

Closing Capital Gaps for Single-Family Households

Financing for More Equitable Disaster Recovery

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Closing Capital Gaps for Single-Family Households

Who recovers from disasters and at what speed is often determined by funding and financing structures. More than one in four US homes are in areas at risk from severe or extreme climate events, making them among the most exposed assets in communities.[1] When disasters strike, the consequences extend beyond physical damage to homes: Households can face prolonged displacement, depleted savings, and mounting financial pressures that can last for years. But households do not experience disaster recovery equally. Households with lower incomes and communities of color, on average, are more likely to be uninsured or underinsured, receive less federal assistance, face higher rates of loan and program denials, and be more vulnerable to long-term displacement. Financing can reduce uneven recovery outcomes through product and policy designs that center equity and fill critical gaps in recovery resources.

This research report draws on examples of how recovery financing for single-family housing was structured and deployed across seven disasters between 2017 and 2025: Hurricane Harvey in Texas (2017), Hurricane Ida in Louisiana (2021), Detroit floods (2021), Hurricane Ian in Florida (2022), Maui wildfires (2023), Los Angeles County wildfires (2025), and St. Louis tornadoes (2025) (appendix 1). It relies on document review and in-depth interviews with 17 practitioners from local government, nonprofits, philanthropy, and community development financial institutions (CDFIs) (appendix 2). Our goal is to provide actionable guidance for practitioners designing housing recovery programs for single-family households on how intentionally structured financing can be used as a tool to prevent displacement. The report opens with a review of capital gaps in single-family housing recovery and the equity challenges they reinforce. It is followed by lessons from past events on how financing has been used to fill gaps. It concludes with recommendations for stakeholders directly and adjacently involved in recovery financing related to how they might increase the flow of recovery financing and navigation support to underserved households.

Single-family housing represents 64 percent of housing in the United States.[2] A range of populations live in single-family homes, including renters, multigenerational families, upper-income homeowners, and lower-income households in older homes. While single-family housing does not represent the whole housing market, this report centers single-family housing recovery instead of also

focusing on multifamily housing because the two have different physical, ownership, financing, and occupancy characteristics that distinguish their recovery strategies, resources, and trajectories.

Gaps and Inequities in Disaster-Recovery Capital for Single-Family Households

When disasters strike and damage housing, survivors must assess whether to rebuild, relocate, or remain in housing that may pose ongoing safety risks. For many, there's little choice. Analysis of the most recent US Census Bureau Household Pulse Survey found that approximately 3.1 million adults (the equivalent of more than 1 million households) were displaced by natural disasters in about the span of a year.[3] Since 2002, an average of 500,000 households a year received Federal Emergency Management Agency (FEMA) assistance (Lacalle and Webster 2025). As climate-related disasters grow more frequent and severe, the risk of displacement will grow.

Decisions about whether to rebuild, relocate, or live in damaged property depend heavily on households' personal financial resources; insurance coverage; and access to federal, state, and private recovery support. While the ecosystem of capital providers for single-family housing recovery is vast (table 1), each source has limitations.

TABLE 1

Primary Housing Recovery Sources for Single-family Housing

Source	Purpose	Product type	Amount to household	Timing	Disaster declaration required
Insurance					
Private hazard insurance	▪ Home repair/rebuild from fire, windstorm, hail, lightning ▪ Personal property loss	Transfer payments	Dependent on policy	Claims made early, before other resources can be accessed Payouts weeks to months for partial; longer for settlements	No
Private special insurance	▪ Home repair/rebuild from flooding, earthquake, wind	Transfer payments	Dependent on policy	Claims made early, before other resources can be accessed Payouts weeks to months for partial; longer for settlements	No
State Fair Access to Insurance Requirements plans	▪ Home repair/rebuild from hazards for those who cannot obtain private insurance	Transfer payments	Depends on the state	Claims made early, before other resources can be accessed Payouts weeks to months for partial; longer for settlements	No
Federal insurance (e.g., National Flood Insurance Program)	▪ Home repair/rebuild		Up to $250,000	Claims made early, before other resources can be accessed Payouts weeks to months for partial; longer for settlements	No

Source	Purpose	Product type	Amount to household	Timing	Disaster declaration required
	▪ Personal property loss		Up to $100,000	Claims made early, before other resources can be accessed Payouts weeks to months for partial; longer for settlements	
Federal					
Federal Emergency Management Agency individual and household assistance	▪ Housing assistance (home repair limited to essential repairs; temporary housing assistance limited to 18 months) ▪ Other needs assistance	Grants	Maximum $44,800[a]	Applications due within months, payouts weeks to months from applications or longer for appeals	Yes
Small Business Administration disaster loans	▪ Primary residence repair	Low-interest loans (1.5–4.0%), depending on access to other credit	~$100,000–$500,000, disaster dependent	Applications due within months, payouts weeks to months from applications or longer for appeals	Yes
	▪ Personal property loss	Low-interest loans (1.5–4.0%), depending on access to other credit	~$40,000–$100,000, disaster dependent	Applications due within months, payouts weeks to months from applications or longer for appeals	Yes

Source	Purpose	Product type	Amount to household	Timing	Disaster declaration required
Community Development Block Grant Disaster Recovery	▪ Repair ▪ Rehabilitation ▪ Reconstruction ▪ Buyouts (disaster dependent)	Grants via state or local government agencies	Disaster dependent, up to $1.2 million for Maui wildfires full reconstruction	Appropriation varies based on congressional action; applications typically open one to three years after disaster, programs can continue for years	Yes
Local capital					
County allocations	▪ Buyouts ▪ Repair ▪ Temporary housing assistance	Grants, deferred payment, or forgivable loans	Variable	Based on local capacity/resources, can move quickly	No, but may be bolstered by federal funds
City allocations	▪ Repair ▪ Temporary housing assistance	Grants, deferred payment, or forgivable loans	Variable	Based on local capacity/resources, can move quickly	No, but may be bolstered by federal funds
Private capital					
Larger banking institutions	▪ Low-cost capital and liquidity for local banks	Grants, low-interest loans/lines of credit	Variable, typically reach households via local financial institutions	Can move quickly	No
Federal Home Loan Banks	▪ Capitalization of member banks and some recovery organizations	Grants, low-interest loans/lines of credit	Variable, typically reach households via local member banks	Varies by region and established programs, can move quickly	Typically
Local financial institutions	▪ Subsidized capital for mortgage paydowns, down payments, repairs, and rebuilds	Grants, forgivable loans, recoverable loans, soft second mortgages	Variable, up to $500,000 recoverable loans after Maui wildfires	Variable depending on an institution's capitalization	No
Philanthropy					

Source	Purpose	Product type	Amount to household	Timing	Disaster declaration required
Private foundations, community foundations, other	▪ Funding for recovery-focused nongovernmental organization operations (muck and gut, voluntary rebuilds, etc.) ▪ Enabling of subsidized lending from financial institutions	Grants, recoverable loans, soft second mortgages	Variable, typically reach households via local nongovernmental organizations or financial institutions	In advance of disasters, immediately after disasters, and ongoing, disaster dependent	No
Recovery organizations	▪ Funding for recovery-focused nongovernmental organization operations ▪ Direct grants to households	Grants, bridge loans	Variable, typically reach households via local nongovernmental organizations or chapters of national organizations	In advance of disasters, immediately after disasters, and ongoing, disaster dependent	No, but may be bolstered by federal funds
Peer-to-peer giving aggregated from community	▪ Direct giving to households	Small-dollar donations	Variable	Immediately and ongoing, disaster dependent	No

Source: Authors' analysis of funding and financing sources.
Note: Amounts included for federal sources use maximums stipulated at the time of the research and may be outdated. Purposes are not exhaustive; ranges are based on the sample of six case disasters for this report.
a. "Notice of Maximum Amount of Assistance under the Individuals and Household Program," Federal Emergency Management Agency, September 29, 2026, https://www.federalregister.gov/documents/2026/09/29/2026-19854/notice-of-maximum-amount-of-assistance-under-the-individuals-and-households-program.

Equitable disaster recovery holds that all survivors should have meaningful paths to recovery and resilience. Achieving this requires directing greater resources and attention toward those facing the greatest barriers. In practice, this means designing and deploying resources to reach households that need them most rather than defaulting to mechanisms that favor those already best positioned to recover. It also means building the capacity and infrastructure needed for single-family households in disadvantaged communities to access and use recovery resources effectively. Our review of the research evidence across past disasters and our interviews point to five major gaps in disaster-recovery capital: unequal coverage and availability, slow payout timing, unfavorable terms, insufficient navigation capacity, and limited resilience investment. These gaps reinforce existing disparities and lead to inequitable recovery outcomes.

Unequal Coverage and Undercoverage

Program coverage—especially insurance and federal program coverage—plays a decisive role in shaping recovery trajectories. Many single-family households in disadvantaged communities are uninsured. Uninsured households face significantly higher financial burdens after disasters and are more likely to have unaddressed recovery needs (You and Kousky 2023). Among property owners affected by Hurricanes Katrina and Rita, for instance, insured properties were 37 percent more likely to be rebuilt than uninsured ones (HUD 2010). A St. Louis interviewee said uninsurance is especially common among older people on fixed incomes, who may drop insurance coverage if their mortgages are paid off. At the time of the 2025 wildfires in Los Angeles County, about 21 percent of Altadena homeowners did not have mortgages, and 23 percent of the recipients of the Los Angeles Household Relief Grant did not have homeowner/renter insurance.[4]

Underinsurance is also a challenge. Even households with homeowners' insurance policies may lack coverage for specific hazards. For example, after Hurricane Harvey, an estimated 70 percent of flood damage was uninsured.[5] Homeowners are significantly more likely to carry insurance than are renters, and renters are even less likely to have additional flood coverage (Myers and Vallas 2022).[6] In addition, higher-income homeowners are more likely to have coverage for hurricane and wind losses and to be more satisfied with their claims processes (Martín et al. 2024). In terms of insurance claims processes, households of color are less likely to be satisfied than white households, indicating that race is also a factor affecting overall insurance processes (Martín et al. 2024). The underinsurance gap is exacerbated by rising costs after disasters. Costs rise for materials and construction labor, known as "demand surge," despite anti-price-gouging legislation in most states (Döhrmann et al. 2013; Kim 2023). For example, wages in the construction sector rose 20 percent after Hurricane Harvey (Billings et al. 2019). After the January 2025 wildfires in Los Angeles County, reconstruction costs were estimated to have increased from roughly $300–$400 per square foot before the fires to $500–$700 afterward.[7] Underinsurance emerged as a major obstacle to recovery in Los Angeles County,[8] where insurance payouts have fallen short of reconstruction costs.[9] One estimate places the median net loss (the difference between total losses and insurance receipts and other financial support) at approximately $200,000 in Los Angeles County, meaning half of survivors face gaps at least that large (Embold Research 2025).[10] For homeowners, the median gap between insurance payouts and rebuilding costs is estimated at $500,000–$600,000 (Embold Research 2026).

FEMA funding is typically accessed second, after insurance, for federally declared disasters, but it is limited in what it covers. For example, Individuals and Households Program grants make homes habitable but will not return them to their predisaster conditions. This limitation was frequently named

in our interviews. After the flooding in Detroit, for example, interviewees told us that those who use basements as living spaces or for storage had to dispose of waterlogged furniture and other belongings that they did not have the cash to replace. But FEMA's policy for basements covers only damaged furnaces and water heaters, not personal belongings.[11] FEMA funding did not cover mold remediation in basements or foundation repairs either, shared interviewees. The Individuals and Households Program also is limited in the amount of grant funding deployed, and there is not enough to go around. At present, FEMA can deploy no more than $43,600 for home repairs and temporary housing assistance combined[12]—and payments tend to be much lower. After Hurricane Harvey, for example, the average FEMA Individual Assistance payout for households without flood insurance was just $4,400. Like the distribution of insurance payouts, the distribution of Individuals and Households Program funds is inequitable, often shaped by socioeconomic factors. In fact, an analysis of the Individuals and Households Program from 2010 to 2018 found that race and ethnicity were the strongest predictors of funding inequity across counties (Emrich et al. 2022). Meanwhile, FEMA's National Flood Insurance Program can pay up to $250,000, but this may not cover the full cost of rebuilds.[13] Renters are rarely covered by the National Flood Insurance Program: owner-occupied houses make up 99.8 percent of all coverage despite the availability of policies to cover the personal property of tenants.[14] It follows that owner-occupied homes recover more quickly than renter-occupied ones (Hamideh et al. 2021; McCarthy and Friedman 2023; Myers and Vallas 2022).

Other sources of recovery funding and financing are inconsistent. For example, Community Development Block Grant Disaster Recovery (CDBG-DR), which provides grants that more fully cover housing repairs and rebuilds than does FEMA after federally declared disasters, are not approved for every declared disaster. And there are gaps in what it will cover. Interviewees consistently described this challenge. For example, Detroit interviewees shared that after the 2021 flooding, CDBG-DR funding could only indirectly address basement repairs through sewer line repairs and backflow prevention. There were no funds allocated explicitly for housing repairs.[15] Large banking institutions sometimes provide lines of credit—but not reliably—and only some of the 11 Federal Home Loan Banks (FHLBs)—government sponsored regional banks with member lending institutions[16]—have codified ways to capitalize member banks to provide no- or low-cost capital to households after disasters. Some local financial institutions such as CDFIs have developed disaster-recovery programs focused on housing recovery, but they are few.

Last, philanthropic presence is spotty (Phillips and Pue 2023), varies by geography and disaster type, and often decreases after the relief phase (Schlegelmilch 2023). Interviewees corroborated this, explaining that some places simply have few philanthropic organizations or low donor capacity; some

disasters do not produce the same giving sentiment as others. For example, interviewees reported philanthropic fundraising exceeding $100 million following Hurricane Harvey and the Maui wildfires. In contrast, a New Orleans interviewee said New Orleans is now lucky to see $10 million total after disasters, despite the unprecedented levels of giving that followed Hurricane Katrina (Francis 2025). Philanthropic networks also have varying levels of proactiveness: Whereas in some places, philanthropy leads, in other places, the philanthropic sector waits for the government to lead. For example, a St. Louis interviewee believed that the city's hesitancy to act decisively after the 2025 tornadoes undercut engagement from the philanthropic sector.

Slow Payout Timing

The timing of insurance and federal payouts poses challenges to households, insured or not, that lack the liquidity to recover on their own. Among those who are insured and have mortgages, insurance payouts tend to be slow. For example, the median time for single-family National Flood Insurance Program full settlements was 99 days (about three months) for 10 major disasters from 2003 to 2018 (Hossain and Orellana-Li 2024). Higher-income households tend to experience faster claims payouts (Martín et al. 2024). Interviewees consistently cited the first three months after a disaster as a critical time for recovery because, for example, this is when mold starts to rise and when unaddressed structural challenges may lead to others. Early resources are needed to "stop the hemorrhaging" and to prevent costs from compounding, explained an interviewee.

CDBG-DR funding can play a substantial role in recovery for federally declared disasters but has historically been slow to arrive in communities. In the past, it has required an appropriation from Congress. The arrival of CDBG-DR funding in communities averages 20 months after disasters (Martin et al. 2019). In alignment with this trend, as of the publication of this report there are not yet CDBG-DR appropriations for either the January 2025 Los Angeles wildfires and the May 2025 St. Louis tornadoes, even though it has been more than a year since both.[17] Multiple interviewees told us that how and through whom funding will be deployed are unpredictable even after CDBG-DR is appropriated and that it takes additional time to design a recovery program locally. Some communities design programs to be reimbursed by CDBG-DR funding to fill this timing gap, but several interviewees said that this is challenging. First, by the time funding arrives, interviewees shared, it can be difficult to prove damage was caused by the federally declared event. Second, "duplication of benefits" is prohibited under the Stafford Act,[18] meaning a household cannot receive assistance for the same purpose from more than one federal source. Other stringent standards need to be met for reimbursement from federal

programs, such as adherence to labor laws and environmental reviews. Adhering to environmental review standards was a challenge raised by interviewees across multiple sites.

The slow movement of funds to cash-strapped households increases the chances of displacement and neighborhood change after disasters. With rising costs, stalled incomes, and depleted savings, single-family homeowners may feel pressure to sell properties. In Los Angeles County, for example, many wildfire-affected households that lost homes faced both ongoing mortgage obligations and rent payments elsewhere, while additional living expense payments lagged by several months.[19] In many disaster-affected communities, predatory investors stand ready to purchase where families cannot afford to rebuild. For example, after Hurricane Harvey, investor purchases of owner-occupied single-family homes increased in flooded neighborhoods, particularly in Hispanic, nonwhite neighborhoods (Schwaller et al. 2026). Neighborhoods with greater damage were more likely to experience gentrification and physical neighborhood transformations (Zhai 2025). In the first year after the Los Angeles County wildfires, 44 percent (27 of 61) of the properties that sold in Altadena, where the Eaton fire burned, were sold to outside investors.[20] Meanwhile, renters face a heightened risk of permanent displacement as scant rebuilding of rental properties has occurred.[21] Slow rebuilding timelines are a deterrent to households' staying in disaster-affected communities. For example, in a survey of 307 Los Angeles County wildfire survivors, 70 percent said they may not return to the area if it takes longer than three years to rebuild ("LA Fires Rebuilding Survey" 2025). Households feeling the pressure to rebuild quickly may be more vulnerable to the scams related to recovery services that interviewees across several of the sites described.

Unfavorable Terms

Programs are limited not only in availability and what activities they will cover but also in the financial instruments they use. For example, Small Business Administration (SBA) programs are available after federally declared disasters cover home repair expenses ($200,000–$500,000 depending on the disaster)—in the form of low-interest loans, not grants. Even though SBA disaster-recovery loans are low cost, interviewees in Detroit and St. Louis explained that the price of capital is too high for many lower-income and fixed-income households that cannot afford another payment. They said that recovering households already in debt choose not to apply for SBA loans because they are unable or unwilling to take on additional debt. Yet interviewees perceived that FEMA staff sometimes encouraged households to pursue SBA loans before seeking other forms of assistance such as grants that do not require repayment. Regardless, many of the least-resourced households will not be approved for SBA loans. SBA uses credit scores to assess ability to repay—SBA "summarily declines"

applicants with low incomes and with high existing debt relative to their incomes.[22] After Hurricane Harvey, lower-income homeowners were 58 percent less likely to be approved for SBA loans and received 54 percent less in loan dollars per dollar of damage (Billings et al. 2019). Some interviewees see reliance on credit scores to determine creditworthiness as an overly narrow assessment of a household's ability to repay. Still, it can be difficult for lenders to reach the lowest-income households with interest-bearing or zero-interest loans because they have a responsibility to ensure repayment, explained lender interviewees. As a result, lending products alone may not address recovery needs. Other instruments, such as forgivable loans, do not need to be repaid if certain criteria are met but require subsidies that not all financial institutions can access.

Insufficient Navigation Capacity

Households coping with many moving pieces after disasters face immediate demands from mortgage lenders, insurers, and potential funding sources. Early action is necessary to keep households whole on their mortgages to prevent forbearance[23] or, as interviewees explained, on their rent payments to avoid damage to their credit scores. Since mortgage servicers do not tend to be local, they may not know about disasters without households directly informing them. This is especially true for smaller disasters when there is a lag between the disaster and a federal disaster declaration—or no declaration at all (declarations automatically qualify borrowers for a 90-day foreclosure moratorium).[24] Insurance claims must be filed early in the recovery process—before households submit applications for FEMA grants and SBA loans that close just months after the disaster (assuming there is a federal disaster declaration to make funding available). These federal programs cover only what insurance cannot.[25] Interviewees consistently shared that some households do not know where to begin, have trouble showing proof of ownership, or are simply too shocked in the early days of recovery to complete applications alone. This was an even larger challenge prior to August 2021, before FEMA reduced ownership documentation requirements (Keith 2021). Just months prior, a Washington Post article found that FEMA denied disaster aid applications due to title documentation issues at twice the rate in majority-Black counties compared to other counties.[26] As denials are common, interviewees shared that overburdened households may need help advocating for insurance adjustments and appealing for federal recovery funding.

Beyond needing assistance with accessing recovery funds, households need support navigating reconstruction processes. Interviewees frequently described a reconstruction process that is cumbersome and difficult to navigate without trusted partners in the reconstruction space. Permitting processes can be tedious, requiring multiple approvals, extensive documentation, inspections, and

coordination across different actors: contractors, surveyors, architects, engineers, electricians, plumbers, and so on. One interviewee from Maui believed that organizations that were not familiar with this ecosystem of actors relied on for-profit developers and architects to contrive house plans that he believed were unaffordable for many households. A CDFI interviewee explained that it was difficult to market disaster-focused products in the chaos of a disaster without an established contractor network. Plus, interviewees described postdisaster environments in which households without access to vetted contractors are vulnerable to contractor fraud as they seek urgent repairs that may require large upfront payments. By one estimate, up to 10 percent of disaster-recovery spending was lost to fraud in 2024.[27]

Limited Resilience Funding

Households have neither equal exposure to hazards nor equal protection against them. Neighborhoods that are most at risk of hazards such as floods and wildfires often have a history of exclusionary land-use policies and chronic underinvestment in protective infrastructure (Sanchez et al. 2025). Mobile homes house only 6 percent of the population but a disproportionate share of socially vulnerable households.[28] Homes built according to older codes or in jurisdictions with no adopted building codes may lack adequate protection—and more than half of the nation's housing stock was built before 1980,[29] prior to modern building standards.

Increasing housing resilience can save money in the long term but costs money up front. A 2020 study found that spending $4,500 to safeguard a home against a hurricane can result in $48,000 in losses avoided (FEMA 2020), and a 2025 study found that building a wildfire-resistant home adds about 2 to 3 percent to construction costs (Barrett and Hawks 2025). Federal funding for housing-specific resilience building is not plentiful or consistent—though an additional 20 percent could be added to SBA loan limits after the 2021 Detroit floods for mitigation such as home elevations, waterproofing, or improving drainage and after the 2025 tornadoes in St. Louis for storm protection upgrades. According to interviewees, however, most federal recovery grants bring houses only as far as stabilization, so many roofs and homes require additional structural repairs before fortification or weatherization can be considered. But interviewees told us that the lowest-income households cannot take on more expenses. Funder interviewees said that rebuilding to higher standards in the wake of a disaster has historically been brushed off as too expensive but that interest in insurability and in avoiding the future costs of disasters is growing. Finding capital to support more resilient construction that will make households safer in the future without financially burdening already overburdened populations is the challenge.

Financing for Equitable Outcomes in Single-Family Housing Recovery

After federally declared disasters, insurance and disaster-recovery programs often have critical gaps related to coverage, timing, terms, navigation support, and resilience building. These known patterns in recovery assistance have systemically reinforced preexisting inequities, leaving the most vulnerable households to bear the greatest share of unmet recovery need. They cement households' continued exposure to future disaster risks. Equitable disaster recovery for single-family households means that residents of all kinds—renters and owners, higher-income and lower-income residents, those with and those without complete documentation—have the resources and support they need to make meaningful choices about their recoveries. Achieving this requires aligning resources to better reach households most at risk of being left behind, not just those best positioned to navigate the complexities of postdisaster recovery.

In recent disasters, important funding gaps were filled by philanthropy in Texas, Louisiana, and Maui. For example, the Center for Disaster Philanthropy raised $14 million after Hurricane Harvey and disbursed much of it to organizations that led volunteer home repair operations, case management, material purchases, floodproofing, and muck-and-gut rebuild efforts.[30] Meanwhile, the Housing and Economic Assistance to Rebuild Texas program administered by the Texas State Affordable Housing Corporation and Enterprise Community Partners funded nonprofits supporting housing-related assistance and provided case management to low-income households. An interviewee from Maui shared that the Hawai'i Community Foundation quickly raised $2 million for Lahaina recovery and mobilized funding to known and trusted grantees that provided tailored household-level support to vulnerable populations.

While the need for grant funding will always exceed the supply, there is a complementary role for intentional and creatively blended financing in achieving equitable disaster-recovery outcomes. As such, we looked for recent examples of equity-oriented financing strategies' being pursued to address availability and coverage gaps, expedite funding timelines, improve lending terms, support recovery and financing navigation, and invest in resilience. Examples of financing innovations span seven federally declared disaster-recovery efforts. Some innovations fill multiple gaps (table 2). These recovery examples and program innovations offer lessons for others pursuing equitable disaster-recovery outcomes. Lessons draw primarily on interviews with representatives of local government and philanthropy, disaster case managers, and CDFIs who supported single-family housing recovery from hurricanes, floods, tornadoes, and wildfires.

TABLE 2

Financing-Sector Innovations to Fill Gaps in Support of Single-Family Housing Recovery

	Gaps or Pain Points					
Innovation	**Coverage**	**Timing**	**Terms**	**Resilience funds**	**Navigation capacity**	**Example program, administrator (event)**
Capital to local financial institutions to make grants or below-market-rate loans to households for repairs, rehab, or reconstruction	☑	☑	☑		☑	▪ Disaster Relief Program and Disaster Rebuilding Assistance, Federal Home Loan Bank of Dallas in partnership with member banks (Hurricane Ida, 2021) ▪ Member Impact Fund, Federal Home Loan Bank of Des Moines in partnership with member banks and HCL (Maui wildfires, 2023)
Forgivable loans to bridge the timing of insurance, Federal Emergency Management Agency, Small Business Administration, or Community Development Block Grant Disaster Recovery payouts		☑	☑			▪ Recovery Acceleration Fund, Strongward (Hurricane Ida, 2021) ▪ Kānaka Anti-Displacement Fund/Lahaina Homeowner Recovery Program, HCL (Maui wildfires, 2023)
Rapid-response ability-to-pay low-interest loans with a 12-month deferred repayment		☑	☑			▪ Recover loan and Repair and Rebuild loan, Solar Energy Loan Fund (Hurricane Ian, 2022)
Modified underwriting criteria for repayment capacity evaluations and lower liquidity requirements			☑			▪ Disaster Recovery Mortgage Pilot, Lendistry Home Loans (Los Angeles County wildfires, 2025)
Soft second mortgages to cover gaps in purchase prices	☑		☑			▪ Louisiana Housing Corporation Resilience Soft Second Program (Hurricane Ike, 2008)
Flexible grants for permitting and surveying	☑		☑			▪ Kānaka Anti-Displacement Fund/Lahaina Homeowner Recovery Program, HCL (Maui wildfires, 2023)

	Gaps or Pain Points					
Innovation	**Coverage**	**Timing**	**Terms**	**Resilience funds**	**Navigation capacity**	**Example program, administrator (event)**
Recoverable grants for rebuild costs, special assessments, and mortgage paydowns	☑		☑			▪ Kānaka Anti-Displacement Fund/Lahaina Homeowner Recovery Program, HCL (Maui wildfires, 2023)
Down payment assistance to support affordable moves to safer locations	☑		☑	☑		▪ Homebuyer Assistance Program 2.0 and Harvey Single Family Development Program, City of Houston with Community Development Block Grant Disaster Recovery (Hurricane Harvey, 2017)
Grants for FORTIFIED roofs to strengthen homes against storms				☑		▪ FORTIFIED Fund Rental program, Federal Home Loan Bank of Dallas (established after Hurricane Ida, 2021)
Ability-to-pay flexible loans for roof upgrades, solar/storage, and home weatherization to make homes safer	☑		☑	☑		▪ Residential Resilient Energy Upgrades program, Finance New Orleans and Solar Energy Loan Fund (established after Hurricane Ida, 2021)
Culturally informed household technical assistance for funding and financing to reduce stress on households					☑	▪ Ho'okele Program, in partnership with HCL (Maui wildfires, 2023)
Predisaster relationships between financial institutions and contractors to improve recovery processes		☑	☑	☑	☑	▪ Ho'okele Program, in partnership with HCL (Maui wildfires, 2023) ▪ Residential Resilient Energy Upgrades program, Finance New Orleans and Solar Energy Loan Fund (Hurricane Ida, 2021)

Source: Authors' analysis.
Note: HCL = Hawai'i Community Lending.

Addressing Availability and Coverage Gaps

Many households face recovery costs that exceed available insurance payouts, public assistance, and savings, creating a need for more affordable capital that can fill coverage gaps.

Well-Capitalized Local Financial Institutions Can Reach Lower-Income Populations with Grants and Low-Cost Loans

Established financial institutions based in communities, such as small banks, credit unions, and CDFIs, are well suited to deploy capital to underserved households for single-family housing recovery because they already have trust-based relationships and infrastructure in place to reach those households. However, they may lack sufficient liquidity to disburse funds at scale without infusions of external capital—especially after disasters when deposit revenues decrease.[31]

> **"Ongoing investment into CDFIs for the work they are doing is a number one disaster-recovery strategy. Relationships are in place, people are banked, people are staffed at the CDFI.... [It's about] not waiting until disaster strikes to make these investments."**
>
> *—Hurricane Ida interviewee*

Local banks in some regions benefit from disaster-recovery programs established by FHLBs. They provide subsidized capital that financial institutions use to make grants or below-market-rate loans to low- and middle-income households that are vulnerable to financial disruption. For example, FHLB of Dallas has been a reliable source of funding for member banks following disasters in Texas and Louisiana (box 1).[32] In addition, according to an interviewee, FHLB of Des Moines, which serves 13 states including Hawaii, has a 3:1–dollar Member Impact Fund[33] that helped member banks lend to the Lahaina Homeowner Recovery Program in Maui.

BOX 1

Federal Home Loan Bank of Dallas Disaster Lending and Grants

The Federal Home Loan Bank of Dallas's Disaster Relief Program lends to member banks including Hancock Whitney, Synergy Bank, Gulf Coast Bank & Trust, First Bank, Planter Bank, and First Horizon. These banks, in turn, make below-market-rate loans (up to $15,000) to households, according to interviewees. Its Disaster Rebuilding Program is designed as a safety net program for lower-income populations (at or less than 80 percent of median income) who may not be able to take on debt. Rather, it provides grants for repair, rehabilitation, and reconstruction—though renters are not eligible.

In New Orleans, a $15,000 Disaster Rebuilding Assistance grant from FHLB of Dallas deployed to a household through Gulf Coast Bank & Trust was used to fix a roof that sustained substantial damage during Hurricane Ida. The owners not only repaired the roof but installed a FORTIFIED roof designed to withstand damage from future hurricanes, high winds, and hail. In an interview published by Business Wire, one of the homeowners shared, "I went through issues with insurance, and I was stuck with nothing. The grant brought my spirits up and lifted me out of a difficult situation."

Source: "Family Rebuilds after Hurricane Ida with $15K Grant from FHLB Dallas and Gulf Coast Bank & Trust," Business Wire, August 25, 2025, https://www.businesswire.com/news/home/20250825630493/en/Family-Rebuilds-after-Hurricane-Ida-with-%2415K-Grant-from-FHLB-Dallas-and-Gulf-Coast-Bank-Trust.

Large financial institutions and philanthropic organizations also can step in to capitalize local institutions and programs. For example, interviewees recalled that Goldman Sachs provided Hope Credit Union (a depository CDFI) with a $130 million line of credit during COVID-19 recovery to supercharge their lending. Similarly, Bank of America provided funding to Los Angeles County CDFIs Clearinghouse CDFI and Genesis LA to finance nonprofit single-family home development.[34] Bank of America also seeded the Disaster Recovery Mortgage Pilot with $15 million to support Lendistry Home Loans recovery lending in Los Angeles County.[35] Likewise, philanthropic capital has expanded local lending capacities after disasters. For example, The Kresge Foundation provided a $2 million loan guarantee to back the expansion of Strongward's Recovery Acceleration Fund, a revolving loan fund.[36]

Expediting Funding Timelines

Recovery funding often arrives months or years after households incur rebuilding costs, creating a need for financing tools that address timing mismatches.

Bridge Products Can Fill Timing Gaps Before Insurance, FEMA, SBA and CDBG-DR Payouts Are Made

Financing deployed quickly helps households avoid compounding damage from slow repairs. It takes the pressure off of households to sell their properties as they face stalled incomes, depleted savings, and high construction costs. Ultimately, bridge financing can prevent displacement. In Maui, Hawai'i Community Lending established an antidisplacement fund that blends flexible grants, forgivable loans, and recoverable grants for just this purpose (box 2).

BOX 2

Kānaka Anti-Displacement Fund/Lahaina Homeowner Recovery Program

Hawai'i Community Lending (HCL), a nonprofit community development financial institution that has operated in Maui since 2002, established the Kānaka Anti-Displacement Fund with philanthropic funding immediately following the August 2023 Maui wildfires. The fund offers multiple forms of capital for various purposes:

- **flexible grants** to cover activities such as permitting, surveying, and returning dirt to the property
- **flexible, low-interest, forgivable loans** of up to $100,000 to bridge the timing between rebuild starts and insurance payouts (Approximately 25 had been administered as of March 2026.)
- **recoverable grants (antidisplacement loans)** of up to $500,000 for rebuild costs, special assessments, and mortgage paydowns

HCL helps residents restructure their mortgages; the antidisplacement loan can be used to pay down mortgages entirely. In May 2024, HCL partnered with Hawai'i Community Foundation and the Holomua Collection to expand the Kānaka Anti-Displacement Fund into the Lahaina Homeowner Recovery Program. It will assist up to 500 owner-occupant homeowners with foreclosure prevention and rebuilding. The program leveraged bank capital from First Hawaiian Bank, American Savings Bank, Bank of Hawaii, Central Pacific Bank, HomeStreet Bank, and Hawaii National Bank.[37] FHLB of Des Moines, which serves 13 states including Hawaii, also contributed through its 3:1–dollar Member Impact Fund, created in 2023, wherein every $1 given by a member bank is matched with up to $3 from FHLB of Des Moines.

In addition to easing the pressure on landowners to sell, the antidisplacement product is designed to protect against commercial investors' gaining ownership of land should households choose to sell. A grant comes with a covenant that gives HCL a first right of refusal on property sales. HCL gives residents the opportunity to purchase for-sale properties in this order: Maui residents, Hawaii residents, and Native Hawaiians eligible on Hawaiian homelands. Purchasing families have the option to rent properties as long-term rentals, which is enabled by HCL's role as a technical assistance provider and its ability to oversee the rental lease process.

As a fourth sale option, HCL staff discuss putting the land in a scattered land trust with the Department of Hawaiian Homelands to preserve affordability of the land for the longer term, explained an interviewee. Sale prices of properties placed in the land trust are capped at the affordable price for the County of Maui through a sales restriction that is consistent with how incomes rise over time (rather than based on the value of the land perceived by the market). An interviewee explained that this is the fourth option because he believed that the practice of placing land into a trust in Lahaina was "a little bit divorced from the reality of what families wanted." Native Hawaiians did not always want to hand over their land to someone else because it is "a source of spirituality, tradition, cultures, and relationships."

Loan funds are another option to bridge rebuilding timelines. For example, Strongward's Recovery Acceleration Fund, structured as a revolving loan fund, bridged timing gaps after Hurricane Ida. It was operated by the CDFI Credit Human and offered loans for home repairs to be later reimbursed by CDBG-DR.[38] The fund supported low-income homeowners who could not self-finance home repairs.[39] A CDFI interviewee in Detroit said they sometimes use loan funds to finance contractors for government-funded programs to be reimbursed when government funding is released. The interviewee agreed this arrangement could be adapted for the disaster-recovery context. Similarly, a St. Louis interviewee said contractors engaged in tornado recovery could have benefited from bridge loans backed by award letters documenting committed public funds and believed that would have saved months of waiting for formal contracts to begin housing recovery work.

Loans with deferred interest payments are a third option to bridge timing gaps. After Hurricane Ian, for example, the Solar Energy Loan Fund raised about $1 million from a religious foundation to launch loan products just two days after landfall to bridge the wait for insurance proceeds or FEMA assistance. About $600,000 was deployed in affected zip codes within a month. The Recover loan provided up to $10,000 in cash assistance. The Repair and Rebuild loan provided up to $18,000 for specific repair projects. The loan had a grace period such that recipients would not accrue or pay interest for the first 12 months. There were no prepayment penalties if borrowers repaid the loan in full before the year if their insurance or FEMA payouts arrived.[40] As of 2023, the SBA also enacted a permanent policy for 12-month payment deferrals on disaster-recovery loans.[41]

> **"It was an easy-to-pay-off loan that would jump-start recovery."**
>
> *—Hurricane Ian interviewee*

Improving Lending Terms

The terms attached to recovery financing, such as interest rates, repayment requirements, underwriting criteria, and collateral requirements, often determine whether it is accessible to households.

Forgivable, Low-Interest, and Subordinated Loans Can Help Households Affordably Rebuild or Relocate Out of Hazard Areas

When disasters destroy or severely damage homes, households may be required or may choose to relocate out of hazardous areas. Homebuying assistance programs designed with no-cost financing can help households make moves that they otherwise would not be able to afford. During Hurricane Harvey recovery, for example, the City of Houston established Homebuyer Assistance Program 2.0 using CDBG-DR funds. It built on an existing Homebuyer Assistance Program that provides $50,000 down payments as no-interest, forgivable loans secured by liens that are forgiven if purchasers live in the homes for five years.[42] Homebuyer Assistance Program 2.0 increased the forgivable loan amount for the disaster-recovery context and provided up to $125,000 for a down payment, closing costs, and principal and interest reduction to residents who lived in the city of Houston during Hurricane Harvey.[43] Similar affordability benefits can be achieved through soft second mortgages, which provide subordinate financing secured by the properties and which often include deferred repayment or forgiveness provisions. Louisiana Housing Corporation's Resilience Soft Second program after Hurricane Ike in 2008 is one example.[44]

Less-Stringent Underwriting Criteria Allow More Households to Access Financing

Lending conditions are improved not just by lowering or eliminating interest but also by modifying underwriting criteria—the assumptions that an underwriter uses to evaluate borrower eligibility and credit risk. For example, the Solar and Energy Loan Fund, a Florida-headquartered green bank and CDFI, revised its underwriting standards after Hurricane Ian to provide unsecured loans based on ability to pay—not purely credit scores, like SBA loans. This allowed borrowers with poor or no credit but sufficient repayment capacity to receive below-market-rate disaster-recovery loans. Similarly, the Disaster Recovery Mortgage Pilot by Lendistry for Los Angeles wildfire recovery modified repayment capacity assessments to better reflect households' postdisaster cash flows. The program also reduced liquidity requirements relative to conventional mortgage underwriting, making financing accessible to borrowers who might otherwise struggle to qualify.[45]

Supporting Recovery and Financing Navigation

Households must navigate many disjointed programs, funding sources, and rebuilding processes, making navigation support critical to accessing and effectively combing available resources.

Coordination Between Case Managers and Capital Providers Can Reduce Stress for Households and Improve Their Financial Outcomes

Overburdened households navigating the postdisaster environment could benefit from coordination between case managers and finance-focused technical assistance providers. While case managers provide holistic and broad recovery support, finance specialists can help households navigate mortgage servicing, insurance claims adjustments, and applying for FEMA or SBA funds. For example, case managers in Detroit collaborated closely with regional FEMA staff to support households applying for recovery funding. One case manager interviewee thought specialized financial assistance in coordination with CDFIs could go beyond the scope of typical case management. Maui offers an example: The CDFI Hawai'i Community Lending dedicates a team to support households solving mortgage and insurance-related challenges and partners with a program that provides personalized technical assistance for home rebuilding (box 3).

BOX 3

Hawai'i Community Lending and the Ho'okele Program

Hawai'i Community Lending, a Maui-based CDFI, has a dedicated team to help residents advocate for public insurance adjustments and work through how they might pay mortgages with insurance claims (which an interviewee explained can easily go awry). They sometimes work with households to uplift unresolved property surveys to block foreclosures because "to truly foreclose on a property, you need the property boundaries." The CDFI staff view financing guidance as inseparable from the other "culturally grounded and trauma-informed" technical assistance that households need to navigate insurance, FEMA, the SBA, and rebuilding in general. As such, participants in the CDFI's Lahaina Homeowner Recovery Program (box 2) benefit from the Ho'okele Program,[46] which provides personalized technical assistance to guide households through buying or building homes. Hawai'i Community Lending has partnered with a community foundation to provide families with financial assessments that help them understand the full cost of rebuilding. The program offers rebuild guidance, credit counseling, and loan-readiness support, explained an interviewee. Hawai'i Community Lending also brought a dedicated FEMA representative to sit in its office for an extended period and facilitated interactions with people who were hesitant to talk to federal staff. FEMA staff were able to handle household appeals on the spot.

Resilience Hubs Can House Financing and Other Recovery Services Together to Make Them More Accessible to Recovering Households

Dedicated resilience hubs have been formed in some locations to house multiple service providers involved in disaster recovery. For example, in the years after Hurricane Ida, the Greater New Orleans Foundation funded the Community Lighthouse Project to create solar-powered resilience hubs in churches and community centers across Louisiana. They provide information about FEMA and other recovery programs, provide internet needed to complete online applications, and connect community members with local case managers or recovery organizations.[47] A network of hubs is being funded by the Strategic Growth Council in California. Community Resilience Centers will operate year-round, providing resources and shelter during climate-related emergencies.[48] These hubs can serve as platforms through which CDFIs or other financial intermediaries could provide financial counseling and assistance navigating insurance, FEMA, the SBA, and other private funding or financing sources.

Predisaster Relationships Between Local Financial Institutions and Construction Contractors Can Improve the Quality of Rebuild Financing and Construction Services.

In a postdisaster environment, preestablished relationships between lenders and contractors can save households time, stress, and money. First, strong relationships ensure that contractors are vetted and financed to move quickly on rebuilds. In addition, contractors who are familiar with a financial institution's disaster-recovery products can help spread the word about them amid the chaos of disaster recovery. For example, a Florida-based interviewee shared that marketing their disaster-recovery loan after Hurricane Ian was a challenge without existing relationships with contractors but that marketing the same product through a green bank partner with an existing contractor network after Hurricane Helene in North Carolina helped reach more households. Familiarity with contractors and construction financing also helps financial institutions make more responsible loans. For example, staff members of Hawai'i Community Lending in Maui, a CDFI that regularly finances construction, found that their relationships with contractors and knowledge of construction helped them avoid mistakes and point households to value-engineered reconstruction plans that lower-income households could realistically afford. Hawai'i Community Lending established the Kūkulu Partner Program[49] to connect households to vetted partners such as general contractors, construction companies, building supply vendors, architects, electricians, plumbers, surveyors, engineers, and lenders.

> **"It was necessary to be in the construction space beforehand. If we didn't know that whole process, I think families would be even more delayed than they are now. It takes so long to understand all the steps."**
>
> *—Maui wildfires interviewee*

Investing in Resilience

Recovery financing can do more than restore housing to predisaster conditions; it can support resilience upgrades that reduce future disaster risks.

Fortification and Weatherization Can Reduce the Risk of Losses from Future Hazards. Resilience is a growing priority for funders, financers, and insurers. Many are exploring programs that support rebuilding to higher standards so that housing better withstands future threats.

> **"After Ida, we're all sick of being resilient. We'd rather make the house resilient so people don't have to be."**
>
> *—Hurricane Ida interviewee*

Throughout the South, there is growing momentum around FORTIFIED roof standards, created by the Insurance Institute for Business & Home Safety. FORTIFIED is recognized by FEMA and the SBA as an effective way to protect homes from storm damage. A FORTIFIED roof is a "beyond-code" roof with stronger connections, sealed seams, and reinforced edges to protect against severe weather.[50] Program advocates believe that if 25 percent of roofs are FORTIFIED roofs, risk will go down for everyone "and insurance can come back," said a Louisiana interviewee. In 2026, Finance New Orleans launched the Residential Resilient Energy Upgrades loan program to help households access up to $25,000 in low-cost loans for Insurance Institute for Business & Home Safety FORTIFIED roofs.[51] With underwriting from the Solar and Energy Loan Fund, a Florida-headquartered green bank and CDFI, the program offers ability-to-pay financing for FORTIFIED roofs and upgrades such as insulation and weatherization; heating, ventilation, and air-conditioning improvements; and solar energy systems.[52] Finance New Orleans is actively building a contractor network to implement these upgrades. Other programs use financial institutions as vehicles to deliver grants for FORTIFIED upgrades. For example, FHLB of Dallas established the FORTIFIED Fund Rental program to fund roof upgrades on affordable rental properties (up to $17,000). Some households accessed grants for these upgrades after Hurricane Ida through member banks such as Gulf Coast Bank & Trust to install new roofs designed to withstand hail and high winds (see box 1, above).[53]

Funds for Resilience Can Be Built into Existing Disaster-Recovery Programs.
It may be difficult for recovering households to pay for resilience upgrades on their own, but programs that build in resilience standards and supporting funds can help. For example, an additional 20 percent could be added to SBA loan limits for mitigation such as home elevations, waterproofing, or improving drainage after the Detroit floods and for storm protection upgrades after the 2025 tornadoes in St. Louis. After Hurricane Harvey, the city partnered with nonprofit and for-profit developers through the Harvey Single Family Development Program to construct new, energy-efficient, single-family homes outside of floodplains to reduce households' hazard exposure. Developers received CDBG-DR funds to build homes, and homebuyers could receive pass-through assistance or apply for Homebuyer Assistance Program 2.0 (a down payment assistance program offering forgivable loans) to purchase the homes.[54] In addition, according to an interviewee, some CDFIs are exploring how to build financing for resilience directly into recovery loan underwriting by quantifying future risk reduction.

Conclusions and Recommendations

Equitable recovery of single-family housing depends on closing known gaps in coverage, timing, financing terms, navigation support, and resilience funding. Failure to close the gaps will allow recovery inequities across income, race, geography, and tenancy to persist. Addressing these gaps will require better financing products, stronger financial intermediaries, and improved systems for navigating resources and combining them. Lessons from recovering communities highlight opportunities for local and large financial institutions, government agencies, philanthropies, and other recovery stakeholders to strengthen recovery financing systems. The opportunities fall into three categories: (1) designing and deploying equity-oriented financing products, (2) capitalizing local financial institutions, and (3) advancing a better enabling environment for recovery financing.

Recommendations for Designing and Deploying Equity-Oriented Financing

Equitable recovery financing should address recurring failures in disaster-recovery systems, including inadequate coverage, timing delays, unaffordable terms, and support for resilience. Products designed should therefore prioritize speed, accessibility, affordability, flexibility, and household choice.

- **Develop bridge financing tied to future funding.** A range of financial products can provide early recovery capital while preserving options for repayment, forgiveness, or reconciliation with future recovery funding:

- Forgivable loans, wherein loans may be forgiven if certain conditions are met, can move funds to households quickly without the households' accruing additional debt. These products typically involve lien or deed restrictions; some down payment assistance programs are structured using forgivable loans.
- Recoverable grants serve a similar function but are structured as grants at the outset, with repayment being required only if a specified recovery source materializes.
- Interest-bearing loans that allow households to defer interest and principal payments give households time to recover their cash flows. Year-long deferrals may be long enough for households to receive insurance or FEMA payouts that they can use to pay down balances before interest accrual begins.
- Revolving loan funds can further address timing mismatches while expanding the reach of limited recovery resources by redeploying repaid capital to additional households. These funds may be particularly effective when contractors can directly access capital backed by committed public funds, allowing construction to proceed without requiring households to front costs and wait for reimbursement. They could be established during blue-sky periods and activated for disaster recovery following an event.

Programs that anticipate reimbursement from public funding sources should be designed to comply with duplication of benefits and other legal requirements that may affect eligibility, such as environmental review and labor standards.

- **Consider alternative approaches to assigning creditworthiness and underwriting disaster-recovery loans.** Traditional lenders, including the SBA, rely on credit scores to assess borrower risk. While lenders must ensure that loans can be repaid and avoid plunging recovering households deeper into debt, credit scores provide a narrow view into a household's financial situation. Alternative approaches such as ability-to-pay underwriting models evaluate household cash flow rather than relying on credit scores. Lenders could use other measures of creditworthiness including payment histories such as rent and utilities, or they could consider using character-based lending. Disaster-recovery lenders may also adapt other underwriting criteria to reflect postdisaster realities. For example, mortgage and mortgage-related products with reduced borrower cash reserve or asset requirements can make financing more accessible to a wider range of borrowers. In some cases, unsecured loans that do not require collateral may be an option for households that lack sufficient assets to qualify for traditional financing.
- **Preserve household choice in recovery with flexible financing.** Recovery financing should support households whether they choose to rebuild in place or relocate. Programs intended to

support relocation should allow assistance to be used across broad geographies rather than restricting households to specific jurisdictions. For households that choose to rebuild, financing should be flexible enough to cover a broad range of recovery needs, including mitigation and resilience upgrades that can protect households against future hazards. More broadly, flexible funding that avoids narrowly prescribed uses can help address unmet needs that fall between existing recovery programs.

- **Finance resilience as part of recovery.** To encourage resilience investments in homes, programs deploying recovery capital can require rebuilds or retrofits to above-code resilience standards, ideally while supplying enough funds to cover the associated costs. Financial institutions can consider treating resilience upgrades like risk-reduction investments and can incorporate expected reductions in future insurance claims, disaster-recovery borrowing, and utility costs into underwriting decisions for resilience upgrades such as FORTIFIED roofs and weatherization. Coordination with insurance providers can help those designing products understand what upgrades might reduce insurance premiums in the longer term. Marketing for uptake of these products can include an emphasis on safety, cost savings, and insurability gains.
- **Blend grants and financing to address different recovery needs.** Housing recoveries may involve a combination of grants and financing because different recovery activities require different forms of support. Some expenses, such as permitting, surveying, and other predevelopment costs, may be better suited to grants than loans, while subsidized loans can allow lenders to offer below-market or zero-interest capital for larger recovery expenses. While bridge financing smooths the timing across different sources, gap-financing tools such as soft second mortgages can help households cover costs that will never be covered by other sources. Local financial institutions can serve as the intermediaries that combine and deploy these different forms of capital, helping ensure that households receive the right resources at the right times.

Recommendations for Capitalizing Local Financial Institutions

Local financial institutions often are well positioned to reach underserved households but lack sufficient postdisaster resources to do so. As such, recovery systems should prioritize building the structures and channels to move more recovery capital through trusted local financial intermediaries.

- **Create pooled philanthropic recovery funds that provide grants and patient capital to financial institutions.** Philanthropic networks and national disaster-recovery nonprofits could

aggregate philanthropic capital into funds that can be activated immediately after disasters. This could involve predisaster capital commitments from philanthropies to contribute to a fund in the event of a disaster if they do not want to move funds in advance. In addition to supporting nonprofits providing housing recovery services to vulnerable populations, a pooled philanthropic fund could be used to provide grants and patient capital to local financial institutions. Local financial institutions can use philanthropic grants and program-related investments to deploy no-cost funding through their established lending channels and to provide technical assistance to recovering households. Philanthropies also might consider making loan guarantees alongside financial institutions to support larger loans. Unrestricted and flexible funds with long time horizons and no or low expected returns help financial institutions reach lower-income households.

- **Establish channels for low-cost lending from large to smaller financial institutions.** Grants and low-cost lines of credit to local financial institutions increase their capacities to deploy affordable or no-cost capital to underserved households and nonprofit developers supporting housing recovery. Large banks can offer lines of credit and grants for disaster relief operations to smaller institutions with stronger local ties in the regions where they bank. In addition, FHLB disaster-recovery models wherein member banks can access capital after disasters from FHLBs can be replicated by FHLBs across all regions.
- **Allocate CDBG-DR funds to be deployed through programs run by local financial institutions.** City and county decisionmakers who are often responsible for overseeing the local designs of CDBG-DR programs could prioritize established local entities such as CDFIs to disburse CDBG-DR funds. This would allow them to leverage existing relationships and disbursement channels and could potentially speed up recoveries. The likelihood of programs that leverage public grant funds being successfully established might be increased by intentional local efforts to strengthen relationships between local lenders and federal, state, and local recovery agencies.

Recommendations for Advancing a Better Enabling Environment for Recovery Financing

Financing products alone cannot close recovery gaps. Therefore, recovery stakeholders should prioritize building strong coordination and navigation systems necessary for households to access and combine available resources and more predictable federal recovery processes that support more effective lending for long-term resilience.

- **Invest in integrated recovery navigation and coordination systems.** Equitable recovery requires systems that help households navigate available resources and connect stakeholders to one another. Local financial institutions can establish formal partnerships with disaster-recovery case managers to better support households piecing together recovery funding and financing from multiple sources. They also can build relationships with contractors during blue-sky periods to vet credentials, familiarize contractors with recovery financing products available to their clients, and develop streamlined processes for financing reconstruction work. Investments in navigation and coordination infrastructure, such as resilience hubs, can create a centralized point of access for recovery services and financing guidance. Importantly, navigation supports that are established should be culturally grounded and trauma informed. Coordination before, during, and after disasters can be strengthened through ongoing relationships among local implementers, financial institutions, and regional federal program staff.

- **Permanently streamline federal appropriation, deployment, and reimbursement processes.** While the 21st Century ROAD to Housing Act that became law in July 2026[55] establishes a Long-Term Disaster Recovery Fund, an Office of Disaster Management and Resiliency, and formula-based allocation of CDBG-DR resources, the program will be "permanent" for only three years. Greater permanence in the system could improve the predictability and leveragability of long-term recovery funding. Opportunities for streamlining also extend to reimbursement processes. Modifications to reimbursement requirements could make it easier for local capital providers to deploy early capital that can later be reimbursed with federal funds when they become available. For example, the US Department of Housing and Urban Development could consider targeted modifications to environmental reviews in disaster-recovery contexts to reduce reimbursement barriers while maintaining appropriate safeguards.

- **Advocate for greater federal investment in home repairs and resilience-oriented rebuilding.** Limited federal support for mitigation and resilience makes it difficult for many lower-income households to reduce future hazard risks as part of recovery. While private financing can support some improvements, its reach could be expanded if it were paired with grants or other forms of public subsidy. The Whole-Home Repairs Act, enacted as part of the 21st Century ROAD to Housing Act, authorizes grants and forgivable loans for critical home repairs, weatherization, accessibility modifications, and mitigation-related improvements, providing a promising model for supporting housing resilience. Advocacy to expand and institutionalize

programs of this type could create a more durable source of funding for resilient rebuilding in the longer term.

Overall, intentionally designed programs and financing products to address timing, coverage, pricing, and coordination issues and to incentivize rebuilding to higher resilience standards are promising pathways to create more equitable capital flows for single-family housing recovery. Beyond housing, funders and financers should think about how to rebuild community infrastructure and small business environments that may influence whether households choose to rebuild versus relocate.

Importantly, this report offers only a glimpse into program designs intended to meet the needs of underresourced and vulnerable single-family housing dwellers. Additional evaluative research is needed to understand the effectiveness of these programs at filling gaps in the recovery capital stack and to assess their outcomes. There is little evidence on the relative contribution of different capital sources (e.g., federal, private, philanthropic) to an individual household's or a community's recovery trajectory. More studies are needed to understand how these resources are combined in practice, including in-depth case studies that examine how recovery funding and financing can be better sequenced and layered to reach underserved populations. Future research could also strengthen the case for resilience investments during recoveries by quantifying the relationships among mitigation spending, insurance affordability, future disaster losses, and recovery funding needs.

Appendix A. Disasters in Focus

This report draws on examples of how recovery financing for single-family housing was structured and deployed across seven disasters between 2017 and 2025:

- **Hurricane Harvey (August 2017):** Hurricane Harvey made landfall as a category 4 hurricane, causing winds, storm surges, flooding, and rainfall across south Texas before moving to southeast Texas and southwest Louisiana.[56] The storm damaged more than 300,000 homes, including an estimated 25 percent of Houston's affordable housing stock ("Impact of Hurricane Harvey" 2019).[57] Due to inadequate infrastructure and the lack of zoning regulations in Houston, many homes in Houston were vulnerable to flooding, particularly in lower-income and Black and Latino neighborhoods.[58]
- **Hurricane Ida (August 2021):** Hurricane Ida made landfall as a category 4 hurricane near Port Fourchon, Louisiana, causing an estimated $27 to $40 billion in damage to properties from wind, storm surge, and flooding across Louisiana, Mississippi, and Alabama (Hanchey et al. 2021).[59] The storm moved through the mid-Atlantic and Northeast, causing additional flash floods and damage and approximately $16 to $24 billion in inland flood loss, though most of the damage was concentrated in Louisiana.[60] In south Louisiana alone, approximately 74,700 structures experienced wind damage, and 20,600 were affected by storm surge flooding (Smiley et al. 2026).
- **Detroit floods (June 2021):** Seven inches of rainfall overwhelmed sewer and stormwater infrastructure in southeast Michigan, flooding homes, businesses, and streets and causing more than $100 million in damage (City of Detroit Water and Sewerage Department 2021).[61] While this historic flood affected thousands of people and resulted in an emergency declaration, the event was part of a broader pattern of recurring flooding in Detroit; more than 40 percent of residents reported experiencing household flooding.[62]
- **Hurricane Ian (2022):** Hurricane Ian made landfall as a category 4 hurricane in southwestern Florida. In addition to bringing damaging winds and causing a catastrophic storm surge, the hurricane resulted in historic freshwater flooding in central and northern Florida. The storm produced more than $112 billion in damage, becoming Florida's costliest hurricane (Bucci et al. 2026).
- **Maui wildfires (August 2023):** Multiple fires spread in Maui County, Hawaii, destroying more than 4,000 housing units and causing an estimated $5.5 to $7.0 billion in damage (Hyde et al. 2024).[63] The damage was concentrated in Lahaina, where 65 percent of properties were affected.[64] The disaster compounded an already severe housing crisis in Maui, where nearly half of residents were cost burdened by housing costs.[65]
- **Los Angeles County wildfires (January 2025):** The Eaton and Palisades fires began in Los Angeles County on January 7, 2025, and were not contained until January 31, 2025. The Eaton

fire burned 14,021 acres, with the heaviest destruction in Altadena, where it destroyed 9,419 structures and damaged another 1,076.[66] The Palisades fire, which burned in the Pacific Palisades, burned 23,448 acres, destroyed 6,845 structures, and damaged 975 structures.[67]

- **St. Louis tornadoes (May 2025):** Two tornadoes moved through the St. Louis, Missouri, metro area toward Illinois, causing $1.6 billion in damage.[68] They hit very densely populated areas, damaging more than 10,000 buildings and homes and causing significant impacts on residential structures.[69]

Appendix B. Data and Methodology

We conducted a scan of single-family housing recovery programs and products administered following wildfires, hurricanes, flooding, and tornadoes since 2017. This included scanning state recovery action plans, Community Development Block Grant Disaster Recovery program proposals and action plans, foundation and nonprofit reports, and existing literature documenting recoveries. We searched for and reviewed public websites of programs run through federal agencies, financial institutions, philanthropic institutions, and nonprofits. After an initial scan, we focused on seven events for which programs were developed to meet the needs of underserved households and where interviews were feasible to discuss program structures and capital gap challenges: Hurricane Harvey (2017), Hurricane Ida (2021), Detroit floods (2021), Hurricane Ian (2022), Maui wildfires (2023), Los Angeles County wildfires (2025), and St. Louis tornadoes (2025).

The cases represent a range of recent disaster types and sizes, and each spawned innovative approaches or programs to reach underserved single-family households. All the events were federally declared disasters so are not representative of cases for which no federal funding is available to support recovery. In addition, several of the events are very recent; therefore, programs discussed are not assessed for their effectiveness but are highlighted for their potential to reach underserved households. For each of these events, we reviewed the sources and timing of recovery funding and financing available to single-family households and conducted interviews to learn more about programs and products that were designed to fill gaps in traditional recovery resources. Interviews with 17 individuals across 13 organizations deepened our knowledge of which programs were reaching households and how, challenges faced by lower-income households, and gaps in capital and wraparound services. The interviews reflect the perspectives of local government representatives (4), representatives from philanthropies (7), disaster case managers (2), and representatives from community development financial institutions (4).

Notes

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