



U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT
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**Hearing before the House Subcommittee on Emergency Preparedness,
Response and Communications of the House Committee on Homeland
Security**

**Prepared Communities are Resilient Communities: Lessons Learned
from Hurricane Sandy Recovery**

Monday, July 11, 2016

Chairman Donovan, Ranking Member Payne, and Members of the Subcommittee, I am Marion Mollegen McFadden, Deputy Assistant Secretary for Grant Programs. On behalf of Secretary Julián Castro, I appreciate the opportunity to testify today regarding disaster recovery efforts related to Hurricane Sandy and how those investments in recovery are helping New York City and communities nationwide become more resilient and better prepared to withstand the next, inevitable extreme weather event. As former Chief Operating Officer and Acting Executive Director of the President's Hurricane Sandy Rebuilding Task Force, and as a native of Connecticut with friends and family affected by Hurricane Sandy in New York and New Jersey, I have a deep understanding of the recovery needs of this region. In my current position, I am responsible for overseeing key programs that promote affordable housing and community development, including the Community Development Block Grant (CDBG) program and CDBG-Disaster Recovery (CDBG-DR) grants. These grants help communities recover from and rebuild after natural disasters like Hurricane Sandy and, in doing so, to become more resilient.

Today, I will cover three subjects: 1) the status of HUD's work to support long term and resilient recovery from Hurricane Sandy; 2) the Department's initiatives to use disaster recovery resources to foster increased resilience; and 3) Federal and regional coordination of Sandy recovery efforts and how those efforts may serve as a template for future Federal coordination in response to major disasters and assist in building communities across the nation that are better prepared to withstand those disasters.

Status of Long Term and Resilient Recovery from Sandy

Almost four years after Sandy, I am sure you need no reminder that this storm was one of the most devastating and costly natural disasters in the nation's history. Sandy caused tens of billions of dollars in damage and had immense varied impacts across much of the eastern United States, with damage most severe in New York, including the City of New York, as well as New Jersey, Connecticut, Rhode Island, and Maryland.

Thousands of businesses and more than 650,000 homes were damaged or destroyed. The storm was directly responsible for over 150 fatalities across 8 countries; more than 70 in the United States alone. It yielded major flooding, structural damage, and power loss to over 8.5 million homes and businesses, directly affecting more than 17 million people from Puerto Rico to Maine.

The Disaster Relief Appropriations Act (the Act) was signed into law on January 29, 2013, providing \$15.2 billion in CDBG-DR funding to address Hurricane Sandy and other qualifying events that occurred in 2011, 2012 and, prospectively, 2013.¹ HUD moved aggressively to implement the Act and to ensure that the specific requirements of the law are met. HUD allocates CDBG-DR funds to states and local governments who in turn, working with HUD and the community, design and implement customized recovery programs. HUD and Sandy grantees have worked together to ensure that homeowners and businesses receive timely and needed assistance in often densely populated, urban environments; and that critical infrastructure is not only repaired but is located, relocated or redesigned to meet the challenges posed by extreme weather events arising from climate change.

On February 6, 2013, HUD announced the first allocation of \$5.4 billion of CDBG-DR funds to five states and the City of New York to support Sandy recovery efforts. On March 5, 2013, HUD published a Federal Register Notice outlining the requirements for the use of those funds.

As of July 2016, HUD had fully allocated the \$15.2 billion available under the Act to address the damage caused by Sandy and other disasters in 2011, 2012 and 2013. Through a series of Federal Register Notices, HUD also established new rules to better protect these Federal investments, requiring, for example, higher elevation of repaired homes located in areas prone to flooding and requiring that larger infrastructure projects be built or rebuilt to be more resilient and to better withstand future storms.

The Act required that HUD obligate all funds by September 30, 2017 and recipients expend funds within two years of obligation. Congress also provided authority to extend this expenditure deadline, if needed. In prior

¹ The law provided \$16 billion, however since these funds were appropriated in Fiscal Year 2013, they were subject to sequestration. This reduced the amount of CDBG-DR funds available under the Act to \$15.2 billion, a 5 percent reduction.

appropriations of CDBG-DR funds, Congress set no limits on the time in which state and local governments must spend funds for recovery. This new provision introduced both an imperative among HUD grantees to expedite the commitment of funds, but has also caused grantees to move cautiously in “obligating” funds because each new obligation triggers the “two- year clock” on that portion of their grant.

To date, Sandy grantees have used CDBG-DR funds to assist more than 14,000 single family households across the region to fully repair their homes or to help them find new housing. Thousands of small businesses have completed their repairs or have been provided with working capital or other assistance needed to return to operations. When fully expended, billions of dollars of CDBG-DR assistance will also have been invested in infrastructure repair, including investments to make communities more resilient when the next disaster strikes.

Recovery, however, can never be fast enough for affected families, homeowners, and other victims. There remain areas where too many homeowners are still awaiting the housing assistance needed to return to their homes. HUD is working continuously with its Sandy grantees to explore ways to further expedite recovery. In housing rehabilitation, for instance, for the first time, HUD is allowing grantees to advance funds to homeowners to start reconstruction and to make interim payments during construction, while withholding the final payment until project completion. Also for the first time, HUD allowed homeowners to be reimbursed for work they completed before applying to CDBG-DR funded housing programs operated by New York State and the City of New York.

HUD has also used authority under the Act to grant dozens of program-wide and grantee-specific waivers and to establish alternative statutory and regulatory requirements related to income documentation requirements, new housing construction and rental assistance – all geared to meeting local recovery needs and to remove unnecessary barriers to recovery. In the area of environmental regulation, the Act provided new authority to use the environmental reviews adopted by other Federal agencies to meet HUD’s requirements, and HUD and the Federal Emergency Management Agency (FEMA) have executed an agreement that allows our grantees to use FEMA environmental reviews. Grantees have made good use of this authority.

For HUD and any Federal agency charged with providing funds to assist in disaster recovery, the challenge is always balancing the imperative to provide timely assistance to storm-ravaged communities with the equally important priority of ensuring that funds are used appropriately and to maximum effect. Working with HUD’s Office of the Inspector General (OIG), we have taken several important steps to strike this balance in Sandy recovery. The Sandy recovery has afforded HUD and the OIG new opportunities to collaborate in

efforts to ensure a timely and fiscally sound recovery, including monthly conference calls to identify shared areas of concern and to coordinate monitoring and auditing strategies.

Resilience Initiatives

Historically, disaster recovery has focused on returning community assets to the location and condition that existed before the storm. The increased frequency and extreme nature of weather events, however, demands a new focus on disaster mitigation and ensuring the resiliency of Federal investments in housing, business and infrastructure. The resilience policies arising from Sandy recovery include the elevation of substantially damaged homes above the base flood elevation requirements and resilience performance standards for infrastructure. HUD is also investing new Federal resources in disaster mitigation initiatives to serve as models for communities nationwide as they prepare for the next disaster.

Rebuild by Design

HUD allocated \$930 million under the Act for flood mitigation projects developed through Rebuild by Design or “RBD.” RBD was a planning and design competition to increase resilience in the Sandy-affected region. RBD was administered by HUD under the America COMPETES Reauthorization Act, in partnership with philanthropic, academic and nonprofit organizations. HUD solicited the best talent and ideas from around the world to seek innovative solutions for communities working to rebuild and adapt in response to the disaster and to the future risks presented by natural hazards and climate change.

The RBD competition resulted in the selection of seven projects across the region, including one particularly innovative project that is underway right now, here on Staten Island.

Sandy was particularly devastating for the Island’s South Shore, with Tottenville, on the Island’s southernmost point, experiencing some of the region’s most destructive waves. Today, through RBD, New York State is investing \$60 million of CDBG-DR funds to construct a system of in-water breakwaters in Tottenville. These breakwaters will be constructed of a concrete and recycled glass composite and will be seeded with oysters that will proliferate and physically grow the breakwater over time. This project, “Living Breakwaters,” is designed to provide the risk reduction associated with breakwaters along with environmental benefits - including improved water quality and new marine habitat. Once completed, Living Breakwaters will form a “necklace” of in-water structures along this stretch of Staten Island’s South Shore.

Living Breakwaters is also notable for its connection to other CDBG-DR investments that are underway here and are designed to make Staten Island more resilient to the next storm. Through its CDBG-DR funded Community Reconstruction program, the State is investing \$6.75 million in the Tottenville Shoreline Protection Project, which entails new flood risk management features as an additional coastal resiliency strategy for the area. These investments are in addition to the tens of millions of dollars in CDBG-DR funds expended by the State on Staten Island to buy out homeowners whose homes remain in harm's way and the tens of millions more in CDGB-DR funds expended by the City of New York to elevate homes on the Island and to make them more resilient.

Across the Arthur Kill and the Kill Van Kull in New Jersey, \$230 million of RBD investments are also helping the cities of Hoboken, Weehawken and Jersey City develop a new urban water strategy through the "Resist, Delay, Store and Discharge" project. The project will include flood barriers designed to blend into the urban environment, green infrastructure elements and water pumping and discharge systems to better protect these low lying communities from future flooding events. HUD's investment there is being further supported by \$146 million of Federal Transit funds to better protect the critical transportation infrastructure that is so important to not only New Jersey, but to New York as well. Federal and local coordination on these investments ensures that transit planning and investment is integrated with community development and resilience efforts.

Across the harbor, the City of New York will invest \$335 million of CDBG-DR funds for an RBD project to protect the vulnerable communities located in the floodplain on Manhattan's eastside, including thousands of public housing residents. Through the Eastside Coastal Resiliency project, the City will build a flood risk management system that will include: 1) a landscaped berm or related risk reduction methods in East River Park and its adjacent areas; 2) permanent and deployable walls and pavilions within East River Park and its adjacent areas; 3) new or improved bridges over the Franklin D. Roosevelt East River Drive; and/or 4) related public amenities.

National Disaster Resilience Competition

In January 2016, Secretary Castro announced the winners of the National Disaster Resilience Competition (NDRC), which exemplifies an expanded commitment by HUD to support state and local efforts to better prepare for the next disaster. NDRC projects are the result of an extensive community-led planning process and reflect an understanding by those communities that: (i) the costs of recovery from future disasters can be reduced by investments today in innovative and workable mitigation and resilience strategies; and (ii) investments in mitigation and resilience can also grow the local economy.

HUD allocated nearly \$1 billion of CDBG-DR funds provided under the Act to the NDRC in order to support grassroots-driven investment in new resilient infrastructure and housing, including \$176 million for the City of New York and \$35 million for New York State.

The NDRC took place in two phases, with final winners selected from 40 states and local communities that were designated as finalists. The 40 finalists were asked to submit specific projects that would advance their community's resilience plans. More than 25 Federal agencies or offices, and 100 industry experts were involved in the implementation of the 16-month long competition. In the end, 13 state and local governments were selected to receive funds for innovative resilience projects that will not only help them recover from a recent disaster, but to better prepare for the next one. The effort benefitted from a philanthropic partnership with the Rockefeller Foundation, which dedicated \$8 million to teaching competing jurisdictions best practices in the growing field of resilience and assisting them with planning.

The range of ideas and strategies emerging from the competition has been simply remarkable. Initially, \$181 million was set aside for projects in New York and New Jersey, but the Sandy NDRC proposals were so strong that they were awarded a combined total of \$231 million for the City of New York, New York State, and New Jersey.

Shelby County, Tennessee will invest \$60 million of CDBG-DR funding to create new recreation areas and greenways in the floodplain to reduce the flood risk in future storms. Minot, North Dakota will use \$74 million of CDBG-DR funds to buy out homes that are in harms' way, restore open space and construct new affordable housing away from high risk areas but with better access to transit, jobs and services – strengthening community prospects for economic growth and mobility. The State of Iowa will receive more than \$96 million to monitor and improve nine watersheds statewide that were impacted by flooding, while also rehabilitating flood-damaged housing to make it more resilient.

NDRC also recognizes that preparing for natural disasters is not just about flooding. California will invest more than \$70 million of CDBG-DR funds in response to the 2013 Rim Fire. Since that 2013 event, large wildfires throughout the state have burned nearly 400,000 acres and destroyed hundreds of homes and structures. The California NDRC project will pilot a Community and Watershed Resilience program in Tuolumne County, through development of a biomass and wood products facility for biomass removed from the forest through restoration and thinning. The project also includes community resilience centers to meet the needs of rural communities in times of disaster while also providing job training opportunities in forest and watershed management.

Federal and Regional Coordination in Disaster Recovery

RBD and NDRC both represent initiatives growing out of the Sandy recovery that have precipitated new partnerships for HUD and other Federal, state and local agencies. Following a disaster, HUD has historically partnered with FEMA and the Small Business Administration, to access those agencies' data to determine the unmet housing, economic revitalization and infrastructure needs that remain to be addressed using CDBG-DR funds. Sandy recovery efforts, however, have resulted in an unprecedented unified Federal and regional recovery effort.

One of the most tangible and successful examples of that coordination is the Sandy Regional Infrastructure Resilience Coordination Group (SRIRC), led by HUD and FEMA. The SRIRC is comprised of Federal, State and local officials with responsibility for coordinating the development of Sandy public infrastructure projects. Beginning in January 2014 and prior to the identification of specific State and local infrastructure projects, the SRIRC met monthly to better understand agency funding streams, statutory and regulatory requirements and other mandates that could impact Federal interagency coordination to support various types of infrastructure investments. The SRIRC developed an evolving database that allows it to identify Federally-supported projects, and to map those projects to identify geographic areas of overlap where interagency coordination is needed. The SRIRC has also formed sector-specific teams of Federal, state and local officials in the areas such as transportation, energy and coastal resilience to focus on project scope and timelines, including the Federal permitting process and construction sequencing. Grantees have praised the SRIRC as a useful forum for coordinating the most complex infrastructure projects, which touch multiple Federal, state, and local agencies for review and permitting.

The South Shore of Staten Island has benefitted from this new level of coordination. Federal agencies have taken an area-wide look at resilience that considers and coordinates short-term and long-term Federal investments. HUD has supported residential buyouts, dunes, and breakwaters; FEMA has supported repairs and mitigation at a wastewater treatment plant and medical center; the National Park Service has supported remediation and improvements at Great Kills Park; Federal Highways Administration grants have been provided for road repairs and improvements; and the Army Corps of Engineers has launched a coastal storm risk management study.

Perhaps most exciting about this regional coordination is that it has redefined how Federal agencies are working together. As a result of our work in assisting the Sandy recovery effort, Federal, state and local partners will now be more able to hit the ground running in the future, in ways previously unknown, because agency staff have a vastly greater understanding of each other's programs and procedures and we know the right people to contact for speedy resolution of issues. HUD has played an important role, working with FEMA to establish the Unified Federal Review. The UFR was established by

eleven federal departments and agencies to expedite environmental and historic preservation reviews for future disaster declarations.

Thank you again for the opportunity to testify today. I would be pleased to answer any questions you may have.