



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

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on**

**A Review of the Preparedness, Response to and Recovery from Hurricane
Sandy**

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Chairman Mica, Ranking Member Rahall and Members of the Committee, thank you for the opportunity to testify today regarding Federal government actions in the aftermath of Hurricane Sandy, particularly by the Department of Housing and Urban Development (HUD). As Senior Advisor for disaster recovery to HUD Secretary Shaun Donovan, I have been deeply involved in those activities, including with respect to the role that President Obama has announced for Secretary Donovan.

Hurricane Sandy and the nor'easter that followed have had immense and varied impacts in New York, New Jersey, Connecticut, West Virginia, Maryland, and a number of other States. Within the United States, the hurricane itself resulted in 121 confirmed fatalities, major flooding, structural damage, and power loss to over 8.5 million homes and businesses, directly affecting more than 17 million people. As a consequence of the combined effect of the storm, hundreds of thousands of residents left their homes and sought shelter from as far south as North Carolina, as far north as New Hampshire, and as far west as Indiana. Especially hard hit were New York and New Jersey, which are critical economic engines of our nation. These two States employ 12.7 million workers, accounting for about 10 percent of U.S. payroll employment. They export about \$90 billion in goods annually, accounting for about 7 percent of such exports, and contributed \$1.4 trillion to our gross domestic product (GDP) in 2011, accounting for more than 11 percent of GDP. Thus, recovery and rebuilding is not only a State and local priority, but a crucial national priority.

This is an issue of particular concern to me. In addition to my previous work relating to housing issues at the Federal Housing Administration (FHA) under previous Administrations, I directed a key project in response to Hurricanes

Katrina and Rita: the Road Home Program in Louisiana. This project served as the largest single housing recovery program in the history of the United States. In these capacities, and as someone born and raised in New Orleans, I have seen first-hand both the devastation that storms like Sandy and Katrina have brought and the tremendous results of sustained and effective recovery and rebuilding efforts. This work is deeply personal to me.

In my testimony today, I will describe HUD's participation in the ongoing response and focus on recovery efforts concerning the storm, as we have done with respect to other such disasters, in close cooperation with our colleagues at the Federal Emergency Management Agency (FEMA) and other agencies. I will also discuss the role that the President has announced for Secretary Donovan with respect to Federal rebuilding efforts.

HUD's participation in ongoing response and focus on recovery efforts

Unfortunately, one of the major effects of storms like Sandy is destruction and damage to the homes and apartments where people live, and the displacement of numerous families and individuals. Accordingly, HUD has played a significant role in response to and recovery from past major storms, and is doing so with respect to Sandy as well.

Before I describe some of HUD's activities, it is important to note the unprecedented cooperation that is taking place among Federal, State, local, and tribal authorities. HUD, FEMA and other parts of the Department of Homeland Security (DHS), as well as the Departments of Transportation and Health and Human Services plus the Small Business Administration and the Army Corps of Engineers, are all in place and working together. We are all coordinating our work with State, local, and tribal officials, who are doing a truly herculean job on the response and recovery. This unprecedented level of cooperation and partnership is how we will continue to speed the recovery and related efforts to the most affected areas.

A key HUD priority has been providing immediate help to storm-displaced families to find temporary replacement housing, whether they were displaced from private or government-assisted housing. We have identified thousands of housing units, including more than 12,000 available units in HUD-assisted housing, and have been getting that information to displaced individuals. We also are allowing providers of housing for seniors the flexibility to open up vacant units to storm evacuees.

HUD has also focused on help to persons living in and owners of HUD-assisted housing damaged or destroyed by the storm. This includes, for example, helping to temporarily house displaced persons, getting boilers and generators to impacted developments that house low-income families, and waiving administrative requirements (while ensuring appropriate safeguards) so as to facilitate the rapid delivery of safe and decent housing to displaced PHA and multifamily housing residents. We have also increased fair market rental allowances to make it easier for displaced Section 8 voucher recipients to find replacement housing.

HUD is working to encourage the private sector to help displaced families. Shortly after the storm, HUD Secretary Donovan reached out to several private sector organizations to encourage their involvement in this effort, and a number have stepped forward at least partially as a result. This recognizes the importance of engagement by the private sector as well as government in relief efforts. For example, Angie's List is providing free, one-year memberships to one thousand homeowners in the New York City tri-State area to help with Sandy relief by making it easier for families to find local contractors, auto repair specialists, and health care professionals who are highly rated by other consumers. Walk Score has launched a website to support people in search of temporary housing after Sandy. HotelTonight recently announced a \$60,000 contribution to the American Red Cross to support relief efforts for Sandy victims, and will donate 10 percent of its net revenues in New York City for the month of November to the Red Cross for this purpose.

We have deployed HUD personnel to help staff FEMA Disaster Recovery Centers and do other storm-related work. This has included providing local housing resource help, program information, and other help to storm victims, mobilizing special needs providers from other States to assist families in shelters, and activating our Northeast network of field offices to communicate daily with impacted PHAs.

There are more than 200,000 homeowners with FHA-insured mortgages in the affected areas in New York, New Jersey, and Connecticut. HUD has provided foreclosure protection for storm victims with FHA-insured mortgages through a mandatory 90-day moratorium on foreclosures.

We are also offering assistance to storm victims who must rebuild or replace their homes. In particular, FHA insurance is available to such disaster victims who seek new mortgages, and borrowers from participating FHA-approved lenders are eligible for 100 percent financing, including closing costs. HUD is also directing banks to provide insurance payments they receive related to the storm directly to homeowners, in order to avoid the problem that occurred after Hurricane Katrina where some mortgage companies used some insurance payments that were supposed to be used to rebuild damaged homes for other purposes. HUD is working to get information on these and other assistance efforts to affected homeowners.

HUD is also providing help to affected State and local governments. For example, we have provided waivers of existing rules so that existing Federal Community Development Block Grant (CDBG) and HOME funds can be used for disaster relief. Collectively, the CDBG and HOME grant programs allow grantees to meet a broad range of needs, including housing, economic development, infrastructure, and the provision of public services. We are also working with State and local governments and tribes to develop interim housing plans and to provide loan guarantees for housing rehabilitation.

The President's announcement of Secretary Donovan to lead Federal rebuilding efforts

As you know, on November 15, President Obama announced that HUD Secretary Donovan will lead coordination of the Federal action relating to Hurricane Sandy rebuilding efforts. This role is different from and in addition to the role that Secretary Donovan usually carries out with respect to disasters as HUD Secretary. In understanding the Secretary's role in relation to the National Disaster Recovery Framework (NDRF), it is important to understand the NDRF and how it was developed.

Early in his first term, President Obama recognized that previous experience concerning Hurricane Katrina and other disasters highlighted the need for additional guidance, structure, and support to improve how we as a Nation address disaster-related recovery and rebuilding challenges. In September 2009, President Obama charged the Departments of HUD and Homeland Security to work on this effort and to establish a Long Term Disaster Recovery Working Group, composed of more than 20 Federal agencies. HUD, DHS, and the Working Group consulted closely with State and local governments as well as experts and stakeholders, and worked on improving the Nation's approach to disaster recovery and on developing operational guidance for recovery efforts. As a result, FEMA published a draft of the NDRF in 2010, carefully reviewed and considered more than one hundred public comments, and the final version of the NDRF was published in September, 2011.

The NDRF addresses the short, intermediate, and long-term challenges of managing disaster-related recovery and rebuilding. It recognizes the key role of State and local governments in such efforts, and sets forth flexible guidelines that enable Federal disaster recovery and restoration managers to operate in a unified and collaborative manner and to cooperate effectively with State and local governments. The NDRF defines core recovery principles; roles and responsibilities of recovery coordinators and other stakeholders; flexible and adaptable coordinating structures to align key roles and responsibilities and facilitate coordination and collaboration with State and local governments and others; and an overall process by which communities can capitalize on opportunities to rebuild stronger, smarter, and safer after a disaster.

The Secretary's responsibilities in this role will occur in coordination with the NDRF and will involve cooperating closely with FEMA and the other agencies already involved in recovery efforts. The focus will be on coordinating Federal support as State and local governments identify priorities, design individual rebuilding plans, and over time begin implementation. The Secretary will be the Federal government's primary lead on engaging with States, tribes, local governments, the private sector, regional business, non-profit, community and philanthropic organizations, and the public on long-term Hurricane Sandy rebuilding.

A key objective will be to cut red tape for State and local governments and tribes as they seek Federal assistance for longer term projects and identify priorities for community development. These areas of work will include housing, infrastructure

systems, small business and local industry, health systems, social services, and natural and cultural resources.

One of Secretary Donovan's roles will be to help identify priority needs for long-term rebuilding by working directly with State, local, and tribal authorities to communicate priorities to Washington. There is significant need including supporting small business through disaster loans and other relief; rebuilding homes while creating safer, more responsible building codes; restoring and protecting the environment; and building better and stronger infrastructure. The Secretary will serve as the principal point of contact for the President and his senior advisors, and will be focused on providing effective, integrated, and fiscally responsible support from across the Federal government to support States, local governments, tribes, the private sector, and faith-based and other community organizations in the rebuilding effort.

Work on the structure and functioning of this new effort is proceeding rapidly. Secretary Donovan has already met with a number of the most directly affected Federal, State, and local officials, and I know he is looking forward to working with this Committee and other Representatives and Senators on this important effort.

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