



# Federal Post- Disaster Recovery

A Review of Federal Programs

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May 2010

 Metropolitan Policy Program  
at BROOKINGS



Building Knowledge & Sharing Solutions  
for Housing & Urban Policy



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The *What Works Collaborative* is a foundation-supported research partnership that conducts timely research and analysis to help inform the implementation of an evidence-based housing and urban policy agenda. The Collaborative consists of researchers from the Brookings Institution’s Metropolitan Policy Program, Harvard University’s Joint Center for Housing Studies, New York University’s Furman Center for Real Estate and Urban Policy, and the Urban Institute’s Center for Metropolitan Housing and Communities, as well as other experts from practice, policy, and academia. Support for the Collaborative comes from the Annie E. Casey Foundation, the Ford Foundation, the John D. and Catherine T. MacArthur Foundation, the Kresge Foundation, the Rockefeller Foundation, and the Surdna Foundation.

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# Federal Post-Disaster Recovery: A Review of Federal Programs

## Summary of Key Observations and Recommendations from a Stakeholder Roundtable

May 2010

### I. Introduction/Purpose

On January 8, 2010, approximately 50 stakeholders and federal agency representatives came together at Brookings to identify and prioritize the biggest barriers within key federal programs that hinder timely, effective, and flexible post-disaster recovery efforts at the state and local levels. The roundtable also served as an opportunity for stakeholders to provide concrete recommendations on how to remedy the federal approach and those programs—or provide new tools—for improving the overall federal partnership with states, localities, nonprofits, and the private sector in post-disaster recovery.

The roundtable specifically focused on the quality of federal programs in responding to four key aspects of post-disaster recovery efforts—planning, housing, infrastructure, and economic development—and any implications for the reform of the Stafford Act.

This brief summarizes the key takeaways, barriers, and concrete suggestions for improvement that emerged from that discussion as well as from memos and comments from participants following the session.

### II. Overall Federal Role, Approach, and Programs in Post-Disaster Recovery

#### *General Assessment*

- **Federal government is critical, but it should not drive the process for recovery.** Given the unique nature of every disaster and the unique dynamics and assets of every affected community, recovery is ultimately a bottoms-up process. The federal role should be to set the rules, provide flexible tools, and then serve as a coach and mentor to state and local recovery efforts. The federal government should also reward or give seed funds to local partnerships.
- **There is a need for a federal “ombudsman” and overall coordinator.** It is important for the federal government to set and coordinate rules and regulations *before* a catastrophic disaster, but leaders need a mechanism for creating an ombudsman *after* a storm. Who will be the central point-of-contact for across-federal-government responses? Who will clarify and broker differences between agencies and federal programs?
- **All recovery is local.** State representatives reinforced that their goal is to provide locals with a wide range of tools, options, and resources in recovery and to serve as coordinator and broker between jurisdictions.
- **The high number of categorical federal programs is stifling and cumbersome.** The administration identified more than 50 key federal programs that are available to address many aspects of post-disaster recovery. This is challenging for local leaders in several ways. First, post-

disaster recovery is so complex and comprehensive that solutions don't fit neatly into program pots or silos. Second, local leaders spend a tremendous amount of time trying to figure out which program fits their recovery needs and tailoring their response to federal program rules when, in reality, the reverse should be true: federal programs should be bending to local circumstances. Third, there is a steep learning curve with these federal programs; there is often little knowledge transfer among leaders of each disaster so the high number of programs creates a barrier to the speed and nimbleness of local and state responses.

- **Thus, getting details of the individual federal programs right matters less than simply overhauling the overall approach of federal programs.** While current programs do need to be fixed, there was an overwhelming sense that it is more important to focus on how to push decisionmaking and accountability down, empower local and state decisionmakers, and provide them with maximum flexibility.
- **Federal leaders and staff must serve as partners, not narrow rule interpreters.** Federal agency staff in Washington, D.C., or field offices must work to tell locals how they *can* do something—not why they *can't*. Leadership should be focused more on recovery outcomes than legal interpretations of program rules. Leadership needs the authority to override bad decisions at the agency level and cut through the red tape.
- **Information on federal rules and policies must be transparent and consistent.** State and local expertise is always changing, and so too are federal administrations. Thus, the federal government must create accessible, transparent public tools and information on available federal resources and programs, and how to use them (including what flexibilities are allowed) to improve the speed and quality of response and minimize “reinventing the wheel” after each and every disaster.

#### *Recommendations*

- Collapse the more than 50 federal disaster recovery-related programs into five (or so) broad, flexible grant and loan programs.
- Create a long-term recovery office, outside of DHS, that provides capacity, technical assistance, shared data, best practices and cross-program coordination and brokering on community and recovery planning.
- Ensure that federal policy and goals for disaster recovery be consistent and not change with every new administration to ensure recovery goals are being met.

### III. Pre- and Post-Disaster Recovery Planning (and Technical Assistance)

#### *Assessment*

- **Planning for disaster recovery is neither required nor encouraged by federal programs, leaving many localities and states unprepared. Not only are states and localities unprepared to deal with a disaster but they are often unaware of which federal programs are available and have no systems in place to manage and coordinate them.** The lack of planning also makes it difficult to build and maintain the public-private partnerships between the feds, states, and locals that are required for an effective recovery. Thus, when localities and states do have a pre-disaster plan, it helps clarify roles and processes, thus improving the speed and quality of the response.
- **The planning resources provided by FEMA's Long-Term Community Recovery Emergency Support Function #14 (ESF-14) end prematurely and have no teeth.** Federal and state resources (e.g., Community Development Block Grant, FEMA Public Assistance, and others) are not tied to or do not acknowledge such plans, thus often setting up many false hopes.
- **FEMA does a good job in conducting damage assessments, but their data are not shared with the states, thereby making it hard for states to plan and prioritize their limited resources.** Further, detailed local data, such as local tenure and land ownership, are key to good planning. However, many communities lack the capacity to access or collect these data. While some communities have been able to partner with their local university's planning department, many do not have access to this type of resource.
- **Overall, state and local expertise for post-disaster recovery comes and goes, while it remains most consistent at the federal level.** Yet, it often feels as if the burden for finding out which programs match which problems and what program flexibilities exist often falls to state and local leaders. There is no transparency about how federal recovery programs works and what is allowed.

#### *Recommendations*

- **The federal government should incentivize and reward, if not require, advance disaster recovery planning** at the local level across the country. A pre-disaster recovery plan and process should, at minimum
  - ✓ Establish a committee that includes all community stakeholders from government (local, state, and federal), the private sector, community groups, voluntary organizations, nonprofit groups, unions, churches, media, etc;
  - ✓ Conduct a risk vulnerability assessment that provides an estimate of the damage that a major disaster will inflict on the community's residents, institutions, critical infrastructure, economy and environment;

- ✓ Identify and prioritize the actions that can be taken prior to the next disaster to reduce the future disaster's impacts;
  - ✓ Identify the general goals and roles of key actors of long-term recovery;
  - ✓ Identify and prioritize the actions to be taken after the next disaster to rebuild the community safer and stronger;
  - ✓ Identify regulatory and environmental data needs in the recovery phase;
  - ✓ Identify the potential sources of recovery resources (i.e., state and federal government, local government funding sources, mutual aid agreements, private sector, foundations, voluntary organizations, nongovernmental organizations, etc.) and determine the types of information needed to successfully apply for these resources in a timely way;
  - ✓ Identify potential barriers to a timely recovery and put in place emergency waivers and authorities that will overcome these barriers in the recovery phase;
  - ✓ Establish and implement an aggressive public outreach and information campaign that involves the public in the planning process, data collection, and the implementation phase in the recovery;
  - ✓ Develop and implementation plan for the recovery phase; and
  - ✓ Update and refine the long term recovery plan annually.
- HUD's comprehensive plan program, the Comprehensive Housing Affordability Strategy (CHAS) should consider requiring disaster planning.
  - The federal government should provide some funds for pre-disaster planning.
  - The federal government should provide technical assistance to communities with limited technical and planning capacity.
  - As part of state and federal partnerships in executing disaster recovery programs including PA, CDBG, and other individual housing assistance programs, there should be a free flow of data exchange (while protecting privacy) to maximize tracking program performance and ensuring accountability. Perhaps federal agencies can create pre-arranged agreements, such as partnering with nonprofits or universities, who can be integrated with government programs so states can do outcome-based case management, which will minimize duplication and maximize positive results. States currently have a system of revolving referrals with multiple opportunities for disaster survivors to fall through the cracks.
  - Further, the federal government should provide capacity to communities to help them collect local data or provide access to available federal data. Specific recommendations for data collection include
    - ✓ A baseline of units or population must be collected prior to a disaster, which is essential to measure long-term success.
    - ✓ Data from damage assessments must be sortable and mappable. Key data elements include parcel numbers, level of damage, and tenancy.

- ✓ Victims need to be tracked across agencies using a unique identifier to keep duplications of benefits in check. The data available from tracking disaster victims' benefits would be very helpful in making policy decisions one, two, and three years into the recovery process.
  - ✓ A national grid system should be developed to help determine damage and costs more quickly (e.g. standardized GIS data map on infrastructure, etc.).
- Recovery mitigation should be taken out of FEMA and put into a new separate entity or coordinating office that can help all stakeholders (federal, state, local, private) work together prior to, during, and after a disaster. The skills and programs associated with “mitigation” are more aligned with those of comprehensive community development than those of emergency management.
  - ESF-14 technical assistance could be improved. For instance, simply having the ESF-14 teams stay longer in the community and serve as true guides for federal spending would add enormous value.
  - The federal government should create a range of resources—web site, manuals, other public materials—that provides uniform information to state and local (and private and nonprofit) leaders about federal programs and their rules for post-disaster recovery needs. Such resources would help clarify “what you *can* do, what you *can't* do, and where there is wiggle room.” This transparency and standardized information would educate state and local leaders but would also establish a consistent interpretation of current rules that would extend through multiple political administrations. This is critical because often the rules work, but the “interpretation” of rules is poor or inconsistent across staff or political administrations.
  - The federal government could use its convening power to host and create learning networks among state, local, private, and nonprofit leaders to collect and disseminate best practices and other critical information.

## IV. Housing

### *Challenges*

- **The current federal piecemeal approach to disaster recovery in communities with a significant loss of housing units is problematic.** The house-by-house assessment takes too long, prohibits opportunities for neighborhood-wide recovery, and ultimately puts the personal responsibility of rebuilding and finding temporary affordable housing on homeowners and individuals instead of on the community as a whole.

- **Federal funding for housing is not integrated and coordinated across the various federal programs.** Requirements for programs can vary and funds for these programs are not distributed at the same time.
- **The calculation of duplication of benefits creates a disincentive for personal responsibility.** A homeowner who received federal flood insurance would receive less support from CDBG to make home repairs than a homeowner who did not get insurance. The strict enforcement of the Stafford Act has made some funds a duplication of benefits when they shouldn't be.
- **An SBA loan should not be counted as a duplicate benefit.** The point for homeowners or developers to access an SBA loan is to try to accumulate enough capital to repair or modernize a damaged building. It is also a loan, not compensation.
- **Overall, incentives remain to build back the same as before rather than build back better. Hazard mitigation should not be done solely at the individual home or project level but also at the neighborhood scale.** There are missed opportunities to create safer and more sustainable communities when federal programs target only homes.
- **Environmental regulations associated with federal housing and infrastructure programs are the single most difficult issue under disaster recovery.** There are many stories of cumbersome environmental reviews, by lot and conflicting across federal programs that drastically slowed down recovery and ate up human resources. Further, Road Home is not a model program because of the complexity of its environmental rules.

#### *Recommendations*

- **Promoting a consistent policy and approach on personal and community responsibility would be valuable and sensible.** Federal policies should reward individuals who get flood insurance and who build homes to code or at proper mitigation levels. Similarly, federal policies should reward states and localities who encourage homeowners and developers to purchase flood insurance and who adopt land use regulations and other policies that build safer, more sustainable communities.
- **In neighborhoods or communities with a high percentage of homes destroyed, federal policies should enable public-private partnerships in which a jurisdiction contracts out to a single developer to address the repairs for a swath of rental and owner-occupied homes.** This would require maximum flexibilities across different federal programs to work with multiple lots and housing types.
- **There should be a unified environmental code or evaluation that gets triggered in the event of a disaster.** Or, for instance, in New Orleans, there should one environmental evaluation for a single planning district (a total of 14 evaluations) versus tens of thousands of individual environmental evaluations. At a minimum, projects that blend funding from more than one federal source should not be required to perform more than one environmental assessment.

- **There should be an adaptive re-use program to accommodate temporary housing.** Rather than trailer homes, and as a supplement to vouchers, we should also provide resources to states and localities to retrofit existing, underutilized, or abandoned homes and facilities for temporary housing for residents. Such investments would also add longer-term value for a community.
- **The federal government should create a one-stop shop on auditing to eliminate competition between the auditing capacities at the federal state and local level.** This shop could also provide auditing support for communities that lack capacity and are unfamiliar with the federal paperwork and processes. (e.g., PA program was able to work with FEMA to get funding for states and locals to bring in an accounting firm).
- There needs to be an aggressive enforcement of the National Flood Insurance Program to truly reward/enforce safety and sustainability.
- The DHAP program should be made a standardized program/response of post-disaster recovery.
- An assistant secretary for disaster housing should be established at HUD that works with FEMA and other agencies.
- Waivers for CDBG (and other programs) should be made for an entire disaster, not by state.

## V. Infrastructure

### *Challenges*

- **Overall, there is a lack of clarity among a number of aspects of federal infrastructure repair.** It is not clear what is defined as infrastructure and therefore eligible for repairs. There seems to be a lack of consistency in how to assess damage. It is not clear what gets compensated. And agricultural infrastructure does not seem covered by any program.
- **There are no incentives to mitigate or build back in ways that prevents future disaster damage.** Currently, mitigation programs are not aligned with infrastructure repairs.
- **The current federal assessment process is cumbersome and does not allow for flexibility** (e.g., it does not allow differentiation between small projects that move quickly and large projects that take longer).
- **Several factors contribute to the slow spend-down of FEMA Public Assistance funds.** First, the “gotcha” mentality from the audit process has created burdensome requirements. Second, there is low expertise and high turnover in local staff (and local staff has no authority to approve spending). Third, there is a lack of clarity in jurisdictional roles and responsibilities (e.g., is debris

removal FEMA, DOT, or state responsibility?). Finally, the project worksheet system is too complicated and too demanding given the scale of infrastructure repair needs (e.g., there are 15 worksheets for rebuilding one building like City Hall).

- **Advance funding on PA took a long time.** One option is to allow CDBG to be used as a float until reimbursements or advance funding comes in.
- **Some private-sector infrastructure facilities need to be covered.** Child care and pre-school facilities, while private businesses, are critical to recovery and need to be included in a broader package of infrastructure resources.
- **Debris removal should not be subject to “public” vs. “private” debris.** Public debris often gets blown onto private property, but public funds cannot be used to remove it.
- **Federal leaders need to find ways to ensure that infrastructure spending benefits low-income neighborhoods.** Focus should not just be about complying with project worksheets but ensuring PA funds reach low-income neighborhoods and that infrastructure repairs employ low-income and local workers, like a true public works project.
- **Overall, there are serious impediments to the Army Corps of Engineers.**
- **The “global match” issue is too complicated (see below).**

### *Recommendations*

- The FEMA Public Assistance Program can be streamlined in several ways:
  - ✓ The FEMA PA staff at the lowest levels needs the expertise and authority to make decisions (e.g., PA hazard mitigation was underutilized during Katrina because the expertise was missing). Once decisions are made, they need to be final and should not be reassessed. Also, the high turnover of FEMA staff often means many decisions are overturned.
  - ✓ Jurisdictional roles and responsibilities should be clearly defined in statute or regulation, especially for debris removal. All utilities should be considered public and private land should be included in debris removal.
  - ✓ Progress should be tracked and reported on a system-wide basis as much as possible or, at minimum, by a single building (vs. multiple repairs at a single building).
  - ✓ Place project worksheets online within 90 days so information is transparent to citizens and decisionmakers and so everyone can learn about and track the recovery process.
  - ✓ Make private infrastructure an eligible use.

- Federal policies should encourage infrastructure to be built back better. To do so, the federal government should consider aligning the use of mitigation funds with the use of PA funds by creating a single or joint application for such funds. The application could reward states and localities with an additional 15 percent (or another appropriate amount) of public assistance dollars if local governments build back safer and stronger. Or, it could add an appropriate percentage for communities to build back with energy-smart technologies that comply with LEEDS certification.
- Within the National Flood Insurance Program (NFIP), the federal government could increase the Increased Cost of Compliance (ICC) benefit to cover the full cost of elevation and mitigation. Resources could be pulled from other programs, such as the Hazard Mitigation Grant Program (HMGP), but be administered as part of NFIP.
- Some infrastructure projects cut across different FEMA regions, so federal agencies need to improve coordination across geographies.

## VI. Economic Recovery

### *Challenges*

- **There are a lot of dollars and resources for individual developers to build mega projects, but insufficient consideration is given to neighborhood redevelopment.** Many neighborhoods in New Orleans are just 50 percent occupied so there is lots of land and opportunity for development. Unfortunately, very few programs take this opportunity. There are few resources for land assembly. Environmental review requirements prior to acquisition are very cumbersome.
- **CDBG is very limited for broad-based neighborhood redevelopment and blight removal.** CDBG doesn't enable cities to increase the value of neighborhoods (and economically diversify a neighborhood) by building more market-rate homes in neighborhoods that already have too much affordable housing. CDBG is also not set up to do gap financing, such as gap financing to refurbish an older retail corridor.
- **There are a range of economic recovery tools (e.g., Go Zone) but funds tend to be distributed unevenly and to the least affected areas.** Tax credits and bonds used for disaster recovery tend to be absorbed by the least affected areas. There is not an equal amount of money for all aspects of economic development (e.g., there is more money for housing than for job rebuilding, etc.).
- **Many small businesses suffer from the lack of access to immediate emergency capital.** The emergency capital available to local businesses, such as the majority of SBA loans, don't get distributed until two to six months after a disaster, but small businesses usually don't have much up-front capital to keep them afloat for more than two months.

- **The Community Development Financial Institutions (CDFI) Fund is underutilized and could be a model.** The fund is tiny compared with CDBG, but it is flexible in its uses, can go to nonprofits, and provides great incentive for CRA credit.

#### *Recommendations*

- Explore the CDFI Fund as a model for a more flexible and direct way to provide funds. The CDFI Fund could also be boosted and used during a disaster recovery.
- Expand the use of New Markets Tax Credits. This is a potentially very powerful and flexible tool but has been extraordinarily limited in its deployment.
- Provide more Economic Development Agency (EDA) funds for post-disaster recovery, as there are few funds for pure economic development.
- Make rules for federal funds more clear (e.g., people are not always aware that they can apply for SBA funds and federal employees do not always know whom the funds apply to).
- The federal government should think about capacity building and learn to lean more on intermediary groups, such as chambers and business groups, during the economic recovery.

## **VI. Closing Observations and Recommendations (Including for the Stafford Act)**

#### *Recommendations*

- Remove or relieve the 25 percent state match to the hazard mitigation program, which is quite burdensome.
- Rules and regulations are needed for global matches. Global match projects that do not receive FEMA funding should not be required to go through the complete HMGP project process, including FEMA pre-approval. Global match regulations should ensure that those projects meet the spirit of the program without the bureaucratic steps of the regular HMGP program.
- HMGP needs to be better applied to new construction. Currently, it is more conducive to repair than new building, and recovery from a catastrophic disaster involves more rebuilding than from a normal disaster.
- For the FEMA PA program, reduce the match and get rid of the reimbursement process.
- A catastrophic disaster highlights the need for a survivable, interoperable communications system. Normal communications systems are often ineffective because communication towers

have been destroyed. However, FEMA does not allow HMGP to be used for interoperable communications.

- Standardize best practices and information flow.