HUD's Top Management Challenges, we identified grants management as a departmentwide challenge as we find that, across grant programs, HUD and its grantees face consistent challenges in ensuring that grant funding is fully utilized in accordance with program requirements and that assistance is provided timely to eligible beneficiaries.<sup>17</sup> We highlighted similar findings specific to CDBG-DR grants in a separate November 2021 report outlining lessons learned and key considerations from 132 prior HUD OIG oversight reports.<sup>18</sup>

In that report, we found that in 44 percent of our prior reviews, grantees did not comply with program and grant agreement requirements, lacked support for the eligibility of grant awards, or needed to enhance monitoring of the subrecipients and contractors. We found that these conditions existed because the grantees were unfamiliar with program requirements and lacked sufficient controls and policies to comply with them and that grantees lacked adequate capacity to administer programs and monitor subrecipients and contracts.

<sup>16</sup> HUD OIG Audit Report [2018-FW-0002](#), HUD's Office of Block Grant Assistance Had Not Codified the Community Development Block Grant Disaster Recovery Program, issued July 23, 2018

<sup>17</sup> HUD OIG [Report](#), Top Management Challenges Facing the U.S. Department of Housing and Urban Development in FY2022 (November 12, 2021)

<sup>18</sup> HUD OIG Audit Report, [2022-FW-0801](#), Lesson Learned and Key Considerations From Prior Audits and Evaluations of the CDBG Disaster Recovery Program, issued November 2, 2021. The objective of our report was to summarize the common CDBG-DR program weaknesses and risks for HUD's Office of Community Planning and Development (CPD) to consider as it manages CDBG-CV program operations and provides oversight and assistance to grantees, and included our assessment of 132 HUD OIG audits and evaluations of the CDBG-DR program issued from May 2002 to March 2020.

To address these issues, we recommended that HUD consider several corrective actions that are particularly relevant to this hearing, including:

- providing grantees with training or other technical assistance to help familiarize them with program requirements;
- ensuring that grantees without disaster experience become familiar with the program rules and have the capacity to directly administer the coronavirus funding if they choose to directly administer the funds instead of passing the funds through to units of general local government;
- ensuring that grantees are aware of the requirements to prevent duplication of benefits issues related to other agencies and entities providing coronavirus relief to the same applicants; and
- ensuring that grantees become familiar with Federal procurement requirements, cost principles, and other administrative requirements.

#### Building Grantee Capacity To Deliver Effective and Timely Assistance

GAO's November 2021 report notes that grantees and vulnerable populations may be challenged by grantee capacity, notably when there is a large influx of funding following a disaster. The GAO report findings are consistent with our Top Management Challenges report, as well as several recent HUD OIG reviews of CDBG-DR grantees' capacity to administer substantial grant funding. These reviews have shown that nearly all grantees, even those with prior experience administering CDBG-DR grants, will face challenges in standing up new programs and quickly disbursing funds after a disaster occurs. Additionally, many grantees struggle to build the capacity to effectively oversee how their subrecipients operate their local programs.

In our March 2020 audit of the Puerto Rico Department of Housing's capacity to administer CDBG-DR funds provided to Puerto Rico in response to Hurricanes Maria and Irma, we found the agency struggled early to stand up financial and procurement systems, policies, and procedures to administer the significant \$20 billion grant it was awarded. This was due in part to the agency's lack of prior experience administering CDBG-DR grants or grant funds of such a significant amount. The agency also faced difficulties retaining adequate staffing to establish its programs and implement the systems, policies, and procedures necessary to administer its grant.<sup>19</sup> Six of the report's sixteen recommendations remain open.

In May 2018, we audited Texas GLO's capacity to administer Hurricane Harvey relief funds. We found Texas GLO, an experienced CDBG-DR grantee, struggled to retain the staff necessary to update its disaster recovery policies and incorporate new requirements from more recent Federal Register notices. Texas GLO acknowledged that its staff was facing challenges in understanding the changes in requirements for each of the disaster grants that it was administering. Additionally, in an example of how issues with capacity can be exacerbated by a lack of codification, Texas GLO told us during that audit that it would benefit from standardized HUD requirements, as its staff was already overwhelmed with administering other grants and

<sup>19</sup> HUD OIG Audit Report, [2020-AT-0002](#), The Puerto Rico Department of Housing, San Juan, PR, Should Strengthen Its Capacity To Administer Its Grants, issued March 16, 2020

needed to implement an additional \$5 billion grant for Hurricane Harvey with different requirements. Texas GLO noted it could have begun its CDBG-DR planning shortly after Hurricane Harvey. Instead, it had to wait for HUD's publication of the Federal Register notice before it could commit to plans and dedicate resources to building capacity and controls.<sup>20</sup>

Recent OIG audits have also highlighted the risk that delays in building capacity and establishing strong internal controls present for grantees and subrecipients in later phases of the grant cycle. In June 2021, we found that Harris County, a Hurricane Harvey CDBG-DR subrecipient of Texas GLO, was overwhelmed by the number of programs it intended to operate. At the time of our review, Harris County had assisted only 112 participants out of the 4,513 it had planned to assist. As Harris County received nearly 22 percent of Texas GLO's Hurricane Harvey grant funding and, like the City of Houston, the slow spending rates by Harris County contributed to Texas GLO's being labeled as slow-spending grantee by HUD.

We found that Harris County's delayed spending was a result of its inability to gain approval from Texas GLO to use grant funds for projects and applications for assistance. Despite its prior CDBG-DR experience, Harris County was unable to provide sufficient documentation to meet new Texas GLO program requirements created for Hurricane Harvey grant funds. Additionally, we found Harris County did not respond effectively to guidance and training from Texas GLO.

We also identified that Harris County was not prioritizing low- and-moderate income applicants in accordance with Texas GLO requirements, and was instead providing assistance on a first-come, first-served basis.<sup>21</sup> As a result of Harris County's challenges, Texas GLO reduced the number of Harris County programs and removed \$338.7 million from Harris County's control.<sup>22</sup>

As referenced earlier in this testimony, we reported earlier this month on the significant spending delays of another Texas GLO Hurricane Harvey subrecipient, the City of Houston, due its disagreements with Texas GLO about program designs and requirements. An issue that we identified in both the audits of Harris County and the City of Houston was the need for Texas GLO to provide enhanced programmatic benchmarks in its agreements with the subrecipients so that it could hold them accountable to performance expectations. We recommended in both reports that the Office of Community Planning and Development's (CPD's) Office of Block Grant Assistance require Texas GLO to take the following actions for the subrecipients: provide monitoring plans of their performance, set performance milestones and deadlines, provide additional training, and review subrecipient policies to ensure compliance with grantee requirements.

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<sup>20</sup> HUD OIG Audit Report, [2018-FW-1003](#), The Texas General Land Office, Austin, TX, Should Strengthen Its Capacity To Administer Hurricane Harvey Disaster Grants, issued May 7, 2018

<sup>21</sup> As an example, our report identified that one of the first assisted household had income and assets valued at nearly \$400,000 for its two-member family, while a substantial number of larger LMI families continued to wait for assistance

<sup>22</sup> HUD OIG Audit Report, [2021-FW-1001](#), Harris County Community Services Department, Houston, TX, Was Inefficient and Ineffective in Operating Its Hurricane Harvey Program, issued June 2, 2021

### HUD Can Enhance Its Oversight and Monitoring of Disaster Grantees

In addition to delays grantees face in accessing disaster grant funds and limited operational capacity, HUD must provide ongoing oversight and monitoring of disaster grantees and subrecipients to ensure that vulnerable populations and communities will receive effective disaster recovery and mitigation assistance through HUD's programs. With disasters occurring with increasing frequency and severity, and as HUD continues to administer its uncodified programs, HUD faces challenges in providing effective oversight and monitoring of its disaster grantees, identifying risks to the success of its programs, and assisting grantees in overcoming them.

In a January 2022 report, we examined CPD's monitoring and oversight of slow spending CDBG-DR grantees.<sup>23</sup> We found that CPD has several tools available to evaluate grantee activities, performance, and timeliness to ensure consistency with each grantee's action plan, but that the use of the tools should be enhanced. However, only one tool was focused on slow spending and it was limited to spending in the near term.

CPD historically reported on slow-spending grantees in its Monthly CDBG-DR Grant Financial Report, which used a methodology that examined expenditures over the most recent 3-month period. If grantees were spending less than 90 percent of the pace required to exhaust grant funds by the target closeout date, CPD would designate them as slow spenders. CPD suspended its use of this methodology during the coronavirus pandemic. We found that this methodology did not accurately reflect expenditure patterns in the long term, which CPD acknowledged. CPD plans to enhance the methodology by including input that accounts for the complexity of projects, the time needed for grantees to establish operations and build capacity, and other factors that might affect the timeliness of expenditures. CPD told OIG they planned to implement the enhanced methodology early in Fiscal Year 2022.

We also found that CPD could enhance its use of information that grantees report regularly to identify and engage with grantees that are not spending funds in a timely manner. For example, HUD uses the Disaster Recovery Grant Reporting (DRGR) system to create "red flags" that identify issues with grantee compliance with HUD requirements through the grant life cycle, but CPD does not require grantees to resolve these red flags until the grant is closed out. Similarly, we found that grantees provide CPD with expenditure projections regularly, but that CPD does not regularly review the projections against actual expenditures and, instead, waits until it conducts a monitoring review of the grantee.

Our report noted that CPD could be missing opportunities to identify and assist grantees with addressing problems they are facing with spending grant funds. We recommended CPD require grantees to resolve red flags in a more timely manner and to explain variances in projected versus actual expenditure rates.

Additionally, we found that CPD staff was inconsistent in documenting its reviews of grantee quarterly performance reports and the results of monitoring reviews. Increased consistency in

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<sup>23</sup> HUD OIG Audit Report, [2022-AT-0001](#), Opportunities Exist To Improve CPD's Oversight of and Monitoring Tools for Slow-Spending Grantees, issued January 5, 2022

supporting conclusions about a grantee's progress could improve CPD's ability to help grantee achieve expenditure targets and deliver assistance effectively. HUD OIG looks forward to continuing our engagement with the Department on closing these recommendations.

*Addressing Concerns That People Encounter When Seeking Disaster Recovery Assistance*

In our Top Management Challenges report, HUD OIG raised concerns that individuals who apply for disaster recovery assistance encounter a convoluted process and face substantial difficulties, depending on how, when, and where they submit a request for Federal assistance.<sup>24</sup> People may experience lengthy delays between the initial application process and the closing of their application or case due to inconsistent communication, coordination, and collaboration between HUD and the grantees. Applicants may also experience delays in funding, receive duplicative benefits, and experience other challenges after the application process for disaster grant funds is completed. For example, in our January 2022 audit examining CPD's monitoring and oversight of slow-spending CDBG-DR grantees, one grantee explained that it was working to alleviate confusion because homeowners did not understand that if they were impacted by 2015 floods they could still be assisted with damage caused by Hurricane Harvey in 2017.<sup>25</sup> OIG suggested that HUD improve communication, coordination, and collaboration among nonprofits and volunteers, as well as Federal and State agencies with disaster-related roles before the next disaster occurs. OIG has also suggested that HUD document any challenges reported by individuals to prepare for future disasters. We see GAO's recommendation that HUD "should collect, analyze, and publish demographic data from CDBG-DR grantees on vulnerable populations who apply for and receive assistance" consistent with our prior work.

*Other Management Challenges Affect HUD Disaster Recovery Programs*

Many of HUD's challenges are not unique to HUD. For example, Departments across the Federal government face challenges related to data reliability and completeness, managing human capital, procurement, and managing information technology. These challenges affect HUD's ability to meet its mission broadly, but can and do have an impact on HUD's disaster recovery programs.

HUD Needs Reliable and Complete Data to Perform Oversight and Prevent Fraud, Waste, and Abuse

Our Top Management Challenges report also highlighted the need for reliable and complete financial and performance information from grantees. HUD needs to collect this information to evaluate whether grant funds are spent properly and achieve the intended results. HUD's systems primarily maintain data at the grantee level, but many disaster grants are distributed at the subrecipient level or to contractors. HUD does not have access to much of this data, which creates challenges for oversight and monitoring for both HUD and HUD OIG. Inaccurate, delayed, or incomplete data increase the risk of improper payments and wasted funds.

<sup>24</sup> Evaluation Memorandum 2017-OE-0002S, Navigating the Disaster Assistance Process, issued April 10, 2017.

<sup>25</sup> HUD OIG Audit Report, [2022-AT-0001](#), Opportunities Exist To Improve CPD's Oversight of and Monitoring Tools for Slow-Spending Grantees, issued January 5, 2022

Under the Payment Integrity Information Act, HUD is required to identify programs and activities that may be susceptible to significant improper payments, and to estimate and report potential improper payments annually.<sup>26</sup> We reported in May 2021 that HUD did not comply with this requirement, as it did not develop a methodology capable of providing a comprehensive estimate for three programs, including nearly \$34 billion in CDBG-DR funding for Hurricanes Harvey, Irma, and Maria (HIM) identified.<sup>27</sup> Because it lacked a comprehensive methodology, HUD reported zero deficiencies in sampled payments from the CDBG-DR HIM funding and reported that there were \$0 in improper payments for CDBG-DR HIM in 2020. Further, it did not report a significant estimate of potential improper payments, HUD also did not report on any corrective actions it would take to address potential improper payments in those programs.

HUD was challenged in gathering the documentation from field offices and grantees during 2020 and 2021, which was necessary to provide a comprehensive estimate for its improper payments. As a result, we concluded that HUD's programs were vulnerable to the adverse effects of improper payments and HUD would likely continue to miss opportunities to prevent, identify, reduce, and recover improper payments. Not all improper payments are fraudulent, but HUD is exposed to increased risk that improper payments will negatively affect CDBG-DR program success while it is out of compliance with the Payment Integrity Information Act and not testing the complete payment life cycle.

We identified improper payment risk in our Top Management Challenges report in the context of HUD's departmentwide challenge with fraud risk management, and we noted specifically that the CDBG-DR program is especially vulnerable to fraud risk.<sup>28</sup> Our report highlighted a May 2021 GAO report that evaluated fraud risk in the CDBG-DR program and the actions HUD has taken to assess and mitigate fraud risks in the program.<sup>29</sup> GAO found that CDBG-DR to have a decentralized risk environment in which funds do not flow directly from HUD to beneficiaries as they may be distributed to grantees, subrecipients, or contractors. GAO stated that although HUD has certain controls in place to ensure that grant funds are used appropriately, HUD's decentralized environment exposes CDBG-DR to multiple fraud risks and create opportunities for fraudulent activity in the program. GAO also found that HUD had taken steps to address fraud risk agencywide, but that CPD had not done a comprehensive analysis of fraud risk for CDBG-DR and noted that its current approach does not involve relevant stakeholders, such as grantees. GAO recommended that HUD complete a comprehensive fraud risk analysis specific to the CDBG-DR program and involve relevant stakeholders. Both recommendations remain open.

We noted in our Top Management Challenges report that HUD has reported progress in mitigating fraud risk through its establishment of the Accountability, Integrity, and Risk team and its Coronavirus Aid, Relief, and Economic Security Act (CARES Act) Compliance and

<sup>26</sup> Payment Integrity Information Act of 2019, Pub. L. 116-117, 134 STAT. 113 (Mar. 2, 2020), codified at Subchapter IV, Chapter 33 of Title 33, United States Code.

<sup>27</sup> HUD OIG Audit Report, [2021-AT-0002](#), HUD Did Not Fully Comply with the Payment Integrity Information Act of 2019 (issued May 17, 2021)

<sup>28</sup> HUD OIG [Report](#), Top Management Challenges Facing the U.S. Department of Housing and Urban Development in FY2022 (issued November 12, 2021)

<sup>29</sup> GAO Report, [GAO-21-2177](#), Disaster Recovery: HUD Should Take Additional Action to Assess Community Development Block Grants Fraud Risks, issued May 5, 2021

Response Team. HUD also reported that it has provided training to its managers on how to identify and report fraud, and used its Risk Management Council as a focal point for making decisions about enterprise fraud risk. In the CDBG-DR context, HUD has developed training for how to comply with duplication of benefits requirements and revised its monitoring exhibits to include this guidance.

In 2019, OIG also began partnering with HUD's Disaster Recovery Special Issues Division, the National Center for Disaster Fraud, and the U.S. Department of Justice to provide disaster and fraud training to CDBG-DR grantees, subrecipients, and contractors. The training provides resources to assist grantees in understanding fraud schemes in the context of the CDBG-DR program and identifies best practices for preventing and detecting fraud. More than 1,900 individuals have attended 9 training events to date, and we will continue conducting similar training events in 2022.

It is important that HUD take action to assess the potential for improper payments and fraud risks in the CDBG-DR program to ensure that it can make program enhancements that promote effective and efficient delivery of disaster assistance. Dollars lost to fraud are dollars that are not available to assist communities and individuals in need.

#### Enterprise-wide Top Management Challenges that Affect HUD's Disaster Recovery Programs

HUD faces many of the same challenges that Departments across the Federal government face challenges related to managing human capital, ensuring efficiency in procurement, and managing and overseeing information technology. These challenges also affect its disaster recovery programs.

For example, in the past decade, HUD staffing levels have decreased while its program responsibilities and Federal funding have increased. This issue has been front and center for several administrations. Secretary Fudge highlighted in her June hearing before Senate appropriators the need to hire more people and hire them faster, as well as ensure that those people have the right skill sets. This is a long-standing issue that cannot be resolved easily. It will require additional resources and continuous attention from senior leadership going forward. In the context of disaster recovery, HUD has previously struggled to staff the Office of Block Grant Assistance (OBGA) in a way that matches how the programs have grown in funding and complexity.

HUD has reported that it began staffing additional position to assist with monitoring and oversight. However, HUD's challenge is further complicated due to OBGA's now being responsible for overseeing more than 1,200 grantees with the addition of CARES Act awards in addition to its current CDBG, CDBG-DR, and CDBG-MIT portfolios. While many of these grantees have prior experience with other CDBG programs, they are likely to face new pandemic challenges for which they have limited or no experience. OBGA will have to use its limited resources to address the elevated risk that CDBG CARES grantees may not properly administer their funds. Hiring of additional staff has not been commensurate with this increase, even accounting for smaller individual award amounts for some of the newer grantees.

### Conclusion

OIG recognizes the important role that HUD's disaster programs play in helping communities recover from and mitigate the future effects of disasters. We also appreciate the dedication and commitment that HUD CPD's staff and their grantee partners show in carrying out these critical programs. We will continue conducting rigorous oversight to identify opportunities to improve the effectiveness and efficiency of HUD's disaster assistance programs, and to prevent fraud, waste, and abuse from undermining the integrity of disaster assistance.

OIG continues to support codification of the CDBG-DR and CDBG-MIT programs and strongly recommend a clear and permanent framework for this program. We believe codification will reduce the time between appropriation and disbursement, and will provide much needed clarity and consistency for grantees and subrecipients about program requirements. Although codification is not a cure-all, it represents a clear opportunity to help HUD's programs serve disaster victims faster and better.

It is an honor to participate in this hearing, and OIG looks forward to continuing the conversation regarding OIG's oversight of HUD's role in responding to disasters.

**Testimony of Chrishelle Palay,**  
**Executive Director, Houston Organizing Movement for Equity (HOME) Coalition**  
 Presented to the Subcommittee on Oversight and Investigations  
 Committee on Financial Services  
 United States House of Representatives  
 “Ensuring Equitable Delivery of Disaster Benefits to Vulnerable Communities and Peoples: An  
 Examination of GAO’s Findings of the CDBG Program”  
 January 19, 2022

On behalf of the Houston Organizing Movement for Equity, I would like to thank Chairman Green and Ranking Member Emmer for the opportunity to testify before you today on behalf of vulnerable communities impacted by disasters in Texas. I am Chrishelle Palay, Coalition Director of HOME, which was created in response to Hurricane Harvey in Houston, Texas. HOME is a coalition of organizations that advocate for a just and equitable recovery working at the intersection of fair housing, labor, and environmental and climate justice. This coalition of 19 organizations works with impacted communities and other stakeholders by connecting real people’s issues to equity-based solutions to real people’s issues and holding decision-makers accountable. Disaster mitigation must be equitable, eliminating or reducing disparities between communities and ensuring that all people are better protected and able to recover from future disasters, whatever form they may take.

It’s been 4 years since Hurricane Harvey and the HOME Coalition continue working on behalf of families who still have not recovered from its wrath. Harvey may have been natural in its formation and the way it hit Texas, but after the water dried up and the volunteers fatigued, its aftermath continues to linger much longer for people with fewer resources. While many people think of disasters as affecting everyone equally, regardless of race, ethnicity, income or wealth, we know that this is not the case, in part because of pre-existing disparities in infrastructure, storm protection, and geographic and social vulnerability. I don’t speak rhetorically or anecdotally. Not only have I been involved in disaster recovery advocacy efforts for over 10 years, but I also reside in one of the most flood prone and disaster impacted neighborhoods - Kashmere Gardens.

**Systemically Impacted Communities**

Much of my testimony will reflect my personal experience as a community leader, policy advocate, and resident of a directly impacted neighborhood to provide a clearer sense of how federal decisions play out locally. My involvement with disaster recovery advocacy began 10 years ago following Hurricanes Ike and Dolly, when a HUD approved a conciliation agreement between the state of Texas and advocates that compelled the state to plan for recovery by prioritizing low-income communities most vulnerable to disasters. Unfortunately, a decade later, the state of disaster recovery is unchanged and best practices have not been applied. Since then, my commitment to disaster recovery has become more personal. I am raising my family in Kashmere Gardens, a community where family roots were established over 60 years ago. This working class historically African American community, with a growing Latino population, is one of the poorest in Houston with an average median income of \$22,000 a year. It also happens to be the epicenter of a

flooding epidemic in Houston and Harris County. A network of failing open ditches throughout the area quickly fill to the brim during heavy rain. Houses leaning on cinder blocks, fading blue roof tarps, and abandoned homes and businesses are daily stark reminders that Kashmere Gardens is reeling from public and private disinvestment, redlining, and the lack of affordable housing. Floods and other disasters exacerbate these issues and the long road of inequities in federal disaster recovery can make matters worse. Many of my low income neighbors are now encountering endless roadblocks as they continue waiting for assistance over four years since Harvey.

#### **Disaster Recovery Through The Lens of Impacted Community Members**

Low-income survivors are forced to navigate complicated recovery assistance programs like FEMA, HUD and SBA. While each agency offers a variety of assistance programs for individuals at varying income levels, no single agency has the sole responsibility and mission to assist low-income survivors. Storm survivors, especially those lacking financial security, are forced to determine where to apply for assistance and be prepared for likely denial. Households dependent on assistance must exercise extreme patience and remain in hazardous living conditions as they await federal declarations, disaster appropriation, program guideline requirement approvals, federal register notices, state and local action plan drafting and approval, and then the program application and implementation process. In addition to time restraints imposed by procedural processes, disaster relief programs are frequently delayed because of ongoing political debate creating more lag time for much-needed rebuilding in disaster-impacted communities.

Meanwhile, as CDBG-DR and MIT programs are designed and approved at various levels, households are urged to apply for FEMA assistance which has proven challenging for many. FEMA denial rates are high; fewer than half of applicants were granted assistance during the five months after Hurricane Harvey. When families are denied and feel this is unjustified, they can appeal the decision, but this adds to the wait time for help that is often needed immediately. Those with a safety net or enough financial means to cover immediate costs will be well on their way to recovery, while those without may be stuck for months or even years.

Following FEMA's individual application process for home repair, Texas homeowners whose award did not cover damages or were denied assistance often applied for General Land Office (GLO) administered FEMA funds through the PREPS program (Partial Repair and Essential Power for Sheltering) program. The stated intention of the program is to provide temporary repairs to owner-occupied single-family residences to allow homeowners to live in their homes as they complete permanent repairs. However, the homeowner experience and perception of PREPS is drastically different than General Land Office (GLO) official statements would lead one to believe. We observed several issues with the PREPS program, including administrative failings, poor communication with homeowners, inconsistent construction quality, and failure to address safety and health concerns. Homeowners regularly observed that all wet materials had not been removed from homes in the PREPS program. Failing to remove flooded materials led to active mold growth in several homes, and this created health hazards for families who lost their FEMA-funded hotel accommodations after PREPS repairs were completed.

Four years after Harvey, many homeowners who applied for home repair assistance have not recovered, despite applying for assistance through the City, County, or State. As applications are reviewed, and properties assessed, a substantial number of homeowners and renters have yet to recover. Residents in unrepaired homes continue living in black mold, position pots and buckets to collect rainwater from leaky roofs, and avoid rotted waterlogged wood floorboards. Many of those who applied for assistance from the City or County were given the option to transfer to the State repair program when GLO took control of the home repair program. Despite GLO's takeover, many homeowners who originally applied for assistance with the City do not have clear information about their status in either program. Some applicants were instructed to reapply, restarting the timely and tedious program with the State, while others are assured they have been approved for construction with the City. After enduring four years of disrepair and exposure to harmful environmental and health conditions, no resident should have to settle for ambiguous answers.

Tenants have also had their fair share of challenges in receiving adequate assistance in response to Hurricane Harvey. They have largely been left out of the funding allocation or programming. The State of Texas uses FEMA acceptance numbers to determine unmet need. FEMA's high threshold to prove need therefore disqualifies most low-income tenants for assistance. These tenants are not taken into consideration with Action Plans are drafted by the state of Texas. Instead, millions of funds are allocated to landlords and developers who will build apartments providing no guarantee for displaced tenants, or those living in dangerous living conditions, to relocate; and often at higher rents than before the disaster

While awaiting approval for federally funded assistance, storm survivors also seek help from nonprofit social service providers. Days after Hurricane Harvey struck and first responders completed search and rescue missions, foundations, celebrities, and religious organizations rallied the community to raise money. The Harvey relief groups raised a total of nearly \$1 billion. The funds were distributed to various nonprofits and the majority funded home repairs and total home rebuilds. To navigate this web of relief, survivors must be very savvy and know how to navigate a multitude of websites, phone numbers, and physical offices. Most of this hinges on having computer access to search for organizations offering assistance and then completing an online application. They also must be compelling storytellers and know how to pursue the help they need diligently. Those lacking time or the ability are often people with inflexible jobs, health issues, or families with young children. Disproportionately, these are people of color. And if they are unable to navigate the maze, they are unlikely to get the help they need. Those millions of dollars will be spent elsewhere and will likely reward those with the most capacity to navigate this system, not the most in need.

#### **HOME's Observations & Recommendations**

Over the past four years, HOME Coalition has worked with grassroots organizations whose community members continue to be trapped in the institutional complexities of disaster recovery. As issues are raised with local and state grantees, it is clear that the jurisdictions also face ongoing internal challenges in administering and spending disaster recovery resources in a way that truly targets vulnerable communities. The current lack of coordination among disaster recovery and mitigation agencies and grantees has led to systemic administrative devolution to multiple levels

and types of governments and agencies with varying levels of capacity that delays and makes disaster recovery less effective for communities. A dedicated, single agency must be established to address the needs of low-income survivors through the ENTIRE course of disaster response and recovery. The City of Houston spent only 1.8 percent of its \$1.275 billion sub-allocation, which caused massive delays in assistance for community members that needed it most. Despite the ongoing debate between City and GLO, this fact further demonstrates the need for intentional agency collaboration, a reliance on past disasters, and the lessons learned from them to inform program planning and ensure pre-existing capacity. There is no reason all recovery efforts should be starting from scratch every time. The frequency with which disasters are occurring and becoming more destructive is grounds for a massive overhaul of how federal and regional agencies respond to and manage the unique circumstances of disaster recovery.

The following are recommendations for consideration:

1. FEMA and HUD need to coordinate their programs to create a more equitable and efficient disaster recovery system. Consider holding a joint hearing with witnesses from both FEMA and HUD to explore gaps and opportunities for coordination between agencies in serving low-income and marginalized communities.
1. Require grantees to prioritize racial and social equity in disaster recovery and mitigation programs. In doing so, the number of people or housing units protected should be used as a metric instead of the current cost/benefit analysis. Historic inequities existing prior to the disaster must be addressed so that more vulnerable communities can better recover.
2. Mitigation planning must include input from the most affected communities, and community engagement processes must recognize that these are the least able to participate in conventional processes. For example, families may not be able to take time off work or afford childcare to attend meetings. Also, some do not have internet access necessary to respond to online surveys, nor do they have access or political power that ensures local elected officials are responsive to their needs. HUD must require specific efforts to do outreach to these communities, and ensure that they have as much input as wealthier communities with the resources to engage at a high level.
3. Buyout and relocation programs must provide low-income families with enough resources to have a meaningful choice to move to areas that suit their needs. Buyout programs must also involve communities in planning to keep community networks together and mitigate wider risks.
4. Risks from industrial and hazardous uses must be mitigated. The elevated level of risk to communities, often communities of color, located near these hazards is a critical problem exacerbated by natural disasters.
5. Adopt general standards to guide disaster recovery and mitigation efforts that center community's basic human rights, dignity and autonomy that are key to storm survivors' equitable recovery, including:
  - a. The RIGHT TO STAY and return home to neighborhoods that have adequate storm protection and other essential public infrastructure — especially in neighborhoods

that have experienced longstanding public and private disinvestment. Renters, including those in subsidized housing, must have a right to stay in and return to safe and accessible housing.

- b. The RIGHT TO CHOOSE whether and where they want to relocate. Survivors must be informed of all housing opportunities and options available to them, and not be forced to return to unsafe places
- c. The RIGHT TO EQUAL TREATMENT. Every neighborhood — regardless of the race, ethnicity, economic status, or disability of its residents — must be provided, equitable levels of quality flood protection and equal access to essential public infrastructure.
- d. The RIGHT TO HAVE A SAY. We must ensure that people in forgotten communities are included and their feedback is seriously considered. Survivors must help design the recovery, know where they are in the process, and be empowered to speak and be heard, in their own language.

### **Conclusion**

The country's resilience in the face of more frequent and severe disasters depends on the equitable delivery of disaster benefits to vulnerable communities and peoples that are disproportionately vulnerable to and affected by natural disasters and climate change. These communities must be able to withstand and recover from disasters quickly, in a way that not only mitigates future damage and vulnerability, but in a way that goes beyond physical infrastructure. Low-income communities and communities of color are disproportionately affected by and have a more challenging time recovering from a disaster because of geographic and social vulnerability forced on them by segregation, discrimination, and the cumulative effects of previous disasters on wealth and access to opportunity. Improving the quality of life for existing residents and making them more resilient to other shocks, including economic stress that can push middle and working-class families into poverty following a disaster, is at the core of our concern for equity in mitigation programs. The United States is already confronting the stresses of climate change, inequality, and aging infrastructure and facing a future that promises sea level rise and more devastating and frequent natural disasters. Building resilience and mitigating hazards empower local, state and federal leadership to invest in communities, positioning them to emerge in stronger positions after tough times and live better in good times. Kashmere Gardens and its future generations are worthy of opportunities to thrive and experience an equitably just future - just like nearby wealthier communities that have received their fair share of priority and investment for generations. Intentionally addressing these longstanding inequities brings communities like mine a few steps closer to making that vision a reality.

Thank you again for the opportunity to testify today and I look forward to your questions and working with you to address these longstanding issues of equitable delivery of disaster benefits.



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United States Government Accountability Office

Testimony

Before the Subcommittee on  
Oversight and Investigations,  
Committee on Financial Services,  
House of Representatives

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## DISASTER RECOVERY

### Better Data Are Needed to Ensure Equitable Delivery of HUD Block Grant Funds to Vulnerable Populations

Statement of Daniel Garcia-Diaz, Managing Director,  
Financial Markets and Community Investment

**GAO@100**  
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## GAO Highlights

Highlights of [GAO-22-105548](#), a testimony before the Subcommittee on Oversight and Investigations, Committee on Financial Services, House of Representatives

### Why GAO Did This Study

Large-scale disasters, such as the 2017 hurricanes, have resulted in catastrophic damage, and vulnerable populations can face particular challenges in recovering from a disaster. Since 1993, Congress has provided over \$90 billion in supplemental appropriations through CDBG-DR to help affected areas recover.

This testimony discusses (1) HUD's approach to assisting vulnerable populations, (2) grantees' actions to assist vulnerable populations, and (3) challenges grantees and vulnerable populations face in implementing and using CDBG-DR. It is based on a report GAO issued in November 2021 ([GAO-22-104452](#)). For that report, GAO reviewed documentation from HUD and six grantees (the four largest 2017 CDBG-DR grantees—Florida, Puerto Rico, Texas, and the U.S. Virgin Islands—and Louisiana and New Jersey, which are further along in implementation). GAO also interviewed HUD officials, grantees, and organizations representing vulnerable populations.

### What GAO Recommends

GAO recommended in November 2021 that HUD collect, analyze, and publish demographic data from CDBG-DR grantees on vulnerable populations who apply for and receive assistance. HUD did not agree or disagree with the recommendation but identified potential ways to collect data to assess how vulnerable populations are being served and the associated challenges. GAO continues to believe the recommendation would assist in assessing outcomes.

View [GAO-22-105548](#). For more information, contact Daniel Garcia-Diaz at (202) 512-8678 or [garciadiazd@gao.gov](mailto:garciadiazd@gao.gov).

January 11, 2022

## DISASTER RECOVERY

### Better Data Are Needed to Ensure Equitable Delivery of HUD Block Grant Funds to Vulnerable Populations

#### What GAO Found

Recent *Federal Register* notices for the Department of Housing and Urban Development's (HUD) Community Development Block Grant Disaster Recovery (CDBG-DR) funds direct grantees to demonstrate how their programs will promote housing for vulnerable populations. Grantees generally have been required to spend 70 percent of their funds on low- and moderate-income people. Draft action plans that grantees submit to HUD are to describe how grant funds will be used and the populations to be served, including vulnerable populations such as racial minorities, the elderly, or persons with disabilities. HUD provides tools, such as strategies for reaching people with limited English proficiency, to help grantees serve these populations.

When reviewing grantees' draft plans, HUD officials told GAO they typically require revisions to clarify the populations defined as vulnerable, how funds will help them, and how grantees will reach out to traditionally underserved populations. HUD officials also noted that vulnerable populations can be difficult to define because they may vary locally and regionally based on factors such as geography, housing stock, and policy. They described plans to define vulnerable populations in upcoming *Federal Register* notices.

Grantees we reviewed seek to assist vulnerable populations, but HUD does not collect and analyze key demographic data needed to fully assess the extent of CDBG-DR assistance to these populations.

- HUD requires grantees to collect selected data (race and ethnicity and the gender of single-headed households) on activities that directly benefit households or individuals (such as housing).
- However, HUD requires grantees to report these data only for those actually served and not for all applicants.
- The six grantees GAO reviewed gather additional demographic information on both applicants and those served, including age, disability status, and primary language.

A 2021 Executive Order cited the need for better data and transparency on assistance to vulnerable populations, noting that a lack of data impedes efforts to measure and advance equity. By collecting, analyzing, and publicly reporting these additional demographic data, HUD and grantees could better assess whether they effectively reach the populations CDBG-DR activities are intended to serve.

Vulnerable populations may experience several challenges accessing CDBG-DR assistance, according to grantees and organizations GAO interviewed and studies GAO reviewed. These include language barriers (individuals with limited English proficiency may need translation services), limited access to transportation (to get to assistance centers), and program requirements (individuals may not be able to produce or complete the documentation required). Some grantees said they addressed these challenges by acquiring translation services and developing outreach plans for vulnerable populations.

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Chairman Green, Ranking Member Emmer, and Members of the Subcommittee:

Thank you for the opportunity to discuss our work on the delivery of Community Development Block Grant Disaster Recovery (CDBG-DR) assistance to vulnerable populations. As you know, large-scale disasters—such as Hurricanes Harvey, Irma, and Maria in 2017—cause catastrophic damage to homes, businesses, and communities. Since 1993, Congress has provided over \$90 billion in CDBG-DR funds, administered by the Department of Housing and Urban Development (HUD), to help affected areas recover. Grantees (state, territorial, and local governments) may use their CDBG-DR funding to address unmet recovery needs—losses not covered by insurance or other forms of federal assistance.

Vulnerable populations can face particular challenges in recovering from a disaster. HUD regulations and CDBG-DR guidance generally do not define vulnerable populations (apart from low- and moderate-income persons). For this testimony, we focus on low- and moderate-income persons and other potentially vulnerable populations such as, but not limited to, the elderly, people with disabilities and limited English proficiency, racial minorities, and lesbian, gay, bisexual, transgender, and queer (LGBTQ) individuals.<sup>1</sup>

This statement discusses (1) HUD's approach to assisting vulnerable populations, (2) grantees' actions to assist vulnerable populations, and (3) challenges grantees and vulnerable populations face in implementing and using CDBG-DR. In preparing this statement, we relied primarily on our November 2021 report.<sup>2</sup>

For the November 2021 report, we reviewed documentation from HUD and a nongeneralizable sample of six grantees (the four largest 2017 CDBG-DR grantees—Florida, Puerto Rico, Texas, and the U.S. Virgin Islands—and Louisiana and New Jersey, which are further along in implementation). We interviewed HUD officials, grantees, and

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<sup>1</sup>Low- and moderate-income persons are those with up to 80 percent of the area median income. 42 U.S.C. § 5302(a)(20)(A). For this testimony, we use the umbrella term "LGBTQ" because HUD commonly uses it in reference to those populations.

<sup>2</sup>GAO, *Disaster Recovery: Better Data Are Needed to Ensure HUD Block Grant Funds Reach Vulnerable Populations*, [GAO-22-104452](#) (Washington, D.C.: Nov. 10, 2021).

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	<p>organizations representing vulnerable populations. Additional information on our scope and methodology is available in our report.</p> <p>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 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.</p>
Background	<p>CDBG-DR funds provide significant, flexible federal recovery funding for disaster-affected states and localities and generally support long-term recovery.</p>
History of CDBG-DR	<p>The purpose of the traditional CDBG program is 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. Because it provides 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.</p> <p>When disasters occur, Congress often has appropriated additional CDBG funding (CDBG-DR) through supplemental appropriations, giving HUD the authority to waive or modify many provisions governing the CDBG program and providing states with greater flexibility and discretion to address recovery needs. Once Congress has appropriated CDBG-DR funds, HUD publishes notices in the <i>Federal Register</i> to allocate the funding appropriated to affected communities based on unmet need, and to outline the grant process and requirements for grantee use of funds. CDBG-DR funds may be used for unmet needs related to housing, economic revitalization, and infrastructure, but HUD may direct grantees to primarily consider and address unmet housing recovery needs, as the agency did for 2017 grantees.</p>
Our Prior Work on CDBG-DR	<p>In addition to our November 2021 report, our work on CDBG-DR includes a March 2019 report in which we made five recommendations to HUD, four of which the agency implemented.<sup>3</sup> These recommendations were</p>

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<sup>3</sup>GAO, *Disaster Recovery: Better Monitoring of Block Grant Funds Is Needed*, [GAO-19-232](#) (Washington, D.C.: Mar. 25, 2019).

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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. HUD has not yet implemented a recommendation for the agency to provide its staff with additional guidance on reviewing the capacity and unmet needs assessments that CDBG-DR grantees develop.<sup>4</sup>

In our March 2019 report, we also recommended that Congress consider permanently authorizing a disaster assistance program for unmet needs. We noted that because CDBG-DR does not have permanent statutory authority, its appropriations require HUD to customize grant requirements for each disaster in *Federal Register* notices—a time-consuming process that has delayed disbursement of funds. In May 2021, we testified on factors to consider when weighing whether and how to permanently authorize such a program.<sup>5</sup> Considering these factors may help address challenges that contribute to the slow expenditure of program funds and better ensure that assistance reaches intended populations in a timely manner.

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**Grantee Requirements to Assist Low- and Moderate-Income Persons and Address Unmet Needs**

CDBG-DR funds are to be used to assist low- and moderate-income persons and those with unmet needs.

- **Low- and moderate-income requirement.** In general, 70 percent of CDBG-DR funds must benefit low- and moderate-income persons. In both the February 2018 *Federal Register* notice for the 2017 grantees and the November 2016 *Federal Register* notice for Louisiana, HUD required grantees to spend at least 70 percent of their aggregate CDBG-DR funds to support activities benefitting low- and moderate-income persons. The 70 percent requirement remains in effect unless HUD waives it, as it did in the March 2013 *Federal Register* notice for Hurricane Sandy, decreasing the amount to 50 percent.
- **Unmet needs requirement.** Grantees must submit action plans to HUD for disaster recovery, including an assessment of unmet needs and a description of activities intended to meet those needs. An

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<sup>4</sup>HUD partially agreed with this recommendation and, in February 2021, 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 grantee capacity and unmet needs assessments. We will continue to monitor the steps HUD takes to address this recommendation.

<sup>5</sup>GAO, *Disaster Block Grants: Factors to Consider in Authorizing a Permanent Program*, GAO-21-569T (Washington, D.C.: May 19, 2021).

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unmet needs assessment can help them identify any needs specific to vulnerable populations. These assessments include profiles of the most impacted and distressed areas, including socioeconomic and demographic data (such as race, age, income, education, and disability status) from Census and social vulnerability indexes.<sup>6</sup>

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### HUD's Notices Increasingly Have Focused on Serving Vulnerable Populations

In our November 2021 report, we found that HUD's *Federal Register* notices on CDBG-DR increasingly have directed grantees to focus on serving vulnerable populations. In notices for the 2016 Louisiana floods and the 2017 disasters, HUD maintained the requirement to spend 70 percent of funds on low- and moderate-income persons.<sup>7</sup> HUD also directed grantees to demonstrate how their programs would promote housing for vulnerable populations, although vulnerable populations are not specifically defined. In contrast, the 2013 Sandy notice did not specifically mention vulnerable populations. Instead, it required grantees to describe how they would encourage the provision of disaster-resistant housing for all income groups.<sup>8</sup>

In addition, the 2019 *Federal Register* notice for Community Development Block Grant Mitigation (CDBG-MIT) funds, which support activities to mitigate risks of future disasters, states that CDBG-DR and CDBG-MIT grants have a statutory focus on vulnerable lower-income people and communities.<sup>9</sup> The notice requires grantees that implement housing programs to support vulnerable populations. It does not define vulnerable populations, but it describes housing that typically supports them—public housing developments, transitional housing, permanent supportive housing, and permanent housing serving individuals and families experiencing or at risk of homelessness. According to HUD, the agency typically has not defined vulnerable populations because of the wide range of populations that may be affected by disasters, noting that they

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<sup>6</sup>An example of a social vulnerability index is the University of South Carolina Hazards and Vulnerability Research Institute's Social Vulnerability Index, which examines the differences in vulnerability among counties and consider socioeconomic variables that contribute to reduction in a community's ability to prepare for, respond to, and recover from disasters.

<sup>7</sup>81 Fed. Reg. 83254 (Nov. 21, 2016) and 83 Fed. Reg. 5844 (Feb. 9, 2018).

<sup>8</sup>78 Fed. Reg. 14329 (Mar. 5, 2013).

<sup>9</sup>84 Fed. Reg. 45838 (Aug. 30, 2019).

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may vary locally and regionally based on factors such as geography, housing stock, and policy.

Similarly, the June 2021 *Federal Register* notice allocating funds for the electric power systems in Puerto Rico and the U.S. Virgin Islands requires grantees to describe how funds will be used to address the needs of vulnerable populations.<sup>10</sup> It states that HUD generally defines vulnerable populations as a group or community whose circumstances present barriers to obtaining or understanding information or accessing resources.

The *Federal Register* notices also reference fair housing and civil rights laws that prohibit discrimination against protected classes.<sup>11</sup> According to HUD officials, vulnerable populations may include protected classes under the Fair Housing Act and other groups such as low- and moderate-income persons, persons experiencing homelessness, and the elderly. Grantees are required to assess how planning decisions might affect members of protected classes, racially and ethnically concentrated areas, and concentrated areas of poverty and promote the availability of affordable housing in low-poverty, nonminority areas where appropriate. Grantees' use of recovery funds must meet accessibility standards, provide reasonable accommodations to persons with disabilities, and take into consideration the functional needs of persons with disabilities in the relocation process.

To supplement the *Federal Register* notices, HUD issued guidance and provided training on serving vulnerable populations to aid grantees in developing action plans. For example, HUD's *Disaster Impact and Unmet Needs Assessment Kit* states that grantees must seek to understand the condition of the most vulnerable populations. In addition, HUD conducted a 2016 webinar with a section on outreach to vulnerable populations that focused on people with limited English proficiency. It included strategies for reaching these populations, noting that they may be the most in need of resources and the most difficult to reach.

When reviewing draft action plans, HUD makes suggestions to help grantees better address how they plan to serve vulnerable populations. According to officials from HUD's Office of Fair Housing and Equal Opportunity, draft action plans typically require revisions. For example,

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<sup>10</sup>86 Fed. Reg. 32681 (June 22, 2021).

<sup>11</sup>The Fair Housing Act's protected classes are race, color, national origin, religion, sex (including sexual orientation and gender identity), familial status, and disability.

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HUD may suggest that grantees (1) clarify which groups are defined as vulnerable populations or protected classes; (2) emphasize the effect of planned uses of CDBG-DR funds on persons in protected classes; and (3) ensure effective public participation, including by conducting outreach to traditionally underserved populations and providing access to information about disaster recovery programs to persons with limited English proficiency and persons with disabilities.

Furthermore, HUD issued supplemental guidance on CDBG-MIT that CDBG-DR grantees could use to help them meet requirements to serve vulnerable populations. For instance, the guidance suggests that housing for vulnerable populations may have a higher concentration of persons with disabilities and recommends grantees describe in their CDBG-MIT action plans how their mitigation measures will address the physical accessibility and supportive services needs of persons with disabilities.

In response to our November 2021 report, HUD commented on the fundamental challenges with defining vulnerable populations that we described in our report and said it was the agency's intention to include a definition in upcoming CDBG-DR *Federal Register* notices. HUD also stated that it was prepared to work with its federal recovery partners to explore the feasibility of developing a shared definition of vulnerable populations.

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**Grantees We  
Reviewed Assist  
Vulnerable  
Populations but  
Report Limited  
Demographic Data to  
HUD**

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**Grantees Serve Low- and  
Moderate-Income Persons  
and Populations with  
Additional Vulnerabilities**

In November 2021, we found that the six grantees in our sample used CDBG-DR grants to serve vulnerable populations, including lower-income populations and those with additional vulnerabilities. They said they did so by providing at least 70 percent of their funding to low- and moderate-income persons and prioritizing assistance to meet the unmet needs of lower-income populations whose age, disability, or other factors make them particularly vulnerable after a disaster. For example:

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- Florida, Louisiana, and Puerto Rico all prioritize homeowner assistance to vulnerable populations, such as the elderly and persons with disabilities.
  - New Jersey and Texas have activities that include assistance to individuals in need of permanent supportive housing and at risk of homelessness.
  - The U.S. Virgin Islands' activities include restoration of nursing facilities for the elderly that also serve as emergency special needs shelters during disasters.
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**Grantees Collect Demographic Data on Applicants but Are Required to Report Only Certain Data on Beneficiaries to HUD**

HUD does not collect and analyze key demographic data needed to fully assess the extent of CDBG-DR assistance to vulnerable populations. The six grantees in our sample collect income and other demographic data on housing program applicants but are required to report only certain data fields to HUD, and only on program beneficiaries (rather than all applicants). Through *Federal Register* notices, HUD requires CDBG-DR grantees to collect data such as (1) the number of low- and moderate-income persons served and (2) the gender of single-headed households, race, and ethnicity for activities that directly benefit households or individuals (such as housing).<sup>12</sup> Grantees report these data to HUD in a web-based system. Grantees report on activity outcomes and accomplishments, meaning the system captures data only on beneficiaries served.

According to documentation we reviewed, the six grantees collect data on applicants' income, gender, race, and ethnicity for housing activities. The six grantees GAO reviewed gather additional demographic information on both applicants and those served, including age, disability status, and primary language. For example, Louisiana publishes monthly reports on its website that include the number of applications submitted by low- and moderate-income persons and by adults 62 and older or those with a disability as well as the race of those receiving assistance. Texas publishes the percentage of assistance spent on low- and moderate-

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<sup>12</sup>The March 2013 *Federal Register* notice for Hurricane Sandy grantees, the November 2016 *Federal Register* notice for Louisiana, and the February 2018 *Federal Register* notice for the 2017 grantees require grantees to maintain data on the racial, ethnic, and gender characteristics of persons who are applicants for, participants in, or beneficiaries of the program. The February 2018 *Federal Register* notice also requires grantees to report these data in HUD's system at the activity level. 78 Fed. Reg. 14329, 14341 (Mar. 5, 2013); 81 Fed. Reg. 83254, 83265 (Nov. 21, 2016); and 83 Fed. Reg. 5844, 5856 (Feb. 9, 2018).

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income persons, the race and ethnicity of approved applicants, and other characteristics of approved applicants, such as female head of household, households with children under 18, and households with members 65 and older.

According to leading practices we identified to promote successful data-driven performance reviews, an agency should have the capacity to collect accurate, useful, and timely performance data.<sup>13</sup> Having the capacity to disaggregate data according to demographic or other relevant characteristics can aid in highlighting significant variation, which can help pinpoint problems and identify solutions. In addition, through a recent executive order, the Administration has cited the need for better data collection and transparency related to serving vulnerable populations.<sup>14</sup> The order noted that a lack of data impedes efforts to measure and advance equity.

Although HUD collects some data on those served with CDBG-DR funds, it does not track data on program applicants. In addition, grantees collect demographic data on applicants beyond what HUD requires, but this information is largely used for internal purposes and is not systematically shared with HUD or the public. By collecting, analyzing, and publicly reporting these additional demographic data, HUD and grantees could better assess whether they effectively reach the populations CDBG-DR activities are intended to serve. Therefore, our November 2021 report recommended that HUD collect, analyze, and publish demographic data from CDBG-DR grantees on vulnerable populations who apply for and receive assistance.

HUD did not agree or disagree with the recommendation but stated it would continue to research ways to use data to determine how CDBG-DR grantees serve vulnerable populations. HUD also stated that implementing our recommendation would require additional staffing, system infrastructure, and privacy protocols (to protect personally identifiable information) but did not provide any specifics about the additional resources that would be required.

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<sup>13</sup>GAO, *Managing for Results: Data-Driven Performance Reviews Show Promise But Agencies Should Explore How to Involve Other Relevant Agencies*, [GAO-13-228](#) (Washington, D.C.: Feb. 27, 2013).

<sup>14</sup>Exec. Order No. 13985, 86 Fed. Reg. 7009 (Jan. 25, 2021).

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We recognize the need for flexibility in defining vulnerable populations given the varying types and locations of disasters. We commend HUD for its stated intention to develop and include a definition in upcoming notices that acknowledges that vulnerable populations vary with each disaster and region and for its preparedness to work with federal recovery partners to explore the feasibility of developing a shared definition of vulnerable populations. The steps that HUD stated it intends to take are promising—and we understand that it may take investment and effort—but we maintain that collecting, analyzing, and publicly reporting additional demographic data would be worth that effort because it would help HUD and grantees better assess the effectiveness of CDBG-DR activities in reaching its targeted populations.

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### Grantees and Vulnerable Populations Can Face a Variety of Challenges

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#### Grantees Have Difficulty Identifying and Reaching Vulnerable Populations

According to CDBG-DR grantees and organizations we interviewed, grantees experience challenges, such as collecting data on the unmet needs of vulnerable populations and reaching vulnerable populations after a disaster to provide CDBG-DR assistance.

- **Collecting data on unmet needs.** CDBG-DR allocations may not fully account for the needs of lower-income persons and those with additional vulnerabilities.<sup>15</sup> HUD bases these allocations on data and damage estimates from the Federal Emergency Management Agency and the Small Business Administration. However, the Federal Emergency Management Agency data do not include race and ethnicity and other characteristics that help grantees identify the most vulnerable populations. Other data challenges involve the timing of data collection. HUD's *Disaster Impact and Unmet Needs Assessment Kit* notes that an accurate assessment may not be possible for months following a disaster because the assessment depends on the quality of the data available on the most impacted and

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<sup>15</sup>Once Congress appropriates CDBG-DR funds, HUD publishes notices in the *Federal Register* to allocate the funding appropriated to affected communities based on unmet need.

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distressed areas. The guidance says grantees therefore should analyze unmet needs on an ongoing basis.

- **Reaching vulnerable populations.** Grantees may have difficulty reaching vulnerable populations after a disaster occurs. An official from a national advocacy organization said that in Puerto Rico, some communities assume they will not benefit from a federal grant program and may not apply. Officials from Texas said many community members leave the area after a disaster and cannot be reached. The officials added that some populations generally distrust government and are reluctant to apply for federal programs. The officials said they tried to address this challenge through their outreach efforts.

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**Vulnerable Populations  
Face Challenges  
Accessing and Using  
CDBG-DR Assistance**

According to grantees and organizations we interviewed, vulnerable populations experience challenges such as accessing transportation, dealing with language barriers, and understanding requirements when seeking CDBG-DR assistance.

- **Access and transportation challenges.** Physical access to assistance can present challenges for certain vulnerable groups, such as the elderly or people with disabilities. In one example, Florida officials responded to this challenge by setting up mobile information units in disaster-affected areas to better reach individuals who may not have had access to transportation. Florida officials told us that applicants with mobility impairments may request an at-home visit with an intake specialist.
- **Language barriers.** Those with limited English proficiency may need translation services to access resources and apply for CDBG-DR assistance. Officials from five grantees told us they provide translation services to people with limited English proficiency. However, language remains a barrier to accessing CDBG-DR assistance and grantees do not always translate CDBG-DR documents or provide translators at intake centers, according to the National Low Income Housing Coalition.<sup>16</sup>
- **Difficulty meeting program requirements.** Grantee and organization officials told us that program requirements (including those related to extensive documentation) can be taxing for

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<sup>16</sup>National Low Income Housing Coalition, *Fixing America's Broken Disaster Housing System: Part One – Barriers to a Complete and Equitable Recovery* (Washington, D.C.: 2020).

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	<p>households, particularly vulnerable populations, and require grantees to add services to address the populations' needs into their programs.</p> <ul style="list-style-type: none"> <li>• <b>Difficulty managing home reconstruction.</b> Individuals in vulnerable populations who receive assistance from programs allocated CDBG-DR funds may have difficulty managing home reconstruction. An organization representative said managing home repair and reconstruction is particularly challenging for the elderly, who may be more vulnerable to fraudulent contractors. HUD officials told us most CDBG-DR grantees manage home reconstruction projects, rather than the homeowners themselves, which may help mitigate some of the challenges.</li> </ul>
Funding Delays and Limited Grantee Capacity Affect Vulnerable Populations	<ul style="list-style-type: none"> <li>• <b>Timeliness of funding.</b> Grantee officials said delays in CDBG-DR funding (because of its long-term nature and the length of time required to access and administer funds) affect the most vulnerable because they typically have fewer resources to recover. An organization representing vulnerable populations emphasized that low- and moderate-income individuals have the fewest resources with which to relocate or maintain temporary housing for a long period. This results in them living in homes that may be structurally compromised or present health risks because of disaster damage.</li> <li>• <b>Limited grantee capacity.</b> Officials at one national organization we interviewed said grantees are often under-resourced and lack the knowledge and expertise to reach the most vulnerable community members. They said grantees would benefit from conducting more advanced planning and identifying vulnerable populations before a disaster hits. A study by the National Low Income Housing Coalition found that grantees struggle to administer and oversee CDBG-DR funds, often because the amount they receive after a disaster is many times more than what they typically administer.<sup>17</sup></li> </ul>
	<p>In closing, we continue to believe that establishing permanent statutory authority for a program like CDBG-DR, as we recommended in March 2019, would provide a more consistent framework for administering funds for unmet disaster recovery needs.<sup>18</sup> Among other things, such a statute and associated regulations could clearly define requirements for grantees to serve vulnerable populations with program funds and address</p>

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<sup>17</sup>National Low Income Housing Coalition, *Fixing America's Broken Disaster Housing System: Part One*.

<sup>18</sup>GAO-19-232.

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challenges that contribute to the slow expenditure of funds to better ensure that assistance reaches intended populations in a timely manner.

We have recent and ongoing work on CDBG-DR. We issued a report in December 2021 that addressed the extent to which the six largest federal recovery programs (including CDBG-DR) have taken action to identify and address potential barriers to accessing the programs and disparate outcomes among disaster-affected individuals and communities.<sup>19</sup> We also are reviewing the status of 2017 and 2018 CDBG-DR and CDBG-MIT funds and vulnerabilities in CDBG-DR activities that may contribute to fraud, waste, or abuse.

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

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## GAO Contact and Staff Acknowledgments

If you or your staff have any questions about this testimony, please contact Daniel Garcia-Diaz at (202) 512-8678 or [garciadiazd@gao.gov](mailto:garciadiazd@gao.gov). Contact points for our Offices of Congressional Relations and Public Affairs may be found on the last page of this statement. GAO staff who made key contributions to this testimony are Paige Smith (Assistant Director), Meredith P. Graves (Analyst in Charge), John McGrail, and Barbara Roesmann.

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<sup>19</sup>GAO, *Disaster Recovery: Additional Actions Needed to Identify and Address Potential Recovery Barriers*, [GAO-22-104039](https://www.gao.gov/products/GAO-22-104039) (Washington, D.C.: Dec. 15, 2021).



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Testimony of Andreanecia M. Morris, HousingNOLA Executive Director  
U.S. House of Representatives Financial Services Committee  
Subcommittee on Oversight and Investigations Hearing  
Ensuring Equitable Delivery of Disaster Benefits to Vulnerable Communities and Peoples:  
An Examination of GAO's Findings of the CDBG Program  
January 19, 2022 at 10:00am ET

Louisiana is in the path of many storms (literal and figurative), and it feels as if we are constantly recovering from a natural disaster. Yet, we never seem to reach full recovery before the next catastrophe impacts our communities. New Orleans, in particular, has long struggled with challenges to provide for its most vulnerable residents, especially when attention is turned toward the most recent catastrophe. Man-made or natural disasters hit them hardest, and the series of tragedies that have plagued New Orleans for the last 16 years is no exception. Seven years ago, New Orleans was one of the fastest-growing cities in America, and now most citizens struggle to make ends meet. The impact leaves thousands homeless or displaced, increases physical and mental issues, and exacerbates existing health problems.

Hurricane Katrina's floodwaters required billions of private and public dollars to make the city livable. Redevelopment efforts increased the amount of quality housing, but it also drove prices and dramatically increased housing insecurity. Is displacement an inevitable byproduct of this kind of investment? Did the necessary changes and improvements lead to an increase in massive instability? I do not believe that to be the case. Still, the failure to plan for these outcomes and aggressively mitigate these issues seems to be a pattern we are continuing to repeat. As we struggle to secure safe decent affordable housing for all in New Orleans, we also have to grapple with the fact that New Orleans has thousands of occupiable units that sit vacant—overpriced and out of reach for the average resident. Over 58,000 households in New Orleans are paying too much for their homes today or are “cost burdened.” This high cost for housing leaves too little left over for critical expenses like food, transportation, education, and

health care. There are more than 58,000 commuters who commute into New Orleans for a job and earn less than \$40,000 per year. While these numbers are calculated on an individual rather than a household basis due to the data source, we estimate that this includes approximately 44,000 low-to-moderate income households who may have been displaced from New Orleans by rising costs, or who might prefer to live closer to their jobs in New Orleans if they could afford to do so.

Rental properties can come to be affordable in two ways. One way is for a development to be intentionally affordable, which usually happens through the provision of subsidy funding from the government. These subsidies come with “affordability restrictions” on some or all of the homes within the development, meaning that these homes must be rented to low-income or moderate-income households. These restrictions eventually expire, and properties can then become “market-rate,” which often means that they become more expensive and harder to afford for the people living there. In New Orleans, the cost estimate examines preservation of subsidies for properties in the Small Rental Property Program, which provides subsidies to small landlords in return for their provision of affordable rental rates for residents under 80% AMI; and preservation of all Low-Income Housing Tax Credit (LIHTC) developments with affordability periods expiring before 2030.

Some other rental properties are called “naturally-occurring affordable housing” or NOAH; these homes are rented at rates that are affordable to low-income or moderate-income households without any affordability restrictions. In New Orleans, these properties tend to be older and often have some challenges with maintenance and housing quality, as well as being located in areas that are further from jobs and services. For these properties, preserving affordability often means a need to acquire and rehabilitate each property in order to bring it up

to quality standards before continuing to rent the units at rates affordable to low-to-moderate-income households. Based on past research from the Center for Community Progress, the cost estimate assumes that approximately 4% of the rental housing stock in New Orleans needs this type of intervention.

In general, preserving existing affordable housing is less expensive than constructing new affordable homes, so it's important to preserve as many affordable rental units as possible to avoid having to construct more new homes. Our cost estimates show that, on average, preservation of each affordable rental unit in New Orleans is approximately 25% less expensive than constructing a new affordable unit.

Soon after the fifteenth anniversary of Hurricane Katrina, the COVID-19 pandemic created multiple health and economic challenges in the New Orleans region and the nation and exposed the cracks in the infrastructure that holds our economy together. Our most vulnerable people turned out to be the most essential workers for maintaining and uplifting our economy. Pre-existing conditions of financial and racial inequality have been revealed in the disparate impact of COVID-19 in communities of color, as well as levels of unemployment and financial distress. While housing insecurity—the lack of stable housing or shelter due to challenges—was a severe problem before the pandemic—it is poised to devastate communities long after the COVID-19 pandemic is brought under control. The connection between housing and community were lessons I thought we had learned when we rebuilt after Hurricane Katrina, but those lessons have not been incorporated into our response to a disaster.

After a crisis, resources pour in, and communities attempt to rebuild—for Hurricanes Katrina and Rita, it was \$13 billion in CDBG-DR funding allocated to aid in Louisiana's recovery—allocated after worldwide donations of time and money hit the ground. Billions were spent to

create approximately 88,000 subsidized housing opportunities in New Orleans alone, but too many were built at a rate the average New Orleanian could not afford long term. Programs that failed to account for the needs of vulnerable populations who struggled before Hurricane Katrina combined with unrestrained market issues have led to homeowners, particularly among African Americans, being unable to build wealth and 33% are cost-burdened, and renters are struggling to remain housed within city limits (63% cost-burdened). Before Katrina, 45% of the rents in New Orleans were between \$300-499 (now only 15%), and 60% of the homes were valued at \$100,000 or less (now only 12%). Housing costs continue to rise, and wages have remained stagnant. The time is now for both public and private partners to begin making investments and developing equitable policies in order to support New Orleans' future. In 2018 the HousingNOLA Community Development Finance Plan noted, "Without a diverse pool of investment funds targeted at the appropriate level of need, the city will stagnate, and opportunities will diminish for developers, investors and more importantly, the citizens." We have seen this prediction borne out: Census estimates indicate that New Orleans' growth has plateaued and may even have begun to fall since 2018.

Like many other American cities, New Orleans has experienced deep economic struggle in the wake of multiple disasters over the past 20 years. After Hurricane Katrina, the city lost nearly 100,000 Black families and households who have not been able to return to New Orleans. Much of this population decrease can be attributed to systemic underinvestment in new affordable homes, a lack of living-wage jobs, and an ongoing series of disasters that have challenged our city's ability to recover. Simply put, folks who left cannot afford to move back, and those who have cannot afford safe, adequate rental housing – let alone purchase homes in neighborhoods they grew up in. Most recently, COVID-19 and Hurricane Ida have both tested the

resilience of our city systems and exposed ongoing challenges to our housing stock, our economy, and our infrastructure. In hindsight, it is clear that recovery efforts need to center the needs of the most vulnerable – not the squeakiest wheel.

Yet, we do not meet the real needs of our communities using clear and quantifiable metrics that assess the needs of the most vulnerable members of a community devastated by disaster. This pattern of behavior has left us with a weakened infrastructure and little capacity to actually become resilient. Instead, the people of Louisiana exist in a forced reality of living with less, simply because state and local governments refuse to center their recovery around the needs of people. Despite this pattern, the unprecedented influx of investment in our State could afford us another opportunity to make this recovery different – to provide the needed long-term improvements that will prevent the same citizens from being in the same circumstances when the storm hits.

While the deployment of these disaster funds is complicated and the staff who are responsible for these programs are often living through the disaster as well, there is a real need to monitor impact in real-time and respond to an obvious and clear need. Louisiana's Office of Community Development Disaster Recovery Unit worked with community leaders and other policymakers to improve the Road Home Program after it was found to have a further disparate impact. The New Orleans City Council and the Greater New Orleans Housing Alliance (GNOHA) Unmet Needs Committee pushed for the advent of a Social Service Liaisons contract for community organizations to be better connected to Road Home data to serve the many homeowners they already had contact. Many of these same homeowners were apprehensive or avoidant of OCD-DRU efforts of addressing recapture due to concern they would be penalized with jail time or loss of their property. The GNOHA Road Home Liaison Group (RHLG) maintained

itself as a collaborative of non-profit organizations serving Road Home recipients. Team members were representatives of Lower 9th Ward Homeownership Association, Lower 9th Ward NENA, Project Homecoming, SBP, and the Road Home Action Network Team (RHANT), with GNOHA as the primary contractor to the State. This collaborative's undertaking was "to not only satisfy the compliance piece of the contract but to work towards advancing the mission-work of all of the individual organizations, which includes getting New Orleans area homeowners back into their homes."

When GNOHA started Road Home Social Services Liaison Contract, there were 32,917 Non-Compliant Homeowners across the State--in New Orleans, there were 15,259. When the contract concluded in February 2017, after two years, there were 7,459 non-Compliant homeowners, and only 3,198 were in New Orleans. With this clear demonstrated impact, the State could have continued the work internally or with other partners. Unfortunately, there wasn't enough pressure to see that they continued. Today, hundreds of homeowners who are technically non-compliant due to failures of program administration are being sued by the State of Louisiana despite the fact that they're back in their homes. All this while the state still has \$32,938,365 in funds left for the Homeowners' Assistance Program.

***A disaster provides an opportunity for traditionally marginalized participants to gain access to policymakers and advocate for policy proposals.*** Once more in Louisiana, we have pulled together community, advocates, experts to Redefine Resiliency (attached) and ensure that the people of Louisiana no longer suffer the effects of a crisis and are then asked to rebuild without meaningful support. Housing must be addressed as a part of the immediate emergency response to the devastation caused by the next crisis. Long-term plans should ensure that housing is guaranteed for all, and a system is in place that helps residents mitigate the next

crisis—not simply survive it. Resiliency should no longer be measured by how much devastation a community can survive; it must be measured by the ability to protect and shelter the most vulnerable people from disasters. We should be able to conduct a critical impact analysis of funding provided for recovery and be able to see that the funds weren't simply spent in accordance with the Code of Federal Regulations but that a community was made better and stronger after the deployment of assistance.



### Redefining Resiliency

#### Aligning policy, advocacy, and investment to create a housing system that sustains the people of Louisiana

Under the #PutHousingFirst banner, Louisiana has built out its Housing Triad, a multi-pronged strategy transforming the affordable housing marketplace across the state. This alignment supports a housing-centered foundation for intersectional community-rooted initiatives designed to respond to climate change, criminal justice reform, racial equity, the COVID-19 pandemic, and the hurricanes that have devastated South Louisiana over the past year. Housing must be addressed as a part of the immediate and emergency response to the devastation caused by Hurricane Ida, but it must also be a part of strategies that will mark every part of this recovery. Long term plans should ensure that housing is guaranteed for all, and a system is in place that helps residents mitigate the next

crisis—not simply survive it. Resiliency should no longer be measured by how much devastation a community can survive; it must be measured by the ability to protect and shelter the most vulnerable people from disasters. The following housing policy interventions will ensure that our communities will achieve that level of resilience.

#### ***Secure and Rebuild – (now - 90 days)***

- Secure and offer high quality transitional housing (30-90 days) using a system of hotels, short term rentals and other empty homes. The nature of COVID-19 pandemic demands that all citizens have access to safe, decent, and sustainable housing. These units must be made available for people who have been made homeless by Hurricane Ida or another climate disaster, by COVID and those who were homeless or displaced before January 2020. These units should also be offered to people who are living in substandard units and people who will be released from a state or local correctional facility.
- Establish standards to track rental properties and put slum landlords out of business by instituting a Rental Registry which will issue licenses and regulate minimum habitability standards. Phase 1 of the Rental Registry should include a vulnerable population registry to ensure that first responders can identify citizens facing high risks ahead of the next crisis.
- Deploy all U.S. Treasury funding for rental assistance and homeownership relief and secure additional funding necessary to close the estimated \$2.7 billion in missed housing payments for the state of Louisiana to address the most critical needs in rental and homeownership.
- Ensure citizens are able to access supportive services to help them remain housed and to assist those who need transitional housing. These services should include legal aid, counseling, job training, childcare and other critical supportive services including housing navigation.

#### ***Just Recovery (3 – 12 months)***

Geographically, Louisiana is in the path of many storms, and we are constantly recovering from a natural disaster, yet we never seem to reach full recovery before the next disaster impacts our communities. Resources pour in but are all too often distributed to the people and businesses who need them least, by politicians beholden to political donors. This pattern of behavior has left us with a weakened infrastructure and little capacity to actually become resilient. Instead, the people of Louisiana exist in a forced reality of living with less, simply because state and local governments refuse to center its recovery around the needs of people.

Despite this pattern, the unprecedented influx of investment in our state via the American Rescue Plan and the American Jobs Plan affords us an opportunity to make this recovery different. A disaster provides an opportunity for traditionally marginalized participants to gain access to policymakers and advocate for policy proposals. We can deepen the impact of this recovery by implementing a people-centered approach that lifts up the people who have been left behind by past efforts. **By ensuring resources go to the people who need them most, we can move from a state of constant crisis to a state full of thriving communities where people are actually centered and given what they need.** We know how to help our communities, and we know what needs to change. We call on Louisiana leaders to meet the real needs of our communities in their recovery decisions by committing to meet the following metrics:

- By the 2023 Point in Time Count the number of Louisianans experiencing homelessness should decrease by 75%, meaning we have 1,950 more housed neighbors.
- An increase in the number of safer, more resilient homes, reflected by a lowering of the number of repetitive loss properties by 50% by 2030.
- Increase construction monitoring (licensing stats, out of town contractors, etc.)

### ***Housing Guarantee (Ongoing)***

Soon after the fifteenth anniversary of Hurricane Katrina in 2020, the COVID-19 pandemic not only created multiple health and economic challenges in the New Orleans region and the nation, but also exposed the cracks in the infrastructure that holds our economy together. Our most vulnerable people ended up being the most essential workers for maintaining and uplifting our economy. Pre-existing conditions of financial and racial inequality have been revealed in the disparate impact of COVID-19 in communities of color as well as levels of unemployment and financial distress. While housing insecurity—the lack of stable housing or shelter due to challenges—was a severe problem before the pandemic—it is poised to devastate communities long after the COVID-19 pandemic is brought under control. Mitigating this devastating risk requires a multi-pronged approach.

#### ***Preserve Existing Housing and Increase Overall Supply of Affordable Homes***

Unfortunately, the various housing markets across Louisiana have been unable to provide a sufficient supply of quality, affordable units to its citizens who need it the most. After Hurricane Katrina, with home prices and rents going up, and wages stagnant, officials had several potential policy choices: increase income, increase housing supply, or increase subsidies for housing—now policy makers must employ all three in order to effectively counter the current housing crisis. This crisis is not simply the remnants of Hurricane Katrina, but a new storm amplified by subsequent disasters including the COVID-19 pandemic, climate change and our unaddressed racial biases. All public agencies responsible for housing in Louisiana must undergo a critical evaluation that assesses whether they deliver housing in an effective and timely manner and what must be done to guarantee that they meet their mission.

There is also a need for comprehensive reform that also ensures that entities like the Louisiana Housing Corporation, Louisiana Bond Commission and Louisiana Tax Commission can enforce outcome-based policies to help preserve and create more affordable housing. State legislators should also work with community members, advocates, policy makers and the insurance industry to

#### ***Disaster Recovery***

Climate change increases the frequency and intensity of storm events, and the increasing rate of coastal land loss in Louisiana poses significant danger. In order to create more resilient communities,

sustainable infrastructure and design principles will continue to play a role in mitigating risk, decreasing environmental impact, and reducing energy costs for residents.

While Louisiana energy rates are comparatively low to the rest of the country, bills are the highest in the nation as a result of high consumption. Low-income households are more affected by unpredictable costs, and the average household in Louisiana spends 44% more of their salary on electricity than the national average. Going forward, sustainable design best practices should be implemented; sustainable design ensures that a housing unit provides a healthy living environment, efficient use of resources over time and access to benefits.

#### *Anti-Displacement*

Instead of focusing solely on the “cost-burden” factor relative to housing accessibility, the HousingNOLA 10 Year Plan also addresses displacement which has spiraled out of control as a result of the pandemic. Renters and homeowners, alike, need policy interventions that stabilizes their housing security with financial subsidies for housing costs and utilities and also protects their dwellings by displacement created by loss of employment/wages:

- Reverse the decision by the city’s assessor to offer 57% tax break to hotels (which will shift the tax burden to homeowners and small landlords)
- Fully establish *Own the Crescent Program* to assist property owners and landlords to lease-up underutilized properties in New Orleans
- Conduct outreach to connect overpriced vacant short- term and long-term rental units with renters who can pay fair market rent

#### *Housing Trust Fund*

Louisiana must create and capitalize a revolving loan fund for housing in Louisiana communities that have been impacted by natural and/or economic disasters. The State of Louisiana has a housing trust fund that — since Hurricane Katrina in 2005 — has never been properly capitalized. We request a secure, dedicated revenue source to create a revolving loan fund that can be used in response, immediately following a disaster. After an initial capitalization of \$20 million, the balance should be distributed across the state to create affordable housing opportunities. If all Louisianans were paying what they could afford in housing—there would be an additional \$2.5 billion available to the people of Louisiana.

#### *Community Engagement*

This effort will be grounded in combining the vision and capacity of three of the state’s leading affordable housing organizations: HousingNOLA, the Greater New Orleans Housing Alliance (GNOHA), and HousingLOUISIANA—also known as the “Housing Triad.” Together, these organizations can build and strengthen the capacity of local and statewide practitioners to champion the right of every Louisianan to have a safe, healthy, and affordable home, given additional financial and human capital. While each organization has its own discrete area of responsibility, their work intersects, the staff and leadership overlaps, and the funding is braided with and leveraged by other resources to accomplish their respective goals. The following priorities must be addressed in order to ensure that community can effectively participate in guiding the development and implementation of housing policy:

- Deploy community organizing and education strategies to combat NYMBI neighborhood leaders and expedite the backlog of subsidized affordable housing units and ensure that public funds are allocated responsibly.
- State and local policy makers must engage with community members using a racial equity lens to address their own internal bias and commit to reducing bureaucratic delays

- Establish housing navigation systems including supportive services for communities across the state

Ending housing insecurity will require an approach that is innovative, comprehensive, and sustainable. No one community can do this alone. We need to harness the efforts of the private sector, government, and philanthropy to create robust and sustainable investment and development strategies that produce significant community impact. Incubated at HousingNOLA and modeled after GNOHA – New Orleans’ comprehensive housing alliance launched in 2007, HousingLOUISIANA provides technical support to each of the member housing alliances (in # regions across the state) and helps to build their capacity by connecting them to resources and training offered by several of HousingLOUISIANA’s national partners.

This network will prioritize housing needs precipitated by both the pandemic and climate change to ensure that the 12,000 victims of Hurricanes Laura and Delta will be stabilized and benefit from a just and equitable recovery. HousingLOUISIANA will also be able to secure relief for 41,000 COVID- impacted households through its federal advocacy efforts.

*Capitalize and Launch a Community Development Fund for long term development*

Create a new Fund as the third element of this strategy. The Fund will blend public, private, and philanthropic dollars to:

- Expand the stock of affordable housing by providing gap financing, pre-development capital and acquisition funding;
- Combine low/no interest loans and grants funds to deliver the incentives necessary to serve the most housing insecure;
- Develop a partnership between local practitioners and national partners to maximize resources and capacity; and
- Support and expand the existing community development infrastructure already in place by reinforcing its capacity to respond effectively to the recovery needs of the New Orleans region and to address systemic inequities.

The Community Development Fund will provide access to capital for the development and/ or rehabilitation of a specific target of 7,500 units for housing insecure households. Based on funding in the first twelve months of activity and establish a scalable model to court additional investment to replicate its initial success. Those targets will be determined based on available funding levels.

**Testimony of Diane Yentel,  
President and CEO, National Low Income Housing Coalition**

Presented to the Subcommittee on Oversight and Investigations  
Committee on Financial Services

United States House of Representatives

“Ensuring Equitable Delivery of Disaster Benefits to Vulnerable Communities and Peoples: An  
Examination of GAO’s Findings of the CDBG Program”

January 19, 2022

## **I. Introduction**

On behalf of the National Low Income Housing Coalition (NLIHC) and the Disaster Housing Recovery Coalition (DHRC), I would like to thank Chairman Green and Ranking Member Emmer for the opportunity to testify before you today on ways to ensure that our nation’s disaster rebuilding and mitigation efforts address the unique and often overlooked needs of the lowest-income and most marginalized survivors, including people of color, people with disabilities, people experiencing homelessness, and others.

NLIHC is dedicated solely to achieving racially and socially equitable public policy that ensures people with the lowest incomes have quality homes that are accessible and affordable in communities of their choice. NLIHC leads the DHRC, a coalition of more than 850 national, state, and local organizations, including many working directly with disaster-impacted communities and with first-hand experience recovering after disasters. Together, we work to ensure that federal disaster recovery efforts prioritize the housing needs of the lowest-income and most marginalized people in impacted areas. The DHRC has published comprehensive disaster housing recovery recommendations for Congress,<sup>i</sup> the Federal Emergency Management Agency (FEMA),<sup>ii</sup> and the U.S. Department of Housing and Urban Development (HUD).<sup>iii</sup>

NLIHC has worked on disaster housing recovery issues in the years since Hurricane Katrina struck New Orleans in 2005, and from this experience, we have concluded that America’s disaster housing recovery system is fundamentally broken and in need of major reform. It is a system that was designed for middle-class people and communities – a system that does not address the unique needs of the lowest-income and most marginalized people and the communities in which they live. As a result, these households are consistently left behind in recovery and rebuilding efforts, and their communities are made less resilient to future disasters. The federal disaster recovery system exacerbates many of the challenges these communities faced prior to disasters, worsening the housing crisis, solidifying segregation, and deepening inequality.

The Community Development Block Grant-Disaster Recovery (CDBG-DR) and Community Development Block Grant-Mitigation (CDBG-MIT) programs are vital recovery tools that provide states and communities with the flexible, long-term recovery and mitigation resources needed to rebuild affordable housing and infrastructure after a disaster and to prevent future harm. These resources are particularly critical for the lowest-income disaster survivors and their communities. Too often, however, these resources are diverted away from the people and communities with the greatest needs and for whom the programs were designed to serve.

Inequitable disaster recovery efforts disproportionately harm Black, Indigenous, Latino, and other survivors of color and their communities. Recovery efforts tend to prioritize homeowners, who are more likely to be white, over renters, who are predominantly Black and brown. In doing so, disaster recovery exacerbates racial wealth disparities and pushes more low-income renters of color into long-term housing instability and, in the worst case, homelessness. While Black and brown communities are often located in areas at higher risk of disaster and have less resilient infrastructure to protect residents from harm, long-term recovery resources tend to go to white communities that face lower risks. Rather than dismantling racial segregation that is the direct result of intentional federal, state, and local policy, rebuilding efforts tend to entrench racial disparities.

In this testimony, I will discuss key barriers to equitable and comprehensive disaster housing recovery and opportunities to reform CDBG-DR to ensure these resources are deployed quickly, equitably, and effectively. These barriers<sup>iv</sup> and opportunities for reform<sup>v</sup> are reflected in “Fixing America’s Broken Disaster Housing Recovery System,” a two-part report published by NLIHC and Fair Share Housing Center of New Jersey.<sup>vi</sup>

These policy recommendations also reflect nine core principles that should guide our country’s disaster housing recovery and mitigation efforts:

1. Recovery and mitigation must be centered on survivors with the greatest needs and ensure equity among survivors, especially for people of color, low-income people, people with disabilities, immigrants, LGBTQ people, and other marginalized people and communities;
2. Everyone should be ensured fair assistance to full and prompt recovery through transparent and accountable programs and strict compliance with civil rights laws, with survivors directing the way assistance is provided;
3. Processes for securing help from the government must be accessible, understandable, and timely;
4. Everyone in need should receive safe, accessible shelter and temporary housing where they can reconnect with family and community;
5. Displaced people should have access to all the resources they need for as long as they need to safely and quickly recover housing, personal property, and transportation;
6. Renters and anyone experiencing homelessness before a disaster must be provided quickly with quality, affordable, accessible apartments in safe, quality neighborhoods of their choice;
7. All homeowners should be able to rebuild without delay in safe, quality neighborhoods of their choice;
8. All neighborhoods should be free from environmental hazards, have equal quality and accessible public infrastructure, and be safe and resilient; and
9. Disaster rebuilding should result in local jobs and contracts for local businesses and workers.

I will also discuss Chairman Green’s “Reforming Disaster Recovery Act” and the urgent need for its quick enactment.

## II. Barriers to Equitable Housing Recovery

### Unnecessary Delays

#### *Congressional Inaction*

Federal funding for long-term recovery through the CDBG-DR program is often delayed by congressional inaction. CDBG-DR funds must be approved by Congress through a disaster supplemental appropriation act. Frequently, decisions about disaster relief funds are swept up into other political debates, delaying much-needed rebuilding and recovery resources from reaching disaster-impacted communities. These delays prevent communities from formally proceeding with many recovery activities that cannot be accomplished without a commitment of federal funds. The timeline for Congress to approve disaster-recovery funding has ranged from several weeks (after the terrorist attack on September 11) to more than eight months (after Hurricane Michael),<sup>vii</sup> or even longer. Congress waited more than a year to approve CDBG-DR funds for some disasters that occurred in 2020, such as the Iowa derecho and Hurricane Laura.

The lack of formal authorization of the CDBG-DR and CDBG-MIT programs contributes to further delays. Without authorization, HUD operates program funding through separate *Federal Register* notices after every major disaster, causing uncertainty for grantees. While some content of the allocation notices is repeated in the notices issued from disaster to disaster, each notice for every disaster is different. Because grantees cannot anticipate the details in the allocation notice, these grantees are often delayed in creating action plans. According to an audit by HUD's Office of Inspector General, between 2005 and 2018, HUD issued 60 *Federal Register* notices for grantees to consult when developing CDBG-DR action plans, slowing down and overcomplicating the process.<sup>viii</sup>

After a HUD allocation notice is issued, an impacted jurisdiction must develop a disaster-recovery action plan to receive funding. While jurisdictions often begin work on the plan in expectation of the allocation notice, the plan is not formally released until the notice is issued. Once submitted, the approval process is typically quick, but there are exceptions. HUD's approval period has ranged from five weeks (following Superstorm Sandy) to more than eight months (following Hurricane Maria).

The impact of delayed CDBG-DR assistance is exacerbated when FEMA prematurely ends its response and recovery assistance. While FEMA programs are authorized for 18 months following a major disaster declaration, in recent years FEMA has ended programs well before the statutory expiration and before CDBG-DR assistance programs are operational. Many of the lowest-income and most marginalized disaster survivors lose access to urgently needed FEMA assistance before their homes and communities have been rebuilt with CDBG-DR funds.

#### *State and Local Capacity Issues*

State and local grantees struggle to administer and oversee disaster recovery funds. The amount of CDBG-DR funds that state and local grantees receive after a disaster is often many times what they typically administer. For example, the 2018 HUD allocation to New Jersey for its regular

consolidated CDBG Plan was \$24 million; in contrast, the 2013 CDBG-DR allocation to New Jersey after Superstorm Sandy was just under \$5 billion. Moreover, CDBG-DR grantees are required to set up programs with which they often have little experience, at times when their own communities are in crisis.

State and local grantees also often struggle to provide proper oversight of contractors, on whom grantees rely for everything from debris removal to the repair of electric grids. As a result, recovery programs become a hodgepodge of contracts with little oversight from overburdened officials. It is common for contractors to fail to perform or to underperform on their agreements with state and local grantees. After Superstorm Sandy, for example, New Jersey awarded a \$68 million contract for the implementation of the largest housing-recovery program in the state: the more than \$1 billion Reconstruction, Rehabilitation, Elevation, and Mitigation (RREM) program.<sup>ix</sup> But after just seven months – and after having paid the bulk of the contract fees to the contractor – the state cancelled the contract and took control of the program. Lower-income residents had complained of lost applications, officials telling them incorrectly they were ineligible for recovery funds, and dysfunctional contractor-run offices. Public records showed an overwhelmed operation that directed applicants to out-of-state call centers where workers had received scant training. As a result, many applicants in need of recovery funds dropped out of the program. Nearly every CDBG-DR grantee has had similar experiences.

### **Lack of Data Transparency**

#### *Faulty Needs Assessments*

The foundation of many federal, state, and local disaster-recovery decisions – including decisions about how to allocate resources and set priorities – is an assessment of the damage caused by the recent disaster and the needs of residents. These data, however, frequently underestimate the needs of the lowest-income survivors, leading to fewer resources in communities where they are needed most.<sup>x</sup> The same data are used to assist in targeting CDBG-DR funds.

After Superstorm Sandy, New Jersey created a housing-recovery program premised on the assumption that only 22% of the housing damage from the storm occurred in rental units. An analysis by advocates showed, however, that the state had undercounted the needs of renters by half. Nearly half of renters impacted by Hurricane Sandy in New Jersey were Black or Latino, whereas only 16% of impacted homeowners were Black or Latino. As a result, the recovery housing program was found to discriminate by race and ethnicity by under-allocating resources to renters of color.

In addition to skewed data, methodologies for assessing “unmet need” under CDBG-DR can also lead to inequitable outcomes. Unmet need assessments are critical to how long-term recovery funds are distributed and targeted and how equitably an impacted area recovers. Despite its importance, “unmet need” is ill-defined and often determined with unreliable data. Using FEMA personal property loss data as a proxy of unmet need, for example, underestimates the damage to rental housing, particularly in lower-income areas where there are lower values of personal property per household.

After Hurricane Harvey, grantees were charged with determining how CDBG-DR funds would be distributed, using a HUD methodology and FEMA Individual Assistance (IA) data to quantify the housing impact of the storm. After these funds were distributed to the regional Councils of Governments (COGs), an additional formula was used to distribute the funds locally. Outside the Houston metropolitan area, the COG used storm severity as its sole indicator of need but failed to utilize any data at all on the storm's impact. As a result, the lowest-income areas, including predominantly Black communities like Port Arthur and Northeast Houston, were provided fewer resources, compounding challenges already faced by these underinvested and segregated communities. In this way, damage assessments and funding awards based on property value steer funding to higher-income and white communities, increasing the racial wealth gap.<sup>xi</sup> After successive disasters in Houston between 1999 and 2013, for example, the Black-white wealth gap in the city increased on average by \$87,000 per person.<sup>xii</sup>

#### *Inadequate Data Capacity*

While HUD does require grantees to collect certain information on the recipients and beneficiaries of CDBG-DR funding, the type and specificity of the data collected prevent a detailed analysis of whether recovery programs are equitable. Grantees are required by HUD to collect aggregate information on housing-program applicants, such as data on applicants' gender, race, and ethnicity, but this information is not made publicly available. While grantees often collect additional information on age, disability, and primary language, HUD does not uniformly collect data beyond the minimum requirements, nor does HUD uniformly require that such data be collected, restricting the data's comprehensiveness and preventing equity analyses.

Researchers would gain a better understanding of equity in CDBG-DR spending if HUD collected more granular data. Address-level data would help researchers better understand spatial inequities within the CDBG-DR program, such as whether recovery dollars are more often spent in majority-white neighborhoods as opposed to majority-Black and brown neighborhoods.

### **Recovery and Mitigation Favor Higher-Income, White Communities**

#### *Inequitable Infrastructure*

Due to a combination of segregation, exclusionary zoning, and disinvestment in infrastructure for economically depressed communities and communities of color, 450,000 of the nation's affordable homes are located in flood-prone areas.<sup>xiii</sup> In general, federally assisted affordable housing continues to be located in such at-risk areas, forcing the lowest-income households into areas with the highest risk of disasters. Not only does this pattern needlessly place people in harm's way, but it ensures that more federal dollars are needed to repair and reconstruct homes and fund emergency services.

Federally assisted affordable housing is also more likely than market-rate housing to be located in areas with high natural hazard risks. A recent report by NLIHC and the Public and Affordable Housing Research Corporation (PAHRC) found that nearly one-third of federally assisted housing stock is located in areas with very high or relatively high risk of negative impacts from

natural hazards compared to one-quarter of all renter-occupied homes and 14% of owner occupied homes.<sup>xiv</sup> The households residing in these higher-risk units are made up predominantly of people of color, with the Public Housing program having the largest share of units (40%) in areas of very high or relatively high risk of natural hazards.

Affordable housing is frequently surrounded by underfunded infrastructure that exacerbates the impact of disasters. In Houston, 88% of the city's open-ditch sewage system lies in historically Black neighborhoods. During Hurricane Harvey, the open ditches overflowed, spreading sewage waste into streets and homes. Similar events occurred in North Carolina and Puerto Rico, where the lowest-income individuals often live in areas at high risk of environmental damage or flooding during disasters. State and local governments will often endeavor only to meet the minimum program requirements and direct funds for mitigation projects to higher-income communities when possible.

For example, in the Rio Grande Valley along the Texas-Mexico border, informal settlements called "Colonias" lack public services, including drainage and sanitation services. Following Hurricane Dolly in 2008, many Colonia residents lost their homes to flooding, and county officials had to send trucks to pump water out of the neighborhoods. During the recovery process, however, local and regional officials attempted to direct funding to large regional drainage projects that would ensure faster flood drainage in wealthier areas that already had up-to-date infrastructure rather than to the Colonias. (Ultimately, the diversion of funds was prevented.)

The Rio Grande Valley is not an isolated case of infrastructure inequality. New Orleans, Miami, and other cities have ignored the infrastructure needs of lower-income, non-white neighborhoods. This neglect disproportionately affects those who already have the hardest time recovering after a disaster. Repeated investment in white, affluent neighborhoods and underinvestment in low-income communities of color have a dire result: the creation of two distinct communities – one that will recover from the next season's storm and one that will not.

#### *Increased Displacement*

Black, Latino, and immigrant communities face increased disaster-caused displacement from the dual threats of disinvestment and private-investor real-estate speculation, the result of wealth disparities brought about by decades of public policy intended to distribute different resources and opportunities based on race. But recovery programs themselves can also actively contribute to displacement.

In Houston, redlining and city planning rooted in segregationist principles have increased flooding threats to communities of color by concentrating segregated neighborhoods in areas with outdated infrastructure unable to handle flooding events like Hurricane Harvey.<sup>xv</sup> In Miami, speculators have begun adjusting to rising seas and the increasing frequency of hurricanes,<sup>xvi</sup> much to the detriment of low-income communities of color.<sup>xvii</sup> For decades, development and wealth have been concentrated on the coast in Miami and surrounding areas, while Black communities were pushed inland by segregation and redlining. Now, the same communities face displacement as inland areas increase in value.

Recovery investments – and the lack thereof – can also drive displacement. Because federal disaster recovery efforts fail to address the barriers faced by low-income communities and communities of color, many survivors are not able to recover fully. When survivors are unable to rebuild their homes or find affordable rental housing, they may face displacement.

Moreover, recovery programs themselves may also contribute to displacement. In Puerto Rico, advocates have warned that CDBG-DR-funded recovery programs offer few flood-mitigation options, denying survivors the ability to rebuild resiliently in flood zones. Because a large portion of the island is now considered a flood zone, this policy flaw may lead to widespread displacement among the poorest communities on the island. In Southern Texas, aggressive floodplain management has meant that many Hurricane Harvey survivors are ineligible for funds needed to repair their homes. Residents are forced to decide whether to stay and save enough to rebuild and protect their homes from flooding or to leave for other areas.

#### *Barriers to Access*

##### Language Barriers

Language access to federal- or state-funded programs is required under civil rights laws.<sup>xviii</sup> While regulations and HUD allocation notices are provided only in English, the documents that create and implement disaster response and recovery programs must be published in all languages spoken by significant numbers of residents in impacted communities. Despite this requirement, CDBG-DR grantees have consistently failed to assess the primary languages of impacted communities and have failed to provide translations of critical materials. Applicant-intake offices often lack staff translators. Even when materials are translated, they sometimes provide inaccurate information, such as incorrect application deadlines.

Guidance released in 2016 makes it clear that federal language access requirements apply to disaster recovery activities.<sup>xix</sup> Practices have yet to adhere fully to these requirements, however. For example, in a particularly egregious recent episode, a Puerto Rico CDBG-DR program released housing policies aimed at homeowners in English, translating the policies into Spanish only after an outcry from advocates.

##### Discrimination against Individuals with Disabilities

Disaster survivors with disabilities need physical, program, and communication access, but such access is not consistently provided, leaving many survivors' long-term recovery needs overlooked. If a community has no accessible housing, people with disabilities must remain in shelters until accessible housing is available. Parents of children with disabilities who are unable to return to schools with disability resources are forced to care for their children instead of working. Full disaster recovery cannot occur until everyone, including those with disabilities, can access stable housing and return to work or school.

The effects of a natural disaster can be intensified by the specific characteristics of a disability, as well as by other sources of societal inequality and marginalization, such as those related to

race, class, gender, sexual identity, and legal status. Some disabilities are also temporary or fluctuate, especially in periods marked by the stress and connected health risks that accompany a disaster. Disability-disaster response requires understanding the many kinds of disabilities and their relationship to societal inequities.<sup>xx</sup>

#### Fair Housing Violations

Federal statutes, regulations, and HUD *Federal Register* notices require that activities and programs funded through the Community Development Act of 1964 operate in ways that “affirmatively further fair housing.” HUD CDBG-DR *Federal Register* notices have specifically required that the grantee “certifies that it will affirmatively further fair housing,” which means that it will conduct an analysis to identify impediments to fair housing choice within its state, take appropriate actions to overcome the effects of any impediments identified through that analysis, and maintain records reflecting the analysis and actions in this regard.<sup>xxi</sup>

HUD has under-enforced these laws for decades. This neglect is also demonstrated by HUD’s approval of CDBG-DR state action plans that have been blind to impacts on housing access, housing availability, and mobility, as well as racial, ethnic, and economic integration. The current top-down, non-participatory nature of CDBG-DR action plan development allows HUD and grantees to ignore fair housing considerations.

HUD often approves CDBG-DR action plans that include built-in violations of civil rights law. For example, HUD has approved plans that aid homeowners based upon discriminatory property values, underassess the number of renters affected by a disaster, or favor homeowners over renters. HUD has the authority to reject CDBG-DR action plans that do not provide for implementation of civil rights protections.<sup>xxii</sup> Yet HUD has failed to exercise such authority in the vast majority of cases, relying instead on certifications rather than the actual language and substance of the grantee draft plans.<sup>xxiii</sup>

We support HUD’s recent decision to reject the Action Plan submitted by the Texas Government Land Office (GLO) allocating mitigation funds received during the Hurricane Harvey recovery. Texas’s Action Plan relied on a grant competition process that resulted in funds being distributed in a discriminatory fashion, prompting several civil rights complaints from Texas housing advocates.<sup>xxiv</sup> Responding to these allegations, HUD rightfully paused the grant allocation process to allow the GLO to rectify the issue.<sup>xxv</sup> This is a welcome development by HUD, and we urge the agency to continue to use its authority in the future to reject discriminatory action plans.

Moreover, local and state governments involved in disaster recovery often have very little experience administering recovery programs fairly. Historically, HUD has provided little training on fair housing responsibilities or monitoring to ensure fair housing requirements are met, even though such requirements apply to recovery programs. As a result, advocates already overburdened with assisting disaster-stricken communities have been tasked with enforcing fair housing laws and holding HUD accountable. The largest-ever federal fair housing settlement came about through a complaint brought by Fair Share Housing Center of New Jersey, the New Jersey Latino Action Network, and the New Jersey State Conference of the NAACP. The

settlement created a more than half-billion-dollar program to rebuild or replace approximately 7,000 affordable rental homes impacted by Superstorm Sandy, which disproportionately impacted Black and Latino communities in New Jersey. Advocates operating in the wake of Hurricanes Katrina, Ike, and Dolly also achieved major fair housing victories. However, relying on local advocates to ensure compliance with federal protections rather than on clear rules enforced by HUD assumes that resources exist for prolonged legal battles. Even when they can be fought, such battles further delay the recovery process by entangling it in lengthy litigation.

### Negative Impact on the Housing Crisis

According to NLIHC's annual report *The Gap: A Shortage of Affordable Rental Homes*, those U.S. households with the lowest incomes face a shortage of 7 million affordable and available rental homes.<sup>xxvi</sup> In certain metropolitan areas, the supply of affordable, available rental housing can be as low as one home for every 10 extremely low-income renter households. When a disaster exacerbates the already severe shortage of affordable rental homes, the consequences can be devastating for the lowest-income survivors, putting them at risk of displacement, evictions, and, in the worst case, homelessness.

Rental prices often increase dramatically after a major disaster. This rise has been attributed to a combination of the rapid loss in available housing stock due to the disaster and a simultaneous increase in demand for rental housing for households seeking temporary shelter as their damaged or destroyed homes are replaced. For example, some ZIP codes in the Houston area saw rent increases of 50% after Hurricane Harvey. These rapid increases in rent can displace low-income households. The 2018 California wildfires destroyed a large amount of northern California's housing stock; 14% of Butte County California's housing supply was destroyed by the Camp Fire alone, for example. As a result, rents have increased rapidly in areas already experiencing an affordable housing crisis. Reports of rents doubling or tripling after an area wildfire resulted in emergency ordinances being passed limiting increases to just 10%.<sup>xxvii</sup>

The increased cost of rental housing is also sometimes attributed to price gouging by landlords seeking to take advantage of the immediate increase in demand. Local advocates report that landlords have evicted tenants without cause to make room for new tenants willing and able to pay much higher rents. Such practices lead to further destabilization and displacement.

Affordable and accessible homes are often the most vulnerable to disasters, but they are less likely to be rebuilt after a disaster strikes. When naturally occurring rental housing stock is damaged, the cost to repair and rehabilitate the property leads to higher rents. The slow pace and complications of federal disaster-recovery efforts often mean that federally assisted affordable housing is rebuilt many years after a disaster, if at all.

In the aftermath of disasters, the failure of communities to consider their ongoing obligations to construct accessible housing and public buildings in accordance with civil rights law leaves many people with disabilities more isolated than before.

## **Lack of Community Feedback and Participation**

### *Limited Opportunities for Public Input in State Action Plans*

CDBG-DR grantees often effectively limit the opportunities for impacted residents to contribute their local needs and knowledge to state action plans. Due to substantial bureaucratic delays, state officials are under enormous pressure to release action plans as quickly as possible, often making any public input process rushed and ineffective. Grantees have frequently failed to provide adequate notice of a draft action plan's publication, properly announce public meetings, and provide drafts or related documents in languages other than English. HUD has historically waived standard CDBG participation requirements, which include a public hearing and a 30-day comment period, and has allowed comment periods as short as one week. While grantees suggest these efforts are aimed at releasing funds more quickly, most delays in the disaster-allocation process occur well before an action plan's public comment period. Without public comment, the action plan becomes a tool for those with political or economic power.

Often, the action plans themselves include little information about how the CDBG-DR funds will be spent, with HUD allowing states to fill in spending details over time with regional Methods of Distribution and local program and project selections. Interested members of the public must follow a long process to keep track of the evolving plan, with only limited and sporadic opportunities for public comment.

### *Failure to Provide Survivors with the Choice to Rebuild or Relocate*

Decisions about the future use of land in flood plains or other at-risk areas, including decisions about the relocation of residents, have been made by CDBG-DR grantees without input from residents directly impacted by those decisions. As a result, policies have ranged from one extreme to another. In Puerto Rico, any home with substantial damage in the floodplain is currently not permitted to receive CDBG-DR assistance for rebuilding, potentially displacing tens of thousands of low-income residents. At the same time, private developers in Puerto Rico may be able to use federal Opportunity Zone tax breaks to build in the same flood zones that low-income survivors will be forced to leave, providing further evidence of the disaster-recovery system favoring higher-income people. Government officials have ignored calls by advocates for deed restrictions barring redevelopment on properties acquired through the island's relocation program and for mitigation to be an option before relocation.<sup>xxviii</sup>

Funding for buyouts has historically been based on property values, giving wealthier families a realistic opportunity to relocate but forcing low-income families to choose between flood risk and relocating with payments insufficient to obtain housing in safer areas. HUD has taken an important step by allowing buyout incentives to be paid for with federal funds, but the resulting programs are difficult to coordinate, making it likely that some neighborhoods will receive adequate funding to move while others receive only minimal funding insufficient to cover the costs of relocation.

### *Lack of Action Plan Transparency*

It is often difficult and sometimes impossible for the public and community groups to access the data on which a state's action plan was based. After Hurricane Katrina, advocates spent years trying to get clear answers to basic questions about funding and programs in low-income communities. In New Jersey, advocates had no choice but to file a lawsuit in order to access public records showing what data were used by the state as the basis of its disaster recovery plan. After Hurricane Maria, the Puerto Rico government withheld mortality data from public view.<sup>xxx</sup> Information on the number of repaired homes and applications being processed, as well as other important data, were difficult to access as recovery progressed. The lack of transparency prompted advocates to file Freedom of Information Act requests and urge the territory to make disaggregate data available to the public.<sup>xxx</sup> While the Puerto Rico government has since implemented an information dashboard accessible to the public, crucial information – such as the number of blue tarp roofs left on the island – remains difficult to access.<sup>xxxi</sup>

## **Reliance on Out-of-State Contractors rather than Local Workers**

### *Overreliance on Outsourcing Contracts*

Because of the extraordinary challenges faced by local governments during recovery operations, CDBG-DR grantees often rely on out-of-state contractors that specialize in certain aspects of recovery. There is often no connection between the contractor and the community recovering from a disaster and, as a result, there is little incentive for contractors to follow local practices and standards.

Time after time, contractors who were dismissed or even sued by prior CDBG-DR grantees have applied for and been awarded contracts for subsequent disaster events because the grantees could not find or did not trust local companies. In Puerto Rico, four companies have been awarded multimillion-dollar contracts to administer recovery programs, including one company with staff under investigation by the FBI for corruption and another that was previously fined for failing to meet recovery goals. At the same time, because Puerto Rico is using a reimbursement-based model, very few small, local construction companies have the resources they need to participate in recovery efforts.<sup>xxxi</sup>

### *Missed Opportunities for Local Job Creation*

Section 3 of the Housing and Urban Development Act of 1968 aims to direct federally funded employment, training opportunities, and contracts to low- and very low-income people, as well as local minority-controlled businesses.<sup>xxxi</sup> The effect of the provisions is very limited, however, because grantees, sub-grantees, and contractors are only required to use their “best efforts” to comply. Further, a grantee can exempt projects or contracts below a certain size or cost. Entities purportedly subject to Section 3 tend simply to submit an annual statement to HUD stating they have done their best with limited results. Because disaster recovery brings large amounts of funding into communities struggling with unexpected job losses, failing to enforce Section 3 or other local-hire requirements more stringently results in significant missed opportunities for local job creation.

### III. Solutions for Equitable Housing Recovery Available to HUD

#### Rebuilding Equitable Communities

##### *Dismantling Segregation and Reducing Inequity*

During disaster recovery, communities of color and other marginalized communities either return to a segregated “normal,” or residents are displaced to other areas, often destroying familial and social ties. It is critical for disaster-recovery planning to go hand-in-hand with fair housing compliance so that rebuilding efforts explicitly acknowledge and address the impact of racism, segregation, and inequality. As rebuilding and mitigation resources are directed towards historically disinvested communities, case-management services and housing counselors can also support displaced households that wish to relocate into neighborhoods of their choice, including neighborhoods that offer resources, good-paying jobs, higher-performing schools, and other benefits.

Local organizations serving marginalized communities must be involved in long-term recovery efforts to ensure that recovery programs recognize and address the needs of these communities. This involvement does not just pertain to the accessibility of programs but also to decisions on rebuilding and reconstruction. Construction of new housing should be sited in a manner that decreases segregation and protects against harm by future disasters. This should apply not only to rebuilding homes but also to infrastructure and community development efforts, allowing communities themselves to direct how best to fight inequality and segregation.

Given the widespread nature of segregation and inequality in the U.S., it is not enough to state the equitable intent of a disaster-recovery program. Explicit requirements for adherence to civil rights law must be included in both contractor regulations and agreements with states, local governments, and federal agencies. Making equity explicit strengthens the ability of protected classes to seek legal redress at times when recovery is less than equitable. Federal law should require compliance.

##### *Desegregating Infrastructure*

Federal, state, and local governments have underinvested in the infrastructure of marginalized communities for decades. State and local governments continue to divert infrastructure recovery resources away from poorer communities of color toward higher-income, white communities.<sup>xxxiv</sup> Infrastructure projects should be prioritized to improve and protect lower-income communities, communities of color, and people with disabilities, and to compensate for the lack of effective infrastructure. All communities should have at least the minimum amount of infrastructure needed to protect residents.

##### *Increasing Accessible Housing for People with Disabilities*

The housing recovery needs of individuals with disabilities are commonly ignored or overlooked. In the context of long-term recovery, this often means that homes are built or repaired without ensuring that the homes are accessible.<sup>xxxv</sup> If a community has little or no

accessible housing, people with disabilities must remain in shelters until accessible housing is available. Parents of children with disabilities who are unable to return to schools with disability resources are forced to care for their children instead of working. Homes created or substantially rebuilt through the long-term recovery process must be made accessible to individuals with disabilities in accordance with applicable disability rights law, ensuring the disaster recovery will include everyone.

## **Rebuilding Homes**

### *Equitable Approaches to Rebuilding Homes*

Because of the growing affordable housing crisis, America's lowest-income households are threatened with homelessness and displacement after a disaster when rental housing supply is lost. For this reason, long-term housing recovery programs should first prioritize the housing needs of people with the lowest incomes, including individuals who have been displaced or involuntarily institutionalized. Congress should provide special allocations of resources to funds and programs targeted to serve the lowest-income people, including the national Housing Trust Fund, Disaster Housing Assistance Program (DHAP) vouchers, and funds to repair damaged public housing stock to ensure a minimum affordability period of 30 years.

New affordable housing must meet the challenges of the next disaster. Housing rehabilitation, rebuilding, and new construction, as well as related infrastructure projects, must meet resilience and mitigation standards to withstand the increasing frequency and intensity of disasters due to climate change. Ensuring that housing can meet the challenges of future disasters also depends on where it is built. A significant amount of newly constructed housing should be located outside of areas susceptible to disaster damage and be made first available to households displaced by disasters.

Many federal agencies have disaster recovery programs. The complexity and overlapping nature of these programs can make it difficult to ensure continuity for disaster survivors navigating them. Under the current disaster housing recovery framework, a substantial lag typically exists between the conclusion of a FEMA disaster assistance program and the initiation of HUD's long-term recovery program.<sup>xxxvi</sup> Without access to temporary housing, many low-income disaster survivors are forced into homelessness. To prevent this from happening, disaster housing assistance must be provided to survivors for as long as needed, without gaps in service due to arbitrary deadlines.

Given the agency's expertise in addressing the housing needs of marginalized households, HUD, not FEMA, should operate all disaster housing recovery programs. FEMA has a poor track record of addressing the housing needs of low-income survivors and has demonstrated little interest in improving its programs. Consolidating disaster housing programs into HUD would also streamline efforts, simplify the process for survivors, and result in better outcomes. Disaster survivors are susceptible to trauma and a lapse of program assistance, even if for just a few days, can cause significant mental harm to members of households that have already been displaced by a disaster.<sup>xxxvii</sup> Should there exist separate short-term and long-term housing assistance programs

in the future, better coordination is required to ensure that disaster survivors transitioning from one program to another do not experience a housing disruption in the process.

## **Ensuring Data Transparency**

### *Increasing Data Collection*

HUD currently requires CDBG-DR grantees to collect basic equity information on program recipients and beneficiaries, but this information is not made publicly available. HUD must expand its aggregate data collection to include information such as disability and age and release these data on a quarterly basis. By uniformly collecting more detailed demographic data on applicants, including information about disability, age, race and ethnicity, and other identifiers, a broader equity analysis can be conducted.

In addition to aggregate data, granular address-level data must be collected. These data will help researchers better understand where funds are being spent at the neighborhood level and will thereby sharpen equity analysis. HUD must begin to collect such granular data from CDBG-DR grantees.

As stated earlier, and recently addressed by the GAO, HUD currently lacks the capacity to collect the granular data needed to analyze equity in CDBG-DR-funded programs.<sup>xxxviii</sup> As such, any attempt to increase the level of data collection must be accompanied by resources to increase capacity at the agency. As explained below, the “Reforming Disaster Recovery Act” would help increase the agency’s capacity to accomplish this task, allowing HUD to require grantees to record more information about recipients and beneficiaries of CDBG-DR funds.

HUD currently releases generalized CDBG-DR data incrementally. In the future, when the agency increases its capacity to collect and aggregate additional data, HUD should issue anonymized data on a quarterly basis to identify potential equity issues with recovery spending and allow time for grantees to change course and improve programs.

### *Improving Access to Granular Data for Academic Institutions*

HUD has significant experience in facilitating data sharing processes with academic and research institutions for its other housing programs, but no such system exists for disaster-recovery data. To produce meaningful analysis, identify best practices, and ensure greater equity in disaster recovery, HUD should create a standard process for sharing granular, personally identifiable disaster-recovery data with researchers. HUD should utilize its experience in the area to ensure that personally identifiable disaster recovery data can be safely shared with academic and research institutions, ensuring that independent analysis of disaster recovery programs can be conducted and that research within the overall field can continue. Without a clear process to share personally identifiable data with third-party researchers and without the capacity to handle such data on its own, HUD will continue to face problems tracking equity within CDBG-DR programs.

#### IV. Government Accountability Office (GAO) Recommendations

In its November 2021 report, “Disaster Recovery: Better Data Are Needed to Ensure HUD Block Grant Funds Reach Vulnerable Populations (GAO-22-104452),” the Government Accountability Office (GAO) makes several recommendations aimed at improving the CDBG-DR program. These recommendations are well-aligned with those made by NLIHC and the DHRC.

NLIHC agrees with the GAO’s recommendations related to increasing data transparency and equity. To better assess whether CDBG-DR funds are effectively reaching survivors with the greatest needs, the GAO states that “HUD and grantees must collect, analyze, and make public additional demographic data.” In particular, the GAO recommends that HUD and grantees collect and make public information about both the beneficiaries of disaster recovery funds and those who apply for assistance.

In particular, the GAO recommends collecting data on the race, ethnicity, disability status, language preference, and other characteristics of program applicants and beneficiaries. In doing so, the federal government can “disaggregate data according to demographic or other relevant characteristics,” which “can aid in highlighting significant variation, which can help pinpoint problems and identify solutions.” Citing NLIHC, the GAO notes that “data transparency is critical to helping public and private entities better identify gaps in disaster recovery services” and observes that “in the past, a systemic lack of data transparency has made it more difficult to target and distribute aid to those most in need.” Data transparency and an increased focus on equity must be central to any efforts to reform the CDBG-DR program.

NLIHC disagrees with HUD’s position that implementing the GAO’s recommendation related to data transparency and equity requires that the department first consider conducting a pilot program to “assess the value.” In Executive Order 13985: [Advancing Racial Equity and Support for Underserved Communities Through the Federal Government](#), President Biden directs all federal agencies to “access whether, and to what extent, [their] programs and policies perpetuate systemic barriers to opportunities and benefits for people of color and other underserved groups.” In issuing the order, the president expressly recognizes the centrality of data collection, noting that many federal datasets are not disaggregated by race and other key demographic variables. According to the president, “this lack of data has cascading effects and impedes efforts to measure and advance equity” and “[a] first step to promoting equity in Government action is to gather the data necessary to inform that effort.” NLIHC agrees and urges HUD to implement the GAO’s recommendation quickly.

The GAO identifies barriers that often prevent the lowest-income and most marginalized survivors from achieving a complete and equitable recovery – barriers identified by NLIHC and the DHRC in this testimony and in recent publications. The GAO notes that using FEMA Individual Assistance data to determine unmet needs underestimates the needs of low-income communities and communities of color, as discussed in the testimony above. The report also argues that disability status, language barriers, and the lack of access to internet services can prevent survivors from receiving CDBG-DR resources. Burdensome documentation requirements and confusing applications also serve as barriers for survivors. It is critical that

Congress and HUD use every opportunity to eliminate these barriers and ensure that survivors with the greatest needs can access the resources needed to recover fully.

Like NLIHC, the GAO recommends that Congress permanently authorize the CDBG-DR program. According to the GAO, permanent authorization would “provide a more consistent framework for administering funds. Among other things, such a statute and associated regulations could clearly define requirements for grantees to serve vulnerable populations with program funds.”

As outlined below, the Reforming Disaster Recovery Act directly addresses the recommendations made by the GAO.

## **V. The Reforming Disaster Recovery Act**

NLIHC and its DHRC support the Reforming Disaster Recovery Act, introduced by Chairman Al Green (D-TX) and Senators Brian Schatz (D-HI), Susan Collins (R-ME), Todd Young (R-IN), Patrick Leahy (D-VT), and Bill Cassidy, M.D. (R-LA).

If enacted, the bill would permanently authorize the CDBG-DR program, which provides states, tribes, and communities with flexible, long-term recovery resources needed to rebuild affordable housing and infrastructure after a disaster. The bill would also provide important safeguards and tools to help ensure that federal disaster recovery efforts reach all impacted households, including the lowest-income and most marginalized survivors, who are often hardest-hit by disasters and have the fewest resources to support recovery.

Permanent authorization of the CDBG-DR program is supported by HUD leadership,<sup>xxxix</sup> HUD’s Office of Inspector General (OIG),<sup>xl</sup> and the Government Accountability Office (GAO),<sup>xli</sup> among others.

### **Quickly Targeting Resources to Those with the Greatest Needs**

CDBG-DR is one of the only recovery tools available to the lowest-income disaster survivors, but after past disasters CDBG-DR resources have often been diverted from those whom the program was designed to serve – the people and communities with the greatest needs. The Reforming Disaster Recovery Act would help ensure that disaster recovery funds reach the most vulnerable survivors.

The Reforming Disaster Recovery Act would:

- Create a standing disaster recovery fund that can quickly disperse initial recovery funding to disaster-stricken areas without waiting for congressional approval;
- Develop a formula to more quickly allocate and target assistance to the most impacted and distressed areas resulting from a catastrophic major disaster;
- Require that the use of federal recovery funds is balanced between rebuilding infrastructure and housing;
- Ensure that housing funds are divided proportionally between homeowners and renters unless HUD determines that there is a compelling need;

- Require states to prioritize activities that help extremely low-, low-, and moderate-income survivors recover, address pre- and post-disaster housing needs, and prepare for future disasters; and
- Maintain the current requirement that 70% of federal recovery funds benefit low- and moderate-income people and provide clearer direction to HUD on when it can adjust this requirement.

### **Prioritizing Data Transparency and Oversight**

After past disasters, the lack of federal data transparency has hampered efforts to effectively target and distribute aid to those most in need. The Reforming Disaster Recovery Act would allow all federal agencies involved to access the full breadth of data needed to make informed public policy decisions, allow greater public participation in disaster recovery efforts, and help public and private entities better recognize gaps in services and identify reforms needed for future disaster recovery efforts.

The Reforming Disaster Recovery Act would:

- Require federal agencies to share all data to help coordinate disaster recovery;
- Require HUD to make available a public-facing dashboard summarizing project data;
- Ensure that state action plans include at least 14 days for public comment and require states to engage with residents of the most impacted and distressed areas; and
- Require states to include detailed plans outlining how they will use CDBG-DR funds to serve low- and moderate-income households and how these dollars will address relief, resiliency, long-term recovery, and restoration of housing and infrastructure in the most impacted and distressed areas.

### **Protecting Civil Rights and Fair Housing**

The Reforming Disaster Recovery Act would help protect fundamental civil rights and fair housing rights and ensure that all communities and community members – regardless of race, disability, sex, age, color, religion, familial status, national origin, and other protected classes – receive full access to disaster recovery resources, free from discrimination.

The Reforming Disaster Recovery Act would:

- Require state and local governments to certify that funds will be administered in compliance with fair housing and civil rights laws;
- Require HUD to release information regarding disaster-recovery efforts, disaggregated by race, geography, and all protected classes of individuals under federal civil rights and nondiscrimination laws, as well as existing disaster assistance laws; and
- Authorize the release of data to academic institutions to conduct research on the equitable distribution of recovery funds, adherence to civil rights protections, and other disaster recovery-related topics.

## Encouraging Mitigation and Resiliency

With disasters increasing in frequency and intensity, at-risk communities must better prepare housing and infrastructure to withstand future disasters. By promoting mitigation and resiliency, the Reforming Disaster Recovery Act would help ensure that communities are better able to maintain vital services during and directly after a disaster and thereby recover more efficiently.

The Reforming Disaster Recovery Act would:

- Establish an Office of Disaster Recovery and Resilient Communities at HUD to coordinate with other federal agencies, develop and share best practices, and provide training to state and local agencies on disaster recovery;
- Create specific minimum construction standards for areas designated as Hazard-Prone by HUD and FEMA;
- Provide grantees with additional resources for mitigation; and
- Encourage states to better align federal recovery funding with existing state and local infrastructure investments.

## VI. Conclusion

Our country must develop a new disaster housing recovery system that centers the housing needs of the lowest-income and most marginalized survivors, including people of color, people with disabilities, and others. Congress must address our nation's pervasive structural and racial inequities and reform federal disaster rebuilding and mitigation efforts to be inclusive and intersectional. We must reform existing programs by centering racial equity and equity for all historically marginalized people to ensure that affordable housing investments and federal disaster recovery resources reach all impacted households. The Reforming Disaster Recovery Act would allow for important progress towards these goals and should be advanced and quickly enacted by Congress.

Thank you again for the opportunity to testify today. I look forward to your questions.

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United States Government Accountability Office

Report to Congressional Requesters

November 2021

## DISASTER RECOVERY

Better Data Are  
Needed to Ensure  
HUD Block Grant  
Funds Reach  
Vulnerable  
Populations



A Century of Non-Partisan Fact-Based Work

GAO-22-104452

## GAO@100 Highlights

Highlights of [GAO-22-104452](#), a report to congressional requesters

### Why GAO Did This Study

Large-scale disasters, such as the 2017 hurricanes, have resulted in catastrophic damage and particularly have challenged vulnerable populations. Since 1993, Congress has provided over \$90 billion in supplemental appropriations through HUD's CDBG-DR funds to help affected areas recover.

GAO was asked to evaluate the delivery of CDBG-DR assistance to vulnerable populations. This report examines (1) HUD's approach to assisting vulnerable populations, (2) grantees' actions to assist vulnerable populations, and (3) challenges grantees and vulnerable populations face in implementing and using CDBG-DR.

GAO reviewed documentation from HUD and a nongeneralizable sample of six grantees (the four largest 2017 CDBG-DR grantees—Florida, Puerto Rico, Texas, and the U.S. Virgin Islands—and Louisiana and New Jersey, which are further along in implementation). GAO also interviewed HUD officials, grantees, and organizations representing vulnerable populations.

### What GAO Recommends

GAO recommends that HUD collect, analyze, and publish demographic data from CDBG-DR grantees on vulnerable populations who apply for and receive assistance. HUD did not agree or disagree with the recommendation but identified potential ways to collect data to assess how vulnerable populations are being served and the associated challenges. GAO continues to believe the recommendation would assist in assessing outcomes.

View [GAO-22-104452](#). For more information, contact John H. Pendleton at (202) 512-8678 or [pendletonj@gao.gov](mailto:pendletonj@gao.gov).

November 2021

## DISASTER RECOVERY

### Better Data Are Needed to Ensure HUD Block Grant Funds Reach Vulnerable Populations

### What GAO Found

Recent *Federal Register* notices for the Department of Housing and Urban Development's (HUD) Community Development Block Grant Disaster Recovery (CDBG-DR) funds direct grantees to demonstrate how their programs will promote housing for vulnerable populations. Grantees generally have been required to spend 70 percent of their funds on low- and moderate-income people. Draft action plans that grantees submit to HUD are to describe how grant funds will be used and the populations to be served, including vulnerable populations such as racial minorities, the elderly, or persons with disabilities. HUD provides tools, such as strategies for reaching people with limited English proficiency, to help grantees serve these populations. When reviewing grantees' draft plans, HUD officials told GAO they typically require revisions to clarify the populations defined as vulnerable, how funds will be used to help them, and how grantees will reach out to traditionally underserved populations. HUD officials also noted that vulnerable populations can be difficult to define because they vary locally and regionally based on factors such as geography, housing stock, and policy, but described steps they plan to take to develop and include a definition in upcoming *Federal Register* notices.

CDBG-DR grantees told GAO they assist low- and moderate-income people who are members of vulnerable populations; however, HUD does not collect and analyze key demographic data needed to fully assess the extent. HUD requires grantees to report selected data (race and ethnicity and the gender of single-headed households) for those served by activities that directly benefit households or individuals (such as housing). However, HUD only requires grantees to report these data on individuals actually served, not on all those who apply. The six grantees GAO reviewed gather additional demographic information on both applicants and those served, including age, disability status, and primary language. A 2021 Executive Order cited the need for better data collection and transparency on assistance to vulnerable populations, noting that a lack of data impedes efforts to measure and advance equity. By collecting, analyzing, and publicly reporting these additional demographic data, HUD and grantees could better assess whether they are effectively reaching the populations CDBG-DR activities are intended to serve.

According to grantees and organizations GAO interviewed, and studies GAO reviewed, vulnerable populations may experience several challenges accessing CDBG-DR assistance. These include language barriers, such as the need for translation services for those with limited English proficiency; limited access to transportation, especially for individuals without physical access to assistance intake centers or with mobility impairments; and program requirements, such as those that involve extensive documentation. Some grantees have addressed these challenges by acquiring translation services and developing outreach plans to reach vulnerable populations.

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#### Abbreviations

ACS	American Community Survey
CDBG-DR	Community Development Block Grant Disaster Recovery
CDBG-MIT	Community Development Block Grant Mitigation
COVID-19	Coronavirus Disease 2019
DRGR	Disaster Recovery Grant Reporting
FEMA	Federal Emergency Management Agency
FHEO	Office of Fair Housing and Equal Opportunity
HUD	Department of Housing and Urban Development
OMB	Office of Management and Budget

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441 G St. N.W.  
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U.S. GOVERNMENT ACCOUNTABILITY OFFICE  
*A Century of Non-Partisan Fact-Based Work*

November 10, 2021

The Honorable Maxine Waters  
Chairwoman  
Committee on Financial Services  
House of Representatives

The Honorable Al Green  
Chairman  
Subcommittee on Oversight and Investigations  
Committee on Financial Services  
House of Representatives

Large-scale disasters—such as Hurricanes Harvey, Irma, and Maria in 2017 and Hurricane Sandy in 2012—have caused catastrophic damage to homes, businesses, and communities.<sup>1</sup> Since 1993, Congress has provided over \$90 billion in Community Development Block Grant Disaster Recovery (CDBG-DR) funds to help affected areas recover. Communities may use their CDBG-DR grants to address unmet recovery needs—losses not met with insurance or other forms of federal assistance. The Department of Housing and Urban Development (HUD) administers CDBG-DR.

Vulnerable populations can face particular challenges in recovering from a disaster. HUD regulations and guidance for CDBG-DR generally do not define vulnerable populations, and definitions may vary.<sup>2</sup> For the purposes of this report, we focus on low- and moderate-income persons (statutorily defined for the CDBG-DR program) and other potentially

<sup>1</sup>For purposes of this report, we refer to Hurricanes Harvey, Irma, and Maria as the 2017 hurricanes.

<sup>2</sup>Although there can be some overlap, vulnerable populations can be distinguished from protected classes, which are specifically defined in statute and afforded protections against discrimination. The Fair Housing Act's protected classes are race, color, national origin, religion, sex (including sexual orientation and gender identity), familial status, and disability. HUD's *Federal Register* notices for CDBG-DR include prohibitions against discrimination.

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vulnerable populations such as, but not limited to, the elderly, people with disabilities, racial minorities, and LGBTQ individuals.<sup>3</sup>

You asked us to evaluate the delivery of CDBG-DR assistance to vulnerable populations. Specifically, this report examines (1) HUD's approach to assisting vulnerable populations, (2) grantees' actions to assist vulnerable populations, and (3) challenges grantees and vulnerable populations face in implementing and using CDBG-DR.

To identify HUD's approach to assisting vulnerable populations, we reviewed relevant laws and HUD regulations, policies, and procedures that govern CDBG-DR grants.

To determine the actions grantees have taken to assist vulnerable populations, we reviewed the action plans of a sample of six grantees for information on activities that assist vulnerable populations. We selected four of these grantees because they were the largest 2017 CDBG-DR grantees (Florida, Puerto Rico, Texas, and the U.S. Virgin Islands) and two because they were further along in implementation of their grant programs (Louisiana and New Jersey). Their views are not generalizable to other grantees but offer important perspectives.

We also reviewed reports in the Disaster Recovery Grant Reporting (DRGR) system (HUD's database for accessing grant funds and reporting performance) to determine the extent to which demographics such as race and ethnicity are reported. We also reviewed demographic information our sample of six grantees collect on CDBG-DR program applicants. We compared the data that HUD collects against leading practices on successful data-driven performance reviews and federal internal control standards for information and communication.<sup>4</sup>

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<sup>3</sup>Low- and moderate-income persons are those with up to 80 percent of the area median income. 42 U.S.C. § 5302(a)(20)(A). We recognize that people may identify with more than one of these populations. Other terms also are used to describe LGBTQ and related identities, including "LGBTQIA," which stands for lesbian, gay, bisexual, transgender, queer, intersex, and asexual. However, for purposes of this report, we use the umbrella term "LGBTQ" as that is how HUD commonly refers to these populations.

<sup>4</sup>GAO, *Managing for Results: Data-Driven Performance Reviews Show Promise But Agencies Should Explore How to Involve Other Relevant Agencies*, GAO-13-228 (Washington, D.C.: Feb. 27, 2013); and *Standards for Internal Control in the Federal Government*, GAO-14-704G (Washington, D.C.: Sept. 10, 2014).

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To describe the challenges grantees and vulnerable populations face, we reviewed reports and studies on disaster recovery and vulnerable populations published by selected organizations representing vulnerable populations.

To address all of our objectives, we interviewed officials at HUD and our sample of six grantees.<sup>5</sup> We also interviewed representatives at nine organizations that represent vulnerable populations—four national organizations (National Center for Disaster Preparedness, National Low Income Housing Coalition, Enterprise Community Partners, and SBP—previously called St. Bernard Project) and five organizations in areas served by grantees we interviewed (Ayuda Legal, Florida Housing Coalition, Louisiana Fair Housing Action Center, New Jersey Fair Share Housing Center, and Texas Appleseed). Appendix I describes our objectives, scope, and methodology in greater detail. Appendix II presents demographic data from the U.S. Census Bureau on the disaster areas in our scope.<sup>6</sup>

We conducted this performance audit from July 2020 to November 2021 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 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.

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## Background

CDBG-DR funds are among numerous disaster recovery efforts that begin after a President declares a federal disaster.<sup>7</sup> Administered by the Office of Community Planning and Development within HUD, CDBG-DR funds provide significant, flexible federal recovery funding for states and

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<sup>5</sup>We also interviewed officials from Harris County, Texas, which received an allocation from the state to directly administer its own CDBG-DR activities.

<sup>6</sup>We assessed the reliability of the Census data we used by reviewing relevant documentation and electronically testing the data. We determined the data were sufficiently reliable for describing the characteristics of vulnerable populations in selected areas.

<sup>7</sup>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 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. Such a declaration is the mechanism by which the federal government becomes involved in funding and coordinating response and recovery activities.

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	localities affected by disasters and generally support long-term recovery. CDBG-DR funds may be used for unmet needs related to housing, economic revitalization, and infrastructure. HUD may direct grantees to primarily consider and address unmet housing recovery needs, as the agency did for the 2017 grantees.
History of CDBG-DR	<p>The purpose of the traditional CDBG program is 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. Because it provides 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.</p> <p>When disasters occur, Congress often has appropriated additional CDBG funding (CDBG-DR) through supplemental appropriations, giving HUD the authority to waive or modify many of the statutory and regulatory provisions governing the CDBG program and providing states with greater flexibility and discretion to address recovery needs.<sup>8</sup> Once Congress has appropriated CDBG-DR funds, HUD publishes notices in the <i>Federal Register</i> to allocate the funding appropriated to affected communities based on unmet need, and to outline the grant process and requirements for the grantees' use of the funds.</p> <p>In response to the 2017 hurricanes, HUD awarded approximately \$19.9 billion in funds to Puerto Rico, \$9.8 billion to Texas, \$1.9 billion to the U.S. Virgin Islands, and \$1.3 billion to Florida.<sup>9</sup> It awarded \$1.7 billion to Louisiana in response to the 2016 floods and \$4.2 billion to New Jersey after Hurricane Sandy.</p>
Grantee Requirements and Vulnerable Populations	<p>Examples of grantee requirements in <i>Federal Register</i> notices include the following:</p> <ul style="list-style-type: none"><li>• Seventy percent of CDBG-DR funds must benefit low- and moderate-income persons.</li></ul> <hr/> <p><sup>8</sup>HUD may not waive requirements related to fair housing, nondiscrimination, labor standards, and the environment.</p> <p><sup>9</sup>These figures include CDBG funding for unmet needs (CDBG-DR) and funding for mitigation (CDBG-MIT). CDBG-MIT funding supports disaster recovery through activities to mitigate risks and lessen the effect of future disasters.</p>

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- Grantees must submit action plans to HUD for disaster recovery, including an assessment of unmet needs and a description of activities intended to meet those needs.<sup>10</sup>
  - Grantees may use CDBG-DR funds only for activities in a HUD-approved action plan, which include activities such as relocation payments to displaced residents, acquisition of damaged properties, and rehabilitation of damaged homes.<sup>11</sup>

Unmet needs assessments help grantees identify needs specific to vulnerable populations. There are a number of tools grantees may use to determine populations' vulnerabilities. One example is census data, which, according to HUD officials, can form a baseline for identifying the size and concentration of vulnerable populations. They noted that collection, organization, and analysis of these data can be tailored to reflect the grantees' individual definitions of vulnerable populations. For census data on the demographic and housing characteristics of selected grantees, see appendix II.

In addition, the Federal Emergency Management Agency (FEMA), which plays a lead role in federal disaster response, created a National Risk Index. This online tool helps illustrate the communities most at risk of natural hazards. When determining risk, the tool considers social vulnerability—a risk component that measures the susceptibility of social groups to the adverse effects of natural hazards. In addition, the University of South Carolina Hazards and Vulnerability Research Institute's Social Vulnerability Index examines the differences in vulnerability among counties and considers socioeconomic variables that

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<sup>10</sup>Among other things, each grantee must include a description of how it will identify and address the rehabilitation, reconstruction, replacement, and new construction of housing and shelters in the areas affected by the disaster. This includes any rental housing that is affordable to low- or moderate-income households, public housing, emergency shelters and housing for homeless people, private market units receiving project-based assistance or with tenants that participate in the Housing Choice Voucher Program, and any other housing that is assisted under a HUD program.

<sup>11</sup>For more information on the steps taken before entering into a grant agreement, see GAO, *Disaster Recovery: Better Monitoring of Block Grant Funds Is Needed*, [GAO-19-232](#) (Washington, D.C.: Mar. 25, 2019).

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contribute to reduction in a community's ability to prepare for, respond to, and recover from hazards.<sup>12</sup>

Research studies and our prior work have demonstrated the intersection between low- and moderate-income populations and other vulnerable populations. For example, a September 2020 Census report found that despite declines in poverty rates in 2019, Black and Hispanic Americans continue to be over-represented in the population in poverty relative to their representation in the overall population.<sup>13</sup> The share of Black Americans in poverty was 1.8 times greater than their share among the general population and the share of Hispanic Americans in poverty was 1.5 times greater. These poverty rates were especially pronounced among children and people ages 65 and older. Similarly, in a February 2018 report, we found that Census information showed higher percentages of minorities that were also low-income in certain geographic areas.<sup>14</sup>

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#### Prior Work on CDBG-DR

We conducted reviews recently on the administration of CDBG-DR and made a number of recommendations for improvement. In our March 2019 report, we found that improvements were needed in the monitoring of CDBG-DR funds.<sup>15</sup> We made five recommendations to HUD intended to help it improve CDBG-DR program management by better assessing grantees' processes and capacity, implementing a comprehensive monitoring plan, and developing a workforce plan. HUD implemented four recommendations and has not yet fully implemented the remaining one to provide its staff with additional guidance on reviewing grantees' capacity

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<sup>12</sup>According to HUD officials, one limitation of the Social Vulnerability Index is that it aggregates legally protected characteristics with other forms of vulnerability. Thus, areas with protected populations may be afforded the same priority as areas with vulnerable groups that are not protected under fair housing and civil rights laws.

<sup>13</sup>Census Bureau, *Inequalities Persist Despite Decline in Poverty For All Major Race and Hispanic Origin Groups* (Washington, D.C.: Sept. 14, 2020).

<sup>14</sup>GAO, *Community Reinvestment Act: Options for Treasury to Consider to Encourage Services and Small-Dollar Loans When Reviewing Framework*, [GAO-18-244](#) (Washington, D.C.: Feb. 14, 2018). In addition, we plan to issue a report in late fall 2021 addressing the extent to which the six largest federal recovery programs (including CDBG-DR) have taken action to identify and address potential barriers to accessing the programs and disparate outcomes among individuals and communities who have experienced a disaster.

<sup>15</sup>[GAO-19-232](#).

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and unmet needs assessments.<sup>16</sup> In addition, in May 2021, we found that CDBG-DR was vulnerable to numerous fraud risks.<sup>17</sup> Our recommendations included that HUD comprehensively assess these fraud risks (and identify inherent fraud risks affecting CDBG-DR) and examine the suitability of existing fraud controls.<sup>18</sup>

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**CDBG-DR Is  
Intended to Assist  
Low- and Moderate-  
Income Persons and  
Increasingly Has  
Focused on Serving  
Vulnerable  
Populations**

HUD requires CDBG-DR grantees to assist vulnerable populations by providing the majority of funds to low- and moderate-income persons and serving those with unmet needs. Recent *Federal Register* notices for CDBG-DR funds direct grantees to demonstrate how their programs will promote housing for vulnerable populations.<sup>19</sup>

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<sup>16</sup>HUD partially agreed with this recommendation and, in February 2021, 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. We continue to monitor steps taken to address this recommendation.

<sup>17</sup>GAO, *Disaster Recovery: HUD Should Take Additional Action to Assess Community Development Block Grant Fraud Risks*, [GAO-21-177](#) (Washington, D.C.: May 5, 2021).

<sup>18</sup>HUD neither agreed nor disagreed with 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 because of the Coronavirus Disease 2019 (COVID-19) pandemic and contracting issues. We continue to monitor steps taken to address this recommendation.

<sup>19</sup>For this report, we focused on the initial *Federal Register* notices that govern the CDBG-DR funding allocated to the six grantees in our sample. These notices are 78 Fed. Reg. 14329 (Mar. 5, 2013), which allocated funding to New Jersey after Hurricane Sandy; 81 Fed. Reg. 83254 (Nov. 21, 2016), which allocated funding to Louisiana after the 2016 floods; and 83 Fed. Reg. 5844 (Feb. 9, 2018), which allocated funding to Florida, Puerto Rico, Texas, and the U.S. Virgin Islands after the 2017 hurricanes.

<p>HUD Requires CDBG-DR Grantees to Primarily Assist Low- and Moderate-Income Persons and Serve Others with Unmet Needs</p>	<p>CDBG-DR funds are to be used to assist low- and moderate-income persons and those with unmet needs.</p>
<p>Low- and Moderate-Income Requirement</p>	<p>CDBG-DR <i>Federal Register</i> notices state the primary objective of the Housing and Community Development Act of 1974, the authority for CDBG, is to develop viable urban communities by providing decent housing and a suitable living environment and expanding economic opportunities, principally for low- and moderate-income persons.<sup>20</sup> Accordingly, in both the February 2018 <i>Federal Register</i> notice for the 2017 grantees and the November 2016 <i>Federal Register</i> notice for Louisiana, HUD required grantees to spend at least 70 percent of their aggregate CDBG-DR funds to support activities benefitting low- and moderate-income persons. The 70 percent requirement remains in effect unless HUD waives it.<sup>21</sup></p> <p>In the March 2013 <i>Federal Register</i> notice for Hurricane Sandy grantees and consistent with practices in earlier notices, HUD waived the requirement for grantees to spend 70 percent of funds on low- and moderate-income populations, decreasing the amount to 50 percent.<sup>22</sup> HUD noted the 70 percent target could be difficult and perhaps even impossible to reach for many grantees affected by Hurricane Sandy and might prevent grantees from assisting damaged areas of need. The 2013</p>

<sup>20</sup>42 U.S.C. § 5301(c). Under the traditional CDBG program, grantees must use at least 70 percent of their funds for activities that principally benefit low- and moderate-income persons over a period of 1, 2, or 3 years, as specified by the grantee. 42 U.S.C. § 5304(b)(3).

<sup>21</sup>A CDBG-DR grantee may request that HUD waive the 70 percent requirement, but it must submit a justification that (1) identifies the planned activities that meet the needs of its low- and moderate-income population; (2) describes the proposed activities that will be affected by the alternative requirement, including their proposed locations and roles in the grantee's long-term disaster recovery plan; (3) describes how the activities identified prevent the grantee from meeting the 70 percent requirement; and (4) demonstrates that low- and moderate-income persons' disaster-related needs have been met sufficiently and that the needs of non-low and moderate-income persons or areas are disproportionately greater, and that the jurisdiction lacks other resources to serve them.

<sup>22</sup>In consecutive notices for disasters that occurred from 2001 through 2016, HUD waived the requirement that 70 percent of CDBG funds received by the state over a 1- to 3-year period be for activities that benefit low- and moderate-income persons.

notice emphasized that the disaster affected entire communities, regardless of income.

Although grantees did not express major concerns with meeting the low- and moderate-income requirement, there could be location-specific issues. For example, in response to the 2017 hurricanes, grantee officials in Puerto Rico explained that because the island is almost completely a low- and moderate-income designated area, there are challenges to equitably serving the entire population.

Also, citing recovery after Hurricane Sandy, HUD officials and a research study noted that some disaster-affected areas may not have a large low- and moderate-income population.<sup>23</sup> The study noted that although grantees can design direct benefit recovery programs (those that benefit particular households or persons such as relocation payments or homeownership assistance) to specifically target low- and moderate-income persons, activities using the area benefit (such as infrastructure) are more constrained by the underlying demographics of the affected areas.<sup>24</sup> Some affected areas may have large low- and moderate-income populations and some may not.

#### Unmet Needs Requirement

*Federal Register* notices also require grantees to conduct an unmet needs assessment, which can help them identify any needs specific to vulnerable populations. Grantees develop needs assessments to understand the type and location of community needs, and to target limited resources to those areas with the greatest need. These assessments include profiles of the most impacted and distressed areas, including socioeconomic and demographic data (such as race, age, income, education, and disability status) from Census and social vulnerability indexes.<sup>25</sup> Grantees use this information to design programs

<sup>23</sup>Simon McDonnell, et al., "Potential Challenges to Targeting Low and Moderate Income Communities in a Time of Urgent Need: The Case of CDBG-DR in New York State after Superstorm Sandy," *Housing Policy Debate*, vol. 28, no. 3 (2018).

<sup>24</sup>Area benefit activities are generally those that provide benefit to all persons in a geographically defined area. Grantees must define the geographic area that will benefit by using census data or by using survey data to determine characteristics of the service area in accordance with CDBG guidelines.

<sup>25</sup>Pursuant to appropriations acts, HUD is not obligated to allocate funds for all major disasters declared in a given year. Instead, HUD is directed to use the funds in the "most impacted and distressed areas." HUD implements this directive by allocating funding to areas where (1) FEMA determined the damage was sufficient to declare the disaster as eligible to receive Individual and Households Program funding and (2) concentrated damage exists in counties and ZIP codes with serious unmet housing needs.

	that respond to identified long-term recovery needs. One grantee told us using a social vulnerability index helped it assist the disaster area's most vulnerable populations, and another grantee used the index to allocate funding among the different disaster regions.
<b>HUD's Notices Increasingly Have Focused on Serving Vulnerable Populations</b>	<p>HUD's <i>Federal Register</i> notices on CDBG-DR—which require grantees to submit action plans describing how they plan to use grant funds and the populations to be served—increasingly have directed grantees to focus on serving vulnerable populations. In its more recent CDBG-DR notices—for the 2016 Louisiana floods and the 2017 disasters—HUD maintained the requirement to spend 70 percent of funds on low- and moderate-income persons. HUD also directed grantees to demonstrate how their programs would promote housing for vulnerable populations, although vulnerable populations are not specifically defined. For example, HUD required that grantees describe their plans to address transitional housing, supportive housing, homelessness, and those at risk of homelessness.<sup>26</sup> In contrast, the 2013 Sandy notice did not specifically mention vulnerable populations. Instead, it required grantees to describe how they would encourage the provision of disaster-resistant housing for all income groups.</p> <p>Recent <i>Federal Register</i> notices on funds for mitigation and enhanced and improved electrical power systems also have cited vulnerable populations. The 2019 <i>Federal Register</i> notice for Community Development Block Grant Mitigation (CDBG-MIT) funds, which support activities to mitigate risks of future disasters, states that CDBG-DR and CDBG-MIT grants have a statutory focus on vulnerable lower-income people and communities. The notice requires grantees that implement housing programs to support vulnerable populations. It does not define vulnerable populations, but it describes housing that typically supports them—public housing developments, transitional housing, permanent supportive housing, and permanent housing serving individuals and families who are homeless or at risk of homelessness. According to HUD, the agency has not typically defined vulnerable populations because of</p>
	<p><sup>26</sup>The <i>Federal Register</i> notices state that grantees' programs must address (1) transitional housing, permanent supportive housing, and permanent housing needs of individuals and families (including subpopulations) that are homeless and at risk of homelessness; (2) the prevention of low-income individuals and families with children (especially those with incomes below 30 percent of the area median) from becoming homeless; and (3) the special needs of persons who are not homeless but require supportive housing (such as the elderly, persons with disabilities, persons with alcohol or other drug addiction, persons with HIV/AIDS and their families, and public housing residents).</p>

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the wide range of populations that may be affected by disasters, noting that they may vary locally and regionally based on factors such as geography, housing stock, and policy.

In addition, the June 2021 *Federal Register* notice allocating funds for the electric power systems in Puerto Rico and the U.S. Virgin Islands requires grantees to describe how the funds will be used to address the needs of vulnerable populations.<sup>27</sup> It states that HUD generally defines vulnerable populations as a group or community whose circumstances present barriers to obtaining or understanding information or accessing resources.

The *Federal Register* notices also reference fair housing and civil rights laws that prohibit discrimination against protected classes, which include some vulnerable populations.<sup>28</sup> According to HUD officials, vulnerable populations may include protected classes under the Fair Housing Act and other groups such as low- and moderate-income persons, persons experiencing homelessness, and the elderly. Grantees are required to assess how planning decisions might affect members of protected classes, racially and ethnically concentrated areas, and concentrated areas of poverty and would promote the availability of affordable housing in low-poverty, nonminority areas where appropriate. Grantees' use of recovery funds must meet accessibility standards, provide reasonable accommodations to persons with disabilities, and take into consideration the functional needs of persons with disabilities in the relocation process.<sup>29</sup>

To supplement the *Federal Register* notices, HUD issued guidance and provided training on serving vulnerable populations to aid grantees in developing action plans. For example, HUD's *Disaster Impact and Unmet Needs Assessment Kit*, referenced in the 2018 and 2016 *Federal Register* notices, states that grantees must seek to understand the condition of the most vulnerable populations. In addition, HUD conducted a 2016 webinar with a section on outreach to vulnerable populations that focused on people with limited English proficiency. It included strategies

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<sup>27</sup>86 Fed. Reg. 32681 (June 22, 2021).

<sup>28</sup>The Fair Housing Act's protected classes are race, color, national origin, religion, sex (including sexual orientation and gender identity), familial status, and disability.

<sup>29</sup>Grantees also must promote the availability of affordable housing in low-poverty, nonminority areas, where appropriate.

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for reaching these populations, noting that they may be the most in need of resources and the most difficult to reach.

HUD officials also told us they have been developing a Citizen Participation and Equitable Engagement Toolkit that they plan to release in November 2021 to help ensure that grantees have the knowledge and capacity to comply with CDBG-DR citizen participation requirements.<sup>30</sup> These requirements are intended to ensure that members of the public have an opportunity to participate in the planning, implementation, and assessment of CDBG-DR programs and projects. The toolkit will provide additional guidance and resources to CDBG-DR grantees by outlining best practices for community participation and outreach to members of protected classes and using data to ensure that protected classes and vulnerable populations are being reached. According to officials from HUD's Office of Fair Housing and Equal Opportunity (FHEO), experience has shown that significant barriers exist that impede the participation of members of protected classes and vulnerable populations in CDBG-DR programs.

When reviewing draft action plans, HUD makes suggestions to help grantees better address how they plan to serve vulnerable populations. FHEO reviews draft CDBG-DR action plans from a civil rights perspective, including reviewing the unmet needs of vulnerable persons and how the grantee intends to allocate CDBG-DR financial resources to them. According to officials from this office, draft action plans typically require revisions. HUD may make comments for improvements by, for example, suggesting that grantees (1) clarify the population groups defined as vulnerable populations or protected classes; (2) emphasize the effect of planned uses of CDBG-DR funds on persons in protected classes; and (3) ensure effective public participation, including conducting outreach to traditionally underserved populations and providing access to information about disaster recovery programs to persons with limited English proficiency and persons with disabilities.

Furthermore, HUD issued supplemental guidance on CDBG-MIT that CDBG-DR grantees could use to help them meet the requirements to serve vulnerable populations. Community Planning and Development, FHEO, and Office of General Counsel officials jointly developed the

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<sup>30</sup>Requirements and waivers of citizen participation requirements specific to CDBG-DR grants may be found in the applicable *Federal Register* notices.

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*CDBG-MIT Action Plan and FHEO Requirements* to walk grantees through each requirement to serve vulnerable populations.<sup>31</sup> For instance, the guidance suggests that housing for vulnerable populations may have a higher concentration of persons with disabilities. It recommends grantees describe in their CDBG-MIT action plans how their mitigation measures will address the physical accessibility and supportive services needs of persons with disabilities.

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**Grantees We  
Reviewed Assist  
Vulnerable  
Populations but  
Report Limited  
Demographic Data to  
HUD**

**Grantees Serve Low- and  
Moderate-Income Persons  
and Populations with  
Additional Vulnerabilities**

The six grantees in our sample use CDBG-DR grants to serve vulnerable populations, including lower-income populations and populations with additional vulnerabilities. They said they do so by complying with the low- and moderate-income requirement and prioritizing assistance to meet the unmet needs of lower-income populations whose age, disability, or other factors make them particularly vulnerable after a disaster.

**Housing for Low- and  
Moderate-Income Persons**

We reviewed action plans for the six grantees and found that all six grantees plan to use a percentage of their CDBG-DR funds to implement housing activities that benefit low- and moderate-income persons.<sup>32</sup> Five grantees allocated almost half or more of their CDBG-DR funds to housing activities as described in their action plans and budgets.<sup>33</sup> Housing activities generally include rehabilitating or reconstructing damaged homes or affordable housing units, reimbursing homeowners and property owners for repair costs, buying out or acquiring homes in flood zones or areas vulnerable to repeated disasters, providing short-

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<sup>31</sup>HUD officials also provided a webinar on this guidance.

<sup>32</sup>We focused on housing activities because the February 2018 *Federal Register* notice required grantees to primarily use their initial allocation to address unmet housing needs.

<sup>33</sup>The sixth grantee, the U.S. Virgin Islands, allocated about 53 percent of its CDBG-DR funds to infrastructure, based on its assessment that the unmet need for infrastructure was more than five times greater than the unmet need for housing.

	<p>and long-term rental assistance while homes are reconstructed or repaired, and constructing affordable housing.</p> <p>For example, the Florida Housing Repair Program assists lower-income homeowners and owners of affordable rental properties with repair, reconstruction, or replacement of damaged housing units; provides temporary housing assistance to owners and renters; and offers voluntary buy-out or acquisition of severely damaged homes. Similarly, the Restore Louisiana Homeowner Rehabilitation, Reconstruction, and Reimbursement Program covers costs for repair or replacement of damaged homes and funds voluntary buy-out or acquisition of homes on a limited basis for low- and moderate-income individuals and others with urgent needs.</p>
Housing for Low- and Moderate-Income Persons with Other Vulnerabilities	<p>Grantees in our sample said they assist low- and moderate-income persons with other vulnerabilities by prioritizing housing assistance to these groups. Florida, Louisiana, and Puerto Rico all prioritize homeowner assistance to vulnerable populations such as the elderly and persons with disabilities. As stated in its action plan, Florida prioritizes assistance to the most vulnerable populations because funding is limited, particularly early in implementation when the grantee has only received the first allocation of funds. New Jersey and Texas have activities that include assistance to individuals in need of permanent supportive housing and at risk of homelessness. As shown in table 1, grantees also use CDBG-DR funds to provide additional support to vulnerable populations and address recovery needs specific to their communities.</p>

**Table 1: Planned Activities Using CDBG-DR Funds That Assist Low- and Moderate-Income Persons with Other Vulnerabilities**

Grantee	Action plan activities
Florida	<ul style="list-style-type: none"> <li>The Housing Repair Program prioritizes households with members over age 62, households with children under age 18, households with members with disabilities, and persons who have been displaced from Puerto Rico and the U.S. Virgin Islands and are permanently resettling in Florida.</li> </ul>
Louisiana	<ul style="list-style-type: none"> <li>The Restore Louisiana Homeowner Program prioritizes low- and moderate-income applicants with major or severe storm damage who do not have flood insurance, and have a household member age 62 or over or with a disability.</li> <li>Restore Louisiana Rental Housing Programs provide property owners with a loan to repair existing rental units if they rent these properties to families that qualify for affordable housing and they support the development of new affordable rental housing in partnership with local governments and housing authorities.</li> <li>The Rapid Rehousing Program provides affordable housing and support services to displaced and low- and moderate-income households.</li> <li>The Safe Haven Program serves individuals experiencing homelessness who also have serious mental health issues.</li> </ul>
New Jersey	<ul style="list-style-type: none"> <li>The Sandy Special Needs Housing Fund allocates funds to the New Jersey Housing and Mortgage Finance Agency for the construction of quality, permanent supportive housing for special needs populations (such as people with mental, physical, or developmental disabilities).</li> </ul>
Puerto Rico	<ul style="list-style-type: none"> <li>The Home Repair, Reconstruction, or Relocation Program prioritizes the intake and review of applicants who are 65 and older, have at least one person with a disability in the home, or have significant property damage.</li> <li>The Rental Assistance Program provides temporary rental assistance to applicants age 60 or over who are experiencing homelessness or are at risk of becoming homeless.</li> <li>The Social Interest Housing Program provides funding for nonprofits and nongovernmental organizations to develop housing for special needs populations such as persons experiencing homelessness, senior citizens, victims of domestic violence, persons with intellectual or physical disabilities, and persons living with HIV/AIDS.</li> </ul>
Texas	<ul style="list-style-type: none"> <li>Public services are available under the Homeowner Assistance Program to prevent homelessness. These services are limited to low- and moderate-income persons and include short-term mortgage assistance, utility assistance, and tenant-based rental assistance.</li> </ul>
U.S. Virgin Islands	<ul style="list-style-type: none"> <li>The Services for Vulnerable Populations Program provides grants to social services organizations to enhance support services for persons experiencing homelessness, at-risk youth, victims of domestic violence, the elderly, and persons with disabilities.</li> <li>The Rehabilitation, Reconstruction, or New Construction of Public Facilities Program supports the restoration of two nursing facilities for the elderly that also serve as emergency special needs shelters during disasters.</li> </ul>

Source: GAO review of selected Community Development Block Grant Disaster Recovery (CDBG-DR) grantees' action plans. | GAO-22-104452

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**Grantees Collect  
Demographic Data on  
Applicants but Are Only  
Required to Report  
Certain Data on  
Beneficiaries to HUD**

The six grantees in our sample collect income and other demographic data on housing program applicants but are required to report only certain data fields to HUD, and only on program beneficiaries (rather than all applicants). Through *Federal Register* notices, HUD requires CDBG-DR grantees to collect data such as the number of low- and moderate-income persons served and the gender of single-headed households, race, and ethnicity for activities that directly benefit households or individuals (such as housing).<sup>34</sup> Grantees report these data to HUD in DRGR, a web-based system used to automate the management of CDBG-DR program requirements.<sup>35</sup> As described in the DRGR manual, grantees report on activity outcomes and accomplishments, meaning that DRGR only captures data on beneficiaries served. Although grantees are required to collect certain data on applicants, DRGR does not capture data on applicants who submitted an application or who are approved and have home repairs or reconstruction in progress. Data submitted by grantees on the progress of recovery activities are captured in quarterly performance reports that HUD reviews and approves.

According to documentation we reviewed, the six grantees collect data on applicants' income, gender, race, and ethnicity for housing activities. The grantees collect these data through their application and intake process.

The 2016 and 2017 grantees have chosen to collect additional demographic data on applicants, such as age, disability, and in some instances, preferred language. In general, the grantees use these additional data for internal program management. Florida officials said they use them to prioritize assistance to the vulnerable populations identified in their action plan, such as lower-income households with members who are elderly or have young children or a disability. Texas

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<sup>34</sup>The March 2013 *Federal Register* notice for Hurricane Sandy grantees, the November 2016 *Federal Register* notice for Louisiana, and the February 2018 *Federal Register* notice for the 2017 grantees require grantees to maintain data on the racial, ethnic, and gender characteristics of persons who are applicants for, participants in, or beneficiaries of the program. The February 2018 *Federal Register* notice also requires grantees to report these data in the DRGR system at the activity level. 78 Fed. Reg. 14329, 14341 (Mar. 5, 2013); 81 Fed. Reg. 83254, 83265 (Nov. 21, 2016); and 83 Fed. Reg. 5844, 5856 (Feb. 9, 2018).

<sup>35</sup>The requirements for data reporting also were contained in a prior version of the DRGR manual. The requirements are not explicitly stated in the most recent version. According to HUD, the manual was revised in 2020 in recognition of other HUD programs now using DRGR, and the revisions were focused on providing instructional information rather than on articulating requirements.

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officials said they use the data to plan their marketing efforts and compare the demographics of the applicant pool to regional demographics.<sup>36</sup> Harris County officials said they use application data and information from meetings or telephone calls to determine an applicant's preferred language, provide households with reasonable accommodation, and refer applicants to resources that can assist with other unmet needs, such as healthcare. Puerto Rico officials said they collect disability information for one housing program to prompt the applicant to request reasonable accommodations needed in their repaired or rebuilt home.

Three grantees (Florida, Louisiana, and U.S. Virgin Islands) said they capture the data in internal reports, and the Virgin Islands share the reports with HUD on a monthly basis. Louisiana publishes the reports on its public website. Similarly, Texas makes demographic data on approved applicants for its largest housing program publicly available on its website. Grantees said that with the exception of income, the other demographic fields are generally self-reported, so some data may be missing or incomplete. Table 2 shows examples of the types of data in Louisiana's monthly reports and published on Texas' website for the Homeowner Assistance Program.

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<sup>36</sup>Examples of Texas' marketing efforts include using television, radio, and print media to advertise programs and maintaining a public website with program information.

Table 2: Examples of Publicly Available CDBG-DR Data for Louisiana and Texas

Louisiana	Texas
• Number of applications submitted by low- and moderate-income persons	• Percentage of assistance spent on low- and moderate-income persons
• Number of applications submitted by adults 62 and older or those with a disability	• Area median family income of approved applicants
• Race of persons receiving assistance	• Race and ethnicity of approved applicants
• Grant award amounts by parish	• Household characteristics of approved applicants, such as female head of household, households with children under 18, and households with members 65 and older

Source: Louisiana and Texas Community Development Block Grant Disaster Recovery (CDBG-DR) data. | GAO-22-104452

In addition, as the result of a Fair Housing Act complaint, a voluntary compliance agreement between HUD and New Jersey requires the state to report quarterly to HUD and the complainants on the status of applications for the Reconstruction, Rehabilitation, Elevation, and Mitigation and Low- and Moderate-Income homeowner programs and the units and projects funded through multifamily rental programs.<sup>37</sup> New Jersey must provide data on application status, income, level of English proficiency, race, ethnicity, municipality, and county for the homeowner programs, and on street address, municipality, family/senior/supportive status, and income levels served for the multifamily programs. Data for the multifamily program must be posted on New Jersey's Sandy Recovery website.

According to leading practices we identified to promote successful data-driven performance reviews, an agency should have the capacity to collect accurate, useful, and timely performance data.<sup>38</sup> We noted that having the capacity to disaggregate data according to demographic or other relevant characteristics can aid in highlighting significant variation, which can help pinpoint problems and identify solutions. Furthermore, federal internal control standards state that management should externally communicate quality information to achieve the entity's

<sup>37</sup>In April 2013, the Latino Action Network, Fair Share Housing Center, and New Jersey State Conference of the National Association for the Advancement of Colored People filed a complaint with FHEO related to affordable housing opportunities for lower-income households whose homes were damaged or destroyed by Hurricane Sandy. The complaint resulted in a settlement agreement between HUD, the State of New Jersey, and the complainants.

<sup>38</sup>GAO-13-228.

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objective.<sup>39</sup> External parties to these communications can include regulators, government entities, and the general public.

Although HUD collects some data on those served with CDBG-DR funds through its DRGR database, it does not track data on program applicants. In addition, grantees collect demographic data on applicants beyond what HUD requires, but this information is largely used for internal purposes and is not systematically shared with HUD or the public. According to HUD officials, HUD does not collect and publish more data because there is not a federal directive to do so. However, as discussed later in this section, there is an increased federal emphasis on better data collection and transparency. Without such data, it is difficult for HUD to fully assess whether grantees are effectively reaching the vulnerable populations their programs are intended to serve.

A National Low Income Housing Coalition report stated that data transparency is critical to helping public and private entities better identify gaps in disaster recovery services and that in the past, a systemic lack of data transparency has made it more difficult to target and distribute aid to those most in need.<sup>40</sup> In addition, some local and national organizations have said they need more access to data collected on CDBG-DR activities.<sup>41</sup> Enterprise Community Partners, a national affordable housing nonprofit, testified that HUD should collect CDBG-DR data on where unmet needs were greatest and who was served, and then overlay these data with census-level data on income, race, education, and housing situation.<sup>42</sup>

Officials from another organization told us program data need to be monitored throughout the grant process, and not only be used for developing the action plan. Officials from a second organization said that

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<sup>39</sup>GAO-14-704G.

<sup>40</sup>National Low Income Housing Coalition, *Fixing America's Broken Housing System: Part Two – Policy Framework Reform Recommendations* (Washington, D.C.: 2020).

<sup>41</sup>We selected the organizations we interviewed based on our review of their comments on grantees' action plans, online research, and input from grantee officials and other organization representatives.

<sup>42</sup>*The Administration of Disaster Recovery Funds in the Wake of Hurricanes, Harvey, Irma, and Maria, hearing before the Subcommittee on Oversight and Investigations of the House Committee on Financial Services*, 116<sup>th</sup> Cong. (2019); testimony of Marion Mollegen McFadden, Senior Vice President for Public Policy and Senior Advisor, Resilience, Enterprise Community Partners.

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HUD should provide ongoing supervision and monitoring to focus on vulnerable populations and ensure grantees meet Fair Housing Act requirements. An official from a third organization we interviewed said data in the grantee quarterly performance reports are not always helpful because they do not provide sufficient information—for example, they do not provide data on how long someone waited to receive assistance.

The Administration has cited the need for better data collection and transparency related to serving vulnerable populations. For example, a recent executive order noted that many federal datasets are not disaggregated by race, ethnicity, gender, disability, income, veteran status, or other key demographic variables.<sup>43</sup> Because this lack of data impedes efforts to measure and advance equity, the order established an Equitable Data Working Group to support efforts to expand and refine the demographic data available to agencies. The executive order also requires agencies to select programs and policies for a review that will assess whether underserved communities face systemic barriers in accessing benefits and determine whether opportunities are available pursuant to those policies and programs.<sup>44</sup> HUD officials told us in June 2021 that HUD had created a working group tasked with conducting this review but CDBG-DR would not be included.

By collecting more CDBG-DR applicant and beneficiary data, analyzing such data, and making it publicly available, HUD would better ensure grantees effectively reach intended vulnerable populations and improve transparency.

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<sup>43</sup>Exec. Order No. 13985, 86 Fed. Reg. 7009 (Jan. 25, 2021).

<sup>44</sup>The executive order defines underserved communities as Black, Latino, Indigenous and Native American persons, Asian Americans and Pacific Islanders, and other persons of color; members of religious minorities; LGBTQ persons; persons with disabilities; persons who live in rural areas; and persons otherwise adversely affected by persistent poverty or inequality.

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## Grantees and Vulnerable Populations Can Face a Variety of Challenges

### Grantees Have Difficulty Identifying and Reaching Vulnerable Populations

According to CDBG-DR grantees and organizations we interviewed, grantees experience challenges, such as collecting data on the unmet needs of vulnerable populations and reaching vulnerable populations after a disaster to provide CDBG-DR assistance. Vulnerable populations also experience barriers to accessing assistance or receiving it in a timely fashion.

#### Collecting Data on Unmet Needs

CDBG-DR allocations may not fully account for the needs of lower-income persons and those with additional vulnerabilities.<sup>45</sup> HUD bases these allocations on data and damage estimates from FEMA and the Small Business Administration. However, the FEMA data, for example, do not include data on race and ethnicity and other characteristics that help grantees identify the most vulnerable populations.

In addition, the methodologies grantees use to determine unmet needs may not fully capture the needs of lower-income communities and renters. According to a report by the National Low Income Housing Coalition, the data used for unmet needs assessments frequently underestimate the needs of the lowest-income survivors, leading to fewer resources in communities where they are needed most.<sup>46</sup> The report also noted that lower-income survivors often have difficulty accessing FEMA

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<sup>45</sup>Once Congress appropriates CDBG-DR funds, HUD publishes notices in the *Federal Register* to allocate the funding appropriated to affected communities based on unmet need.

<sup>46</sup>National Low Income Housing Coalition, *Fixing America's Broken Disaster Housing System: Part One – Barriers to a Complete and Equitable Recovery* (Washington, D.C.: 2020).

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programs, resulting in fewer long-term recovery benefits going to renters.<sup>47</sup>

In a March 2019 hearing, Enterprise Community Partners testified that HUD's unmet needs calculations also should consider pre-existing factors like poverty and income, and that recovery assistance should not only be based on economic loss.<sup>48</sup> Similarly, in a May 2018 hearing, the Urban Institute testified that the information in FEMA's damage assessments is often limited and does not include information HUD may need to evaluate programs for their adherence to fair housing and civil rights laws.<sup>49</sup>

Other data challenges involve the timing of data collection. One organization representative said the needs assessment is completed early in the process, so data on unmet needs may be inaccurate by the time activities start. HUD's *Disaster Impact and Unmet Needs Assessment Kit* notes that an accurate assessment may not be possible for months following a disaster because the assessment depends on the quality of the data available on the most impacted and distressed areas. The guidance says grantees therefore should analyze unmet needs on an ongoing basis. Officials from one national advocacy organization stated it is hard for local jurisdictions to collect data right after a disaster occurs, and that it would be helpful if HUD provided a standard form grantees could populate with demographic data. A standard form also could minimize the time it takes grantees to assess unmet need and develop the action plan, according to these officials.

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<sup>47</sup>In our January 2010 report on the Gulf Coast hurricanes, we found that states used their broad discretion and additional flexibility to decide what proportion of their CDBG-DR funds went to homeowner units and rental units. In Louisiana and Mississippi, more homeowner units were damaged than rental units, but the proportional damage to rental stock was generally greater. However, 62 percent of damaged homeowner units were assisted and 18 percent of rental units were assisted. As a result, we recommended that Congress consider providing more specific direction on the distribution of disaster-related CDBG assistance that states are to provide for homeowners and renters. As of October 2021, such legislation had not been enacted. 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).

<sup>48</sup>*The Administration of Disaster Recovery Funds in the Wake of Hurricanes, Harvey, Irma, and Maria*, 2019 testimony of Marion Mollegen McFadden, Senior Vice President for Public Policy and Senior Advisor, Resilience, Enterprise Community Partners.

<sup>49</sup>*Community Development Block Grant-Disaster Recovery: Stakeholder Perspectives*, hearing before the Subcommittee on Oversight and Investigations of the House Committee on Financial Services, 115<sup>th</sup> Cong. (2018); testimony of Carlos Martin, Senior Fellow, Urban Institute.

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**Reaching Vulnerable Populations**

Grantees may have difficulty reaching vulnerable populations after a disaster occurs. An official from a national advocacy organization said that in Puerto Rico, some communities assume that they will not benefit from a federal grant program and may not apply. Officials from Texas said many community members leave the area after a disaster and cannot be reached. The officials added that some populations generally distrust government and are reluctant to apply for federal programs. The officials said they tried to address this challenge by working closely with community organizations and elected officials in disaster-affected communities. They also prepared an outreach plan to market their largest homeowner program to the hardest-to-reach and most vulnerable communities, using data from the unmet needs assessment.

Harris County, Texas, officials said that in addition to traditional outreach methods, such as town hall meetings and community fairs, they implemented a “meeting in a box” approach to reach vulnerable populations. To implement this approach, the county provided printed program materials to organizations, such as local church groups, to raise awareness about planned recovery activities and get input on unmet needs. County staff then met with these organizations to discuss any input received.

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**Vulnerable Populations Face Challenges Accessing and Using CDBG-DR Assistance**

According to grantees and organizations we interviewed, vulnerable populations experience challenges such as accessing transportation, dealing with language barriers, and understanding requirements when seeking CDBG-DR assistance. These populations are also less likely to have internet access and other resources that would help them access assistance and manage the recovery process. The COVID-19 pandemic has exacerbated many of these issues.

**Access and Transportation Challenges**

Physical access to assistance can present challenges for certain vulnerable groups, such as the elderly or people with disabilities. In one example, Florida officials responded to this challenge by setting up mobile information units in disaster-affected areas to better reach vulnerable populations that may not have access to transportation. Florida officials told us that applicants with mobility impairments may request an at-home visit with an intake specialist. In another example, U.S. Virgin Islands officials have a tip sheet to help them identify vulnerable populations with transportation challenges. The tip sheet provides a step-by-step process for identifying communities with transportation needs by collecting information on population density, disability, and other demographic factors, and on vehicle ownership in areas with limited access to transportation. Also, New Jersey officials said limited internet access is a

	<p>challenge for vulnerable populations, exacerbated by the pandemic and inability to hold in-person meetings.</p>
<p>Language Barriers</p>	<p>Those with limited English proficiency may need translation services to access resources and apply for CDBG-DR assistance. Officials from five grantees said they provide language and translation services to people with limited English proficiency.<sup>50</sup> To inform these services, Texas officials conducted a four-factor language analysis to identify the population's predominant languages.<sup>51</sup> Officials used this information to translate the CDBG-DR action plan into five primary languages, and then contracted with a translation and interpreter service to provide access to American Sign Language and 19 other languages.</p> <p>New Jersey officials also conducted a four-factor language analysis to inform its language assistance plan, as required by the state's voluntary compliance agreement with HUD. In addition, officials from the U.S. Virgin Islands used a four-factor language analysis with Census information identifying persons with limited English proficiency and based on the results, decided to make documents such as information on program eligibility requirements and program applications and instructions available in Spanish. In its <i>Federal Register</i> notices, HUD requires that grantees ensure all citizens have equal access to information about CDBG-DR, including persons with disabilities and limited English proficiency in accordance with fair housing and civil rights requirements. However, language remains a barrier to accessing CDBG-DR assistance and grantees do not always translate CDBG-DR documents or provide</p>
	<p><sup>50</sup>The sixth grantee's action plan stated the plan and substantial amendments would be translated into two languages to reach populations with limited English proficiency in affected areas. Puerto Rico officials also stated that key documents, such as their action plans and program policies and guidelines, are available in English and Spanish. They said that many HUD resources are available only in English.</p> <p><sup>51</sup>According to HUD's January 2007 <i>Federal Register</i> notice, recipients of HUD financial assistance are required to take reasonable steps to ensure access to persons with limited English proficiency. Recipients may conduct an individualized assessment of the following four factors: (1) number or proportion of persons with limited English proficiency in the population eligible for services; (2) frequency with which persons with limited English proficiency come into contact with the program; (3) nature or importance of the program; and (4) resources available to the recipient. Final Guidance to Federal Financial Assistance Recipients Regarding Title VI Prohibition Against National Origin Discrimination Affecting Limited English Proficient Persons, 72 Fed. Reg. 2732 (Jan. 22, 2007), corrected and updated at 72 Fed. Reg. 7134 (Feb. 14, 2007); 72 Fed. Reg. 7666 (Feb. 16, 2007); and 72 Fed. Reg. 12628 (Mar. 16, 2007).</p>

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	translators at intake centers, according to the National Low Income Housing Coalition. <sup>52</sup>
Difficulty Meeting Program Requirements	<p>Grantee and organization officials told us that program requirements (including those related to documentation) can be taxing for households, particularly vulnerable populations.</p> <ul style="list-style-type: none"> <li>• Harris County officials said households may have undocumented individuals or have delinquent taxes or child support payments that prevent them from receiving assistance. They added that lower-income households are often unable to maintain flood insurance, which is often a requirement for accessing CDBG-DR assistance.<sup>53</sup></li> <li>• Puerto Rico officials said there are extensive documentation requirements to prevent fraud, waste, and abuse that may make it more difficult for vulnerable populations to apply for assistance. Officials added that they continually look for ways to streamline applications and visit applicants with disabilities who face difficulty traveling to help them complete the applications.</li> <li>• The Urban Institute testified that CDBG-DR recipients often get multiple requests to provide the same documentation and must produce extensive paperwork to meet the duplication-of-benefits</li> </ul>

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<sup>52</sup>National Low Income Housing Coalition, *Fixing America's Broken Disaster Housing System: Part One*.

<sup>53</sup>Section 102(a) of the Flood Disaster Protection Act of 1973 (42 U.S.C. 4012a) mandates the purchase of flood insurance protection for any HUD-assisted property (for example, a property with a FHA-insured mortgage) in a floodplain. The National Flood Insurance Reform Act of 1994, as amended, prohibits federal disaster assistance from being used to pay an individual for damage to any property in a floodplain if that individual previously received federal flood disaster assistance that was conditioned on maintaining flood insurance but failed to do so. 42 U.S.C. 5154a(a). To ensure that recovery resources were available to assist low-income homeowners who resided in a floodplain but were unlikely to be able to afford flood insurance, HUD (in its February 9, 2018, *Federal Register* notice) allowed grantees to provide assistance for the rehabilitation or reconstruction of a house located in a floodplain if (1) the homeowner had flood insurance at the time of the qualifying disaster and still had unmet recovery needs or (2) the household earned less than the greater of 120 percent of area median income or the national median and had unmet recovery needs.

#### Difficulty Managing Home Reconstruction

requirement.<sup>54</sup> The representative noted these documentation requirements can be difficult for low-income households and likely lead to fewer completed applications or delays in receiving assistance.

- Officials from Louisiana said they help address extensive documentation requirements by building services to address the needs of vulnerable populations into their programs. For example, they provide legal services with the homeowner assistance program to help participants obtain housing titles, which are required to show property ownership.

HUD officials told us that extensive documentation can result from statutory requirements imposed on the multiple federal agencies involved in disaster recovery, as well as requirements from state grantees, such as providing a property title.

Individuals in vulnerable populations who receive assistance from programs allocated CDBG-DR funds may have difficulty managing home reconstruction—that is, the steps involved to rebuild a home. An organization representative with prior experience administering CDBG-DR funds said vulnerable populations may have difficulty managing the reconstruction process and hiring contractors for repair work. The representative said managing home repair and reconstruction is particularly challenging for the elderly, who may be more vulnerable to fraudulent contractors.

For example, the Florida action plan states that repairs and reconstruction are handled by the grantee, which hires contractors directly. Florida officials also said that because elderly persons often do not have anywhere to go while their homes are being repaired, the state developed a program to prevent homelessness by providing housing at a hotel or longer-term rental facility. Officials from Florida and Harris County, Texas, said the COVID-19 pandemic has exacerbated certain recovery activities because people, particularly the elderly, are reluctant to let inspectors or contractors into their homes. HUD officials told us most CDBG-DR

<sup>54</sup>*Community Development Block Grant-Disaster Recovery: Stakeholder Perspectives*; 2018 testimony of Carlos Martin, Senior Fellow, Urban Institute. When the President issues a major disaster declaration, Section 312 of the Robert T. Stafford Disaster Relief and Emergency Assistance Act requires federal agencies providing disaster assistance to ensure that individuals and businesses do not receive disaster assistance for losses for which they have already been compensated or may expect to be compensated. 42 U.S.C. § 5155. Duplication of benefits occurs when compensation from multiple sources exceeds the need for a particular recovery purpose.

	grantees manage home reconstruction projects, rather than the homeowners themselves, which may help mitigate some of the challenges.
<b>Funding Delays and Limited Grantee Capacity Affect Vulnerable Populations</b>	Grantee and organization officials also described challenges in administering CDBG-DR, such as the timeliness of funding and limited grantee capacity that can particularly affect vulnerable populations.
Timeliness of Funding	Because of the long-term nature of CDBG-DR, compounded by the length of time required to access and administer the funds, it can take years for individuals and communities to recover. Grantee officials said the delay in funding in the aftermath of a disaster affects the most vulnerable because they typically have fewer resources to recover. In comments on an action plan, a local organization representing vulnerable populations emphasized that low- and moderate-income individuals have the fewest resources with which to relocate on their own or maintain temporary housing elsewhere for a long period. This leaves them to live in homes that may be structurally compromised or present health risks because of disaster damage. Louisiana officials stated that vulnerable populations are more likely to face duplication-of-benefits prohibitions—for example, against using FEMA funds intended for home repair for another immediate need, such as repairing a flooded car. When these individuals apply for CDBG-DR assistance for home rehabilitation, which comes much later, they may be ineligible for assistance because they already received FEMA funds. Enterprise Community Partners noted in a March 2019 hearing that delays in funding often mean that lower-income homeowners deplete their savings or exhaust their credit to pay for repairs. <sup>55</sup>
Limited Grantee Capacity	Grantees and vulnerable populations also may be challenged by grantee capacity. Officials at one national organization we interviewed said grantees are often under-resourced and lack the knowledge and expertise to reach the most vulnerable community members. They said grantees would benefit from conducting more advanced planning and identifying vulnerable populations before a disaster hits. A study by the National Low Income Housing Coalition found that grantees struggle to

<sup>55</sup>The Administration of Disaster Recovery Funds in the Wake of Hurricanes, Harvey, Irma, and Maria, 2019 testimony of Marion Mollegen McFadden, Senior Vice President for Public Policy and Senior Advisor, Resilience, Enterprise Community Partners.

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administer and oversee CDBG-DR funds, often because the amount they receive after a disaster is many times more than what they typically administer.<sup>56</sup> The study also noted grantees commonly struggle with contractor oversight. For example, after Hurricane Sandy, the New Jersey grantee cancelled a contract for implementation of its largest housing recovery program after 7 months. Lower-income residents complained that the contractor lost applications, incorrectly told them they were ineligible for recovery funds, and had dysfunctional offices. As a result of these issues, many applicants in need of recovery funds dropped out of the program.

In our March 2019 report on the 2017 disasters, we found that grantees made organizational changes to increase capacity to manage the large CDBG-DR grants, which historically has been a challenge, and identified significant staffing needs.<sup>57</sup> We recommended that HUD develop additional guidance for HUD staff to use when assessing the adequacy of the capacity and unmet needs assessments that grantees develop. As of February 2021, although HUD had taken some steps to develop additional guidance, it had not fully implemented this recommendation.

During a May 2018 hearing, the Urban Institute noted that few state and local grantees have internal expertise and experience in CDBG-DR, in part because of the sporadic nature of the program's funding and variations in requirements across appropriations.<sup>58</sup> Puerto Rico officials told us that although they could seek guidance from HUD on issues that affect vulnerable populations, such guidance is limited for grantees' subrecipients (entities that carry out CDBG-DR activities). The need to increase capacity among subrecipients and municipalities prompted the Puerto Rico officials to publish a notice of funding announcement, which aimed to provide one-on-one assistance to those subrecipients and municipalities to expedite access and use of funds.

In March 2019, we noted that because CDBG-DR does not have permanent statutory authority, its appropriations require HUD to customize grant requirements for each disaster in *Federal Register*

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<sup>56</sup>National Low Income Housing Coalition, *Fixing America's Broken Disaster Housing System: Part One*.

<sup>57</sup>GAO-19-232.

<sup>58</sup>Community Development Block Grant-Disaster Recovery: Stakeholder Perspectives; 2018 testimony of Carlos Martin, Senior Fellow, Urban Institute.

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notices—a time-consuming process that has delayed disbursement of funds.<sup>59</sup> We noted that this also may create challenges for grantees required to manage multiple CDBG-DR grants. Therefore, we recommended that Congress consider permanently authorizing a disaster assistance program that meets unmet needs in a timely manner. As of October 2021, Congress had not permanently authorized CDBG-DR or a similar program. We continue to believe that establishing permanent statutory authority for such a program would provide a more consistent framework for administering funds. Among other things, such a statute and associated regulations could clearly define requirements for grantees to serve vulnerable populations with program funds.

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## Conclusions

HUD requires CDBG-DR grantees to serve low- and moderate-income persons and other vulnerable populations with unmet needs. However, HUD requires grantees to report only limited demographic data on households served with CDBG-DR funds. The grantees we interviewed already gather additional data on both applicants and those ultimately served. By collecting, analyzing, and making publicly available additional demographic data, HUD and grantees could better assess whether they effectively reach the vulnerable populations their activities are intended to serve. Availability of such data also would foster transparency and accountability for delivery of assistance.

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## Recommendation for Executive Action

We are making the following recommendation to HUD:

The Assistant Secretary for Community Planning and Development should collect, analyze, and publish demographic data from CDBG-DR grantees on vulnerable populations who apply for and receive assistance. (Recommendation 1)

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## Agency Comments

We provided a draft of this report to HUD for review and comment. In its written comments, which are summarized below and reproduced in appendix III, HUD did not agree or disagree with our recommendation. It noted challenges with implementing the recommendation, but stated it would continue to research ways to use data to determine how CDBG-DR

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<sup>59</sup>GAO-19-232. In May 2021, we identified factors to consider when weighing whether and how to permanently authorize a program for unmet disaster assistance needs, including (1) clarifying how the program would fit into the broader federal disaster framework, (2) clarifying the purpose and design the program to address it, and (3) considering the necessary capacity and support infrastructure to implement the program. GAO, *Factors to Consider in Authorizing a Permanent Program*, GAO-21-569T (Washington, D.C.: May 19, 2021).

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grantees serve vulnerable populations. HUD also provided technical comments, which we incorporated as appropriate.

HUD also commented on the fundamental challenges with defining vulnerable populations that we had described in our report and said it was the agency's intention to include a definition in upcoming CDBG-DR *Federal Register* notices. Specifically, HUD noted the following issues:

- Vulnerable populations vary locally and regionally by geography, markets, prevalent housing stock, tenure, history, prejudice, and policy. Underserved populations may overlap considerably with protected classes and vulnerable populations and are the result of historic and systemic patterns of engagement, treatment, and participation.
- Any definition of vulnerable populations must acknowledge that vulnerable populations vary with each disaster and region. HUD stated that it was prepared to work with its federal recovery partners to explore the feasibility of developing a shared definition of vulnerable populations.

We recognize the need for flexibility in defining vulnerable populations given the varying types and locations of disasters. We commend HUD for its stated intention to develop and include a definition in upcoming notices that acknowledges that vulnerable populations vary with each disaster and region and for its preparedness to work with federal recovery partners to explore the feasibility of developing a shared definition of vulnerable populations.

In commenting on our recommendation that HUD collect, analyze, and publish demographic data from CDBG-DR grantees on vulnerable populations who apply for and receive CDBG-DR assistance, HUD stated that implementing our recommendation would require additional staffing, system infrastructure, and privacy protocols (to protect personally identifiable information) but did not provide any specifics about the additional resources that would be required. HUD stated that before it implements our recommendation, it is considering conducting a pilot data analysis that would allow for reporting on the effects and uses of CDBG-DR funds by combining grantee data submitted in DRGR with Census data. HUD said this analysis would allow the agency to assess the value added by the additional grantee reporting requirements that we recommended. We believe this analysis would be a positive step and

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would help HUD identify the staffing or other resources needed to implement our recommendation.

Finally, HUD stated it is fully committed to implementing CDBG-DR and CDBG-MIT funds to reflect the principles in Executive Order 13985, which calls for advancing racial equity and support for underserved communities. It noted the order requires the Director of the Office of Management and Budget (OMB), in partnership with heads of agencies, to study methods for assessing whether agency policies and actions create or exacerbate barriers to full and equal participation by all eligible individuals. HUD said it recognized the importance of a single federal standard for collection of applicant and beneficiary demographic data and looks forward to collaborating with OMB.

The steps that HUD stated it intends to take are promising—and we understand that it may take investment and effort—but we maintain that collecting, analyzing, and publicly reporting additional demographic data would be worth that effort because it would help HUD and grantees better assess the effectiveness of CDBG-DR activities in reaching its targeted populations.

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As agreed with your offices, unless you publicly announce the contents of this report earlier, we plan no further distribution until 30 days from the report date. At that time, we will send copies to the appropriate congressional committees, the Secretary of Housing and Urban Development, and other interested parties. In addition, the report is available at no charge on the GAO website at <http://www.gao.gov>.

If you or your staff have any questions about this report, please contact me at (202) 512-8678 or [pendletonj@gao.gov](mailto:pendletonj@gao.gov). Contact points for our Offices of Congressional Relations and Public Affairs may be found on the last page of this report. GAO staff who made key contributions to this report are listed in appendix IV.



John H. Pendleton  
Director, Financial Markets and Community Investment

## Appendix I: Objectives, Scope, and Methodology

This report evaluates the delivery of the Department of Housing and Urban Development's (HUD) Community Development Block Grant Disaster Recovery (CDBG-DR) assistance to vulnerable populations.<sup>1</sup> Specifically, we examined (1) HUD's approach to assisting vulnerable populations, (2) grantees' actions to assist vulnerable populations, and (3) challenges grantees and vulnerable populations face in implementing and using CDBG-DR funds.

For our review, we selected a nongeneralizable sample of six grantees. We selected the four largest 2017 CDBG-DR grantees—Florida, Puerto Rico, Texas, and the U.S. Virgin Islands—and two additional grantees, Louisiana and New Jersey, because they were further along in implementation of their grant programs. To select those two grantees, we considered (1) grant funding amount, (2) date of grant award, and (3) average amount spent in the past 3 months. The views of the six grantees are not generalizable to other grantees but offered important perspectives.

To describe the vulnerable populations affected by the disasters in each of the six selected states and territories in our scope, we collected and analyzed data at the state or territory; county, parish, or *municipio* (municipality); and ZIP code tabulation levels using information from the decennial census and the U.S. Census Bureau's American Community Survey (ACS).<sup>2</sup> For each state or territory, area comprising CDBG-DR-eligible counties, *municipios*, or parishes; and the most impacted and distressed area, we estimated the total population, population age 5 and older, civilian noninstitutionalized population, total number of households, total number of families, and total number of housing units. We also estimated the percentages of (1) total population by age, race, and ethnicity; (2) population age 5 and older by English language proficiency;

<sup>1</sup>HUD regulations and guidance for CDBG-DR do not specifically define vulnerable populations, and definitions may vary. For this report, we focus on low- and moderate-income persons—which is statutorily defined for the CDBG program, including CDBG-DR, at 42 U.S.C. § 5302(a)(20)(A)—and other vulnerable populations such as the elderly, persons with disabilities, racial minorities, and LGBTQ individuals. Other terms also are used to describe LGBTQ and related identities, including "LGBTQIA," which stands for lesbian, gay, bisexual, transgender, queer, intersex, and asexual. However, for purposes of this report, we use the umbrella term "LGBTQ" as that is how HUD commonly refers to these populations. We recognize that persons may identify with more than one of these populations.

<sup>2</sup>We used the ACS datasets that corresponded to the datasets in the grantees' action plans, which allowed us to describe the affected population pre-disaster.

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Appendix I: Objectives, Scope, and  
Methodology

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(3) civilian noninstitutionalized population by disability; (4) households and families by income; and (5) housing units by homeownership or rental status.<sup>3</sup>

We assessed the reliability of the decennial census and ACS data we used by reviewing relevant documentation and electronically testing the data. We determined the data were sufficiently reliable for describing the characteristics of vulnerable populations in selected areas. We also reviewed a prior GAO report and a Census Bureau report to describe the intersection between low- and moderate-income populations and other vulnerable populations.

To identify HUD's approach to assisting vulnerable populations, we reviewed relevant laws and HUD regulations, *Federal Register* notices allocating CDBG-DR funds, and policies and procedures that govern CDBG-DR grants.<sup>4</sup>

To determine grantees' actions to assist vulnerable populations, we reviewed selected grantees' action plans (including their unmet needs assessments) for information on activities that assist vulnerable populations. We also reviewed reports in the Disaster Recovery Grant Reporting system (HUD's database for grant fund access and reporting performance) for information on how assistance is tracked, including the extent to which demographics such as the race and ethnicity of CDBG-DR beneficiaries are reported. In addition, we reviewed demographic information grantees collect on CDBG-DR program applicants and beneficiaries and reviewed grantees' websites to determine what information is publicly available.

We compared the data HUD collects against leading practices on successful data-driven performance reviews and federal internal control

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<sup>3</sup>We did not report on median income, median value of owner-occupied housing units, or median gross rent because these values are not available at the county level.

<sup>4</sup>For this report, we focused on the initial *Federal Register* notices that govern the CDBG-DR funding allocated to the six grantees in our sample. These notices are 78 Fed. Reg. 14329 (Mar. 5, 2013), which allocated funding to New Jersey after Hurricane Sandy; 81 Fed. Reg. 83254 (Nov. 21, 2016), which allocated funding to Louisiana after the 2016 floods; and 83 Fed. Reg. 5844 (Feb. 9, 2018), which allocated funding to Florida, Puerto Rico, Texas, and the U.S. Virgin Islands after the 2017 hurricanes.

standards.<sup>5</sup> We determined the information and communication component of internal controls was significant to the objective, along with the underlying principle that management should externally communicate the necessary quality information to achieve the entity's objective. We assessed the demographic data that HUD collects on grantees' programs to determine whether they included those who apply for assistance and whether this information is available to the public.

To describe the challenges grantees and vulnerable populations face, we reviewed reports and studies on disaster recovery and vulnerable populations published by selected organizations. We also reviewed grantees' documentation on efforts taken to mitigate challenges, such as outreach plans and language analyses.

To address all of our objectives, we interviewed HUD officials and representatives from our sample of six grantees.<sup>6</sup> We also interviewed representatives at nine organizations that represent vulnerable populations—four national organizations (National Center for Disaster Preparedness, National Low Income Housing Coalition, Enterprise Community Partners, and SBP—previously called St. Bernard Project) and five organizations in areas served by grantees we interviewed (Ayuda Legal, Florida Housing Coalition, Louisiana Fair Housing Action Center, New Jersey Fair Share Housing Counter, and Texas Appleseed).<sup>7</sup> We selected the organizations based on our review of their comments on grantees' action plans, online research, and input from grantee officials and other organization representatives.

We conducted this performance audit from July 2020 to November 2021 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 reasonable basis for our findings and conclusions based on our audit objectives. We believe that

<sup>5</sup>GAO, *Managing for Results: Data-Driven Performance Reviews Show Promise But Agencies Should Explore How to Involve Other Relevant Agencies*, [GAO-13-228](#) (Washington, D.C.: Feb. 27, 2013); and *Standards for Internal Control in the Federal Government*, [GAO-14-704G](#) (Washington, D.C.: Sept. 10, 2014).

<sup>6</sup>We also interviewed officials from Harris County, which received an allocation from Texas to directly administer its own CDBG-DR activities.

<sup>7</sup>We were not able to interview a local organization in the U.S. Virgin Islands.

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Appendix I: Objectives, Scope, and  
Methodology

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

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## Appendix II: Demographic and Housing Characteristics of Selected Grantees

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This appendix provides information on the characteristics of people, households, families, and housing units in a nongeneralizable sample of six selected states and territories that received Department of Housing and Urban Development (HUD) Community Development Block Grant Disaster Recovery (CDBG-DR) grants: Florida, Texas, Puerto Rico, and the U.S. Virgin Islands (2017 hurricanes); Louisiana (2016 floods); and New Jersey (Hurricane Sandy).<sup>1</sup>

For each grantee, we described demographic and housing characteristics of people, households, families, and housing units in three areas: (1) the entire state or territory, (2) the major disaster declaration area, and (3) the most impacted and distressed area. We used data from the Federal Emergency Management Agency to identify the counties, parishes, and *municipios* (municipalities) that received a major disaster declaration after each disaster, and HUD *Federal Register* notices to identify the smaller subset of counties, parishes, *municipios*, and ZIP codes designated by HUD as most impacted and distressed. For Florida, Louisiana, New Jersey, Puerto Rico, and Texas, we used American Community Survey (ACS) data to estimate the characteristics of people, households, families, and housing units in each area. We used the 2010 decennial census to describe the characteristics of people, households, families, and housing units in the U.S. Virgin Islands. The ACS and census data generally predate the disasters.

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<sup>1</sup>We use "2017 hurricanes" for Hurricanes Harvey, Irma, and Maria. Florida received CDBG-DR funds for Hurricane Irma, Puerto Rico and the U.S. Virgin Islands received CDBG-DR funds for Hurricanes Irma and Maria, and Texas received CDBG-DR funds for Hurricane Harvey.

Appendix II: Demographic and Housing  
Characteristics of Selected Grantees

Table 3: Characteristics of People, Households, Families, and Housing Units in Florida (2012–2016), by Area Affected by Hurricane Irma

Characteristic	State and major disaster declaration area <sup>a</sup>	Most impacted and distressed area <sup>a</sup>
<b>Total population (millions)</b>	<b>19.93</b>	<b>13.28</b>
	(0)	(0.00)
<b>Percentages of population by age</b>		
Under age 5	5.49	5.76
	(0.01)	(0.15)
Ages 5–17	14.91	15.42
	(0.04)	(0.41)
Ages 18–64	60.55	61.65
	(0.08)	(1.64)
Ages 65 and older	19.05	17.16
	(0.05)	(0.46)
<b>Percentages of population by race and ethnicity</b>		
White, non-Hispanic	55.58	46.26
	(0.01)	(1.23)
Black, non-Hispanic	15.45	17.70
	(0.03)	(0.47)
Native American/Alaskan Native, non-Hispanic	0.20	0.16
	(0.01)	(0.01)
Asian, non-Hispanic	2.56	2.73
	(0.02)	(0.08)
Native Hawaiian/Pacific Islander, non-Hispanic	0.05	0.04
	(0.00)	(0.00)
Other race/two or more races, non-Hispanic	2.04	1.95
	(0.04)	(0.07)
Hispanic	24.11	31.17
	(0.00)	(0.83)
<b>Civilian noninstitutionalized population (millions)</b>	<b>19.62</b>	<b>13.14</b>
	<b>(0.00)</b>	<b>(0.00)</b>
<b>Percentages of civilian noninstitutionalized population by disability</b>		
With a disability	13.33	12.22
	(0.14)	(0.45)
With no disability	86.67	87.78
	(0.87)	(3.17)

Appendix II: Demographic and Housing  
Characteristics of Selected Grantees

Characteristic	State and major disaster declaration area <sup>a</sup>	Most impacted and distressed area <sup>a</sup>
Population ages 5 and older (millions)	18.84	12.51
	(0.00)	(0.00)
<b>Percentages of population ages 5 and older by English language proficiency</b>		
Speaks only English	71.72	63.47
	(0.27)	(1.71)
Speaks English very well	16.60	21.04
	(0.10)	(0.58)
Speaks English well	5.22	6.70
	(0.05)	(0.19)
Does not speak English well	4.06	5.41
	(0.05)	(0.16)
Does not speak English at all	2.39	3.38
	(0.04)	(0.10)
<b>Total households (millions)</b>	<b>7.39</b>	<b>4.78</b>
	<b>(0.02)</b>	<b>(0.01)</b>
<b>Percentages of households by income</b>		
Less than \$50,000	50.93	50.43
	(15.77)	(8.56)
\$50,000–99,999	29.53	29.32
	(9.14)	(4.98)
\$100,000–149,999	11.17	11.30
	(3.46)	(1.92)
\$150,000–199,999	4.02	4.21
	(1.24)	(0.72)
\$200,000 or more	4.36	4.74
	(1.35)	(0.81)
<b>Total families (millions)</b>	<b>4.76</b>	<b>3.11</b>
	<b>(0.02)</b>	<b>(0.01)</b>
<b>Percentages of families by income</b>		
Less than \$50,000	42.02	42.68
	(19.42)	(11.58)
\$50,000–99,999	33.00	32.00
	(15.25)	(8.68)
\$100,000–149,999	14.01	13.86
	(6.48)	(3.76)
\$150,000–199,999	5.24	5.37
	(2.42)	(1.46)

**Appendix II: Demographic and Housing  
Characteristics of Selected Grantees**

Characteristic	State and major disaster declaration area <sup>a</sup>	Most impacted and distressed area <sup>a</sup>
\$200,000 or more	5.72 (2.65)	6.10 (1.66)
Total housing units (millions)	7.39 (0.02)	4.78 (0.01)
<b>Percentages of housing units by occupancy</b>		
Owner-occupied	64.75 (20.05)	61.92 (10.51)
Renter-occupied	35.25 (10.91)	38.08 (6.46)

Source: GAO analysis of data from the Census Bureau, Federal Emergency Management Agency, and Department of Housing and Urban Development. | GAO-22-104452

<sup>a</sup>Parentheses contain 90 percent margins of error. We report a margin of error of "0" when a margin of error is exactly equal to zero and "0.00" when a margin of error rounds to 0.00 but is not exactly equal to zero.

Notes: We used the 2016 American Community Survey 5-year estimates, which reflect information collected from 2012 through 2016. A major disaster was declared for all counties in Florida after Hurricane Irma. The most impacted and distressed area is the collection of counties and ZIP codes in Florida that HUD identified as most impacted and distressed after Hurricane Irma. A household consists of all the people who occupy a housing unit. A family is a group of two people or more (one of whom is the householder) related by birth, marriage, or adoption and residing together.

Appendix II: Demographic and Housing  
Characteristics of Selected Grantees

Table 4: Characteristics of People, Households, Families, and Housing Units in Louisiana (2010–2014), by Area Affected by the 2016 Floods

Characteristic	State	Major disaster declaration area <sup>a</sup>	Most impacted and distressed area <sup>a</sup>
<b>Total population (millions)</b>	<b>4.60</b>	<b>3.54</b>	<b>1.60</b>
	(0)	(0)	(0)
<b>Percentages of population by age</b>			
Under age 5	6.77	6.83	6.81
	(0.02)	(0.02)	(0.03)
Ages 5–17	17.48	17.93	18.13
	(0.09)	(0.11)	(0.17)
Ages 18–64	62.85	62.31	63.09
	(0.16)	(0.18)	(0.28)
Ages 65 and older	12.91	12.94	11.97
	(0.08)	(0.10)	(0.15)
<b>Percentages of population by race and ethnicity</b>			
White, non-Hispanic	59.74	63.05	65.02
	(0.01)	(0.02)	(0.03)
Black, non-Hispanic	31.91	30.35	27.91
	(0.04)	(0.05)	(0.08)
Native American/Alaskan Native, non-Hispanic	0.55	0.45	0.26
	(0.02)	(0.02)	(0.03)
Asian, non-Hispanic	1.63	1.21	1.63
	(0.02)	(0.02)	(0.04)
Native Hawaiian/Pacific Islander, non-Hispanic	0.03	0.04	0.02
	(0.01)	(0.01)	(0.01)
Other race/two or more races, non-Hispanic	1.56	1.52	1.44
	(0.05)	(0.06)	(0.10)
Hispanic	4.58	3.38	3.73
	(0.01)	(0.01)	(0)
<b>Civilian noninstitutionalized population (millions)</b>	<b>4.50</b>	<b>3.45</b>	<b>1.58</b>
	(0.00)	(0.00)	(0.00)
<b>Percentages of civilian noninstitutionalized population by disability</b>			
With a disability	14.99	15.33	13.98
	(0.26)	(1.14)	(1.08)
With no disability	85.01	84.67	86.02
	(1.32)	(6.25)	(6.55)

Appendix II: Demographic and Housing  
Characteristics of Selected Grantees

Characteristic	State	Major disaster declaration area <sup>a</sup>	Most impacted and distressed area <sup>a</sup>
Population ages 5 and older (millions)	4.29 (0.00)	3.30 (0.00)	1.49 (0.00)
<b>Percentages of population ages 5 and older by English language proficiency</b>			
Speaks only English	91.38 (1.08)	92.56 (1.34)	91.94 (1.85)
Speaks English very well	5.73 (0.11)	5.27 (0.13)	5.68 (0.20)
Speaks English well	1.47 (0.05)	1.19 (0.05)	1.23 (0.08)
Does not speak English well	1.03 (0.04)	0.72 (0.05)	0.80 (0.07)
Does not speak English at all	0.40 (0.03)	0.26 (0.03)	0.35 (0.06)
<b>Total households (millions)</b>	<b>1.72</b> <b>(0.00)</b>	<b>1.31</b> <b>(0.00)</b>	<b>0.60</b> <b>(0.00)</b>
<b>Percentages of households by income</b>			
Less than \$50,000	54.05 (15.17)	53.61 (13.63)	49.86 (18.36)
\$50,000–99,999	27.41 (7.70)	27.71 (7.05)	28.57 (10.53)
\$100,000–149,999	11.35 (3.19)	11.60 (2.95)	12.96 (4.78)
\$150,000–199,999	3.81 (1.07)	3.88 (0.99)	4.55 (1.69)
\$200,000 or more	3.38 (0.95)	3.19 (0.82)	4.06 (1.51)
<b>Total families (millions)</b>	<b>1.13</b> <b>(0.01)</b>	<b>0.88</b> <b>(0.00)</b>	<b>0.40</b> <b>(0.00)</b>
<b>Percentages of families by income</b>			
Less than \$50,000	44.50 (19.66)	44.17 (19.82)	40.19 (27.10)
\$50,000–99,999	31.24 (13.80)	31.49 (14.13)	31.84 (21.47)
\$100,000–149,999	14.69 (6.49)	15.00 (6.73)	16.63 (11.22)

Appendix II: Demographic and Housing  
Characteristics of Selected Grantees

Characteristic	State	Major disaster declaration area <sup>a</sup>	Most impacted and distressed area <sup>a</sup>
\$150,000–199,999	5.07 (2.24)	5.10 (2.29)	5.95 (4.02)
\$200,000 or more	4.50 (1.99)	4.23 (1.90)	5.39 (3.64)
<b>Total housing units (millions)</b>	<b>1.72</b> <b>(0.00)</b>	<b>1.31</b> <b>(0.00)</b>	<b>0.60</b> <b>(0.00)</b>
<b>Percentages of housing units by occupancy</b>			
Owner-occupied	68.31 (18.61)	68.78 (17.48)	68.09 (25.07)
Renter-occupied	33.69 (9.46)	31.22 (7.94)	31.91 (11.75)

Source: GAO analysis of data from the Census Bureau, Federal Emergency Management Agency, and Department of Housing and Urban Development. | GAO-22-104452

<sup>a</sup>Parentheses contain 90 percent margins of error. We report a margin of error of "0" when a margin of error is exactly equal to zero and "0.00" when a margin of error rounds to 0.00 but is not exactly equal to zero.

Notes: We used the 2014 American Community Survey 5-year estimates, which reflect information collected from 2010 through 2014 and are consistent with the data the grantee used for its action plan. The major disaster declaration area is the collection of parishes in Louisiana that received a major disaster declaration after the 2016 floods. The most impacted and distressed area is the collection of parishes in Louisiana that HUD identified as most impacted and distressed after the 2016 floods. A household consists of all the people who occupy a housing unit. A family is a group of two people or more (one of whom is the householder) related by birth, marriage, or adoption and residing together.

Appendix II: Demographic and Housing  
Characteristics of Selected Grantees

Table 5: Characteristics of People, Households, Families, and Housing Units in New Jersey (2009–2011 and 2007–2011), by Area Affected by Hurricane Sandy

Characteristic	State and major disaster declaration area <sup>a</sup>	Most impacted and distressed area <sup>a</sup>
Total population (millions)	8.75 (0)	5.22 (0)
<b>Percentages of population by age</b>		
Under age 5	6.21 (0.00)	6.28 (0.01)
Ages 5–17	17.43 (0.06)	16.98 (0.08)
Ages 18–64	62.97 (0.10)	62.90 (0.13)
Ages 65 and older	13.40 (0.07)	13.83 (0.08)
<b>Percentages of population by race and ethnicity</b>		
White, non-Hispanic	59.90 (0.02)	55.64 (0.03)
Black, non-Hispanic	12.85 (0.03)	13.70 (0.04)
Native American/Alaskan Native, non-Hispanic	0.12 (0.01)	0.11 (0.01)
Asian, non-Hispanic	8.12 (0.02)	9.62 (0.03)
Native Hawaiian/Pacific Islander, non-Hispanic	0.02 (0.00)	0.02 (0.01)
Other race/two or more races, non-Hispanic	1.71 (0.05)	1.72 (0.06)
Hispanic	17.28 (0)	19.19 (0)
Civilian noninstitutionalized population (millions)	8.68 (0.00)	5.20 (0.00)
<b>Percentages of civilian noninstitutionalized population by disability</b>		
With a disability	9.93 (0.13)	9.68 (0.42)
With no disability	90.07 (0.92)	90.32 (3.76)

Appendix II: Demographic and Housing  
Characteristics of Selected Grantees

Characteristic	State and major disaster declaration area <sup>a</sup>	Most impacted and distressed area <sup>a</sup>
Population ages 5 and older (millions)	8.21 (0.00)	4.89 (0.00)
<b>Percentages of population ages 5 and older by English language proficiency</b>		
Speaks only English	70.79 (0.23)	66.37 (0.31)
Speaks English very well	16.89 (0.12)	19.32 (0.17)
Speaks English well	6.00 (0.07)	6.93 (0.10)
Does not speak English well	4.51 (0.07)	5.22 (0.09)
Does not speak English at all	1.80 (0.04)	2.16 (0.06)
<b>Total households (millions)</b>	<b>3.18 (0.01)</b>	<b>1.92 (0.00)</b>
<b>Percentages of households by income</b>		
Less than \$50,000	35.68 (6.91)	37.31 (7.10)
\$50,000–99,999	29.82 (5.77)	29.44 (5.60)
\$100,000–149,999	17.51 (3.39)	16.81 (3.20)
\$150,000–199,999	8.17 (1.58)	7.82 (1.49)
\$200,000 or more	8.82 (1.71)	8.63 (1.64)
<b>Total families (millions)</b>	<b>2.20 (0.01)</b>	<b>1.31 (0.00)</b>
<b>Percentages of families by income</b>		
Less than \$50,000	26.64 (9.14)	28.43 (9.89)
\$50,000–99,999	30.65 (10.52)	30.41 (10.57)
\$100,000–149,999	20.94 (7.19)	20.14 (7.01)

**Appendix II: Demographic and Housing  
Characteristics of Selected Grantees**

Characteristic	State and major disaster declaration area <sup>a</sup>	Most impacted and distressed area <sup>a</sup>
\$150,000–199,999	10.37 (3.56)	9.87 (3.43)
\$200,000 or more	11.41 (3.92)	11.15 (3.88)
<b>Total housing units (millions)</b>	<b>3.18</b> <b>(0.01)</b>	<b>1.92</b> <b>(0.00)</b>
<b>Percentages of housing units by occupancy</b>		
Owner-occupied	66.58 (12.89)	62.48 (11.88)
Renter-occupied	33.42 (6.47)	37.52 (7.14)

Source: GAO analysis of data from the Census Bureau, Federal Emergency Management Agency, and Department of Housing and Urban Development. | GAO-22-104452

<sup>a</sup>Parentheses contain 90 percent margins of error. We report a margin of error of "0" when a margin of error is exactly equal to zero and "0.00" when a margin of error rounds to 0.00 but is not exactly equal to zero.

Notes: We used the 2011 American Community Survey 3-year estimates (which reflect information collected from 2009 through 2011) to describe the percentages of the civilian noninstitutionalized population with and without a disability and the 2011 American Community Survey 5-year estimates (which reflect information collected from 2007 through 2011) to describe the other characteristics. Information on the disability status of the civilian noninstitutionalized population was not available in the 5-year estimates for 2007–2011. A major disaster was declared in all counties in New Jersey after Hurricane Sandy. The most impacted and distressed area is the collection of counties in New Jersey that HUD identified as most impacted and distressed after Hurricane Sandy. A household consists of all the people who occupy a housing unit. A family is a group of two people or more (one of whom is the householder) related by birth, marriage, or adoption and residing together.

Appendix II: Demographic and Housing  
Characteristics of Selected Grantees

Table 6: Characteristics of People, Households, Families, and Housing Units in Puerto Rico (2012–2016), by Area Affected by Hurricanes Irma and Maria

Characteristic	Territory, major disaster declaration area, and most impacted and distressed area <sup>a</sup>
Total population (millions)	3.53 (0)
<b>Percentages of population by age</b>	
Under age 5	5.20 (0.01)
Ages 5–17	16.54 (0.10)
Ages 18–64	60.85 (0.18)
Ages 65 and older	17.40 (0.12)
<b>Percentages of population by race and ethnicity</b>	
White, non-Hispanic	0.75 (0.05)
Black, non-Hispanic	0.08 (0.01)
Native American/Alaskan Native, non-Hispanic	0.00 (0.00)
Asian, non-Hispanic	0.07 (0.02)
Native Hawaiian/Pacific Islander, non-Hispanic	0.00 (0.00)
Other race/two or more races, non-Hispanic	0.15 (0.02)
Hispanic	98.95 (0.05)
Civilian noninstitutionalized population (millions)	3.50 (0.00)
<b>Percentages of civilian noninstitutionalized population by disability</b>	
With a disability	21.28 (0.20)
With no disability	78.72 (0.56)

Appendix II: Demographic and Housing  
Characteristics of Selected Grantees

Characteristic	Territory, major disaster declaration area, and most impacted and distressed area <sup>a</sup>
Population ages 5 and older (millions)	3.35 (0.00)
<b>Percentages of population ages 5 and older by English language proficiency</b>	
Speaks only English	5.52 (0.09)
Speaks English very well	16.37 (0.19)
Speaks English well	15.21 (0.17)
Does not speak English well	20.94 (0.20)
Does not speak English at all	41.96 (0.30)
Total households (millions)	1.24 (0.00)
<b>Percentages of households by income</b>	
Less than \$50,000	82.64 (24.08)
\$50,000–99,999	13.23 (3.86)
\$100,000–149,999	2.57 (0.76)
\$150,000–199,999	0.83 (0.25)
\$200,000 or more	0.72 (0.21)
Total families (millions)	0.87 (0.00)
<b>Percentages of families by income</b>	
Less than \$50,000	79.67 (33.85)
\$50,000–99,999	15.43 (6.56)
\$100,000–149,999	3.05 (1.30)

Appendix II: Demographic and Housing  
Characteristics of Selected Grantees

Characteristic	Territory, major disaster declaration area, and most impacted and distressed area <sup>a</sup>
\$150,000–199,999	0.99 (0.43)
\$200,000 or more	0.86 (0.37)
<b>Total housing units (millions)</b>	<b>1.24 (0.00)</b>
<b>Percentages of housing units by occupancy</b>	
Owner-occupied	68.60 (19.99)
Renter-occupied	31.40 (9.15)

Source: GAO analysis of data from the Census Bureau, Federal Emergency Management Agency, and Department of Housing and Urban Development. | GAO-22-104452

<sup>a</sup>Parentheses contain 90 percent margins of error. We report a margin of error of "0" when a margin of error is exactly equal to zero and "0.00" when a margin of error rounds to 0.00 but is not exactly equal to zero.

Notes: We used the 2016 American Community Survey 5-year estimates, which reflect information collected from 2012 through 2016. A major disaster was declared in all municipios (municipalities) in Puerto Rico after Hurricanes Irma and Maria, and HUD identified the entire territory as most impacted and distressed. A household consists of all the people who occupy a housing unit. A family is a group of two people or more (one of whom is the householder) related by birth, marriage, or adoption and residing together.

Appendix II: Demographic and Housing  
Characteristics of Selected Grantees

Table 7: Characteristics of People, Households, Families, and Housing Units in Texas (2012–2016), by Area Affected by Hurricane Harvey

Characteristic	State	Major disaster declaration area <sup>a</sup>	Most impacted and distressed area <sup>a</sup>
<b>Total population (millions)</b>	<b>26.96</b>	<b>15.99</b>	<b>7.72</b>
	(0)	(0)	(0.00)
<b>Percentages of population by age</b>			
Under age 5	7.31	7.33	7.41
	(0.01)	(0.01)	(0.30)
Ages 5–17	19.15	18.95	19.25
	(0.04)	(0.06)	(0.79)
Ages 18–64	62.05	63.11	62.72
	(0.07)	(0.09)	(2.55)
Ages 65 and older	11.49	10.61	10.63
	(0.04)	(0.04)	(0.44)
<b>Percentages of population by race and ethnicity</b>			
White, non-Hispanic	43.42	39.59	39.63
	(0.01)	(0.01)	(1.61)
Black, non-Hispanic	11.63	14.91	16.16
	(0.02)	(0.03)	(0.66)
Native American/Alaskan Native, non-Hispanic	0.23	0.20	0.20
	(0.01)	(0.01)	(0.02)
Asian, non-Hispanic	4.31	5.36	6.33
	(0.01)	(0.02)	(0.26)
Native Hawaiian/Pacific Islander, non-Hispanic	0.07	0.06	0.05
	(0.00)	(0.00)	(0.00)
Other race/two or more races, non-Hispanic	1.70	1.76	1.59
	(0.02)	(0.04)	(0.08)
Hispanic	38.63	38.13	36.05
	(0.00)	(0)	(1.46)
<b>Civilian noninstitutionalized population (millions)</b>	<b>26.48</b>	<b>15.79</b>	<b>7.63</b>
	<b>(0.00)</b>	<b>(0.01)</b>	<b>(0.00)</b>
<b>Percentages of civilian noninstitutionalized population by disability</b>			
With a disability	11.64	10.79	10.50
	(0.10)	(0.37)	(0.58)
With no disability	88.36	89.21	89.50
	(0.69)	(2.99)	(4.86)

Appendix II: Demographic and Housing  
Characteristics of Selected Grantees

Characteristic	State	Major disaster declaration area <sup>a</sup>	Most impacted and distressed area <sup>a</sup>
Population ages 5 and older (millions)	24.99 (0.00)	14.82 (0.00)	7.15 (0.00)
<b>Percentages of population ages 5 and older by English language proficiency</b>			
Speaks only English	64.81 (0.24)	64.36 (0.22)	64.05 (2.70)
Speaks English very well	21.11 (0.11)	20.87 (0.12)	20.72 (0.89)
Speaks English well	6.35 (0.05)	6.68 (0.06)	6.76 (0.30)
Does not speak English well	4.88 (0.04)	5.40 (0.06)	5.48 (0.24)
Does not speak English at all	2.86 (0.03)	2.69 (0.04)	2.98 (0.14)
<b>Total households (millions)</b>	<b>9.29 (0.02)</b>	<b>5.59 (0.01)</b>	<b>2.67 (0.00)</b>
<b>Percentages of households by income</b>			
Less than \$50,000	45.81 (7.68)	44.18 (5.41)	43.18 (7.92)
\$50,000–99,999	29.71 (4.98)	29.81 (3.65)	29.02 (5.32)
\$100,000–149,999	13.43 (2.25)	13.77 (1.69)	14.26 (2.62)
\$150,000–199,999	5.34 (0.90)	5.68 (0.70)	6.23 (1.15)
\$200,000 or more	5.72 (0.96)	6.55 (0.81)	7.30 (1.34)
<b>Total families (millions)</b>	<b>6.45 (0.02)</b>	<b>3.79 (0.01)</b>	<b>1.87 (0.01)</b>
<b>Percentages of families by income</b>			
Less than \$50,000	38.75 (10.61)	37.52 (8.42)	36.70 (12.17)
\$50,000–99,999	31.34 (8.58)	30.76 (6.90)	29.88 (9.91)
\$100,000–149,999	16.08 (4.41)	16.32 (3.66)	16.73 (5.55)

Appendix II: Demographic and Housing  
Characteristics of Selected Grantees

Characteristic	State	Major disaster declaration area <sup>a</sup>	Most impacted and distressed area <sup>a</sup>
\$150,000–199,999	6.65 (1.82)	7.08 (1.59)	7.62 (2.53)
\$200,000 or more	7.19 (1.97)	8.32 (1.87)	9.07 (3.01)
<b>Total housing units (millions)</b>	<b>9.29</b> <b>(0.02)</b>	<b>5.59</b> <b>(0.01)</b>	<b>2.67</b> <b>(0.00)</b>
<b>Percentages of housing units by occupancy</b>			
Owner-occupied	61.87 (10.38)	58.91 (7.22)	61.22 (11.22)
Renter-occupied	38.13 (6.40)	41.09 (5.03)	38.78 (7.11)

Source: GAO analysis of data from the Census Bureau, Federal Emergency Management Agency, and Department of Housing and Urban Development. | GAO-22-104452

<sup>a</sup>Parentheses contain 90 percent margins of error. We report a margin of error of "0" when a margin of error is exactly equal to zero and "0.00" when a margin of error rounds to 0.00 but is not exactly equal to zero.

Notes: We used the 2016 American Community Survey 5-year estimates, which reflect information collected from 2012 through 2016. The major disaster declaration area is the collection of counties in Texas that received a major disaster declaration after Hurricane Harvey. The most impacted and distressed area is the collection of counties and ZIP codes in Texas that HUD identified as most impacted and distressed after Hurricane Harvey. A household consists of all the people who occupy a housing unit. A family is a group of two people or more (one of whom is the householder) related by birth, marriage, or adoption and residing together.

Appendix II: Demographic and Housing  
Characteristics of Selected Grantees

Table 8: Characteristics of People, Households, Families, and Housing Units in the U.S. Virgin Islands (2010), by Area Affected by Hurricanes Irma and Maria

Characteristic	Territory, major disaster declaration area, and most impacted and distressed area
<b>Total population (thousands)</b>	<b>106.41</b>
<b>Percentages of population by age</b>	
Under age 5	7.05
Ages 5–17	18.35
Ages 18–64	61.08
Ages 65 and older	13.52
<b>Percentages of population by race and ethnicity</b>	
White, non-Hispanic	13.49
Black, non-Hispanic	66.14
Native American/Alaskan Native, non-Hispanic	0.22
Asian, non-Hispanic	1.28
Native Hawaiian/Pacific Islander, non-Hispanic	0.01
Other race/two or more races, non-Hispanic	1.47
Hispanic	17.39
<b>Civilian noninstitutionalized population (thousands)</b>	<b>105.43</b>
<b>Percentages of civilian noninstitutionalized population by disability</b>	
With a disability	9.84
With no disability	90.16
<b>Population ages 5 and older (thousands)</b>	<b>98.91</b>
<b>Percentages of population ages 5 and older by English language proficiency</b>	
Speaks only English	71.65
Speaks English very well	18.87
Speaks English well	5.18
Does not speak English well	3.61
Does not speak English at all	0.70
<b>Total households (thousands)</b>	<b>43.21</b>
<b>Percentages of households by income</b>	
Less than \$25,000	34.83
\$25,000–49,999	26.78
\$50,000–74,999	16.87
\$75,000–99,999	9.33
\$100,000 or more	12.19

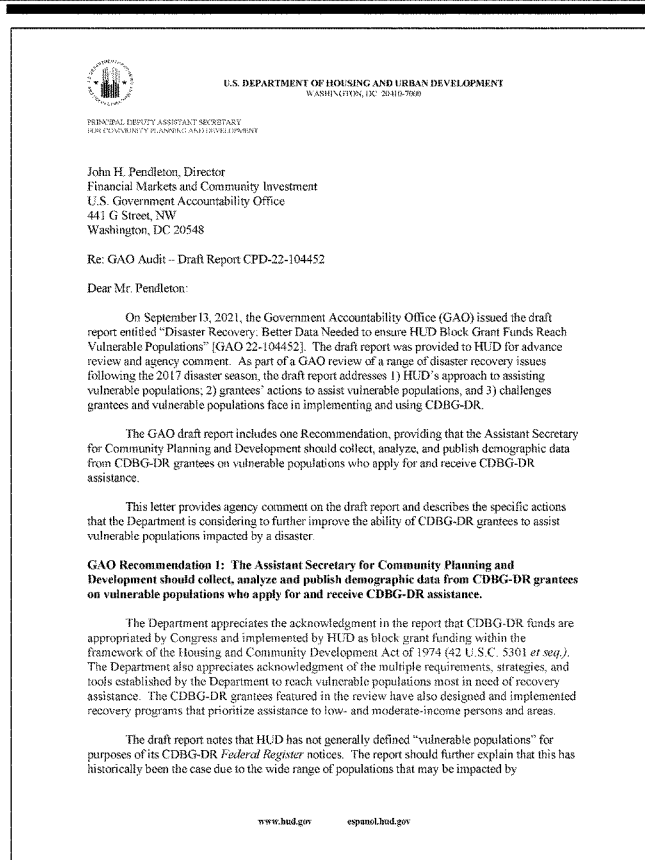
Appendix II: Demographic and Housing  
Characteristics of Selected Grantees

Characteristic	Territory, major disaster declaration area, and most impacted and distressed area
<b>Total families (thousands)</b>	<b>26.24</b>
<b>Percentages of families by income</b>	
Less than \$25,000	27.51
\$25,000–49,999	26.86
\$50,000–74,999	18.46
\$75,000–99,999	11.25
\$100,000 or more	15.92
<b>Total housing units (thousands)</b>	<b>43.21</b>
<b>Percentages of housing units by occupancy</b>	
Owner-occupied	47.90
Renter-occupied	52.10

Source: GAO analysis of data from the Census Bureau, Federal Emergency Management Agency, and Department of Housing and Urban Development. | GAO-22-104452

Notes: We used data from the 2010 decennial census. A major disaster was declared for the entire U.S. Virgin Islands after Hurricanes Irma and Maria, and HUD identified the entire territory as most impacted and distressed. A household consists of all the people who occupy a housing unit. A family is a group of two people or more (one of whom is the householder) related by birth, marriage, or adoption and residing together.

## Appendix III: Comments from the Department of Housing and Urban Development



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Appendix III: Comments from the Department  
of Housing and Urban Development

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indiscriminate disasters.

The report should also note that HUD has led other federal agencies in the consideration and prioritization of vulnerable populations. The report might note, for example, that in the Notice of Funding Available for the award of CDBG-DR funds for National Disaster Resilience grants in 2014 (FR-5800-N-29), HUD provided the following definition:

For purposes of this NOFA, a vulnerable population is a group or community whose circumstances present barriers to obtaining or understanding information or accessing resources. HUD notes that research and HUD's disaster recovery experience indicate that lower-income persons are less able to recover from the effects of disasters. Further, you are required under civil rights and fair housing requirements to ensure that access to program information and benefit is not limited based on a protected class, such as race, color, national origin, religion, sex, family status, or disability.

Although there may be a general definition of socially and economically vulnerable populations that HUD could provide (related to the particular harm persons in those groups may have experienced from disasters, long-term adverse effects, limits to resilience, and risk from future disasters), specific vulnerable populations are defined in large part by local and regional disasters. The report appropriately cites research indicating that certain segments of the population do face consistent recovery challenges. However, in a disaster recovery context, socially and economically vulnerable populations are additionally defined by their resilience to adverse natural, economic, and other events, such as disasters, recessions, and government-caused displacement. There is no standard set of vulnerable populations, and their existence and concentration vary locally and regionally by geography, markets, prevalent housing stock, and tenure, history, prejudice, and policy. Underserved populations may overlap considerably with protected classes and vulnerable populations and are the result of historic and systemic patterns of engagement, treatment, and participation.

Another important distinction is the difference and similarity between groups that present considerations of equity: protected bases (classes), vulnerable populations, and underserved populations. The key distinction with respect to protected basis is the statutory foundation for prohibiting discrimination against persons on the basis of race, color, national origin, sex (including sexual orientation and gender identity), religion, familial status, and disability. Other statutes protect other bases, such as genetic information and age.

It is this Office's intention to develop and include a definition of "vulnerable populations" in upcoming *Federal Register* notices governing the allocation of CDBG-DR funds. However, the Department reiterates that the definition must also acknowledge that vulnerable populations vary with each disaster and region. HUD is prepared to work with its federal recovery partners to explore the feasibility of developing a shared definition of vulnerable populations.

The draft report recommends that the Department impose additional demographic reporting requirements on its CDBG-DR and CDBG-MIT grantees and extend those requirements to both program applicants and those receiving program assistance. The Department understands that the GAO's recommendation is directing HUD to collect data to ensure vulnerable populations are

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Appendix III: Comments from the Department  
of Housing and Urban Development

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served. However, HUD also recognizes that it must build/supplement its own staffing infrastructure to perform a more robust analysis of existing and any potential new data and incorporate the direction to agencies for implementing the President's Executive Order on Advancing Racial Equity and Support for Underserved Communities through the Federal Government (Executive Order 13985) following the submission of the Equity Assessment Reports. Building this infrastructure also must recognize that some beneficiaries (applicants) may be reluctant to provide demographic information out of concern for retaliation or negative treatment.

Additionally, to implement the GAO recommendation, HUD would need to create additional protocols for data collection to incorporate considerations for personally identifiable information (PII). While declining to provide demographic information does not affect grantee consideration of any CDBG-DR application, additional protocols would be required for HUD to obtain and maintain PII from its grantees. In fact, existing Privacy Act provisions have made it difficult for HUD to collect aggregate data from the Federal Emergency Management Agency (FEMA) on households who have applied, received, or were denied assistance following a FEMA data breach that occurred after Hurricane Harvey.

As mentioned in the draft report, the Department is taking action to implement Executive Order 13985. The Secretary has committed to engaging in a long-term effort to bring an equity lens to all the Department's work. HUD has submitted an equity assessment pursuant to Section 5 of the Executive Order. The overarching federal effort to increase equity as envisioned by the Executive Order will result in more coordinated and effective actions than a myriad of disparate actions by individual agencies.

HUD notes that Executive Order 13985 states that the Director of the Office of Management and Budget (OMB) shall, in partnership with the heads of agencies, study methods for assessing whether agency policies and actions create or exacerbate barriers to full and equal participation by all eligible individuals. The study should aim to identify the best methods, consistent with applicable law, to assist agencies in assessing equity with respect to race, ethnicity, religion, income, geography, gender identity, sexual orientation, and disability. The Department recognizes the importance of a single federal standard for applicant and beneficiary demographic data collection and looks forward to collaborating with OMB in developing standard requirements across federal programs.

The Department is fully committed to implementing CDBG-DR and CDBG-MIT funds to reflect the principles outlined in Executive Order 13985. Prior to implementing the draft report's recommendation on new reporting requirements across its CDBG-DR and CDBG-MIT grant portfolios, the Department is considering a pilot data analysis using DRGR MicroStrategy dashboards (interactive charts and graphs). These dashboards are visual displays of key metrics and trends, which are supported by one or more MicroStrategy reports available via DRGR. These interactive charts and graphs illustrate progress and program effectiveness by appropriation, grantee, and/or grant. HUD can use grantee data submitted via DRGR and overlay the data with U.S. Census data to analyze the impacts and uses of CDBG-DR funds. Currently, CPD has the ability to produce dashboards related to CDBG-DR and CDBG-MIT funding, performance accomplishments, beneficiaries (including income levels), and race and ethnicity data for applicants served. This access to data via MicroStrategy reports or dashboards may assist HUD in measuring grantee

Appendix III: Comments from the Department  
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contributions toward meeting the unmet disaster recovery needs of low- and moderate-income persons as well as in analyzing the effectiveness of CDBG-DR and CDBG-MIT grants towards serving underserved populations. This analysis will allow HUD to better evaluate the value-added of the additional grantee reporting requirements recommended by the draft report.

As noted previously, collecting additional data from grantees, such as all applicant information (as opposed to only beneficiary data) and any additional demographic data, will require additional staffing, system infrastructure, and protocols for HUD and, presumably for CDBG-DR and CDBG-MIT grantees, in order to fully support those updates. HUD will continue to research ways to use U.S. Census data combined with grantee data to determine how vulnerable populations are served by CDBG-DR grantees.

Technical Corrections and Clarifications:

1. The report notes that "These appropriations have provided HUD the authority to waive or modify many of the statutory and regulatory provisions governing the CDBG program". However, given the topic of the report, it is worth noting here that HUD is prohibited from waiving requirements related to fair housing, nondiscrimination, labor standards, and the environment. (page 3)
2. The second "Grantee Requirements and Vulnerable Populations" bullet should precisely reflect the instructions to grantees in the Federal Register Notice for 2017 disasters (83 FR 5850). This provision describes grantee responsibilities for estimating the unmet needs of the populations to be served:

*(3) Each grantee must include a description of how it will identify and address the rehabilitation, reconstruction, replacement, and new construction of housing and shelters in the areas affected by the disaster. This includes any rental housing that is affordable to low- or moderate-income households as provided for in B.34 of section VI of this notice; public housing as provided for in B.33 of Section VI of this notice; emergency shelters and housing for the homeless; private market units receiving project-based assistance or with tenants that participate in the Section 8 Housing Choice Voucher Program; and any other housing that is assisted under a HUD program. (4) A description of how the grantee's programs will promote housing for vulnerable populations, including a description of activities it plans to address: (a) The transitional housing, permanent supportive housing, and permanent housing needs of individuals and families (including subpopulations) that are homeless and at-risk of homelessness; (b) the prevention of low-income individuals and families with children (especially those with incomes below 30 percent of the area median) from becoming homeless; and (c) the special needs of persons who are not homeless but require supportive housing (e.g., elderly, persons with disabilities, persons with alcohol or other drug addiction, persons with HIV/AIDS and their families, and public housing residents). Grantees must also assess how planning decisions may affect members of protected classes, racially and ethnically concentrated areas, as well as concentrated areas of poverty; will promote the availability of affordable housing in low-poverty, nonminority areas where appropriate; and will respond to natural hazard-related impacts...." (page 4)*

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Appendix III: Comments from the Department  
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3. The GAO's report does not appear to cover the full range of data support provided by HUD to the grantees, or the Federal government's importance in targeting disaster relief to the hardest hit areas. For example, the report does not appear to address the Federal government's existing role in targeting CDBG-DR assistance. One hundred percent of CDBG-DR funds must be spent in the MID (most impacted and distressed) areas. (page 8)
4. Additional protected populations to be served through the use of CDBG-DR funds include families, national origin, persons with limited English proficiency, sex (inclusive of sexual orientation and gender identity). These populations should also be noted here. (page 8)
5. There are major issues in the use of the SoVI tool. Presently, SoVI aggregates legally protected characteristics with other forms of vulnerability. Thus, areas with protected populations may be afforded the same priority as areas with vulnerable groups that are not protected under fair housing and civil rights laws. The limitations of this Tool should be highlighted here. (page 8)
6. The report notes that "According to officials from FHED, HUD is developing this toolkit because experience has shown that significant barriers exist that impede the participation of members of protected classes and vulnerable populations in CDBG-DR programs." To clarify the attribution of the comment, FHED does not implement the CDBG-DR grants. CPD chose to fund the development of the toolkit in order to ensure that grantees have the knowledge and capacity to comply with all requirements related to Citizen Participation and provide guidance and best practices on reaching the most vulnerable. (page 10-11)
7. The report mentions the supplemental guidance on CDBG-MIT that grantees could use to help them meet the requirements to serve vulnerable populations. While the report notes that "FHED officials developed" the guidance, it was actually a partnership between CPD, FHED, and OGC staff. It also might be worth noting that the guidance was followed up with a live webinar training on the topic – it can be found here: <https://www.hudexchange.info/trainings/courses/fhed-requirements-on-cdbg-mit-action-plans/>. (page 11)
8. The recommendation for a pre-populated data form is not entirely clear. Is the request for HUD to provide a standard format for grantees to identify data requirements and to organize the data it collects, or is the request for HUD to provide demographic data (e.g., baseline, community-level data) in a standard format? (page 20)
9. It would be informative for GAO to address HUD's policies and resources with respect to language accessibility. HUD provides extensive guidance on the subject and translates its vital documents into languages other than English. (page 22)
10. HUD recommends that the body of the report better integrate information on the availability and utility of demographic data in the Appendix. Implicit in the body of the report is the notion that both HUD and its grantees would benefit from accessing, organizing, and analyzing this data in a systematic fashion. For example, the data can form a baseline for

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Appendix III: Comments from the Department  
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identifying the size and concentration of vulnerable populations. Furthermore, it would be constructive to show how the data collection, organization, and analysis could be tailored to reflect the grantees' separate definitions of vulnerable populations (page 32)

Thank you for the opportunity to comment on this draft report.

Sincerely,

**JAMES  
JEMISON**

Digitally signed by JAMES  
JEMISON  
Date: 2021.10.08 15:24:21  
-0400

James Arthur Jemison II  
Principal Deputy Assistant Secretary  
for Community Planning and Development

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## Appendix IV: GAO Contact and Staff Acknowledgments

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### GAO Contact

John H. Pendleton, (202) 512-8678 or [pendletonj@gao.gov](mailto:pendletonj@gao.gov)

### Staff

### Acknowledgments

In addition to the contact named above, Paige Smith (Assistant Director), Meredith P. Graves (Analyst in Charge), Charlene Calhoon, William Chatlos, Courtney LaFountain, John McGrail, and Shenandoah Sowash made significant contributions to this report.

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## GAO@100 Highlights

Highlights of [GAO-22-104452](#), a report to congressional requesters

### Why GAO Did This Study

Large-scale disasters, such as the 2017 hurricanes, have resulted in catastrophic damage and particularly have challenged vulnerable populations. Since 1993, Congress has provided over \$90 billion in supplemental appropriations through HUD's CDBG-DR funds to help affected areas recover.

GAO was asked to evaluate the delivery of CDBG-DR assistance to vulnerable populations. This report examines (1) HUD's approach to assisting vulnerable populations, (2) grantees' actions to assist vulnerable populations, and (3) challenges grantees and vulnerable populations face in implementing and using CDBG-DR.

GAO reviewed documentation from HUD and a nongeneralizable sample of six grantees (the four largest 2017 CDBG-DR grantees—Florida, Puerto Rico, Texas, and the U.S. Virgin Islands—and Louisiana and New Jersey, which are further along in implementation). GAO also interviewed HUD officials, grantees, and organizations representing vulnerable populations.

### What GAO Recommends

GAO recommends that HUD collect, analyze, and publish demographic data from CDBG-DR grantees on vulnerable populations who apply for and receive assistance. HUD did not agree or disagree with the recommendation but identified potential ways to collect data to assess how vulnerable populations are being served and the associated challenges. GAO continues to believe the recommendation would assist in assessing outcomes.

View [GAO-22-104452](#). For more information, contact John H. Pendleton at (202) 512-8678 or [pendletonj@gao.gov](mailto:pendletonj@gao.gov).

November 2021

## DISASTER RECOVERY

### Better Data Are Needed to Ensure HUD Block Grant Funds Reach Vulnerable Populations

#### What GAO Found

Recent *Federal Register* notices for the Department of Housing and Urban Development's (HUD) Community Development Block Grant Disaster Recovery (CDBG-DR) funds direct grantees to demonstrate how their programs will promote housing for vulnerable populations. Grantees generally have been required to spend 70 percent of their funds on low- and moderate-income people. Draft action plans that grantees submit to HUD are to describe how grant funds will be used and the populations to be served, including vulnerable populations such as racial minorities, the elderly, or persons with disabilities. HUD provides tools, such as strategies for reaching people with limited English proficiency, to help grantees serve these populations. When reviewing grantees' draft plans, HUD officials told GAO they typically require revisions to clarify the populations defined as vulnerable, how funds will be used to help them, and how grantees will reach out to traditionally underserved populations. HUD officials also noted that vulnerable populations can be difficult to define because they vary locally and regionally based on factors such as geography, housing stock, and policy, but described steps they plan to take to develop and include a definition in upcoming *Federal Register* notices.

CDBG-DR grantees told GAO they assist low- and moderate-income people who are members of vulnerable populations; however, HUD does not collect and analyze key demographic data needed to fully assess the extent. HUD requires grantees to report selected data (race and ethnicity and the gender of single-headed households) for those served by activities that directly benefit households or individuals (such as housing). However, HUD only requires grantees to report these data on individuals actually served, not on all those who apply. The six grantees GAO reviewed gather additional demographic information on both applicants and those served, including age, disability status, and primary language. A 2021 Executive Order cited the need for better data collection and transparency on assistance to vulnerable populations, noting that a lack of data impedes efforts to measure and advance equity. By collecting, analyzing, and publicly reporting these additional demographic data, HUD and grantees could better assess whether they are effectively reaching the populations CDBG-DR activities are intended to serve.

According to grantees and organizations GAO interviewed, and studies GAO reviewed, vulnerable populations may experience several challenges accessing CDBG-DR assistance. These include language barriers, such as the need for translation services for those with limited English proficiency; limited access to transportation, especially for individuals without physical access to assistance intake centers or with mobility impairments; and program requirements, such as those that involve extensive documentation. Some grantees have addressed these challenges by acquiring translation services and developing outreach plans to reach vulnerable populations.

117<sup>TH</sup> CONGRESS  
1<sup>ST</sup> SESSION

# H. R. 4707

To establish a community disaster assistance fund for housing and community development and to authorize the Secretary of Housing and Urban Development to provide, from the fund, assistance through a community development block grant disaster recovery program, and for other purposes.

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## IN THE HOUSE OF REPRESENTATIVES

JULY 27, 2021

Mr. GREEN of Texas introduced the following bill; which was referred to the Committee on Financial Services, and in addition to the Committee on Appropriations, for a period to be subsequently determined by the Speaker, in each case for consideration of such provisions as fall within the jurisdiction of the committee concerned

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## A BILL

To establish a community disaster assistance fund for housing and community development and to authorize the Secretary of Housing and Urban Development to provide, from the fund, assistance through a community development block grant disaster recovery program, and for other purposes.

*1 Be it enacted by the Senate and House of Representa-*  
*2 tives of the United States of America in Congress assembled,*

**3 SECTION 1. SHORT TITLE.**

*4 This Act may be cited as the “Reforming Disaster*  
*5 Recovery Act”.*

1 SEC. 2. FINDINGS.

2 Congress finds that—

3 (1) following a major disaster declared by the  
4 President under section 401 of the Robert T. Staf-  
5 ford Disaster Relief and Emergency Assistance Act  
6 (42 U.S.C. 5170), the subset of communities that  
7 are most impacted and distressed as a result of the  
8 disaster face critical social, economic, and environ-  
9 mental obstacles to recovery, including insufficient  
10 public and private resources to address disaster-re-  
11 lated housing and community development needs for  
12 lower income households and distressed commu-  
13 nities;

14 (2) unmet disaster recovery needs, including  
15 housing assistance needs, can be especially wide-  
16 spread among persons with extremely low, low, and  
17 moderate incomes;

18 (3) economic, social, and housing hardships  
19 that affect communities before disasters are exacer-  
20 bated during crises and can delay and complicate  
21 long-term recovery, especially after catastrophic  
22 major disasters;

23 (4) States, units of local government, and In-  
24 dian Tribes within the most impacted and distressed  
25 areas resulting from major disasters benefit from  
26 flexibility to design programs that meet local needs,

1 but face inadequate financial, technical, and staffing  
2 capacity to plan and carry out sustained recovery,  
3 restoration, and mitigation activities;

4 (5) the speed and effectiveness considerations of  
5 long-term recovery from catastrophic major disasters  
6 is improved by predictable investments that support  
7 disaster relief, long-term recovery, restoration of  
8 housing and infrastructure, and economic revitaliza-  
9 tion, primarily for the benefit of low- and moderate-  
10 income persons;

11 (6) undertaking activities that mitigate the ef-  
12 fects of future natural disasters and extreme weath-  
13 er and increase the stock of affordable housing, in-  
14 cluding affordable rental housing, as part of long-  
15 term recovery can significantly reduce future fiscal  
16 and social costs, especially within high-risk areas,  
17 and can help to address outstanding housing and  
18 community development needs by creating jobs and  
19 providing other economic and social benefits within  
20 communities that further promote recovery and resil-  
21 ience; and

22 (7) the general welfare and security of the na-  
23 tion and the health and living standards of its people  
24 require targeted resources to support State and local  
25 governments in carrying out their responsibilities in

1 disaster recovery and mitigation through interim and  
2 long-term housing and community development ac-  
3 tivities that primarily benefit persons of low and  
4 moderate income.

5 **SEC. 3. DEFINITIONS.**

6 In this Act:

7 (1) **DEPARTMENT.**—The term “Department”  
8 means the Department of Housing and Urban De-  
9 velopment.

10 (2) **FUND.**—The term “Fund” means the  
11 Long-Term Disaster Recovery Fund established  
12 under section 5.

13 (3) **SECRETARY.**—The term “Secretary” means  
14 the Secretary of Housing and Urban Development.

15 **SEC. 4. DUTIES OF THE DEPARTMENT OF HOUSING AND**

16 **URBAN DEVELOPMENT.**

17 (a) **IN GENERAL.**—The offices and officers of the De-  
18 partment shall be responsible for—

19 (1) leading and coordinating the disaster-re-  
20 lated responsibilities of the Department under the  
21 National Response Framework, the National Dis-  
22 aster Recovery Framework, and the National Mitiga-  
23 tion Framework;

24 (2) coordinating and administering programs,  
25 policies, and activities of the Department related to

1 disaster relief, long-term recovery, resiliency, and  
2 mitigation, including disaster recovery assistance  
3 under title I of the Housing and Community Devel-  
4 opment Act of 1974 (42 U.S.C. 5301 et seq.);

5 (3) supporting disaster-impacted communities  
6 as those communities specifically assess, plan for,  
7 and address the housing stock and housing needs in  
8 the transition from emergency shelters and interim  
9 housing to permanent housing of those displaced, es-  
10 pecially among vulnerable populations and extremely  
11 low-, low-, and moderate-income households;

12 (4) collaborating with the Federal Emergency  
13 Management Agency, the Small Business Adminis-  
14 tration, and across the Department to align disaster-  
15 related regulations and policies, including incorpora-  
16 tion of consensus-based codes and standards and in-  
17 surance purchase requirements, and ensuring coordi-  
18 nation and reducing duplication among other Fed-  
19 eral disaster recovery programs;

20 (5) promoting best practices in mitigation and  
21 land use planning, including consideration of tradi-  
22 tional, natural, and nature-based infrastructure al-  
23 ternatives;

24 (6) coordinating technical assistance, including  
25 mitigation, resiliency, and recovery training and in-

1 formation on all relevant legal and regulatory re-  
2 quirements, to entities that receive disaster recovery  
3 assistance under title I of the Housing and Commu-  
4 nity Development Act of 1974 (42 U.S.C. 5301 et  
5 seq.) that demonstrate capacity constraints; and

6 (7) supporting State, Tribal, and local govern-  
7 ments in developing, coordinating, and maintaining  
8 their capacity for disaster resilience and recovery,  
9 and developing pre-disaster recovery and hazard  
10 mitigation plans, in coordination with the Federal  
11 Emergency Management Agency and other Federal  
12 agencies.

13 (b) ESTABLISHMENT OF THE OFFICE OF DISASTER

14 MANAGEMENT AND RESILIENCY.—Section 4 of the De-  
15 partment of Housing and Urban Development Act (42  
16 U.S.C. 3533) is amended by adding at the end the fol-  
17 lowing:

18 “(i) OFFICE OF DISASTER MANAGEMENT AND RE-  
19 SILIENCY.—

20 “(1) ESTABLISHMENT.—There is established,  
21 in the Office of the Secretary, the Office of Disaster  
22 Management and Resiliency.

23 “(2) DUTIES.—The Office of Disaster Manage-  
24 ment and Resiliency shall—

1 “(A) be responsible for oversight and co-  
2 ordination of all departmental disaster pre-  
3 paredness and response responsibilities; and

4 “(B) coordinate with the Federal Emer-  
5 gency Management Agency, the Small Business  
6 Administration, and the Office of Community  
7 Planning and Development and other offices of  
8 the Department in supporting recovery and re-  
9 siliience activities to provide a comprehensive  
10 approach in working with communities.”.

11 **SEC. 5. LONG-TERM DISASTER RECOVERY FUND.**

12 (a) **ESTABLISHMENT.**—There is established in the  
13 Treasury of the United States an account to be known  
14 as the Long-Term Disaster Recovery Fund.

15 (b) **DEPOSITS, TRANSFERS, AND CREDIT.**—

16 (1) **IN GENERAL.**—The Fund shall consist of  
17 amounts appropriated, transferred, and credited to  
18 the Fund.

19 (2) **TRANSFERS.**—The following may be trans-  
20 ferred to the Fund:

21 (A) Amounts made available through sec-  
22 tion 106(c)(4) of the Housing and Community  
23 Development Act of 1974 (42 U.S.C.  
24 5306(c)(4)) as a result of actions taken under  
25 section 104(e), 111, or 123(j) of such Act.

1 (B) Any unobligated balances available  
2 until expended remaining or subsequently re-  
3 captured from amounts appropriated for any  
4 disaster and related purposes under the heading  
5 “Community Development Fund” in any Act  
6 prior to the establishment of the Fund.

7 (3) USE OF TRANSFERRED AMOUNTS.—  
8 Amounts transferred to the Fund shall be used for  
9 the eligible uses described in subsection (c).

10 (c) ELIGIBLE USES OF FUND.—

11 (1) IN GENERAL.—Amounts in the Fund shall  
12 be available—

13 (A) to provide assistance in the form of  
14 grants under section 123 of the Housing and  
15 Community Development Act of 1974, as added  
16 by section 6; and

17 (B) for activities of the Department that  
18 support the provision of such assistance, includ-  
19 ing necessary salaries and expenses, informa-  
20 tion technology, capacity building and technical  
21 assistance (including assistance related to pre-  
22 disaster planning), and readiness and other pre-  
23 disaster planning activities that are not readily  
24 attributable to a single major disaster.

1           (2) SET ASIDE.—Of each amount appropriated  
2           for or transferred to the Fund, 2 percent shall be  
3           made available for activities described in paragraph  
4           (1)(B), which shall be in addition to other amounts  
5           made available for those activities.

6           (3) TRANSFER OF FUNDS.—Amounts made  
7           available for use in accordance with paragraph (2)—

8                   (A) may be transferred to the account  
9                   under the heading for “Program Offices—Com-  
10                  munity Planning and Development”, or any  
11                  successor account, for the Department to carry  
12                  out activities described in paragraph (1)(B);  
13                  and

14                  (B) may be used for the activities de-  
15                  scribed in paragraph (1)(B) and for the admin-  
16                  istrative costs of administering any funds ap-  
17                  propriated to the Department under the head-  
18                  ing “Community Planning and Development—  
19                  Community Development Fund” for any major  
20                  disaster declared under section 401 of the Rob-  
21                  ert T. Stafford Disaster Relief and Emergency  
22                  Assistance Act (42 U.S.C. 5170) in any Act be-  
23                  fore the establishment of the Fund.

24           (d) INTERCHANGEABILITY OF PRIOR ADMINISTRA-  
25           TIVE AMOUNTS.—Any amounts appropriated in any Act

1 prior to the establishment of the Fund and transferred  
2 to the account under the heading “Program Offices Sala-  
3 ries and Expenses—Community Planning and Develop-  
4 ment”, or any predecessor account, for the Department  
5 for the costs of administering funds appropriated to the  
6 Department under the heading “Community Planning and  
7 Development—Community Development Fund” for any  
8 major disaster declared under section 401 of the Robert  
9 T. Stafford Disaster Relief and Emergency Assistance Act  
10 (42 U.S.C. 5170) shall be available for the costs of admin-  
11 istering any such funds provided by any prior or future  
12 Act, notwithstanding the purposes for which those  
13 amounts were appropriated and in addition to any amount  
14 provided for the same purposes in other appropriations  
15 Acts.

16 (e) AVAILABILITY OF AMOUNTS.—Amounts appro-  
17 priated, transferred and credited to the Fund shall remain  
18 available until expended.

19 (f) FORMULA ALLOCATION.—Use of amounts in the  
20 Fund for grants shall be made by formula allocation in  
21 accordance with the requirements of section 123(a) of the  
22 Housing and Community Development Act of 1974, as  
23 added by section 6.

24 (g) AUTHORIZATION OF APPROPRIATIONS.—There  
25 are authorized to be appropriated to the Fund such sums

1 as may be necessary to respond to current or future major  
2 disasters declared under section 401 of the Robert T.  
3 Stafford Disaster Relief and Emergency Assistance Act  
4 (42 U.S.C. 5179) for grants under section 123 of the  
5 Housing and Community Development Act of 1974, as  
6 added by section 6.

7 **SEC. 6. ESTABLISHMENT OF CDBG DISASTER RECOVERY**  
8 **PROGRAM.**

9 Title I of the Housing and Community Development  
10 Act of 1974 (42 U.S.C. 5301 et seq.) is amended—

11 (1) in section 102(a) (42 U.S.C. 5302(a))—

12 (A) in paragraph (20)—

13 (i) by redesignating subparagraph (B)  
14 as subparagraph (C);

15 (ii) in subparagraph (C), as so redes-  
16 ignated, by inserting “or (B)” after “sub-  
17 paragraph (A)”; and

18 (iii) by inserting after subparagraph  
19 (A) the following:

20 “(B) The term ‘persons of extremely low  
21 income’ means families and individuals whose  
22 income levels do not exceed household income  
23 levels determined by the Secretary under sec-  
24 tion 3(b)(2) of the United States Housing Act  
25 of 1937 (42 U.S.C. 1437a(b)(2)(C)), except

1           that the Secretary may provide alternative defi-  
2           nitions for the Commonwealth of Puerto Rico,  
3           Guam, the Commonwealth of the Northern  
4           Mariana Islands, the United States Virgin Is-  
5           lands, and American Samoa.”; and

6           (B) by adding at the end the following:

7           “(25) The term ‘major disaster’ has the mean-  
8           ing given the term in section 102 of the Robert T.  
9           Stafford Disaster Relief and Emergency Assistance  
10          Act (42 U.S.C. 5122).”;

11          (2) in section 106(c)(4) (42 U.S.C.  
12          5306(c)(4))—

13           (A) in subparagraph (A)—

14           (i) by striking “declared by the Presi-  
15           dent under the Robert T. Stafford Disaster  
16           Relief and Emergency Assistance Act”;

17           (ii) inserting “States for use in non-  
18           entitlement areas and to” before “metro-  
19           politan cities”; and

20           (iii) inserting “major” after “affected  
21           by the”;

22          (B) in subparagraph (C)—

23           (i) by striking “metropolitan city or”  
24           and inserting “State, metropolitan city,  
25           or”;

1 (ii) by striking “city or county” and  
 2 inserting “State, city, or county”; and  
 3 (iii) by inserting “major” before “dis-  
 4 aster”;

5 (C) in subparagraph (D), by striking “met-  
 6 ropolitan cities and” and inserting “States,  
 7 metropolitan cities, and”;

8 (D) in subparagraph (F)—

9 (i) by striking “metropolitan city or”  
 10 and inserting “State, metropolitan city,  
 11 or”; and

12 (ii) by inserting “major” before “dis-  
 13 aster”; and

14 (E) in subparagraph (G), by striking “met-  
 15 ropolitan city or” and inserting “State, metro-  
 16 politan city, or”; and

17 (3) in section 122 (42 U.S.C. 5321), by striking  
 18 “disaster under title IV of the Robert T. Stafford  
 19 Disaster Relief and Emergency Assistance Act” and  
 20 inserting “major disaster”; and

21 (4) by adding at the end the following:

22 “SEC. 123. COMMUNITY DEVELOPMENT BLOCK GRANT DIS-  
 23 ASTER RECOVERY PROGRAM.  
 24 “(a) AUTHORIZATION, FORMULA, AND ALLOCA-  
 25 TION.—

1           “(1) AUTHORIZATION.—The Secretary is au-  
2           thorized to make community development block  
3           grant disaster recovery grants from the Long-Term  
4           Disaster Recovery Fund established under section 5  
5           of the Reforming Disaster Recovery Act (hereinafter  
6           referred to as the ‘Fund’) for necessary expenses for  
7           activities authorized under subsection (f)(1) related  
8           to disaster relief, long-term recovery, restoration of  
9           housing and infrastructure, economic revitalization,  
10          and mitigation in the most impacted and distressed  
11          areas resulting from a catastrophic major disaster.

12          “(2) GRANT AWARDS.—Grants shall be awarded  
13          under this section to States, units of general local  
14          government, and Indian tribes based on capacity and  
15          the concentration of damage, as determined by the  
16          Secretary, to support the efficient and effective ad-  
17          ministration of funds.

18          “(3) SECTION 106 ALLOCATIONS.—Grants  
19          under this section shall not be considered relevant to  
20          the formula allocations made pursuant to section  
21          106.

22          “(4) FEDERAL REGISTER NOTICE.—

23                  “(A) IN GENERAL.—Not later than 30  
24                  days after the date of enactment of this section,  
25                  the Secretary shall issue a notice in the Federal

1 Register containing the latest formula allocation  
2 methodologies used to determine the total esti-  
3 mate of unmet needs related to housing, eco-  
4 nomic revitalization, and infrastructure in the  
5 most impacted and distressed areas resulting  
6 from a catastrophic major disaster.

7 “(B) PUBLIC COMMENT.—In the notice  
8 issued under subparagraph (A), the Secretary  
9 shall solicit public comments on—

10 “(i) the methodologies described in  
11 subparagraph (A) and seek alternative  
12 methods for formula allocation within a  
13 similar total amount of funding;

14 “(ii) the impact of formula methodolo-  
15 gies on rural areas and Tribal areas;

16 “(iii) adjustments to improve tar-  
17 geting to the most serious needs;

18 “(iv) objective criteria for grantee ca-  
19 pacity and concentration of damage to in-  
20 form grantee determinations and minimum  
21 allocation thresholds; and

22 “(v) research and data to inform an  
23 additional amount to be provided for miti-  
24 gation depending on type of disaster, which

1 shall be no more than 30 percent of the  
2 total estimate of unmet needs.

3 “(5) REGULATIONS.—

4 “(A) IN GENERAL.—The Secretary shall,  
5 by regulation, establish a formula to allocate as-  
6 sistance from the Fund to the most impacted  
7 and distressed areas resulting from a cata-  
8 strophic major disaster.

9 “(B) FORMULA REQUIREMENTS.—The for-  
10 mula established under subparagraph (A)  
11 shall—

12 “(i) set forth criteria to determine  
13 that a major disaster is catastrophic, which  
14 criteria shall consider the presence of a  
15 high concentration of damaged housing or  
16 businesses that individual, State, Tribal,  
17 and local resources could not reasonably be  
18 expected to address without additional  
19 Federal assistance, or other nationally en-  
20 compassing data that the Secretary deter-  
21 mines are adequate to assess relative im-  
22 pact and distress across geographic areas;

23 “(ii) include a methodology for identi-  
24 fying most impacted and distressed areas,  
25 which shall consider unmet serious needs

1 related to housing, economic revitalization,  
2 and infrastructure;

3 “(iii) include an allocation calculation  
4 that considers the unmet serious needs re-  
5 sulting from the catastrophic major dis-  
6 aster and an additional amount up to 30  
7 percent for activities to reduce risks of loss  
8 resulting from other natural disasters in  
9 the most impacted and distressed area, pri-  
10 marily for the benefit of low- and mod-  
11 erate-income persons, with particular focus  
12 on activities that reduce repetitive loss of  
13 property and critical infrastructure; and

14 “(iv) establish objective criteria for  
15 periodic review and updates to the formula  
16 to reflect changes in available science and  
17 data.

18 “(C) MINIMUM ALLOCATION THRESH-  
19 OLD.—The Secretary shall, by regulation, es-  
20 tablish a minimum allocation threshold.

21 “(D) INTERIM ALLOCATION.—Until such  
22 time that the Secretary issues final regulations  
23 under this paragraph, the Secretary shall—

24 “(i) allocate assistance from the Fund  
25 using the formula allocation methodology

1 published in accordance with paragraph  
2 (4); and

3 “(ii) include an additional amount for  
4 mitigation equal to 15 percent of the total  
5 estimate of unmet need.

6 “(6) ALLOCATION OF FUNDS.—

7 “(A) IN GENERAL.—The Secretary shall—

8 “(i) except as provided in clause (ii),  
9 not later than 90 days after the President  
10 declares a major disaster, use best avail-  
11 able data to determine whether the major  
12 disaster is catastrophic and qualifies for  
13 assistance under the formula in paragraph  
14 (4) or (5), unless data is insufficient to  
15 make this determination; and

16 “(ii) if the best available data is insuf-  
17 ficient to make the determination required  
18 under clause (i) within the 90-day period  
19 described in that clause, the Secretary  
20 shall determine whether the major disaster  
21 qualifies when sufficient data becomes  
22 available, but in no case shall the Sec-  
23 retary make the determination later than  
24 120 days after the declaration of the major  
25 disaster.

1           “(B) ANNOUNCEMENT OF ALLOCATION.—  
2           If amounts are available in the Fund at the  
3           time the Secretary determines that the major  
4           disaster is catastrophic and qualifies for assist-  
5           ance under the formula in paragraph (4) or (5),  
6           the Secretary shall immediately announce anal-  
7           location for a grant under this section.

8           “(C) ADDITIONAL AMOUNTS.—If addi-  
9           tional amounts are appropriated to the Fund  
10          after amounts are allocated under subpara-  
11          graph (B), the Secretary shall announce an al-  
12          location or additional allocation (if a prior allo-  
13          cation under subparagraph (B) was less than  
14          the formula calculation) within 15 days of any  
15          such appropriation.

16          “(7) PRELIMINARY FUNDING.—

17          “(A) IN GENERAL.—To speed recovery, the  
18          Secretary is authorized to allocate and award  
19          preliminary grants from the Fund before mak-  
20          ing a determination under paragraph (6) if the  
21          Secretary projects, based on a preliminary as-  
22          sessment of impact and distress, that a major  
23          disaster is catastrophic and would likely qualify  
24          for funding under the formula in paragraph (4)  
25          or (5).

1 “(B) AMOUNT.—

2 “(i) MAXIMUM.—The Secretary may  
3 award preliminary funding under subpara-  
4 graph (A) in an amount that is not more  
5 than \$5,000,000.

6 “(ii) SLIDING SCALE.—The Secretary  
7 shall, by regulation, establish a sliding  
8 scale for preliminary funding awarded  
9 under subparagraph (A) based on the size  
10 of the preliminary assessment of impact  
11 and distress.

12 “(C) USE OF FUNDS.—The uses of pre-  
13 liminary funding awarded under subparagraph  
14 (A) shall be limited to eligible activities that—

15 “(i) in the determination of the Sec-  
16 retary, will support faster recovery, im-  
17 prove the ability of the grantee to assess  
18 unmet recovery needs, plan for the preven-  
19 tion of improper payments, and reduce  
20 fraud, waste, and abuse; and

21 “(ii) may include evaluating the in-  
22 terim housing, permanent housing, and  
23 supportive service needs of the disaster im-  
24 pacted community, with special attention  
25 to vulnerable populations, such as homeless

1 and low- to moderate-income households,  
2 to inform the grantee action plan required  
3 under subsection (c).

4 “(D) CONSIDERATION OF FUNDING.—Pre-  
5 liminary funding awarded under subparagraph  
6 (A)—

7 “(i) is not subject to the certification  
8 requirements of paragraph (h)(1); and

9 “(ii) shall not be considered when cal-  
10 culating the amount of the grant used for  
11 administrative costs, technical assistance,  
12 and planning activities that are subject to  
13 the requirements under subsection (f)(2).

14 “(E) WAIVER.—To expedite the use of  
15 preliminary funding for activities described in  
16 this paragraph, the Secretary may waive re-  
17 quirements of this section in accordance with  
18 subsection (i).

19 “(F) AMENDED AWARD.—

20 “(i) IN GENERAL.—An award for pre-  
21 liminary funding under subparagraph (A)  
22 may be amended to add any subsequent  
23 amount awarded because of a determina-  
24 tion by the Secretary that a major disaster

1 is catastrophic and qualifies for assistance  
2 under the formula.

3 “(ii) APPLICABILITY.—Notwith-  
4 standing subparagraph (D), amounts pro-  
5 vided by an amendment under clause (i)  
6 are subject to the requirements under sub-  
7 sections (h)(1) and (f)(1) and other re-  
8 quirements on grant funds under this sec-  
9 tion.

10 “(G) TECHNICAL ASSISTANCE.—Concur-  
11 rent with the allocation of any preliminary  
12 funding awarded under this paragraph, the Sec-  
13 retary shall assign or provide technical assist-  
14 ance to the recipient of the grant.

15 “(b) INTERCHANGEABILITY.—The Secretary—

16 “(1) is authorized to approve the use of grants  
17 under this section to be used interchangeably and  
18 without limitation for the same activities in the most  
19 impacted and distressed areas resulting from a dec-  
20 laration of another catastrophic major disaster that  
21 qualifies for assistance under the formula estab-  
22 lished under paragraph (4) or (5) of subsection (a);  
23 and

1           “(2) shall establish requirements to expedite the  
2           use of grants under this section for the purpose de-  
3           scribed in paragraph (1).

4           “(c) GRANTEE PLANS.—

5           “(1) REQUIREMENT.—Not later than 90 days  
6           after the date on which the Secretary announces a  
7           grant allocation under this section, unless an exten-  
8           sion is granted by the Secretary, the grantee shall  
9           submit to the Secretary a plan for approval describ-  
10          ing—

11           “(A) the activities the grantee will carry  
12           out with the grant under this section;

13           “(B) the criteria of the grantee for award-  
14           ing assistance and selecting activities;

15           “(C) how the use of the grant under this  
16           section will address disaster relief, long-term re-  
17           covery, restoration of housing and infrastruc-  
18           ture, economic revitalization, and mitigation in  
19           the most impacted and distressed areas;

20           “(D) how the use of the grant funds for  
21           mitigation is consistent with hazard mitigation  
22           plans submitted to the Federal Emergency  
23           Management Agency under section 322 of the  
24           Robert T. Stafford Disaster Relief and Emer-  
25           gency Assistance Act (42 U.S.C. 5165);

1           “(E) the estimated amount proposed to be  
2           used for activities that will benefit persons of  
3           low and moderate income;

4           “(F) how the use of grant funds will repair  
5           and replace existing housing stock for vulner-  
6           able populations, including low- to moderate-in-  
7           come households;

8           “(G) how the grantee will address the pri-  
9           orities described in paragraph (5);

10          “(H) how uses of funds are proportional to  
11          unmet needs, as required under paragraph (5);

12          “(I) for State grantees that plan to dis-  
13          tribute grant amounts to units of general local  
14          government, a description of the method of dis-  
15          tribution; and

16          “(J) such other information as may be de-  
17          termined by the Secretary in regulation.

18          “(2) PUBLIC CONSULTATION.—To permit pub-  
19          lic examination and appraisal of the plan described  
20          in paragraph (1), to enhance the public account-  
21          ability of grantees, and to facilitate coordination of  
22          activities with different levels of government, when  
23          developing the plan or substantial amendments pro-  
24          posed to the plan required under paragraph (1), a  
25          grantee shall—

1 “(A) publish the plan before adoption;

2 “(B) provide citizens, affected units of  
3 general local government, and other interested  
4 parties with reasonable notice of, and oppor-  
5 tunity to comment on, the plan, with a public  
6 comment period of not less than 14 days;

7 “(C) consider comments received before  
8 submission to the Secretary;

9 “(D) follow a citizen participation plan for  
10 disaster assistance adopted by the grantee that,  
11 at a minimum, provides for participation of  
12 residents of the most impacted and distressed  
13 area affected by the major disaster that re-  
14 sulted in the grant under this section and other  
15 considerations established by the Secretary; and

16 “(E) undertake any consultation with in-  
17 terested parties as may be determined by the  
18 Secretary in regulation.

19 “(3) APPROVAL.—The Secretary shall—

20 “(A) by regulation, specify criteria for the  
21 approval, partial approval, or disapproval of a  
22 plan submitted under paragraph (1), including  
23 approval of substantial amendments to the  
24 plan;

1 “(B) review a plan submitted under para-  
2 graph (1) upon receipt of the plan;

3 “(C) allow a grantee to revise and resub-  
4 mit a plan or substantial amendment to a plan  
5 under paragraph (1) that the Secretary dis-  
6 approves;

7 “(D) by regulation, specify criteria for  
8 when the grantee shall be required to provide  
9 the required revisions to a disapproved plan or  
10 substantial amendment under paragraph (1) for  
11 public comment prior to resubmission of the  
12 plan or substantial amendment to the Sec-  
13 retary; and

14 “(E) approve, partially approve, or dis-  
15 approve a plan or substantial amendment under  
16 paragraph (1) not later than 60 days after the  
17 date on which the plan or substantial amend-  
18 ment is received by the Secretary.

19 “(4) LOW- AND MODERATE-INCOME OVERALL  
20 BENEFIT.—

21 “(A) USE OF FUNDS.—Not less than 70  
22 percent of a grant made under this section shall  
23 be used for activities that benefit persons of low  
24 and moderate income unless the Secretary—

25 “(i) specifically finds that—

1 “(I) there is compelling need to  
2 reduce the percentage for the grant;  
3 and

4 “(II) the housing needs of low-  
5 and moderate-income residents have  
6 been addressed; and

7 “(ii) issues a waiver and alternative  
8 requirements pursuant to subsection (i) to  
9 lower the percentage.

10 “(B) REGULATIONS.—The Secretary shall,  
11 by regulation, establish protocols consistent  
12 with the findings of section 2 of the Reforming  
13 Disaster Recovery Act to prioritize the use of  
14 funds by a grantee under this section to meet  
15 the needs of low- and moderate-income persons  
16 and businesses serving primarily persons of low  
17 and moderate income.

18 “(5) PRIORITIZATION.—The grantee shall  
19 prioritize activities that—

20 “(A) assist persons with extremely low,  
21 low, and moderate incomes and other vulnerable  
22 populations to better recover from and with-  
23 stand future disasters, emphasizing those with  
24 the most severe needs;

1           “(B) address affordable housing, including  
2           affordable rental housing, needs arising from a  
3           disaster or those needs present prior to a dis-  
4           aster;

5           “(C) prolong the life of housing and infra-  
6           structure;

7           “(D) use cost-effective means of preventing  
8           harm to people and property and incorporate  
9           protective features, redundancies, energy sav-  
10          ings; and

11          “(E) other measures that will assure the  
12          continuation of critical services during future  
13          disasters.

14          “(6) PROPORTIONAL ALLOCATION.—

15               “(A) IN GENERAL.—A grantee under this  
16               section shall allocate grant funds proportional  
17               to unmet needs between housing activities, eco-  
18               nomic revitalization, and infrastructure, unless  
19               the Secretary—

20                       “(i) specifically finds that—

21                               “(I) there is a compelling need  
22                               for a disproportional allocation among  
23                               those unmet needs; and

24                               “(II) the disproportional alloca-  
25                               tion described in subclause (I) is not

1 inconsistent with the requirements  
2 under paragraph (4); and

3 “(ii) issues a waiver and alternative  
4 requirement pursuant to subsection (i) to  
5 allow for the disproportional allocation de-  
6 scribed in clause (i)(I).

7 “(B) HOUSING ACTIVITIES.—With respect  
8 to housing activities described in subparagraph  
9 (A)(i), grantees should address proportional  
10 needs between homeowners and renters, includ-  
11 ing low-income households in public housing  
12 and federally subsidized housing.

13 “(7) DISASTER RISK MITIGATION.—

14 “(A) DEFINITION.—In this paragraph, the  
15 term ‘hazard-prone areas’—

16 “(i) means areas identified by the  
17 Secretary, in consultation with the Admin-  
18 istrator of the Federal Emergency Man-  
19 agement Agency, at risk from natural haz-  
20 ards that threaten property damage or  
21 health, safety, and welfare, such as floods,  
22 wildfires (including Wildland-Urban Inter-  
23 face areas), earthquakes, lava inundation,  
24 tornados, and high winds; and

1           “(ii) includes areas having special  
2           flood hazards as identified under the Flood  
3           Disaster Protection Act of 1973 (42  
4           U.S.C. 4002 et seq.) or the National Flood  
5           Insurance Act of 1968 (42 U.S.C. 4001 et  
6           seq.).

7           “(B) HAZARD-PRONE AREAS.—The Sec-  
8           retary, in consultation with the Administrator  
9           of the Federal Emergency Management Agency,  
10          shall establish minimum construction standards,  
11          insurance purchase requirements, and other re-  
12          quirements for the use of grant funds in haz-  
13          ard-prone areas.

14          “(C) SPECIAL FLOOD HAZARDS.—For the  
15          areas described in subparagraph (A)(ii), the in-  
16          surance purchase requirements established  
17          under subparagraph (B) shall meet or exceed  
18          the requirements under section 102(a) of the  
19          Flood Disaster Protection Act of 1973 (42  
20          U.S.C. 4012a(a)).

21          “(D) CONSIDERATION OF FUTURE  
22          RISKS.—The Secretary may consider future  
23          risks to protecting property and health, safety,  
24          and general welfare, and the likelihood of those  
25          risks, when making the determination of or

1 modification to hazard-prone areas under this  
2 paragraph.

3 “(8) RELOCATION.—

4 “(A) IN GENERAL.—The Uniform Reloca-  
5 tion Assistance and Real Property Acquisition  
6 Policies Act of 1970 (42 U.S.C. 4601 et seq.)  
7 shall apply to activities assisted under this sec-  
8 tion to the extent determined by the Secretary  
9 in regulation, or as provided in waivers and al-  
10 ternative requirements authorized in accordance  
11 with subsection (i).

12 “(B) POLICY.—Each grantee under this  
13 section shall establish a relocation assistance  
14 policy that—

15 “(i) minimizes displacement and de-  
16 scribes the benefits available to persons  
17 displaced as a direct result of acquisition,  
18 rehabilitation, or demolition in connection  
19 with an activity that is assisted by a grant  
20 under this section; and

21 “(ii) includes any appeal rights or  
22 other requirements that the Secretary es-  
23 tablishes by regulation.

1 “(d) CERTIFICATIONS.—Any grant under this section  
2 shall be made only if the grantee certifies to the satisfac-  
3 tion of the Secretary that—

4 “(1) the grantee is in full compliance with the  
5 requirements under subsection (c)(2);

6 “(2) for grants other than grants to Indian  
7 tribes, the grant will be conducted and administered  
8 in conformity with the Civil Rights Act of 1964 (42  
9 U.S.C. 2000a et seq.) and the Fair Housing Act (42  
10 U.S.C. 3601 et seq.);

11 “(3) the projected use of funds has been devel-  
12 oped so as to give maximum feasible priority to ac-  
13 tivities that will benefit extremely low-, low-, and  
14 moderate-income families and activities described in  
15 subsection (c)(5), and may also include activities  
16 that are designed to aid in the prevention or elimi-  
17 nation of slum and blight to support disaster recov-  
18 ery, meet other community development needs hav-  
19 ing a particular urgency because existing conditions  
20 pose a serious and immediate threat to the health or  
21 welfare of the community where other financial re-  
22 sources are not available to meet such needs, and al-  
23 leviate future threats to human populations, critical  
24 natural resources, and property that an analysis of

1 hazards shows are likely to result from natural dis-  
2 asters in the future;

3 “(4) the grant funds shall principally benefit  
4 persons of low and moderate income as described in  
5 subsection (c)(4);

6 “(5) for grants other than grants to Indian  
7 tribes, within 24 months of receiving a grant or at  
8 the time of its 3- or 5-year update, whichever is  
9 sooner, the grantee will review and make modifica-  
10 tions to its non-disaster housing and community de-  
11 velopment plans and strategies required by sub-  
12 sections (c) and (m) of section 104 to reflect the dis-  
13 aster recovery needs identified by the grantee and  
14 consistency with the plan under subsection (c)(1);

15 “(6) the grantee will not attempt to recover any  
16 capital costs of public improvements assisted in  
17 whole or part under this section by assessing any  
18 amount against properties owned and occupied by  
19 persons of low and moderate income, including any  
20 fee charged or assessment made as a condition of  
21 obtaining access to such public improvements, un-  
22 less—

23 “(A) funds received under this section are  
24 used to pay the proportion of such fee or as-  
25 sessment that relates to the capital costs of

1       such public improvements that are financed  
2       from revenue sources other than under this  
3       chapter; or

4               “(B) for purposes of assessing any amount  
5       against properties owned and occupied by per-  
6       sons of moderate income, the grantee certifies  
7       to the Secretary that the grantee lacks suffi-  
8       cient funds received under this section to com-  
9       ply with the requirements of subparagraph (A);

10       “(7) the grantee will comply with the other pro-  
11       visions of this title that apply to assistance under  
12       this section and with other applicable laws;

13       “(8) the grantee will follow a relocation assist-  
14       ance policy that includes any minimum requirements  
15       identified by the Secretary; and

16       “(9) the grantee will adhere to construction  
17       standards, insurance purchase requirements, and  
18       other requirements for development in hazard-prone  
19       areas described in subsection (c)(7).

20       “(e) PERFORMANCE REVIEWS AND REPORTING.—

21               “(1) IN GENERAL.—The Secretary shall, on not  
22       less frequently than an annual basis, make such re-  
23       views and audits as may be necessary or appropriate  
24       to determine whether a grantee under this section  
25       has—

1           “(A) carried out activities using grant  
2 funds in a timely manner;

3           “(B) met the performance targets estab-  
4 lished by paragraph (2);

5           “(C) carried out activities using grant  
6 funds in accordance with the requirements of  
7 this section, the other provisions of this title  
8 that apply to assistance under this section, and  
9 other applicable laws; and

10           “(D) a continuing capacity to carry out ac-  
11 tivities in a timely manner.

12           “(2) PERFORMANCE TARGETS.—The Secretary  
13 shall develop and make publicly available critical  
14 performance targets for review, which shall include  
15 spending thresholds for each year from the date on  
16 which funds are obligated by the Secretary to the  
17 grantee until such time all funds have been ex-  
18 pended.

19           “(3) FAILURE TO MEET TARGETS.—

20           “(A) SUSPENSION.—If a grantee under  
21 this section fails to meet 1 or more critical per-  
22 formance targets under paragraph (2), the Sec-  
23 retary may temporarily suspend the grant.

24           “(B) PERFORMANCE IMPROVEMENT  
25 PLAN.—If the Secretary suspends a grant

1 under subparagraph (A), the Secretary shall  
2 provide to the grantee a performance improve-  
3 ment plan with the specific requirements needed  
4 to lift the suspension within a defined time pe-  
5 riod.

6 “(C) REPORT.—If a grantee fails to meet  
7 the spending thresholds established under para-  
8 graph (2), the grantee shall submit to the Sec-  
9 retary, the appropriate committees of Congress,  
10 and each member of Congress who represents a  
11 district or State of the grantee a written report  
12 identifying technical capacity, funding, or other  
13 Federal or State impediments affecting the abil-  
14 ity of the grantee to meet the spending thresh-  
15 olds.

16 “(4) COLLECTION OF INFORMATION AND RE-  
17 PORTING.—

18 “(A) REQUIREMENT TO REPORT.—A  
19 grantee under this section shall provide to the  
20 Secretary such information as the Secretary  
21 may determine necessary for adequate oversight  
22 of the grant program under this section.

23 “(B) PUBLIC AVAILABILITY.—Subject to  
24 subparagraph (D), the Secretary shall make in-  
25 formation submitted under subparagraph (A)

1 available to the public and to the Inspector  
2 General for the Department of Housing and  
3 Urban Development, disaggregated by income,  
4 geography, and all classes of individuals pro-  
5 tected under section 109.

6 “(C) SUMMARY STATUS REPORTS.—To in-  
7 crease transparency and accountability of the  
8 grant program under this section the Secretary  
9 shall, on not less frequently than an annual  
10 basis, post on a public facing dashboard sum-  
11 mary status reports for all active grants under  
12 this section that includes—

13 “(i) the status of funds by activity;

14 “(ii) the percentages of funds allo-  
15 cated and expended to benefit low- and  
16 moderate-income communities;

17 “(iii) performance targets, spending  
18 thresholds, and accomplishments; and

19 “(iv) other information the Secretary  
20 determines to be relevant for transparency.

21 “(D) CONSIDERATIONS.—In carrying out  
22 this paragraph, the Secretary—

23 “(i) shall take such actions as may be  
24 necessary to ensure that personally identi-  
25 fiable information regarding applicants for

1 assistance provided from funds made avail-  
2 able under this section is not made publicly  
3 available; and

4 “(ii) may make full and unredacted  
5 information available to academic institu-  
6 tions for the purpose of researching into  
7 the equitable distribution of recovery funds  
8 and adherence to civil rights protections.

9 “(f) ELIGIBLE ACTIVITIES.—

10 “(1) IN GENERAL.—Activities assisted under  
11 this section—

12 “(A) may include activities permitted  
13 under section 105 or other activities permitted  
14 by the Secretary by waiver or alternative re-  
15 quirement pursuant to subsection (i); and

16 “(B) shall be related to disaster relief,  
17 long-term recovery, restoration of housing and  
18 infrastructure, economic revitalization, and  
19 mitigation in the most impacted and distressed  
20 areas resulting from the major disaster for  
21 which the grant was awarded.

22 “(2) PROHIBITION.—Grant funds under this  
23 section may not be used for costs reimbursable by,  
24 or for which funds have been made available by, the

1 Federal Emergency Management Agency or the  
2 United States Army Corps of Engineers.

3 “(3) ADMINISTRATIVE COSTS, TECHNICAL AS-  
4 SISTANCE AND PLANNING.—

5 “(A) IN GENERAL.—The Secretary shall  
6 establish in regulation the maximum grant  
7 amounts a grantee may use for administrative  
8 costs, technical assistance and planning activi-  
9 ties, taking into consideration size of grant,  
10 complexity of recovery, and other factors as de-  
11 termined by the Secretary, but not to exceed 10  
12 percent for administration and 20 percent in  
13 total.

14 “(B) AVAILABILITY.—Amounts available  
15 for administrative costs for a grant under this  
16 section shall be available for eligible administra-  
17 tive costs of the grantee for any grant made  
18 under this section, without regard to a par-  
19 ticular disaster.

20 “(4) PROGRAM INCOME.—Notwithstanding any  
21 other provision of law, any grantee under this sec-  
22 tion may retain program income that is realized  
23 from grants made by the Secretary under this sec-  
24 tion if the grantee agrees that the grantee will uti-  
25 lize the program income in accordance with the re-

1       quirements for grants under this section, except that  
2       the Secretary may—

3               “(A) by regulation, exclude from consider-  
4               ation as program income any amounts deter-  
5               mined to be so small that compliance with this  
6               paragraph creates an unreasonable administra-  
7               tive burden on the grantee; or

8               “(B) permit the grantee to transfer re-  
9               maining program income to the other grants of  
10              the grantee under this title upon closeout of the  
11              grant.

12             “(5) PROHIBITION ON USE OF ASSISTANCE FOR  
13             EMPLOYMENT RELOCATION ACTIVITIES.—

14               “(A) IN GENERAL.—Grants under this sec-  
15               tion may not be used to assist directly in the  
16               relocation of any industrial or commercial plant,  
17               facility, or operation, from one area to another  
18               area, if the relocation is likely to result in a sig-  
19               nificant loss of employment in the labor market  
20               area from which the relocation occurs.

21               “(B) APPLICABILITY.—The prohibition  
22               under subparagraph (A) shall not apply to a  
23               business that was operating in the disaster-de-  
24               clared labor market area before the incident  
25               date of the applicable disaster and has since

1 moved, in whole or in part, from the affected  
2 area to another State or to a labor market area  
3 within the same State to continue business.

4 “(6) REQUIREMENTS.—Grants under this sec-  
5 tion are subject to the requirements of this section,  
6 the other provisions of this title that apply to assist-  
7 ance under this section, and other applicable laws,  
8 unless modified by waivers and alternative require-  
9 ments in accordance with subsection (i).

10 “(g) ENVIRONMENTAL REVIEW.—

11 “(1) ADOPTION.—A recipient of funds provided  
12 under this section that uses the funds to supplement  
13 Federal assistance provided under section 402, 403,  
14 404, 406, 407, 408(c)(4), 428, or 502 of the Robert  
15 T. Stafford Disaster Relief and Emergency Assist-  
16 ance Act (42 U.S.C. 5170a, 5170b, 5170c, 5172,  
17 5173, 5174(c)(4), 5189f, 5192) may adopt, without  
18 review or public comment, any environmental review,  
19 approval, or permit performed by a Federal agency,  
20 and that adoption shall satisfy the responsibilities of  
21 the recipient with respect to the environmental re-  
22 view, approval, or permit under section 104(g)(1).

23 “(2) APPROVAL OF RELEASE OF FUNDS.—Not-  
24 withstanding section 104(g)(2), the Secretary or a  
25 State may, upon receipt of a request for release of

1 funds and certification, immediately approve the re-  
2 lease of funds for an activity or project to be as-  
3 sisted under this section if the recipient has adopted  
4 an environmental review, approval, or permit under  
5 paragraph (1) or the activity or project is categori-  
6 cally excluded from review under the National Envi-  
7 ronmental Policy Act of 1969 (42 U.S.C. 4321 et  
8 seq.).

9 “(3) UNITS OF GENERAL LOCAL GOVERN-  
10 MENT.—The provisions of section 104(g)(4) shall  
11 apply to assistance under this section that a State  
12 distributes to a unit of general local government.

13 “(h) FINANCIAL CONTROLS AND PROCEDURES.—

14 “(1) IN GENERAL.—The Secretary shall develop  
15 requirements and procedures to demonstrate that a  
16 grantee under this section—

17 “(A) has adequate financial controls and  
18 procurement processes;

19 “(B) has adequate procedures to detect  
20 and prevent fraud, waste, abuse and duplication  
21 of benefit; and

22 “(C) maintains a comprehensive and pub-  
23 licly accessible website.

24 “(2) CERTIFICATION.—Before making a grant  
25 under this section, the Secretary shall certify that

1 the grantee has in place proficient processes and  
2 procedures to comply with the requirements devel-  
3 oped under paragraph (1), as determined by the  
4 Secretary.

5 “(3) COMPLIANCE BEFORE ALLOCATION.—The  
6 Secretary may permit a State, unit of general local  
7 government, or Indian tribe to demonstrate compli-  
8 ance with the requirements for adequate financial  
9 controls developed under paragraph (1) before a dis-  
10 aster occurs and before receiving an allocation for a  
11 grant under this section.

12 “(4) DUPLICATION OF BENEFITS.—

13 “(A) IN GENERAL.—Funds made available  
14 under this subsection shall be used in accord-  
15 ance with section 312 of the Robert T. Stafford  
16 Disaster Relief and Emergency Assistance Act  
17 (42 U.S.C. 5155), as amended by section 1210  
18 of the Disaster Recovery Reform Act of 2018  
19 (division D of Public Law 115–254), and such  
20 rules as may be prescribed under such section  
21 312.

22 “(B) PENALTIES.—In any case in which  
23 the use of grant funds under this section results  
24 in a prohibited duplication of benefits, the  
25 grantee shall—

1 “(i) apply an amount equal to the  
2 identified duplication to any allowable costs  
3 of the award consistent with actual, imme-  
4 diate cash requirement;

5 “(ii) remit any excess amounts to the  
6 Secretary to be credited to the obligated,  
7 undisbursed balance of the grant con-  
8 sistent with requirements on Federal pay-  
9 ments applicable to such grantee; and

10 “(iii) if excess amounts under clause  
11 (ii) are identified after the period of per-  
12 formance or after the closeout of the  
13 award, remit such amounts to the Sec-  
14 retary to be credited to the Fund.

15 “(C) FAILURE TO COMPLY.—A grantee  
16 that fails to comply with subparagraph (A)  
17 shall be subject to remedies for noncompliance  
18 under section 111, unless the Secretary pub-  
19 lishes a determination in the Federal Register  
20 that it is not in the best interest of the Federal  
21 Government to pursue remedial actions.

22 “(i) WAIVERS.—

23 “(1) IN GENERAL.—In administering grants  
24 under this section, the Secretary may waive, or  
25 specify alternative requirements for, any provision of

1 any statute or regulation that the Secretary admin-  
2 isters in connection with the obligation by the Sec-  
3 retary or the use by the grantee of those funds (ex-  
4 cept for requirements related to fair housing, non-  
5 discrimination, labor standards, the environment,  
6 and the requirements of this section that do not ex-  
7 pressly authorize modifications by waiver or alter-  
8 native requirement), if the Secretary makes a public  
9 finding that good cause exists for the waiver or al-  
10 ternative requirement and the waiver or alternative  
11 requirement would not be inconsistent with the find-  
12 ings in section 2 of the Reforming Disaster Recovery  
13 Act.

14 “(2) EFFECTIVE DATE.—A waiver or alter-  
15 native requirement described in paragraph (1) shall  
16 not take effect before the date that is 5 days after  
17 the date of publication of the waiver or alternative  
18 requirement on the website of the Department of  
19 Housing and Urban Development or the effective  
20 date for any regulation published in the Federal  
21 Register.

22 “(3) PUBLIC NOTIFICATION.—The Secretary  
23 shall notify the public of all waivers described in  
24 paragraph (1) in accordance with the requirements

1 of section 7(q)(3) of the Department of Housing and  
2 Urban Development Act (42 U.S.C. 3535(q)(3)).

3 “(j) UNUSED AMOUNTS.—

4 “(1) DEADLINE TO USE AMOUNTS.—A grantee  
5 under this section shall use an amount equal to the  
6 grant within 6 years beginning on the date on which  
7 the Secretary obligates the amounts to the grantee,  
8 as such period may be extended under paragraph  
9 (4).

10 “(2) RECAPTURE.—The Secretary shall recap-  
11 ture and credit to the Fund any amount that is un-  
12 used by a grantee under this section upon the earlier  
13 of—

14 “(A) the date on which the grantee notifies  
15 the Secretary that the grantee has completed all  
16 activities identified in the disaster grantee’s  
17 plan under subsection (c); or

18 “(B) the expiration of the 6-year period  
19 described in paragraph (1), as such period may  
20 be extended under paragraph (4).

21 “(3) RETENTION OF FUNDS.—Notwithstanding  
22 paragraph (1), the Secretary may allow a grantee  
23 under this section to retain—

24 “(A) amounts needed to close out grants;  
25 and

1           “(B) up to 10 percent of the remaining  
2           funds to support maintenance of the minimal  
3           capacity to launch a new program in the event  
4           of a future disaster and to support pre-disaster  
5           long-term recovery and mitigation planning.

6           “(4) EXTENSION OF PERIOD FOR USE OF  
7           FUNDS.—The Secretary may extend the 6-year pe-  
8           riod described in paragraph (1) by not more than 4  
9           years, or not more than 6 years for mitigation activi-  
10          ties, if—

11           “(A) the grantee submits to the Sec-  
12          retary—

13           “(i) written documentation of the exi-  
14           gent circumstances impacting the ability of  
15           the grantee to expend funds that could not  
16           be anticipated; or

17           “(ii) a justification that such request  
18           is necessary due to the nature and com-  
19           plexity of the program and projects; and

20           “(B) the Secretary submits a written jus-  
21           tification for the extension to the Committees  
22           on Appropriations of Senate and the House of  
23           Representatives that specifies the period of that  
24           extension.”.

1 SEC. 7. REGULATIONS.

2 (a) PROPOSED RULES.—Following consultation with  
3 the Federal Emergency Management Agency, the Small  
4 Business Administration, and other Federal agencies, not  
5 later than 6 months after the date of enactment of this  
6 Act, the Secretary shall issue proposed rules to carry out  
7 this Act and the amendments made by this Act and shall  
8 provide a 90-day period for submission of public comments  
9 on those proposed rules.

10 (b) FINAL RULES.—Not later than 1 year after the  
11 date of enactment of this Act, the Secretary shall issue  
12 final regulations to carry out section 123 of the Housing  
13 and Community Development Act of 1974, as added by  
14 section 6.

15 SEC. 8. COORDINATION OF DISASTER RECOVERY ASSIST-  
16 ANCE, BENEFITS, AND DATA WITH OTHER  
17 FEDERAL AGENCIES.

18 (a) COORDINATION OF DISASTER RECOVERY ASSIST-  
19 ANCE.—In order to ensure a comprehensive approach to  
20 Federal disaster relief, long-term recovery, restoration of  
21 housing and infrastructure, economic revitalization, and  
22 mitigation in the most impacted and distressed areas re-  
23 sulting from a catastrophic major disaster, the Secretary  
24 shall coordinate with the Federal Emergency Management  
25 Agency, to the greatest extent practicable, in the imple-  
26 mentation of assistance authorized under section 123 of

1 the Housing and Community Development Act of 1974,  
2 as added by section 6.

3 (b) DATA SHARING AGREEMENTS.—To support the  
4 coordination of data to prevent duplication of benefits with  
5 other Federal disaster recovery programs while also expediting recovery and reducing burden on disaster survivors,  
6 the Department shall establish data sharing agreements  
7 that safeguard privacy with relevant Federal agencies to  
8 ensure disaster benefits effectively and efficiently reach intended beneficiaries, while using effective means of preventing harm to people and property.

12 (c) DATA TRANSFER FROM FEMA AND SBA TO  
13 HUD.—As permitted and deemed necessary for efficient  
14 program execution, and consistent with a computer matching agreement entered into under subsection (f)(1), the  
15 Administrator of the Federal Emergency Management  
16 Agency and the Administrator of the Small Business Administration shall provide data on disaster applicants to  
17 the Department, including, when necessary, personally identifiable information, disaster recovery needs, and resources determined eligible for, and amounts expended, to  
18 the Secretary for all major disasters declared by the President pursuant to section 401 of Robert T. Stafford Disaster Relief and Emergency Assistance Act (42 U.S.C.

1 5170) for the purpose of providing additional assistance  
2 to disaster survivors and prevent duplication of benefits.

3 (d) DATA TRANSFERS FROM HUD TO HUD GRANT-  
4 EES.—The Secretary is authorized to provide to grantees  
5 under section 123 of the Housing and Community Devel-  
6 opment Act of 1974, as added by section 6, offices of the  
7 Department, technical assistance providers, and lenders  
8 information that in the determination of the Secretary is  
9 reasonably available and appropriate to inform the provi-  
10 sion of assistance after a major disaster, including infor-  
11 mation provided to the Secretary by the Administrator of  
12 the Federal Emergency Management Agency, the Admin-  
13 istrator of the Small Business Administration, or other  
14 Federal agencies.

15 (e) DATA TRANSFERS FROM HUD GRANTEES TO  
16 HUD, FEMA, AND SBA.—

17 (1) REPORTING.—Grantees under section 123  
18 of the Housing and Community Development Act of  
19 1974, as added by section 6, shall report informa-  
20 tion requested by the Secretary on households, busi-  
21 nesses, and other entities assisted and the type of  
22 assistance provided.

23 (2) SHARING INFORMATION.—The Secretary  
24 shall share information collected under paragraph  
25 (1) with the Federal Emergency Management Agen-

1 cy, the Small Business Administration, and other  
2 Federal agencies to support the planning and deliv-  
3 ery of disaster recovery and mitigation assistance.

4 (f) PRIVACY PROTECTION.—The Secretary may make  
5 and receive data transfers authorized under this section,  
6 including the use and retention of that data for computer  
7 matching programs, to inform the provision of assistance,  
8 assess disaster recovery needs, and prevent the duplication  
9 of benefits and other waste, fraud, and abuse, provided  
10 that—

11 (1) the Secretary enters a computer matching  
12 agreement with the Administrator of the Federal  
13 Emergency Management Agency, the Administrator  
14 of the Small Business Administration, or other Fed-  
15 eral agencies covering the transfer of data;

16 (2) the Secretary publishes intent to disclose  
17 data in the Federal Register;

18 (3) notwithstanding paragraphs (1) and (2),  
19 section 552a of title 5, United States Code (com-  
20 monly known as the “Privacy Act of 1974”), or any  
21 other law, the Secretary is authorized to share data  
22 with an entity identified in subsection (d), and the  
23 entity is authorized to use the data as described in  
24 this section, if the Secretary enters a data sharing  
25 agreement with the entity before sharing or receiving

1 any information under transfers authorized by this  
2 section, which data sharing agreement shall—

3 (A) in the determination of the Secretary,  
4 include measures adequate to safeguard the pri-  
5 vacy and personally identifiable information of  
6 individuals; and

7 (B) include provisions that describe how  
8 the personally identifiable information of an in-  
9 dividual will be adequately safeguarded and  
10 protected, which requires consultation with the  
11 Secretary and the head of each Federal agency  
12 the data of which is being shared subject to the  
13 agreement.

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OFFICE OF COMMUNITY PLANNING  
AND DEVELOPMENT

**U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT**  
WASHINGTON, DC 20410-7000

Mr. Mark Havens  
Deputy Land Commissioner  
Texas General Land Office  
1700 N. Congress Street, Suite 935  
Austin, TX 78701-1495

Dear Mr. Havens

The Department is notifying the State of Texas that HUD is disapproving the State's Community Development Block Grant mitigation (CDBG-MIT) Action Plan Amendment (APA) 1 because it is substantially incomplete. APA 1 does not include the required assessment on how the use of CDBG-MIT funds may affect members of protected classes, racially and ethnically concentrated areas, and concentrated areas of poverty and therefore, the CDBG-MIT Action Plan, as amended by APA 1, is substantially incomplete.

The State of Texas General Land Office (GLO) is the administering agency of the State's CDBG-MIT funds. The State of Texas's CDBG-MIT funds were made available through HUD's allocation of \$4,297,189,000 under the Further Additional Supplemental Appropriations for Disaster Relief Requirements Act, 2018, Public Law (P.L.) 115-123 and an allocation of \$4,652,000 from the Additional Supplemental Appropriations for Disaster Relief Act, 2019, P. L. 116-20. On August 30, 2019, the Department published requirements for the use of CDBG-MIT funds for 2015, 2016, and 2017 disasters in the *Federal Register* at 84 FR 45838 ("August 2019 Notice"), and on January 6, 2021, the Department published requirements for the use of CDBG-MIT funds for 2018 disasters in the *Federal Register* at 86 FR 561 ("January 2021 Notice"). To receive the additional CDBG-MIT grant award for 2018 disasters, the State was required to submit a substantial amendment to its approved CDBG-MIT Action Plan for HUD's review and approval. The GLO included the 2018 CDBG-MIT funds in APA 1 submitted to HUD on November 8, 2021.

On January 31, 2020, GLO submitted the State of Texas's CDBG-MIT Action Plan to HUD. At the time of submittal, GLO did not include the assessment required in Section V.A.2.a.(4) of the August 2019 Notice as GLO had not yet implemented the method of distribution (MOD) or competitions for the award of CDBG-MIT funds. Because the assessment was not possible until GLO completed its MOD or competitions, HUD determined that the plan was otherwise approvable in accordance with 24 CFR 91.500. As a result, HUD approved the State of Texas's CDBG-MIT Action Plan but imposed specific conditions on the grant to ensure that the plan is substantially complete at the time that funds are disbursed and to address the noncompliance risk of failure to include the required assessment. The grant conditions were based on the risks associated with Texas's implementation of the approved CDBG-MIT action plan. Specifically, the State of Texas CDBG-MIT action plan included several competitions and did not include the assessment required by the August 2019 Notice.

The specific condition HUD imposed on the use of CDBG-MIT funds required the submittal of the assessment as part of a substantial amendment to the CDBG-MIT Action Plan upon the award of CDBG-MIT funds through its MOD and/or competitive process. The specific condition is described in the CDBG-MIT Grant Agreement, which was signed on January 12, 2021, and requires the grantee to submit a substantial APA upon the award of CDBG-MIT funds through its MOD and/or competition process, that identifies the entities that have received funds and the amount of each award, includes data to identify protected classes, racially and ethnically concentrated areas, and concentrated areas of poverty, within the HUD- identified and grantee-identified most impacted and distressed areas that were eligible for consideration under the MOD or competition and provide a meaningful analysis that describes how those identified populations and areas may be impacted by those newly funded activities.

To comply with the August 2019 Notice and the grant condition, the State of Texas must still complete the assessment in its CDBG-MIT action plan. Section V.A.2.a.(4) of the August 2019 Notice requires CDBG-MIT grantees to include an assessment in their CDBG-MIT action plans on how the use of CDBG-MIT funds may affect members of protected classes under fair housing and civil rights laws, racially and ethnically concentrated areas, as well as concentrated areas of poverty. (84 FR 45847).

Pursuant to 24 CFR 91.500(b), HUD may disapprove a plan or a portion of it if it is substantially incomplete. As described in Sections II.B. and V.A.2. of the August 2019 Notice, a plan is substantially incomplete if the action plan does not meet the requirements of the notice or if HUD determines that the plan does not satisfy some or all the required elements identified for CDBG-MIT funds. (84 FR 84546, 84 FR 84850). HUD may also disapprove a substantial amendment to the action plan if it is substantially incomplete. (86 FR 567).

On December 14, 2021, the Department provided GLO with consolidated comments on APA 1 as well as additional guidance on the required assessment and identified the deficiencies, including the assessment, that had to be addressed by December 30, 2021, to avoid disapproval. However, GLO did not provide the required assessment by the deadline. Due to the missing assessment, the Department cannot approve APA 1 because, without the assessment, the CDBG-MIT Action Plan, as amended by APA 1, does not meet the requirements of the August 2019 Notice. Therefore, the amended plan is substantially incomplete.

In accordance with 24 CFR 91.500(d), the State of Texas has 45 days to re-submit APA 1 to HUD with the required assessment. The Department also acknowledges that the State attempted to address hazards related to flooding and hurricanes and the significant concentrations of poverty and racially and ethnically concentrated with the direct allocation to Harris County. The Department expects that the State will provide the required assessment, including the proposed use of funds for Harris County. To assist GLO in its re-submission, the Department will provide a set of analysis prompts to help guide GLO towards the kind of assessment and meaningful analysis required by the *Federal Register* notice and grant condition. The Department also invites GLO to schedule a meeting in the coming week with our Office of Fair Housing and Equal Opportunity to discuss how to create a robust and meaningful assessment.

As a reminder, the grant condition requires a substantial amendment upon the award of CDBG-MIT funds through a method of distribution or competition. Once APA 1 is approved, the State will submit additional amendments upon completion of the remaining method of distribution and competition(s).

The Department emphasizes that the CDBG-MIT grant provides a unique opportunity for grantees to develop strategies to mitigate disaster risks and reduce future losses. Overall, HUD seeks to: 1) support data-informed investments in high-impact areas; 2) build the capacity of states and local governments to evaluate disaster risks; 3) support the implementation of policies that reflect local and regional priorities that will have long-lasting effects on community risk reduction; and 4) maximize the impact of available funds from other sources.

The Department remains committed to assisting the State of Texas in its efforts to address long-term mitigation needs and looks forward to working with you and your staff in partnership to achieve this goal. If you have any questions regarding the information in this letter, please contact Ms. Tennille S. Parker, Director, Disaster Recovery and Special Issues Division, (202) 402-4649, or by email at [Disaster\\_Recovery@hud.gov](mailto:Disaster_Recovery@hud.gov).

Sincerely,

Jessie Handforth Kome  
Director  
Office of Block Grant Assistance

