



**Testimony of Shelley Poticha
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**Before the U.S. House of Representatives
Committee on Financial Services
Subcommittee on Housing, Community Development, and Insurance**

**Hearing Entitled:
Built to Last: Examining Housing Resilience in the Face of Climate Change
May 4, 2021**

Chair Cleaver, Ranking Member Stivers, and the members of the Subcommittee:

Thank you for the opportunity to testify today about housing and climate resilience. My name is Shelley Poticha, and I am the Chief Climate Strategist for NRDC (Natural Resources Defense Council). NRDC is an international, non-profit environmental organization working to protect the world's natural resources, improve public health, and ensure a safe and sustainable environment for all.

Summary of Testimony

The impacts of climate change – extreme heat, powerful storms, and sea-level rise – are already impossible to ignore. We now—quite undeniably—live in a rapidly changing world that will profoundly impact our nation and our society. Over the last several years, we have seen record-breaking hurricanes, floods, wildfires, and other climate-fueled disasters that have devastated communities and caused untold suffering for millions of Americans. And sea levels could realistically rise between three and six feet by the end of the century, posing an enormous threat to the cities and communities along our coastlines.

The impacts of climate change are here, and they will grow in severity and frequency, even under the most optimistic climate mitigation scenarios. We must fundamentally change our policies to prepare for a dramatically different future and to ensure we protect the people and communities who are most vulnerable. But we must also think about how we make decisions and

who is involved in making those decisions. The complex and daunting challenges posed by climate change are already exacerbating the intergenerational harms of racial and economic inequity. Yet, the people who bear the greatest burdens of climate change too often are locked out of decision-making that will shape the future of their communities. That is neither acceptable nor right.

While the challenges are great, so are the opportunities to address these legacy issues as part of our efforts to enhance the nation's resilience to the impacts of climate change.

To fully take advantage of that opportunity, we must first remember that people are the ultimate beneficiaries of our actions and bear the cost of our inaction. The nation must chart a course that provides all people, regardless of race or economic status, the ability to live in a safe and prosperous community.

The challenge that communities face with the increasing likelihood of severe climate impacts is matched by growing inequality. These two challenges go hand in hand. Unless we begin to change our practices, historical patterns of development will be reinforced for people and communities already experiencing housing, economic, or energy insecurity. In order to do so, it is also necessary to adopt new ways of making decisions. Community-led low carbon resilient development is one approach that NRDC believes can be successfully employed and relied upon. Community-led low carbon resilient development brings together three traditionally separate goals: reducing climate change emissions (mitigation), resilience to climate change (the adaptation side of climate change policy), and economic and social development.

This means establishing new paradigms for community development and decision-making that are inclusive, directly involve the community members who are at greatest risk and have the most to lose, and that can provide them meaningful input on the options that will be available and the agency to choose the options that are best for them and their community.

We urge the committee to quickly move to reform the National Flood Insurance Program (NFIP). The NFIP should be a lynchpin in our efforts to cope with the growing problems of flooding and sea-level rise that result from climate change, but in its current form, NFIP is a liability. Much more than an insurance program the NFIP is responsible for creating flood risk maps that every architect, engineer, and planner uses for the citing and design of almost every construction project; establishing minimum land use criteria that serve as the floor for local building and zoning codes in 22,000 communities; and should serve as a critical source of information for individuals and communities about flood history and flood risk. We need NFIP to provide low- and moderate-income people with affordable insurance coverage, expand access to flood mitigation and relocation assistance, and grant homeowners, home buyers, and renters a right to know the flood history and risks associated with their current or prospective home.

We also need to make overdue changes to several policies critical to housing in the United States. We urge the committee to support legislation to fully fund the Community Development Block Grant Program (CDBG) and create a Community Stewardship Program to enable community-based development organizations to purchase and redevelop properties through collective ownership of local assets to fuel a more just-sustainable development.

The CDBG Program's funding has been cut 80 percent since its creation and should be increased to a minimum of \$15 billion annually. The CDBG Program should include a significant carve-out to establish a Green CDBG fund to pilot initiatives dedicated to low carbon resilient development in communities.

We also need to permanently establish in statute the Community Development Block Grant-Disaster Recovery (CDBG-DR) program. Originally envisioned as a program that would only be utilized occasionally for truly catastrophic events, this disaster recovery program is now employed almost every year to provide federal aid for longer-term disaster recovery, rebuilding, and resilience efforts. Because CDBG-DR is not permanently established in statute, each new authorization and appropriation requires the Department of Housing and Urban Development (HUD) to draft and approve new regulations for each individual authorization and appropriation. The result is, at best, a months-long delay between the qualifying disaster and delivery of assistance.

HUD should update the agency's Environmental Justice Strategy, which was last revised in 2016, to ensure that accountability to community voices and priorities are met.¹ HUD should invest more resources to ensure state and local government compliance with community participation required by Section 104(a)(2) of the Housing and Community Development Act. HUD also should finalize an updated plan focusing on the following areas: meaningful engagement of community-based organizations in the decision-making process; clear processes for filing environmental justice complaints to HUD; clear guidance and protections related to displacement; and better training for HUD staff on environmental justice issues.

Finally, NRDC urges the committee to make changes to the nation's weatherization programs. These programs deliver critical assistance to lower-income people that help make their homes more energy-efficient, lowers their utility bills, and reduces their water and energy usage overall, and therefore increases their community's resilience.

I thank you for the opportunity to speak before the Subcommittee today.

People over Property

The conventional approaches to describing and addressing housing, resilience, or disaster recovery focuses on properties rather than people. This is because, in every city and small town across the country, we've established a pattern of urban and community development that prioritizes the value of property over people. We've created a national model of property-led development rather than Human Development.

All the common metrics we use to measure growth and progress in our cities betray our emphasis on seeing the built environment abstracted from data showing actual improvements in people's lives. We focus on the financial cost rather than the human cost.

¹ HUD, 2012-2015 Environmental Justice Strategy, <http://portal.hud.gov/hudportal/documents/huddoc?id=envjustice.pdf>, March 30, 2012.

Statistics on real estate values, insurance policies, and damage claims, dollars-worth of damage to buildings and infrastructure, the number of storms that cause in excess of a billion dollars in losses, the costs of recovery all have one thing in common: they focus on damage to properties and fail to capture the short- or long-term harms to people who live on those properties.

This disconnect is partly because property damage is easy to see and to track, unlike the ripple effects of housing insecurity, chronic respiratory illnesses associated with poor housing quality, or the accumulating mental health burden of repeated disasters.

When these property-centric data influence our post-disaster plans and the allocation of funds, communities that have been historically devalued continue to be devalued. Too often, when low-income communities or communities of color are prioritized for large infrastructure improvements in housing, transit, or parks, it is often implemented in ways that lead to gentrification and displacement.² This is because the target of development remains property as a means of extractive value and wealth creation for the few. This contributes to the widening equity gap, leaving people with even fewer options to decrease their vulnerability before disaster strikes and less than their fair share of the recovery resources after their lives are upended.

Racism compounds this reality. Since the founding of this country, we have consistently valued some groups over others. The devaluing of Black lives and communities they live in has resulted in disparities of their property values and pollution burdens. A 2019 University of California, Berkeley, study of eight cities, for example, found that residents of historically Black neighborhoods are more than twice as likely than white families to visit emergency rooms for asthma-related treatment due to the legacy of redlining.³ And a 2007 study prepared for the United Church of Christ's Justice & Witness Ministries points to race as the biggest predictor of whether a community in the United States will be affected by toxic pollution from a landfill, power plant, highway or incinerator.⁴

In addition to contributing to higher levels of vulnerability and unequal allocation of resources to address these vulnerabilities, discriminatory practices like redlining, which led to segregation and disinvestment in communities, are also exacerbated by climate change.

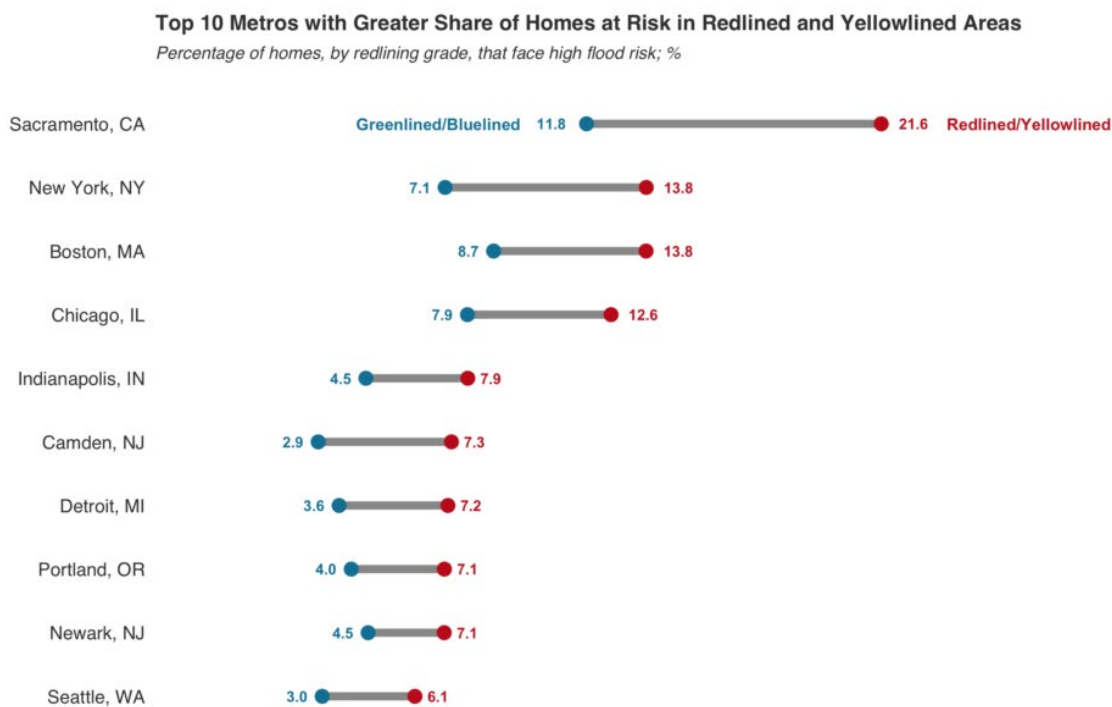
A recent study by the real estate company Redfin.com found that redlining has led to higher percentages of Black families living in areas at greater risk of flooding compared to homes in more affluent, non-redlined areas (see Figure 1). According to Redfin Senior Economist Sheharyar Bohari, "Decades of segregation and economic inequality shoehorned many people of color—especially Black Americans—into living in neighborhoods that are more vulnerable to climate change." He also stated that "The cycle continues today. As climate change fuels rising

² Cash, Chapple, Depsky, Elias, Krnjaic, Manji, Montano, "Climate Change and Displacement in the US – A Review of the Literature, April 2020. <http://www.sparcchub.org/wp-content/uploads/2020/04/Climate-and-Displacement-Lit-Review-6.19.2020.pdf>

³ <https://news.berkeley.edu/2019/05/22/historically-redlined-communities-face-higher-asthma-rates/>

⁴ http://d3n8a8pro7vhmx.cloudfront.net/unitedchurchofchrist/legacy_url/491/toxic-wastes-and-race-at-twenty-1987-2007.pdf?1418423933.

sea levels and powerful storms, many of these neighborhoods lack the funding for the infrastructure upgrades necessary to combat flooding."⁵



Source: Redfin analysis of First Street Foundation flood risk data (FSF) and HOLC redlining maps



Figure 1. A recent study by Redfin found that a higher percentage of homes in formerly redlined areas are at greater risk of flooding compared to non-redlined areas.

In focusing on people, we create the opportunity to empower communities and involve them in creating integrated strategies that promote equity, improved health outcomes, and climate resilience. This centers on redefining a national framework for community development and public infrastructure, demonstrating the value of amplifying investments in connected housing, disaster mitigation and resilience, transit, green space, and other infrastructure so their benefits can be realized equitably. Just as the problems of the climate crises, global pandemic, economic instability, and racial injustice are interwoven, our solutions must be as well.

Disasters are widening the equity gap in the United States

Many factors contribute to wealth inequality and inequity. But research conducted by Drs. Junia Howell and James R. Elliot found that "natural hazard damages also play an important, growing,

⁵ Lily Katz, "A Racist Past, a Flooded Future: Formerly Redlined Areas Have \$107 Billion Worth of Homes Facing High Flood Risk—25% More Than Non-Redlined Areas," Redfin.com, March 14, 2021, <https://www.redfin.com/news/redlining-flood-risk/>.

and largely hidden role, especially along the lines of race, education, and homeownership."⁶ According to the NAACP, "Communities of color and other frontline communities are more likely to live in hazard-exposed areas and have fewer resources to invest in risk-reducing measures."⁷ Absent consideration of these social inequities, which often cause frontline communities to experience an unequal ability to prepare for and to protect against disasters, the ability to build resilient communities will be greatly hindered.⁸

A 2019 study by the Urban Institute found similar evidence of how disasters contributed to growing inequities in society and how economic hardships fall hardest on families who are already living in a financially precarious situation.⁹ This research found that disasters contribute to "negative impacts across most measures of financial health, including credit scores, debt in collections, bankruptcy, credit card debt, and mortgage delinquency and foreclosures." These effects are not short-term but linger and can even grow over time. Even factors like individuals' credit scores suffer. People living in communities of color see their credit scores drop an average of 31 points, while in the majority of white communities, credit scores decreased an average of 4 points after disasters. Similarly, the Federal Housing Authority found that mortgage default rates jumped significantly in Florida and North Carolina, following Hurricanes Irma and Florence, respectively.¹⁰

Community Development and Inclusive Decision-Making

The converging crises of climate change, global pandemic, economic instability, and racial injustice require an intersectional approach to solutions based on the work and experiences of locally-led collaborative leadership that can reflect and address community priorities holistically. As demonstrated above, historically, within the community development sector, there have been laws, rules, and practices in planning and investment that have perpetuated injustice, hurting local economies, public health, and the environment. In working with community organizations across the country, we've experienced the many ways the community development sector must radically change its approach to community-led development for more equitable results.¹¹

To change this approach, five and a half years ago, the Strong, Prosperous, and Resilient Communities Challenge (SPARCC) was created as an initiative of NRDC, Enterprise

⁶ Howell and Elliot, "Damages Done: The Longitudinal Impacts of Natural Hazards on Wealth Inequality in the United States," *Social Problems*, August 2018, <https://academic.oup.com/socpro/advance-article/doi/10.1093/socpro/spy016/5074453>.

⁷ Lorah Steichenv and Jacqueline Patterson, NAACP Environmental & Climate Justice Program, "In the Eye of the Storm: A People's Guide to Transforming Crisis and Advancing Equity in the Disaster Continuum," 22 (2018) available at <https://www.naacp.org/climate-justice-resources/in-the-eye-of-the-storm/>

⁸ *Id.*

⁹ Ratcliffe, Congdon, et al., *Insult to Injury: Natural Disasters and Residents' Financial Health*, Urban Institute, April 2019, <https://www.urban.org/research/publication/insult-injury-natural-disasters-and-residents-financial-health>.

¹⁰ *Flood Insurance Coverage of Federal Housing Administration Single-Family Homes*, U.S. Department of Housing and Urban Development, Office of Policy Development and Research, March 30, 2020, p. 18, <https://www.huduser.gov/portal/sites/default/files/pdf/MDRT-Flood-Insurance-Coverage-of-FHA-SFH.pdf>.

¹¹ Center for Community Health and Evaluation. April 2020. <http://www.sparcchub.org/wp-content/uploads/2020/04/sparcc-year-three-evaluation.pdf>

Community Partners, and the Low Income Investment Fund. SPARCC's goal is to rethink community development work through the lenses of racial equity, health, and climate. Our vision in the long term is to influence the way metropolitan regions grow, invest, and build through cross-sector approaches that benefit low-income people and communities of color. National and local organizations from Atlanta, Chicago, Denver, Los Angeles, Memphis, and the San Francisco Bay Area joined together to use flexible grant funding, technical assistance, and a community of practice to support innovative solutions that advance racial equity, build a culture of health, and respond to our climate crisis. The initiative brings together residents, community advocates, business owners, artists, and experts in community investment, public health, public policy, climate resilience in unique collaborations that challenge assumptions and biases. Using a mix of philanthropic, private, public, and non-profit resources, vital community-led projects that promote mass transit and green infrastructure, safeguard against the displacement caused by gentrification, and stimulate local micro-economies have been created. All done within an equity framework.

This work demonstrates two principles that frontline and community-based organizations have championed for years: Community power drives change and inclusive decision-making matters. Equitable and inclusive engagement has been proven to create more effective and equitable solutions, increase the likelihood that a project receives community support, help to build community skills, increase trust in community governance, build trust across different perspectives and create opportunities to discuss issues in the community.¹²

We must re-center the place from which we start conversations about how best to address housing needs. Community decision-making in local projects is critical to the successful integration of climate resilience into community-owned projects and to ensure that sustainability is not value-engineered out of achieving equitable development. SPARCC demonstrates that community power and leadership is one of the most powerful examples of transforming city policies and practices, but this collaborative approach to partnerships with communities leading the work is critically under-resourced and undervalued. Federal dollars should more explicitly support community-based organizations and leadership in local government projects, with an emphasis on supporting smaller organizations tied to the social fabric of a community and dedicated to social and racial equity.

Solutions at the Intersection of Address Housing and Climate Resilience

We want to bring to the Subcommittee's attention a few key actions that it should take to address issues at the intersection of equity, housing, and climate resilience.

- Support community-led development and fund community ownership
- Build a national scale framework to address housing + climate + infrastructure impacts

¹² Mariia Zimmerman, 2019, "Inclusive Investment Starts with Equitable Community Engagement." <http://www.sparcchub.org/wp-content/uploads/2019/09/EECE-V4.pdf>

- Permanently Authorize HUD's CDBG-DR program
- Reform the National Flood Insurance Program
- Fund weatherization and neighborhood retrofits

Supporting community-led development

Without a deliberate effort to prioritize community-led development, new infrastructure and housing investment will not alter the pattern of housing inequity.¹³ Nor will providing more funding to an issue without an explicit focus on keeping people housed in safe and sustainable locations of their choosing. A holistic vision for funding housing stability includes providing federal resources to community-based partners to acquire and steward land for long-term affordability. To do this, equity needs to be elevated federally, including listening to the local vision to fund anti-displacement measures, infrastructure, healthy housing, parks, and fair paying jobs.

Specifically, intentional effort should be made for meaningful engagement, including allocating budgets directed to community-based engagement. Funding could be explicitly allocated for coordinated planning to address risk and advance community goals across sectors. Funding resources like CDBG-MIT and FEMA's Building Resilient Infrastructure and Communities program are beginning to address this need by emphasizing planning and capacity; however, incentives are needed to ensure states and localities take advantage of this opportunity.¹⁴

In addition, integrating equity into federal programs and actions requires a strong commitment to affordable housing and community-serving needs like jobs and other amenities. Both the data and lived experiences show that an inequitable approach to green investments for large-scale developments can lead to gentrification and displacement. Access to high-quality parks, green infrastructure, and energy-efficiency investments have significant and long-lasting positive benefits that are well-documented. Numerous studies have shown that green revitalization initiatives can increase property values and further real estate speculation, contributing to physical and cultural displacement for low-income residents in the neighborhoods.¹⁵ These investments must be undertaken with affirmative protections to reduce the risk of inadvertent exclusion and harm for those whom these investments are intended to benefit.

The federal government plays a key role in ensuring that funds can be accessed and aligned for community use. It is important to integrate resources to work across sectors to achieve multiple

¹³ Institute on Metropolitan Opportunities. "American Neighborhood Change in the 21st." April 2019. https://www.law.umn.edu/sites/law.umn.edu/files/metro-files/american_neighborhood_change_in_the_21st_century_-_full_report_-_4-1-2019.pdf

¹⁴ Natural Resources Defense Council (NRDC), "NRDC Comments on North Carolina Proposed CDBG-MIT Application" December 2019, <https://www.nrdc.org/resources/nrdc-comments-north-carolinas-proposed-cdbg-mit-application>.

¹⁵ Rigolon and Nemeth, "Green Gentrification or Just Green Enough? Do Park Location, Size, and Function Affect Whether a Place Gentrifies or not?" July 2019 <https://journals.sagepub.com/doi/abs/10.1177/0042098019849380?journalCode=usja>

community benefits. Government funding is often siloed, but this could be improved with a coordinated approach to address housing and climate. One study of the D.C. Metro rail system and surrounding housing impacts suggested that housing subsidies like LIHTC, Section 8 Project-Based Rental Assistance, or Community Development Block Grants specifically in transit zones can serve as one way of preserving affordable housing near transit. But tax incentives are only one piece of the equation. Proactive actions are required to prevent displacement. This includes acting to acquire land for affordable housing before transit or other green investments are announced, and land values rise as another strategy to promote neighborhood affordability. For example, TriMet, a transit agency in Portland, acquired and banked land adjacent to a light rail expansion and then dedicated it to subsidized housing; developing and leveraging transit money and federal funds. The \$24 million Denver Regional TOD fund made a similar strategic land acquisition.

In another example, to address the Los Angeles River revitalization and the impact of green infrastructure investments on the chronic affordable housing and homelessness crisis in that city, a group of non-profit organizations, public agencies, and community groups formed the Los Angeles Regional Open Space and Affordable Housing Collaborative. The mission is to remedy green gentrification and create a new model of development to eliminate displacement and ensure that low-income communities have holistic access to nature. The collaborative is focused on bringing together the joint development of parks and open space and incorporating anti-displacement and equitable parks policies in funding and financing measures. This includes working with organizations, including community land trusts, and supporting the acquisition of land that is both climate resilient and retains affordability in the long term.

Federally, COVID-19 relief funds, including CDGB grants and FEMA recovery dollars, have been identified to support the acquisition and rehabilitation of distressed properties or underutilized land in combination with existing local funding and financing sources. CDBG-MIT funding was identified to reduce the energy burden and mitigate risk from future disasters for low-income renters.

Fund Community Ownership

Communities lose a substantial amount of affordable housing to real estate speculators who have the resources to buy and hold the housing and then sell high when the market recovers. This exacerbates the cycle of housing being controlled by investors with limited interests in promoting equitable, climate-resilient, and affordable housing. Creating a mechanism for more local and affordable ownership by equity-focused organizations not only would respond to the accelerating pace of evictions as the COVID-19 pandemic continues but also to the long-standing racial and systemic inequities in the housing markets faced by low-income, Black, Brown, Indigenous, and other communities of color to due to blight and displacement pressures and accelerated environmental and climate vulnerabilities.

With the historic investment in housing called for by President Biden in the American Jobs Plan, the nation could commit itself to support long-term affordability and community ownership.¹⁶ This would support greater local ability to keep renters and tenants in place, allow homeowners to keep their homes, support small landlords and small business owners in targeted neighborhoods.¹⁷ Creating and funding a community stewardship program through HUD would provide dedicated funding to community-based development organizations and small shared-equity organizations like community land trusts to purchase and redevelop properties and acquire land through collective ownership of local assets to fuel a more just-sustainable development.

Funding this type of resource is not new. The Neighborhood Stabilization Program (NSP), enacted in the Housing and Economic Recovery Act (HERA)¹⁸ of 2008, laid the groundwork for this type of funding. It moved resources to the public sector and private non-profit actors to quickly acquire and control property that housed low- and moderate-income families and businesses. This included financial assistance for home purchasers, rehabilitation and redevelopment, the establishment and operation of land banks. These policies are crucial to a full and complete recovery in our communities, but we can do more.

In the first round of NSP, for example, Baltimore and Detroit relied more heavily on using funds for demolition of abandoned, vacant, and blighted properties. Many were torn down with limited planning focused on an equitable redevelopment in collaboration with the Black communities who suffered from years of discrimination and disinvestment. A new program focused on community stewardship must account for these lessons and include racial equity accountability mechanisms that are community-led. This requires funding small community-based organizations and shared-equity organizations like community land trusts with limited ability to access funding that can contribute to local control of assets, making critical healthy housing upgrades, provide deep and long-term housing affordability and through resident-led leadership, develop mechanisms that can contribute to wealth building.

Community ownership is a necessary part of the long-term response to our housing crisis. By equitably centering people in communities and holding stewardship as a principle, we also have an opportunity to grow in a more sustainable way-- for people and the planet.

Fully fund HUD's Community Development Block Grant Program (CDBG), Establish a Green CDBG Fund and Permanently Authorize HUD's Community Development Block Grant – Disaster Relief (CDBG-DR) program

The CDBG program was enacted in 1974 to provide block grant funding for community development programs. The program assists urban, suburban and rural communities to improve housing and living conditions and expand economic opportunities for low- and moderate-income

¹⁶ Fact Sheet: The American Jobs Plan, March 31, 2021, <https://www.whitehouse.gov/briefing-room/statements-releases/2021/03/31/fact-sheet-the-american-jobs-plan/>

¹⁷ Strong Prosperous and Resilient Communities Challenge (SPARCC). "Strengthening Communities Through Long-Term Community Stewardship" March 2021. <http://www.sparcchub.org/wp-content/uploads/2021/03/SPARCC-Long-Term-Community-Stewardship-3.4.2021.pdf>

¹⁸ Housing and Economic Recovery Act of 2008. <https://www.congress.gov/110/plaws/publ289/PLAW-110publ289.pdf>

persons. CDBG helps create jobs through the expansion and retention of businesses and is an important tool for helping local governments tackle serious challenges facing our communities. Counties use the flexibility of CDBG funds to partner with the private and non-profit sectors to develop and upgrade local housing, water, infrastructure, and human services programs. Counties rely on the flexibility of CDBG funds to meet each community's particular development needs.

Having safe, healthy, and affordable housing options is long understood as integral to ensuring sustainable livelihoods, access to quality education, and public health. Now we are beginning to realize the critical role of housing in addressing climate change. This section highlights the significant and varied ways in which policies that support housing affordability and equity can actively contribute to climate action and provide more resilient homes for families.

The interaction of housing and transportation policy can create incentives or disincentives in choices on the location of housing and their proximity to jobs and social life activities. The outcome of these choices greatly impacts the scale of emissions from the transportation sector based on the location and transit options available to workers and families.

Undoing the legacy of racial segregation requires a fully funded CDBG program to target historically disinvested communities of color that have suffered from long-standing systemic issues of racial injustice and economic inequality.

Within the CDBG program, a Green CDBG fund should be established to pilot initiatives and create best practice tools for low carbon resilient community development. We can no longer attempt to develop communities and alleviate poverty in ways that might increase emissions or contradict our climate goals. Ensuring no one is left behind means we must create new methods of development that support and enhance people's livelihoods while reducing the harmful emissions that cause climate change and disruption.

HUD's CDBG-DR program can be a vital resource to assist low-income communities, and BIPOC communities recover post-disaster. However, the program is established on an ad hoc basis, which burdens those communities with long wait times and complicated bureaucratic hurdles. As such, Congress should codify HUD's CDBG-DR program in statute, permanently authorize it, and direct HUD to establish a standard framework of requirements and processes for future disasters.

Congress has appropriated nearly \$90 billion in CDBG-DR funding since 1992.¹⁹ In the absence of a standing authority to provide disaster-related funding, HUD has governed these near-annual appropriations via dozens of different Federal Register notices—sometimes with multiple notices for a single disaster. As noted by Enterprise Community Partners, "this ad hoc system results in

¹⁹ HUD, "CDBG-Disaster Recovery Grant History 1992 - 2019," June 20, 2019, <https://files.hudexchange.info/resources/documents/CDBG-DR-Grant-History-Report.pdf>.

different requirements and waivers for different grantees, confusion, and frustration among grantees, and inconsistent and unfair disaster recovery outcomes across grantees."²⁰

As Congress provides more disaster recovery funds to HUD, it becomes increasingly important that this program has formal regulations so that recovery funds can get from HUD and into communities faster and be administered more effectively. The 2018 HUD OIG audit found that administering CDBG-DR funding with multiple Federal Register notices presented challenges to grantees and led to delays; the audit report stated that codifying CDBG-DR and creating a permanent program would "(1) ensure that a permanent framework is in place for future disasters, (2) reduce the existing volume of Federal Register notices, (3) standardize the rules for all grantees, and (4) ensure that grants are closed in a timely manner."²¹

Similarly, a March 2019 Government Accountability Office (GAO) report found that "[w]ithout permanent statutory authority and regulations such as those that govern other disaster assistance programs, CDBG-DR appropriations require HUD to customize grant requirements for each disaster in Federal Register notices—a time-consuming process that has delayed the disbursement of funds."²² The timing issue is illustrated by the August 2019 publication of FR-6109-N-02, "Allocations, Common Application, Waivers, and Alternative Requirements for Community Development Block Grant Mitigation Grantees." These rules and waivers for grantees were released 1 year, 6 months, and 14 days after the associated appropriation in February 2018.

NRDC supported H.R.3702 - Reforming Disaster Recovery Act of 2019, which the House Financial Services Committee unanimously approved, and welcomes its reintroduction this session.

Reform the National Flood Insurance Program

The current structure of the National Flood Insurance Program (NFIP) is inadequate to address the reality of climate change, and the NFIP does not provide equitable and just assistance to those who need it most. The program's focus on rebuilding in the aftermath of a flood can contribute to people being trapped in a home that floods repeatedly, because the insurance coverage only provides assistance to rebuild in the same location.²³ People who may want to escape the painful cycle of flooding and rebuilding find that the NFIP often perpetuates that cycle, wasting government and private resources. Further, the program is based on a biased

²⁰ Alexander Williams, "Senate Legislation Introduced to Permanently Authorize the Community Development Block Grant – Disaster Recovery Program," Enterprise Community Partners, July 30, 2019, <https://www.enterprisecommunity.org/blog/senate-legislation-introduced-to-permanently-authorize-CDBG-DR>.

²¹ HUD OIG, "HUD's Office of Block Grant Assistance Had Not Codified the Community Development Block Grant Disaster Recovery Program," p. 1.

²² GAO, "Better Monitoring of Block Grant Funds Is Needed," GAO-19-232, March 2019, <https://www.gao.gov/assets/700/697827.pdf>.

²³ We recognize that the Flood Mitigation Assistance Grants are also a program of the NFIP. These grants are generally targeted to mitigating repeatedly flooded homes, with an eye towards eliminating future damage claims and financial liabilities of the NFIP.

assumption that everyone has the ability to choose where they live. It is blind to the legacies of redlining and segregation, which forced many people of color into high-risk flood areas.

The NFIP must be reauthorized by September 30. We have an opportunity to make NFIP more "climate-smart," more equitable, and more just to ensure people and communities – especially the most vulnerable among us - are able to protect themselves from flooding.

Affordability of coverage

The NFIP's current method for discounting insurance premiums is unrelated to a property owner's or renter's income level. Instead, the majority of subsidized insurance policies are for older buildings that pre-date the NFIP and their communities' first flood insurance rate maps (FIRM). Ensuring that flood insurance coverage is affordable for low-to-moderate homeowners and renters is essential could help with near-term recovery.

FEMA found that half of the households located in the 100-year floodplain and without NFIP coverage are considered low-income. The median income of households without flood insurance is only \$40,000.²⁴ Thus, those that can least afford to pay for flood insurance also can least afford to be without it, given their high level of risk.

A legacy of racially discriminatory housing practices has, on average, channeled low-income and BIPOC people into areas vulnerable to flooding without their consent or knowledge of those risks. Maps of historical housing discrimination show how neighborhoods that suffered redlining in the 1930s face a far higher risk of flooding today. "Across 38 major U.S. metros, more than \$107 billion worth of homes at high risk for flooding were located in historically redlined (and yellow-lined) neighborhoods. That's 25% more than the value of homes at high flood risk located in parts of the city deemed desirable—that is, white neighborhoods."²⁵ Further, a recent study of Hurricane Harvey found Black and Hispanic flood victims carried flood insurance at lower rates than whites.²⁶

In addition, homes purchased with an FHA mortgage located in or near high-risk flood areas are "very exposed to flood risk" because a large number of FHA-backed homes are not covered by flood insurance.²⁷

As policy premiums transition to rates that reflect actual flood risk, the already existing equity gap in NFIP coverage will likely expand. Low-to-moderate income households could be "priced

²⁴ Federal Emergency Management Agency, An Affordability Framework for the National Flood Insurance Program, April 17, 2018, https://www.fema.gov/sites/default/files/2020-05/Affordability_april_2018.pdf

²⁵ Kriston Capps and Christopher Cannon, "Redlined, Now Flooding," Bloomberg (March 15, 2021) available at <https://www.bloomberg.com/graphics/2021-flood-risk-redlining/>

²⁶ Liz Hamel, et. al., An Early Assessment of Hurricane Harvey's Impact on Vulnerable Texans in the Gulf Coast Region, December 2017, <https://files.kff.org/attachment/Report-An-Early-Assessment-of-Hurricane-Harveys-Impact-on-Vulnerable-Texans-in-the-Gulf>

²⁷ *Flood Insurance Coverage of Federal Housing Administration Single-Family Homes*, U.S. Department of Housing and Urban Development, Office of Policy Development and Research, March 30, 2020, <https://www.huduser.gov/portal/sites/default/files/pdf/MDRT-Flood-Insurance-Coverage-of-FHA-SFH.pdf>.

out," either choosing to continue to forgo coverage or drop existing coverage if the cost becomes too burdensome.

Congress must act to create a means-tested affordability framework to address this growing flood insurance gap amongst low-to-moderate income households. For example, Congress could provide subsidies based on income level. Homeowners with an income below the Area Median Income (AMI) could receive a discount on coverage or a voucher for coverage.

While insurance is important to help recover from a flood, it obviously can't prevent flood damage, or the loss of possessions, the struggles of rebuilding their homes and lives, missed work and school days, potential health impacts from mold and waterborne toxins, and the trauma of living with a disaster. The high cost of recovery is an essential reason that insurance be more equitable and timely to more vulnerable homeowners, renters, and communities to decrease their exposure to flooding.

Any means-tested affordability mechanism must be coupled with providing low-to-moderate income households greater access to mitigation assistance. Requiring greater mitigation assistance, in addition to more affordable insurance premiums, is an equitable way to assist low-to-moderate income households. Reducing a home's exposure to flooding will not only better protect residents but also reduce the long-term cost of insurance for the homeowners.

Right to know your own home's risk

Homeowners and renters should have a right to know what FEMA already knows about their property's history, including flooding potential. Similarly, homebuyers should have a right to know what a seller knows, and renters should have a right to know what the lessor of a property knows. However, getting access to this information can be exceedingly difficult, and this needs to change.

In too many states, home buyers are kept in the dark about a property's vulnerability to floods, as NRDC and Columbia University's Sabin Center for Climate Change Law found when it reviewed all 50 states' real estate disclosure laws.²⁸ In nearly 25 states, there are no statutory or regulatory requirements that a seller discloses a property's history of flood damages to a buyer. Sellers are also not required to disclose whether the property is located in a floodplain.

²⁸ Natural Resources Defense Council, Climate Resilience: How States Stack Up on Flood Disclosure, <https://www.nrdc.org/flood-disclosure-map>

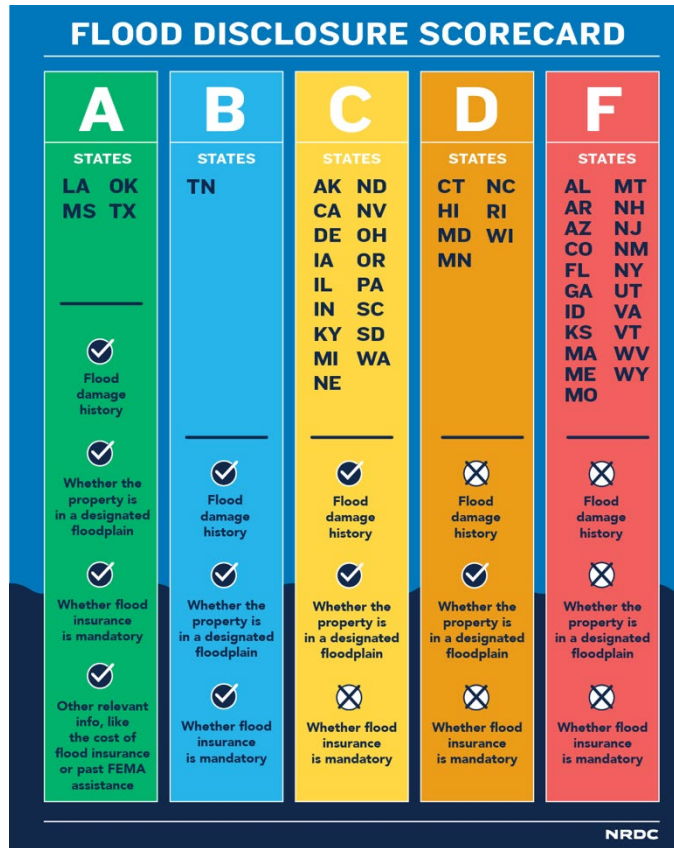


Figure 2: Twenty-eight states have no requirements to disclose past flood damages or require inadequate levels of disclosure to homebuyers. Few, if any, states require that renters receive this information. Louisiana, Texas, Mississippi, Oklahoma, and Tennessee have among the most comprehensive disclosure laws in the nation.

As part of NFIP Reform, Congress should consider a requirement that States should have disclosure laws that ensure that persons selling a property disclose the following information:

- Whether the home has ever been damaged by a flood and the extent of damage;
- Whether the home is located in a floodplain and, if it is, the flood zone classification (100-year or 500-year) of the property and the source and date of this information; and
- Whether the seller and/or previous owners ever received federal disaster aid that would require all future owners to obtain and maintain flood insurance on the property and, if they have, the type of aid and amount received.

Beyond disclosure by property owners, the NFIP must also improve the information that it makes available to both home buyers and homeowners. This should include any history of flood insurance coverage, damage claims paid, and whether there is a legal requirement to purchase flood insurance because of past owners' receipt of federal disaster aid. This is information that Federal Emergency Management Agency should have if a property was ever covered by the NFIP. Chairwoman Waters' National Flood Program Reauthorization Act of 2021 would put in

place a system by which FEMA, as well as certain private flood insurance providers, would be required to share this information with residents of properties.

More options for moving out of harm's way

Repeatedly flooded properties are a significant problem for the NFIP. Between 1978 and 2007, the number of repeatedly flooded properties increased by 5,188 per year, but only about 500 per year were mitigated over the same period.²⁹ The number of repeatedly flooded properties is growing ten times faster than efforts to mitigate these properties.³⁰

For Severe Repetitive Loss Properties (SRLP), the figures are even more striking.³¹ As of May 2018, the nation's approximately 37,000 SRLPs accounted for more than 10 percent of all the damage claims paid out by the program, despite representing less than 1 percent of NFIP policies.³² These properties, the most flood-prone structures insured under the NFIP, have flooded about five times each, on average.

Today, thousands of households flood multiple times. In the coming decades, millions of families and homeowners will face the chronic risk of flooding as sea levels rise and rivers flood more frequently due to climate change.³³

Currently, the NFIP repeatedly provides homeowners with assistance to repair and rebuild in place, but minimal assistance to help homeowners who want to relocate somewhere safer. This needs to change.

Weatherization, energy efficiency, and extreme weather

Our homes and buildings are responsible for around 40 percent of all U.S. climate emissions, making household energy efficiency a key element to any successful climate strategy.

²⁹ Department of Homeland Security Office of Inspector General, FEMA's Implementation of Flood Insurance Reform Act of 2004, p. 19, March 2009. Available at https://www.oig.dhs.gov/assets/Mgmt/OIG_09-45_Mar09.pdf.

³⁰ Rawle O. King, Cong. Research Serv., Federal Flood Insurance: The Repetitive Loss Problem 37, (2005), available at <http://www.fas.org/sgp/crs/misc/RL32972.pdf> [hereinafter 2005 CRS Report]; Rawle O. King, Cong. Research Serv., The National Flood Insurance Program: Status and Remaining Issues for Congress 20 (2013), available at <https://www.fas.org/sgp/crs/misc/R42850.pdf> [hereinafter 2013 CRS Report].

³¹ An SRLP is a property has incurred flood-related damage--(i) for which 4 or more separate claims payments have been made under flood insurance coverage under this chapter, with the amount of each such claim exceeding \$5,000, and with the cumulative amount of such claims payments exceeding \$20,000; or (ii) for which at least 2 separate claims payments have been made under such coverage, with the cumulative amount of such claims exceeding the value of the insured structure.

³² NRDC, Losing Ground: Severe Repetitive Flooding in the United States, <https://www.nrdc.org/resources/losing-ground-severe-repetitive-flooding-united-states>

³³ Hauer, Evans, and Mishra; "Millions projected to be at risk from sea-level rise in the continental United States"; *Nature Climate Change* 6, 691-695, April 2016. Available at <https://www.nature.com/nclimate/journal/v6/n7/full/nclimate2961.html>

But our homes are more than just consumers of energy. They are the places our families gather, our children grow and study, where our dreams are formed and where we go for comfort when they fail. As the experience of living under a pandemic has taught us, our homes do this because this is where above all, we should all feel safe and secure. But for too many families, home does not provide that security or safety.

Across the United States, there is a significant shortage of safe, healthy, energy-efficient, and affordable housing options for low-income residents. And while too many families experience these difficulties as cumulative and compounding burdens, our responses are often siloed and incapable of the cross-programmatic collaboration needed to maximize benefits.

Pairing weatherization and energy efficiency programs with healthier home interventions can amplify non-energy benefits such as direct cost savings to families, job creation and effectively address the social determinants of health.³⁴

Lower-income households and communities of color bear the brunt of substandard housing conditions, spend a larger percentage of their income on energy costs, and are disproportionately affected by the effects of extreme weather and climate change. This was illustrated by the recent Texas disaster, where low-income communities of color suffered disproportionate negative impacts of extended power and water outages.

Energy efficiency reduces both consumer and business utility costs and makes buildings more comfortable and resilient. A well-insulated building will stay cooler on the hottest days or warmer on the coldest days, even in the event of an extended power outage. Improved efficiency in buildings also is a crucial component to improving grid resilience and reliability. Efficient buildings are less demanding on the energy grid, reaping benefits at the times of highest consumer demand or during an extreme weather emergency.

To have the greatest impact on the grid, energy-efficient buildings should have electric appliances and equipment (which are often more efficient and emit less carbon and other pollutants than fossil-fueled furnaces, water heaters, and other equipment that burn the fossil fuels onsite), combined with demand flexibility. These interventions with specific attention to improving the health quality of a home by targeting four common health risks — asthma, falls, and exposure to extreme heat or cold — could save almost \$3 billion dollars in avoided health harms over a ten-year period, according to a recent study by ACEEE.³⁵

Programs such as Washington State's Department of Commerce's Weatherization Plus Health initiative combines energy and cost-saving weatherization improvements with measures that help to improve the home environments for children and adults who have asthma and other respiratory ailments.³⁶ It uses community health education partnerships for client recruitment,

³⁴ <https://www.greenandhealthyhomes.org/wp-content/uploads/ghhi.pdf>

³⁵ <https://www.aceee.org/research-report/h2001>

³⁶ <https://www.commerce.wa.gov/growing-the-economy/energy/weatherization-and-energy-efficiency/matchmaker/weatherization-plus-health-wxh/>

assessment, and intensive home education and follow-up. This strategy has been shown to reduce health risks and healthcare costs for at-risk families and should become the norm for weatherization rather than the exception.

However, three important challenges must be overcome to ensure these programs reach the most vulnerable and difficult to serve housing stock.

First, most existing weatherization, healthy home, and energy retrofit programs that focus on serving low-income families target homeowners. Most of the nation's lowest-income families are renters and live in properties that are not assisted or subsidized by federal dollars. Many of these properties are smaller multi-family units whose owners have limited capacity or resources to invest in rehabs or to participate in existing programs.

Secondly, multi-family properties, where the majority of the nation's lowest-income families live, are the least served by weatherization and energy retrofit programs. Reaching this underinvested market is critical to ensuring the long-term stability of families.

Finally, most energy and healthy home retrofit programs operate from a unit-by-unit perspective. Neighborhood or community scale retrofit programs that target all homes and buildings within a given geography can help create healthy, sustainable homes and see these effects spread throughout the wider community.³⁷

Climate resilience is first and foremost about ensuring that people have healthy, safe, affordable homes to protect them from extreme weather and that won't contribute to our climate crisis by wasting energy. We need to invest in and enhance our existing weatherization infrastructure, but the effort shouldn't stop at home. Resilience also requires healthy, thriving communities and neighborhoods, and today we have an opportunity to build on the lessons already gained to provide new opportunities and security to American families.

There is an urgent need to enact federal policies to improve the resiliency of communities. Congress must center the solutions on people rather than property to include renters, not just homeowners while removing the barriers that historically devalue specific communities. The moment is now to advance transformative policies at the federal level.

In summary, President Biden has outlined a plan for America that will create good-paying jobs; and build, preserve, and retrofit millions of homes and commercial buildings to be more resilient while tackling the housing affordability and climate crisis. Coupled with reforms to National Flood Insurance Program, investment in a Green CDBG fund, permanently authorizing HUD's CDBG-DR program, supporting greater community-led development at the local level that incentivizes inclusionary practices – Congress has an opportunity to transform our communities into more just, equitable, and climate-resilient communities – built to last.

³⁷ <https://silo.tips/download/community-energy-efficiency-retrofit-programs-a-national-survey>