

Prepared Statement of Nelson R. Bregón

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Hearing before the Committee on Homeland Security and
Governmental Affairs
Subcommittee on Disaster Recovery

United States Senate



“The Road Home? An Examination of the Goals, Costs,
Management, and Impediments Facing Louisiana’s Road Home
Program”

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Chairwoman Landrieu, Ranking Member Stevens, distinguished Members of the Subcommittee: it is a privilege to appear before you on behalf of the Department of Housing and Urban Development.

I am Nelson Bregón, a career civil servant who has been at HUD for over 17 years. I have recently been appointed Assistant Deputy Secretary for Disaster Policy and Response by Secretary Jackson to coordinate HUD's disaster response across the Department and with other federal agencies. Previously, I was involved with the administration of the \$16.7 billion in Community Development Block Grant supplemental funding appropriated by Congress to assist in the recovery of the Gulf Coast Region and with the New York 9/11 supplemental appropriations totaling almost \$3.5 billion.

In the past year, through the tireless efforts of state and local government staff in Louisiana, Mississippi, Texas, Alabama and Florida, and with more than \$3.1 billion expended, the groundwork has been laid for a sustained recovery. Yet, many challenges remain, especially in Louisiana.

In response to the disasters, President Bush signed the first CDBG supplemental providing \$11.5 billion in CDBG disaster recovery funding on December 30, 2005. Within one month, Secretary Jackson allocated these funds based on areas of highest need and with greatest concentration of destruction for disaster relief and long-term recovery to the five Gulf Coast states. HUD calculated this by using FEMA data on individuals registered for assistance, SBA data on individuals who applied for disaster loans, National Oceanic and Atmospheric Administration estimates on flood depth levels, FEMA and U.S. Geological Survey on areas of maximum flood and storm surge inundation and FEMA remote sensing data on areas deemed to have "catastrophic, extensive, moderate, limited, flood, or saturation" damage. Louisiana received the maximum amount allowed by law: \$6.21 billion.

Last June, after the President signed the second CDBG supplemental providing an additional \$5.2 billion, the Secretary promptly allocated these funds to the affected states – again providing the maximum amount allowed by law to the state of Louisiana. In total, HUD has allocated to Louisiana a combined \$10.4 billion in supplemental CDBG disaster recovery funds, the maximum amount allowed by law. Today, almost \$2 billion has been expended.

The CDBG supplemental appropriations acts passed by Congress were clear in their intent and extraordinary in the flexibility provided to the states, far beyond the traditional nature of such supplemental block grant funding. Congress directed that HUD shall waive all regulations or statutes which act as a barrier to implementation of the Governor's plan. Only three areas could not be waived: fair housing, environmental, and the Davis-Bacon Act's related prevailing wage requirement.

Thus, HUD would provide technical assistance on the federal program requirements and monitor the use of funds but would not dictate uses of funds or the

amounts to be set aside for each activity. The state of Louisiana and other eligible states would have the complete flexibility in determining design, establishing funding levels, and carrying out the activities to achieve their goals.

In the case of the Louisiana's Road Home program for homeowners, the state's approved action plans set aside approximately \$6.3 billion based on local estimates of need, and includes program delivery costs. Two factors largely determined the state's proposed funding level for the Road Home compensation program: (1) the estimated number of households who would qualify for assistance; and (2) the estimated average amount of compensation that each household would be entitled to under the state's program design. With respect to any projected shortfall, HUD is also evaluating the data to ensure accuracy.

It has been nearly a year and a half since Congress initially appropriated CDBG disaster funding, and, like many of you here today, Secretary Jackson had not been satisfied with the pace of recovery in Louisiana. HUD has met with officials administering the Road Home program on several occasions and, together, we have worked through obstacles impeding progress or raising regulatory concerns.

As a result of these and other steps, the Secretary today is cautiously optimistic. The number of homeowners who have closed on their Road Home compensation package is nearing 20,000 and many of the bottlenecks that have impeded progress appear to have been overcome. HUD is in continual contact with Louisiana state officials and provides technical assistance as necessary. The level of cooperation is excellent. To date, HUD has processed 31 waivers requested by the state to help speed program delivery and increase flexibility in program design.

At the same time, HUD continues to carry out its primary role – that of oversight. HUD conducts management reviews, in conjunction with monitoring visits to ensure that its programs and related federal crosscutting requirements are carried out efficiently, effectively and in compliance with applicable laws, regulations and established policy. HUD is continuing to review the state's programs, as we do for each of the Gulf states, to ensure that progress continues, that programs continue to meet statutory requirements and that there is no fraud, waste or mismanagement.

Congress was clear in its intent: the Gulf Coast states have the principal responsibility for prioritizing, designing and carrying out recovery and rebuilding efforts. HUD will continue to carry out its responsibilities: technical assistance, ensuring that state disaster recovery plans adhere to statutes and regulations, granting waivers when appropriate, and conducting compliance oversight and program monitoring.

To this end, Madam Chairwoman, Members of the Subcommittee, Secretary Jackson and I are committed to continue to ensure progress is made to hurricane victims and the affected communities in Louisiana and throughout the Gulf Coast. Thank you. I welcome your questions.