



**Texas General Land Office
George P. Bush, Commissioner**

**Hearing Testimony – House Financial Services Oversight and Investigations
Subcommittee
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Good morning Chairman Wagner, Vice-Chairman Green, distinguished Representatives and guests. Thank you for inviting me here today. For the record, my name is Heather Lagrone, I am the Deputy Director for Community Development and Revitalization, for the Texas General Land Office.

On August 25, 2017 a strengthening Category 4 Hurricane Harvey made landfall in Nueces County, Texas between Port Aransas and Port O'Connor with sustained winds of over 130 mph. During this period, as much as 60 inches of rain fell over the 49-county impact area. Harvey slowly meandered its way north by northeast and finally dissipated on September 3, 2017.

The General Land Office (GLO) estimates the cost of damages from Hurricane Harvey at \$120 billion, making it the costliest event in U.S. history. The hurricane shut down ports, trade, tourism, oil and gas production, agricultural production, and general businesses across most of the Texas coast, for almost a week and, in some cases, significantly longer. The impact of these interruptions is difficult to quantify, but the effects of this disaster were felt across the nation, with commodities such as gas increasing in price by \$0.33 a gallon in the weeks following Hurricane Harvey. The GLO estimates over 1 million homes were impacted by Hurricane Harvey.

To further illustrate the scope of this disaster, the Harris County Flood Control District reported that 1.5 feet of water covered 70 percent of the 1,800 square miles that comprise Harris county. The weight of that water depressed the Earth's crust enough to temporarily drop the elevation of Houston by 2 centimeters.

On September 14, 2017, Governor Abbott designated Commissioner George P. Bush and his agency the Texas General Land Office to be the state's lead for short term housing recovery with the Federal Emergency Management Agency (FEMA) and long-term infrastructure and housing rebuilding through the Department of Housing and Urban Development (HUD). We continue this mission today. The short-term housing activities are wrapping up and we are preparing to transition to the long-term recovery.

On February 9, 2018, HUD allocated just over \$5 billion in CDBG-DR funds to the State of Texas in response to Hurricane Harvey. The \$5 billion allocated is from \$15 billion appropriated by Congress on September 8, 2017;

According to HUD regulations:

- 80% of funds must be spent in the most impacted areas defined by HUD;
- At least 70% of the CDBG-DR program funds must be used to support activities benefitting low to moderate income persons;
- This allocation must primarily address unmet housing need. Before infrastructure and economic revitalization activities may be funded the State must identify how any remaining unmet housing needs will be addressed or how the selected activities contribute to long-term recovery of housing;
- CDBG-DR funds may be used as the match for any other federal program;
- Any project constructed or substantially improved must be elevated to 2 feet over base flood elevation;
- Affordable rental units must maintain a 51% LMI tenant occupancy for at least 20 years;
- Homeowners making over 120% of the area median income with homes in floodplains that did not have flood insurance will not be eligible.

The GLO has completed the Action Plan defining the uses of just over \$2.7 billion from this allocation and it is with HUD for their review and approval.

First, we would like to thank the Congress for how quickly the first funds were allocated for Hurricane Harvey recovery. Two short weeks after Hurricane Harvey made landfall over \$7.4 billion dollars had been allocated for long-term recovery. Long-term recovery is a process that takes too long. There are however some things that could be done that would shorten the process and allow impacted States to at least begin on their recovery sooner. Now, I would like to share some of the lessons we have learned and believe would greatly benefit CDBG-DR funded and guided disaster recovery in the future.

- States need to be allowed the maximum level of flexibility possible for disaster recovery efforts. Hurricane Harvey impacted 49 counties or an area larger than the state of Indiana as at least 3 different types of events. In the Coastal Bend area Harvey was a true hurricane that had wind speeds in excess of 130 mph, in the Houston area it was a rain event that created flooding that has never been seen, and in Southeast Texas Hurricane Harvey dropped many feet of rain on areas that did not drain for weeks to follow. The recovery needs to be tailored to the needs of each impact area and locally driven with State oversight. HUD's formula allocated funds to population centers. And the Federal Register all but required direct housing activities be considered over any other kind of need nearly six months after landfall.
- Requiring HUD to allocate some portion of any appropriation within 60 days as was done on the more recent allocation of recovery funds would be encouraged to continue. This would allow States in need of funds to at least begin their recovery efforts while data commonly used by HUD to allocate funds can be finalized.
- Disasters do not discriminate, and HUD defined, higher income but still working-class families are often equally impacted. HUD's recent shift away from waiving the LMI aggregate from 70% to 50% for disaster events will prevent communities from being able to recover in a holistic way. It has also made large scale infrastructure projects that could mitigate large areas for future events very difficult.
- As in every event access to data is always an issue. Any support that can be provided toward data sharing would be welcome. With every administration in each federal agency access to data is handled differently from event to event and takes negotiation of data sharing agreements each time by every grantee separately. As the last federal program funds to be made available, CDBG-DR is often the program that must enforce Duplication of Benefit requirements and access to this data is necessary for that role.
- Historically CDBG-DR funds have provided grantees with 5% in administrative costs. This value is generally adequate however, HUD has continued to increase the level of oversight, reporting, and IT requirements for these awards. This is especially evident in allocations resulting from smaller localized events.
- Relief from environmental compliance where the same use is being reconstructed in place would cut down on program cost, red tape, save time, and just makes common sense.
- In this recent allocation, HUD limited support for families who reside in a flood plain who made 120% of the area median income if they did not maintain flood insurance. The State has concerns this could progress beyond just families located in a flood plain. Disaster events do not discriminate nor do they consider income. In Texas, we have seen many families residing outside the flood plain who thought they had all the appropriate insurance coverage necessary be impacted by flooding and lose everything. For a family of 4 living in Beaumont Texas 120% of the area median income would be \$66,600 which is hardly enough income to recover from a complete loss of a home.
- Lastly disaster recovery could be greatly expedited if HUD had written regulations that governed supplemental CDBG-DR allocations. States would not have to guess at what regulations would be applicable from event to event nor would they have to wait for the Federal Register to be published to begin program design and development of Action Plans.

I have been involved in disaster recovery for the State of Texas since Hurricane Katrina and Rita in 2005, I have to say HUD has been a very strong partner who has been supportive of our recovery efforts and we are offering these suggestions for improvements on a program that we have benefited from in Texas for many events. We believe

that making these adjustments to the program could expedite recovery efforts and utilize limited funding more efficiently.

At this time, I am happy to answer any questions the committee may have.