



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

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Development, and related Agencies of the House Committee on Appropriations,  
on**

**Sandy Disaster Relief and Recovery**

**Friday, March 15, 2013**

Chairman Latham, Ranking Member Pastor, and Members of the Subcommittee, thank you for the opportunity to testify today regarding relief and recovery from Superstorm Sandy, particularly with respect to the actions of the Department of Housing and Urban Development (HUD). As Senior Advisor for disaster recovery to HUD Secretary Shaun Donovan, I have been deeply involved in those activities. I am joined today by Marion McFadden, who is currently serving as the Chief Operating Office of the Hurricane Sandy Task Force established by President Obama and chaired by Secretary Donovan. We would both be pleased to answer any questions you may have.

In my testimony today, I will cover three subjects: 1) the damage caused by Superstorm Sandy; 2) HUD's participation in the ongoing response and recovery efforts; 3) the longer term rebuilding efforts with respect to Sandy, including the work of HUD with respect to the recent supplemental funding provided by Congress for those efforts.

**The Impact of and damage caused by Superstorm Sandy**

Superstorm Sandy and the Nor'easter that followed have had immense and varied impacts in New York, New Jersey, Connecticut, Rhode Island, Maryland, and a number of other States. Within the United States, the storm caused 162 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 North Carolina, as far north as New Hampshire, and as far west as Indiana. Sandy caused tens of billions of dollars in damage and is estimated to be the second most costly storm in American history.

Especially hard hit were New York and New Jersey, which employ 12.7 million workers. Combined, they export about \$90 billion in goods annually, accounting for about 7 percent of such exports, and contributed \$1.4 trillion to our gross domestic product (GDP) in 2011, accounting for more than 11 percent of GDP.

The widespread damage from Superstorm Sandy impacted communities in a variety of ways. Hundreds of small businesses and tens of thousands of homes were damaged or destroyed. State, local and Tribal governments must address damage to roads, bridges, mass transit and other essential infrastructure, including electrical and water treatment facilities, public hospitals, and shorelines.

Unfortunately, one of the major effects of storms like Sandy is destruction and damage to the homes and apartments where people live, and the displacement of numerous families and individuals. Excluding second homes, more than 150,000 housing units experienced substantial flooding as a result of Sandy, meaning that work on housing will be an early, continuing, and crucial part of the recovery and rebuilding effort.

### **HUD's participation in ongoing response and recovery efforts**

HUD has played a significant role in response to and recovery from past major storms, and is doing so with respect to Sandy as well.

Before I describe some of HUD's activities, it is important to note the unprecedented cooperation that is taking place 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, and Agriculture, plus the Small Business Administration 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. In addition, in the weeks since the storm, FEMA has approved approximately \$3.5 billion in emergency assistance and has paid over \$5 billion in flood insurance claims to help those insured rebuild their lives. We are all coordinating our work with State, local, and Tribal officials, who are doing a truly herculean job on the response and recovery. The private sector has been deeply involved as well. This unprecedented level of cooperation and partnership will help us continue to deliver recovery resources with speed and provide related assistance to the most affected areas.

A key HUD priority after the storm was providing immediate help to storm-displaced families to find temporary replacement housing, whether they were displaced from private or government-assisted housing. We identified thousands of housing units, including more than 12,000 available units in HUD-assisted housing, and have been working to ensure that the relevant information is provided to displaced individuals. We also have allowed providers of housing for seniors the flexibility to open up vacant units to storm evacuees.

HUD has also focused on help to persons living in and owners of HUD-assisted housing damaged or destroyed by the storm. This includes, for example, helping to temporarily house displaced persons, getting boilers and generators to impacted developments that house low-income families, and waiving administrative requirements (while ensuring appropriate safeguards) so as to facilitate the rapid delivery of safe and decent housing to displaced public housing authority (PHA) and multifamily housing residents. We have also increased fair market rental allowances to make it easier for displaced Section 8 voucher recipients to find replacement housing.

HUD is working to encourage the private sector to help displaced families. Shortly after the storm, HUD Secretary Donovan reached out to several private sector organizations to encourage their involvement in this effort, and a number have stepped forward at least partially as a result. This recognizes the importance of engagement by the private sector as well as government in relief efforts. For example, Angie's List is providing free, one-year memberships to one thousand homeowners in the New York City tri-State area to help with Sandy relief by making it easier for families to find local contractors, auto repair specialists, and health care professionals who are highly rated by other consumers. Walk Score has launched a website to support people in search of temporary housing after Sandy.

We have deployed HUD personnel to help staff FEMA Disaster Recovery Centers and do other storm-related work. This has included providing local housing resource help, program information, and other help to storm victims, mobilizing special needs providers from other States to assist families in shelters, and activating our Northeast network of field offices to communicate daily with impacted PHAs.

There are more than 200,000 homeowners with FHA-insured mortgages in the affected areas in New York, New Jersey, and Connecticut. HUD provided foreclosure protection for storm victims with FHA-insured mortgages through a mandatory 90-day moratorium on foreclosures. That moratorium was extended for an additional 90 days on January 31 of this year.

We are also offering assistance to storm victims who must rebuild or replace their homes. In particular, FHA insurance is available to such disaster victims who seek new mortgages, and borrowers from participating FHA-approved lenders are eligible for 100 percent financing, including closing costs. HUD is also directing banks to provide insurance payments they receive related to the storm directly to homeowners, in order to avoid the problem that occurred after Hurricane Katrina where some mortgage companies used some insurance payments that were supposed to be used to rebuild damaged homes for other purposes. HUD is working to get information on these and other assistance efforts to affected homeowners.

HUD is also providing help to affected State and local governments. Immediately after the storm, HUD hosted technical assistance conference calls with all HUD grantees. We have provided waivers of existing rules so that existing Federal CDBG and HOME funds can be used for disaster relief. Collectively, the CDBG and HOME

grant programs allow grantees to meet a broad range of needs, including housing, economic development, infrastructure, and the provision of public services. We are also working with State and local governments and tribes to develop interim housing plans and to provide loan guarantees for housing rehabilitation.

**The longer term Sandy recovery and rebuilding efforts and the recent supplemental funding provided by Congress**

In discussing the longer term Sandy recovery and rebuilding efforts and the recent supplemental funding provided by Congress, it is important to understand the background of the National Disaster Recovery Framework as well as the establishment of the Hurricane Sandy Rebuilding Task Force.

Early in his first term, President Obama recognized that our experience during Hurricane Katrina and other previous 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, President Obama charged the Departments of HUD and Homeland Security to work on this effort and to establish 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 worked to improve the Nation's approach to disaster recovery and to develop operational guidance for recovery efforts.

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. The NDRF defines core recovery principles; roles and responsibilities of recovery coordinators and other stakeholders; flexible and adaptable coordinating structures to align key roles and responsibilities and facilitate coordination and collaboration with State, local, Tribal, and territorial governments and others; and an overall process by which communities can take advantage of opportunities to rebuild stronger, smarter, and safer after a disaster.

The NRF and the NDRF contributed to the Federal government's ability to respond to and initiate recovery from the enormity of the devastation caused by Hurricane Sandy with a massive, multi-agency, multi-State coordinated response in support of State and local. 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 in order to effectively address the enormous range of regional issues.

On November 15, President Obama announced that HUD Secretary Donovan would provide coordination in support of our rebuilding efforts, and issued Executive Order 13632 on December 7, 2012, providing that Secretary Donovan would serve as chair of the Hurricane Sandy Rebuilding Task Force.

The Secretary's responsibilities in this role occur in coordination with the NDRF and involve cooperating closely with FEMA and the 20 other agencies already involved in recovery efforts. The focus of the Task Force is on coordinating Federal support as State, local and Tribal governments identify priorities, design individual rebuilding plans, and over time begin implementation. The Secretary is the Federal government's primary lead on engaging with States, Tribes, local governments, the private sector, regional businesses, non-profit, community and philanthropic organizations, and the public on long-term Hurricane Sandy rebuilding.

On January 29, President Obama signed the Disaster Relief Appropriations Act 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, and HUD Community Development Block Grant-Disaster Recovery (CDBG-DR), funds to be provided to communities, and funding for a range of other critical priorities.

Federal agencies and departments have already begun the process of making this money available to State local and Tribal governments in the region. HUD has announced the first round of allocations of CDBG-DR funding, totaling \$5.4 billion. This represents the fastest ever allocation following the signing of an appropriations bill. HUD is working now on the second round of allocations, which will relate to damage caused by other storms in 2011 and 2012 that are included in the supplemental appropriation.

The Task Force's role is not to dictate how funding is used – instead, it is to find ways to leverage and maximize the impact of federal dollars and to help communities access this funding and use it to support their development priorities. An example of the Task Force's efforts to date is working toward a data sharing arrangement that will allow SBA and HUD to provide State, local and Tribal governments with general information on small business disaster loan applications in areas impacted by Sandy.

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

Science tells us that extreme weather events are likely to be more intense in the future, so it is vital that communities rebuild in a way that mitigates the risks posed under future conditions as well as current storms.<sup>i</sup>

Both HUD and the Task Force 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 – and to support communities that are rebuilding in a way that makes them stronger, more economically competitive and better prepared to withstand the next storm.

Thank you again for the opportunity to testify today. Ms. McFadden and I would be happy to answer any questions you may have.

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<sup>i</sup> NOAA's fact sheet at

[http://www.nrc.noaa.gov/plans\\_docs/SoS\\_Fact\\_Sheet\\_Hurricanes\\_and\\_Climate\\_FINAL\\_May2012.pdf](http://www.nrc.noaa.gov/plans_docs/SoS_Fact_Sheet_Hurricanes_and_Climate_FINAL_May2012.pdf):

“Studies available for the Atlantic Basin suggest increased hurricane intensity, hurricane rainfall rates and the numbers of the most intense hurricanes over the 21st Century. However, the projections for intensity and intense hurricane numbers in particular have relatively large uncertainty and further research is needed to increase understanding.”