



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

Written Testimony of Shaun Donovan
Secretary, United States Department of Housing and Urban Development (HUD)

**Hearing before the Subcommittee on Emergency Management, Intergovernmental
Relations, and the District of Columbia, Committee on Homeland Security and
Governmental Affairs, United States Senate**

One Year Later: Examining the Ongoing Recovery from Hurricane Sandy

Wednesday, November 6, 2013

Chairman Begich, Ranking Member Paul and Members of the Subcommittee, thank you for the opportunity to testify today regarding the ongoing effort to rebuild in the region impacted by Superstorm Sandy.

Because Sandy was one of the most devastating and costly natural disasters in our history, the President recognized that the response required an additional focus on rebuilding efforts coordinated across Federal agencies and State, local, and tribal governments to effectively address the enormous range of regional issues.

On November 15, 2012, President Obama announced that I would lead the coordination of Federal efforts to support the long-term rebuilding effort, and the President issued Executive Order 13632 on December 7, 2012, establishing the Hurricane Sandy Rebuilding Task Force, and appointed me to serve as its chair. Executive Order 13632 charged the Task Force to “work to ensure that the Federal Government continues to provide appropriate resources to support affected State, local, and tribal communities to improve the region's resilience, health, and prosperity by building for the future.”

My responsibilities in this role occurred in concert with the National Disaster Recovery Framework (NDRF) and involved cooperating closely with the Federal Emergency Management Agency (FEMA) and the other agencies involved in recovery efforts.

The focus of the Task Force was coordinating Federal support as State, local and tribal governments identify priorities, design, and implement individual rebuilding plans.

Sandy and the Nor'easter that followed have had immense and varied impacts across much of the eastern United States, with damage most severe in New York, New Jersey, Connecticut, Rhode Island, and Maryland. Within the United States, the storm caused over 150 fatalities, major flooding, structural damage, and power loss to over 8.5 million homes and businesses, directly affecting more than 17 million people as far south as Puerto Rico, as far north as Maine.

Sandy caused tens of billions of dollars in damage and is estimated to be the second most costly storm in American history. Thousands of businesses and more than 650,000 homes were damaged or destroyed. State, local and tribal governments are addressing damage to roads, bridges, mass transit and other essential infrastructure, including electrical, water, and waste water treatment facilities, public hospitals, and shorelines.

In addition to my concern as a citizen and as a member of this Administration, this is personal to me. I grew up in the region. I was born and raised in New York and worked on housing issues there, including serving as Mayor Bloomberg's Commissioner of the New York City Department of Housing Preservation and Development. I also worked on housing issues for Prudential Mortgage Capital in New Jersey, and my wife is originally from New Jersey. Many of my friends have been directly affected by the storm's devastation. In light of my deep roots in the region, I am particularly concerned with the devastation that Sandy has caused, and I am especially honored to have the opportunity to help with recovery and rebuilding efforts.

I have seen much of the damage first-hand, talked with State and local officials and citizens living with the aftermath of the storm, had discussions with Senators and Representatives from the area, and have met with other Federal officials working on the recovery effort. Everyone involved in the recovery and rebuilding has demonstrated extraordinary dedication and courage. Just as remarkable are the actions by average people I have spoken with – individuals who have demonstrated a different brand of heroism by simply reaching out to help their neighbors, even as they were facing their own losses. I have seen bravery and determination that inspires me and my colleagues to work even harder, respond quicker, and develop more creative solutions.

With that mission in mind my testimony today will cover: 1) an assessment of the ongoing recovery efforts; 2) a brief background on the formation and role of the Hurricane Sandy Rebuilding Task Force and 3) the role of the supplemental funding provided by Congress.

Ongoing Response and Recovery Efforts

Before I describe the Task Force's activities and the funding made available by Congress in January, it is important to note the unprecedented cooperation that has been taking place since Sandy struck among Federal, State, local, and Tribal authorities. HUD, FEMA and other parts of the Department of Homeland Security (DHS), as well as the Departments of Transportation, Health and Human Services, Interior, Commerce, Energy, and Agriculture, plus the Small Business Administration (SBA) and the U.S. Army Corps of Engineers (USACE) and other agencies are all working together.

For example, as a result of coordination under the National Response Framework (NRF), within a week after Sandy hit there were almost 11,000 National Guard and 17,000 Federal responders on the ground from FEMA, the Department of Defense, USACE, HUD, Department of Transportation, Department of Energy, and HHS, as well as tens of thousands of utility workers from across the nation. The Federal Housing Administration and Federal Housing Finance Agency worked to protect thousands of families who, though no faults of their own, were at risk of home foreclosure as a result of Sandy – first by putting in place a foreclosure moratorium and then by cutting red tape to offer families streamlined home loan modification.

As of September 2013, FEMA and the SBA have served over 225,000 households and individuals and more than 5,000 businesses. Additionally, 99.5% of Sandy-related National Flood Insurance Policy claims totaling over \$7.9 billion have been paid out to the more than 143,000 policyholders who filed claims.

The start of the 2013 summer tourist season was one of the most closely watched indicators of the recovery. And I'm proud to say that thanks to the hard work of FEMA, the Army Corps of Engineers and so many others, on Memorial Day 2013, 97% of public beaches from New Jersey through Connecticut had re-opened—sending a strong message to many Americans that the shore was open for business

The Role of the Hurricane Sandy Rebuilding Task Force

Our efforts on Sandy have been shaped by the lessons learned in past disasters while also working to streamline administrative processes and assist families, businesses and communities in an efficient and effective manner. The Administration has recognized that our experience during Hurricane Katrina and other disasters highlighted the need for additional guidance, structure, and support to improve how we as a Nation address disaster-related recovery and rebuilding challenges. In September 2009, then-Homeland Security Secretary Janet Napolitano and I were charged with leading work on this effort and establishing a Long Term Disaster Recovery Working Group, composed of more than 20 Federal agencies.

HUD, DHS, and the Working Group consulted closely with State, local and Tribal governments as well as experts and stakeholders, and they worked to improve the Nation's approach to disaster recovery and to develop operational guidance for recovery efforts.

As a result, in September 2011, FEMA published the National Disaster Recovery Framework (NDRF). The NDRF addresses the short, intermediate, and long-term challenges of managing disaster-related recovery and rebuilding. It sets forth flexible guidelines that enable Federal disaster recovery and restoration managers to operate in a unified and collaborative manner and to cooperate effectively with State, local, Tribal, and territorial governments.

There are three primary lessons that are guiding our efforts to support local community rebuilding efforts.

First, it is vitally important that both near and long-term recovery and rebuilding efforts start immediately following a disaster and that the Federal government takes a coordinated regional approach to the delivery of assistance to its State, local, and tribal partners. To ensure that this happens, HUD and FEMA are leading regional coordination efforts working in coordination with the Federal Disaster Recovery Coordinators under the NDRF, and focusing on rebuilding.

Second, this must be an "All-of-Nation" approach to rebuilding. While the Federal government has a key role to play in recovery, State, local, and Tribal governments must be the leaders in this effort. To ensure the Task Force's efforts maintained a local focus, we quickly established an Advisory Group composed of 37 elected officials from impacted communities in New York, New Jersey, Rhode Island, Maryland and Connecticut. We were also in constant contact with other State and local officials -which gave us real-time information about the rebuilding challenges communities faced. The Task Force sunset on September 30, 2013, on time and significantly under budget. Now, FEMA and other agencies that perform Recovery Support Functions, as described in the NDRF, will continue the Federal rebuilding coordinating efforts , in addition to the coordination work led by HUD and FEMA.

Third, the recovery effort must include rebuilding in a more resilient fashion rather than simply recreating what was already there so that we are prepared for future disasters. One of the most critical concerns we heard from our local partners was that communities needed clear, accessible information about current and future flood risk. As one CEO who lost critical facilities to Sandy flooding put it, "just tell me how high to rebuild." In order to gather the best information on the risks the region faces, the National Oceanic and Atmospheric Administration and the Army Corps of Engineers developed a tool which allows local planners and decision makers to click on a map and see projections of the impacts of rising sea levels as much as a century into the future. To ensure this science would be put into practice, the Administration established a single Flood Risk Reduction Standard that applied to all rebuilding projects funded by Sandy-Supplemental dollars.

But we have not just armed communities with the best available data – we have also worked to connect communities with the most innovative engineering, planning and design ideas from around the world. That's why we launched Rebuild By Design, a multi-stage regional design competition, specifically to develop innovative projects to protect and enhance Sandy-affected communities. Everybody has a part to play in building a stronger region, and we will continue to foster and encourage new ideas and learn from our recovery partners across the country and the globe.

The Task Force and Supplemental Funding

Rebuilding must be a community-driven effort, with a community-based vision at its heart. But supporting that vision through financial means is a key part of the Federal role – one that has consistently been present for communities experiencing disaster.

On January 29, President Obama signed the Disaster Relief Appropriations Act (DRAA) of 2013. The supplemental funding bill included funds for FEMA and USACE projects, Transportation, support for the Small Business Administration and its disaster loan program, Community Development Block Grant-Disaster Recovery (CDBG-DR), funds to be provided to communities, and funding for a range of other critical priorities.

As of September 2013, Federal agencies have announced nearly \$32 billion and obligated over \$11.8 billion in DRAA funds to help communities rebuild after Sandy. Including National Flood Insurance funding, more than \$13.5 billion already has been disbursed to recipients. More than \$2 billion in infrastructure funds are at work in dozens of projects across the region.

On October 28, I announced \$5 billion in additional CDBG-DR grants for the Sandy-affected region, bringing the total CDBG-DR funding available there to \$10.4 billion. The first \$5.4 billion of these funds was allocated within 8 days of the signing of the Sandy supplemental into law, representing the fastest ever allocation following the signing of a disaster appropriations bill. Using these funds, based on grantee reports to date, we know that more than 26,000 households have already been assisted through CDBG housing programs across the region, with an estimated pay out of more than \$157 million to beneficiaries.

In addition to the funds allocated by HUD, funding from other Federal agencies related to Sandy recovery has so far included:

- More than \$3.2 billion in FEMA assistance to State, local and tribal governments for emergency protective measures, debris removal, and repair and replacement of infrastructure in the hardest hit areas, plus more than \$74 million in FEMA Hazard Mitigation grants to implement long-term mitigation measures to minimize or prevent future damage;
- Approximately \$5.7 billion made available from the Federal Transit Administration and more than \$500 million announced by the Federal Highway Administration for recovery efforts
- \$569 million in grants from the EPA to New York and New Jersey for improvements to wastewater and drinking water treatment facilities;
- The Department of Labor's Employment and Training Administration provided \$70.3 million in National Emergency Grants, supporting disaster recovery and humanitarian relief efforts while providing temporary employment to 4,000 individuals.
- More than \$50 million in Disaster Care Management assistance to connect disaster survivors to resources and services of multiple agencies; and
- \$9 million obligated by the Department of Agriculture for 22 projects that covered emergency food assistance and infrastructure and economic programs, some of which helped repair, rehabilitate, and rebuild farmland, watersheds, and flood plains

HUD also has allocated an additional \$580 million to other State and local governments to assist in their recovery from major disasters in 2011, 2012 and 2013.

In addition, although DOE did not receive significant funding from the Sandy Supplemental, the agency plays a key role in several of the Hurricane Sandy Task Force Implementation activities to ensure that investments in energy infrastructure maximize resilience and has committed \$1.2 million of program funds to recovery efforts. This work includes providing technical assistance to design and help finance microgrid strategies for improving the reliability and resiliency of the local electric grid, mitigate future impacts to the liquid fuel supply chain, encourage Federal and State cooperation to improve electrical grid policies, and develop a resilient power strategy for wireless and data communication infrastructure.

Recovery will never be fast enough for affected families, homeowners, and other victims of this terrible storm. And because so much of the recovery from Sandy involves long-term construction and infrastructure projects, funds will need to continue to be spent over years to come. But receiving the supplemental appropriation from Congress has been critical for planning and commitment of funds for significant recovery projects to move forward. Federal agencies have moved forward and obligated billions of dollars in funds and helped to provide real relief to victims of the superstorm.

The Task Force authored a Rebuilding Strategy document that was released in August that establishes recommendations that will help guide the tens of billions of dollars in funding from the Sandy Supplemental Appropriations Act that continue to flow to the region. In total, the Rebuilding Strategy includes 69 recommendations, many of which have already been adopted. They are divided into several policy priorities related to housing, small business and infrastructure issues that were identified through the Task Force's public engagement with local leaders and community groups and were developed in direct coordination with our partners across the Federal Government.

In addition to providing the necessary resources to continue ongoing response and recovery efforts, the DRAA also provides funding to help impacted communities effectively mitigate future risk of disaster to prevent losses of this magnitude from recurring.

We have solid evidence that sea levels are rising and that the risk of large scale disasters and catastrophic losses is increasing due to increasing development along our coasts and changes in demographics and climate. Our best science tells us that these trends will continue, that as sea levels continue to rise, this will further increase risks from storm surges and the intensity of extreme weather events, so it is vital that communities rebuild in a way that mitigates the risks posed by current storms and under future conditions.

Investing in mitigation is critical not only for the future of our communities – it is also cost effective. The National Institute for Building Safety's Multi-hazard Mitigation Council has estimated that for every dollar invested in hazard mitigation, a savings of four dollars is

achieved. Disaster survivors currently have access to post-disaster Hazard Mitigation Grant Funds in coordination with their State and local hazard mitigation plans to assist in taking protective mitigation actions against future events. Such investments are critical in a time of constrained resources. In addition, it is critical to maximize the impact of every dollar of supplemental funding.

To that end, the Rebuilding Strategy outlines a process for coordinating infrastructure projects across the entire region by bringing all of the relevant Federal, State and local players to the table to discuss those projects and map connections and interdependencies between them. This process will help us save money, improve the effectiveness of these projects and accelerate the pace at which they're built. All major CDBG-funded infrastructure projects will be included in this process. The Strategy also highlights how the alignment of Federal funding and increased leverage of non-Federal funds for infrastructure projects are important to the success of disaster recovery in the Sandy-affected region.

The newest round of CDBG-Disaster Recovery funding will be critical to the rebuilding efforts in the region. At HUD we will be working closely with the grantees to ensure that resulting projects are the product of coordinated planning efforts and meet needs identified by the grantees in comprehensive risk assessments.

I look forward to continuing to work with this Subcommittee, others in Congress and our Federal, State, local, and tribal partners to help make local rebuilding visions a reality, to support communities that are rebuilding in a way that makes them stronger, more economically competitive and better prepared to withstand the next storm and risks far into the future, and to help inform how the Federal government responds to disasters in the future.

Thank you again for the opportunity to testify today. I am happy to answer any questions you may have.