

STATEMENT OF
MR. JAMES ARTHUR JEMISON II
PRINCIPAL DEPUTY ASSISTANT SECRETARY FOR COMMUNITY PLANNING
AND DEVELOPMENT, U.S. DEPARTMENT OF HOUSING AND URBAN
DEVELOPMENT
BEFORE THE
COMMITTEE ON APPROPRIATIONS, SUBCOMMITTEE ON TRANSPORTATION,
HOUSING AND URBAN DEVELOPMENT, AND RELATED AGENCIES
U.S. SENATE

MAY 19, 2021

Introduction

Every year, millions of people across the country are affected by natural disasters. Disasters can have wide-ranging impacts, from physical injury and even death to loss of home, property, and community. Across the country, American families are struggling to recover from natural disasters ranging from hurricanes, floods, and landslides to extreme heat and wildfires. Last year, the country set an ominous record: 22 disasters that each caused \$1 billion or more in damage. This broke the previous record of 16 events that occurred in both 2011 and 2017.

The science is clear. Climate change is making many of these disasters more frequent and intense. As the most recent National Climate Assessment documented, climate-related risk is rapidly increasing. These risks are compounded where there is aging infrastructure and as our population becomes more urbanized, and as growth continues along the nation's coastlines. Essential local and regional infrastructure systems (e.g., water, energy, and transportation) are interdependent and increasingly disrupted by the effects of climate change. For example, heavy downpours, which are increasing nationally, can overwhelm combined sewer systems, where storm water runoff is combined with sewage from homes and businesses. During intense rainstorms, sewage can overflow into rivers, roads, and homes.

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

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

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

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

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

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

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

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

Current CDBG-DR Lessons

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

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

Disaster Recovery – Looking Forward

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

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

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

Ensure flexibility to allow fungibility across allocations in the same jurisdiction. The current program does not allow for funding across multiple disasters, therefore CDBG-DR funds can be used only to recover from the disaster for which funds were appropriated. While Congress has provided fungibility between disaster appropriations in some supplemental appropriations Acts,

Congress could include flexibility to allow funding to be used interchangeably when a community is recovering from multiple events within a defined period (for example, 5 years). Such flexibility could lead to better coordination on large-scale investments and projects (for example, nature-based solutions) and could reduce administrative burdens for the grantee.

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

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

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

Other Efforts Related to Climate Change and Resilience

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

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

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

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

HUD provides rental assistance to approximately 4.6 million households and plays a key role in the development and preservation of affordable housing through a wide range of programs. HUD's annual outlay on utility expenditures (energy and water) for the existing housing stock consume more than 10% of the agency's total budget and represent an estimated 13.6 million metric tons of carbon emissions. Improving the energy performance (through on-site generation and storage, for example) of HUD assets will play a significant role in reducing these outlays and lowering carbon emissions.

American Jobs Plan

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

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

Conclusion

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