

FEDERAL DISASTER ASSISTANCE: AN OVERVIEW OF POST-DISASTER PROGRAMS

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Climate-related extreme events have been rising in frequency and severity in many parts of the country as the planet warms. As rainfall, wildfire, flooding, heat, and storm records are topped in communities around the country, the damage left behind is creating increasing economic strain. Federal disaster aid plays an important role in the recovery process. Federal disaster aid programs provide state and local governments, households, businesses, and non-profit organizations with financial assistance for emergency response, rebuilding, and recovery costs of a large disaster. Between 2005 and 2019, the federal government spent over \$460 billion on disaster assistance.² This primer explains the main federal post-disaster programs managed by the Federal Emergency Management Agency, the Small Business Administration, and the Department of Housing and Urban Development, and offers insight on the current system and suggestions for policy reform so that disaster aid better serves those most in need.

The Wharton Risk Management and Decision Processes Center, established in 1985, is a research center affiliated with the Wharton School at the University of Pennsylvania. The Center is recognized worldwide as a leader in risk-related research and policy analysis and serves as a bridge between scholars at Penn and organizations and decision-makers in the public and private sectors. Our primer series provides an introduction to topics in risk and resilience.

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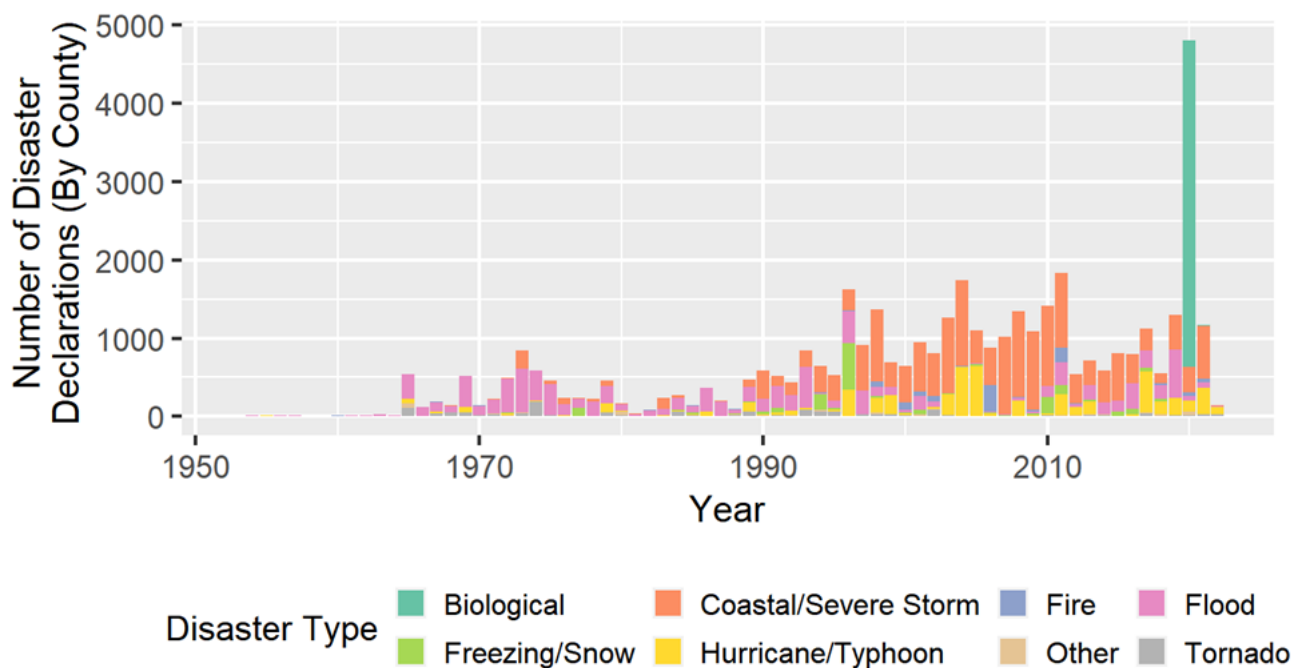
² According to GAO, from 2005 to 2014, obligations for disaster assistance totaled at least \$278 billion, and select appropriations for disasters from 2015 through 2019 totaled \$183 billion. This figure, which includes pre-disaster programs, encompasses obligations that span 17 federal departments and agencies. See more: United States Government Accountability Office (2020). "National Preparedness: Additional Actions Needed to Address Gaps in the Nation's Emergency Management Capabilities." Report to Congressional Requesters. <https://www.gao.gov/assets/gao-20-297.pdf>

DISASTER DECLARATIONS

Federal spending on a disaster is triggered by a presidential disaster declaration as governed by the Stafford Disaster Relief and Emergency Assistance Act.³ Declarations, which are issued by county, are initiated by a governor or tribal executive formally requesting federal assistance.⁴ A preliminary damage assessment is conducted by state and local officials to demonstrate that the state government lacks the necessary resources to respond to the disaster. The Federal Emergency Management Agency (FEMA) then makes a recommendation to the President. A declaration is only issued for those events large enough that FEMA and the President assess that the state and locality have insufficient resources to respond. Figure 1 shows presidential disaster declarations by year for various types of events. Note that in 2020, President Trump issued a disaster declaration for every county in the country for COVID-19.

With a disaster declaration, the President can authorize one or both of two assistance programs managed by FEMA. The first is Individual Assistance, which is aid to households; the second is Public Assistance, which is aid to local governments. Figure 2 shows the percent of declarations authorizing each program between 2000 and 2020.

FIGURE 1: TYPE OF DISASTER DECLARATION BY YEAR⁵



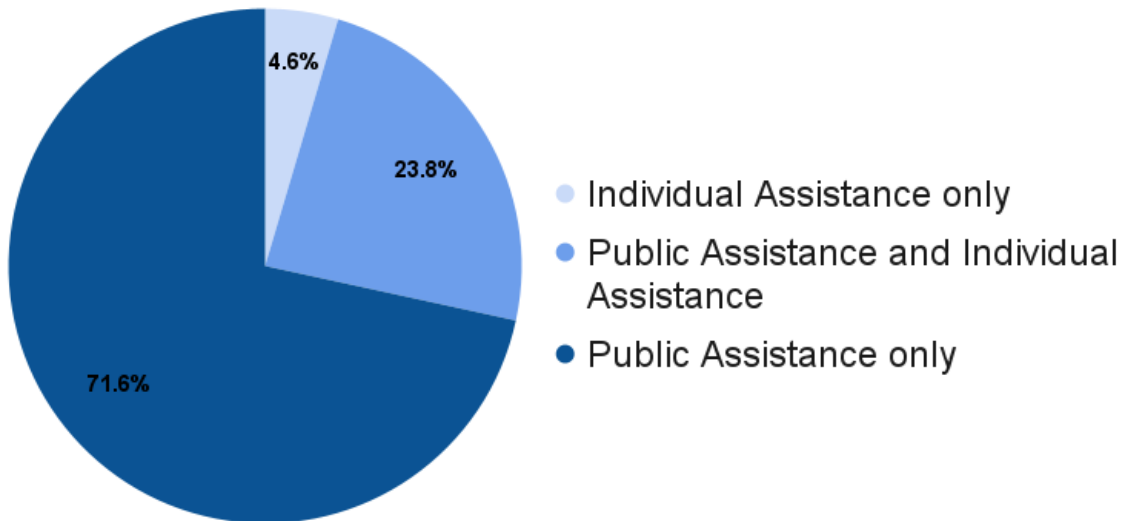
Source: Data from OpenFEMA. Dataset, "Disaster Declarations Summaries - v1," U.S. Federal Emergency Management Agency. Accessed January 12, 2022. <https://www.fema.gov/openfema-data-page/disaster-declarations-summaries-v1>

³ Robert T. Stafford Disaster Relief and Emergency Assistance Act of 1988, Pub. L. No. 100-707, 102 Stat. 4689 (1988). <https://www.govinfo.gov/content/pkg/STATUTE-102/pdf/STATUTE-102-Pg4689.pdf>

⁴ For more detail, see: Federal Emergency Management Agency (2020). "How a Disaster Gets Declared." <https://www.fema.gov/disasters/how-declared>

⁵ The initial FEMA dataset was broken up into 23 categories. To better present this data visually, several categories with only a few occurrences were grouped into the category "Other" (e.g., "human causes" and "chemical") and other categories were combined (e.g., "Freezing" and "Snow" as well as "Coastal Storm," "Severe Storm(s)," and "Severe Ice Storms").

FIGURE 2: DISASTER DECLARATIONS BY TYPE OF FEMA ASSISTANCE AUTHORIZED, 2000 TO 2020



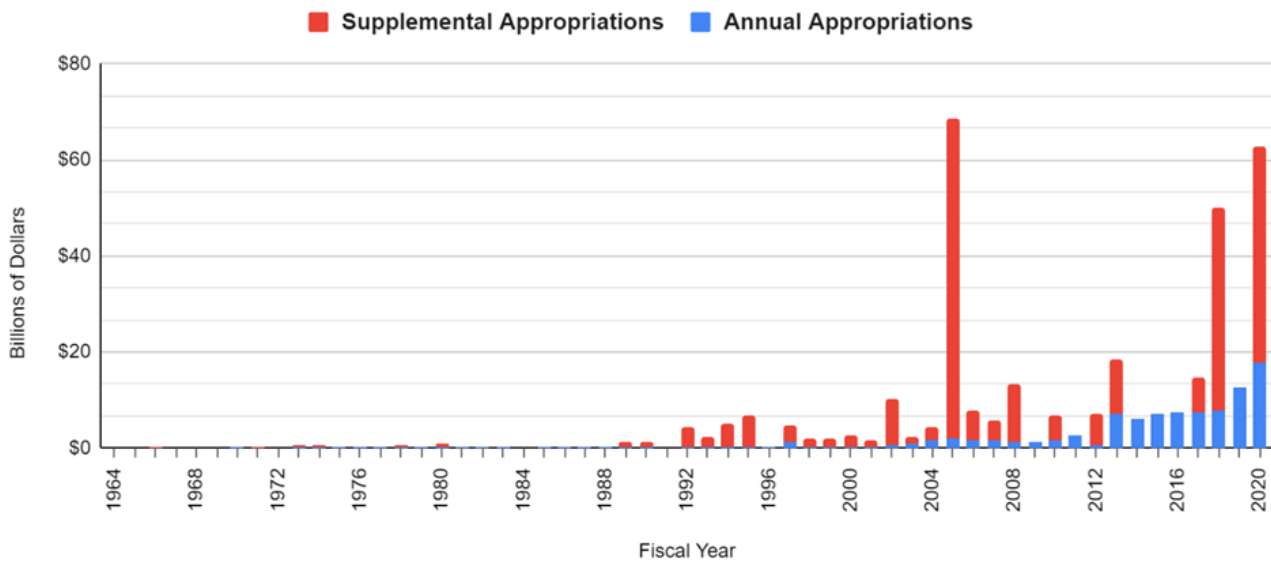
Source: OpenFEMA Dataset, “Disaster Declarations Summaries – v2,” U.S. Federal Emergency Management Agency. Accessed October 28, 2020. <https://www.fema.gov/openfema-data-page/disaster-declarations-summaries-v2>

A disaster declaration also authorizes the Small Business Administration (SBA) to make federal disaster loans available to impacted households and businesses. Following severe disasters, Congress may additionally choose to authorize and appropriate funding for assistance through other federal agencies. The Department of Housing and Urban Development (HUD) received the largest amount of Congressionally-appropriated disaster funds during the past two decades. This primer summarizes the disaster programs in FEMA, SBA, and HUD.

FEMA ASSISTANCE

FEMA was created in 1979 through an executive order by President Jimmy Carter. In 2003, it became part of the Department of Homeland Security (DHS). The agency’s primary purpose is to help people and communities before, during, and after disasters. FEMA can begin obligating aid after a disaster declaration using funds from the Disaster Relief Fund (DRF). The DRF receives annual appropriations from Congress; in particularly severe years, Congress will need to appropriate additional funds. More than 80% of net appropriations for the DRF have been provided through supplemental appropriations – this is shown in Figure 3.

FIGURE 3: ANNUAL AND SUPPLEMENTAL APPROPRIATIONS TO THE DISASTER RELIEF FUND



Source: Congressional Research Service (2021). The Disaster Relief Fund: Overview and Issues. Data extrapolated from Appendix: Table A-1. <https://crsreports.congress.gov/product/pdf/R/R45484>

Note: The peaks in 2005, 2018, and 2020 are due to Hurricane Katrina, Hurricane Harvey, and the COVID-19 crisis, respectively.

The DRF funds three aid programs, each of which will be summarized in this section:

1. the Individual Assistance Program,
2. the Public Assistance Program, and
3. the Hazard Mitigation Grant Program.

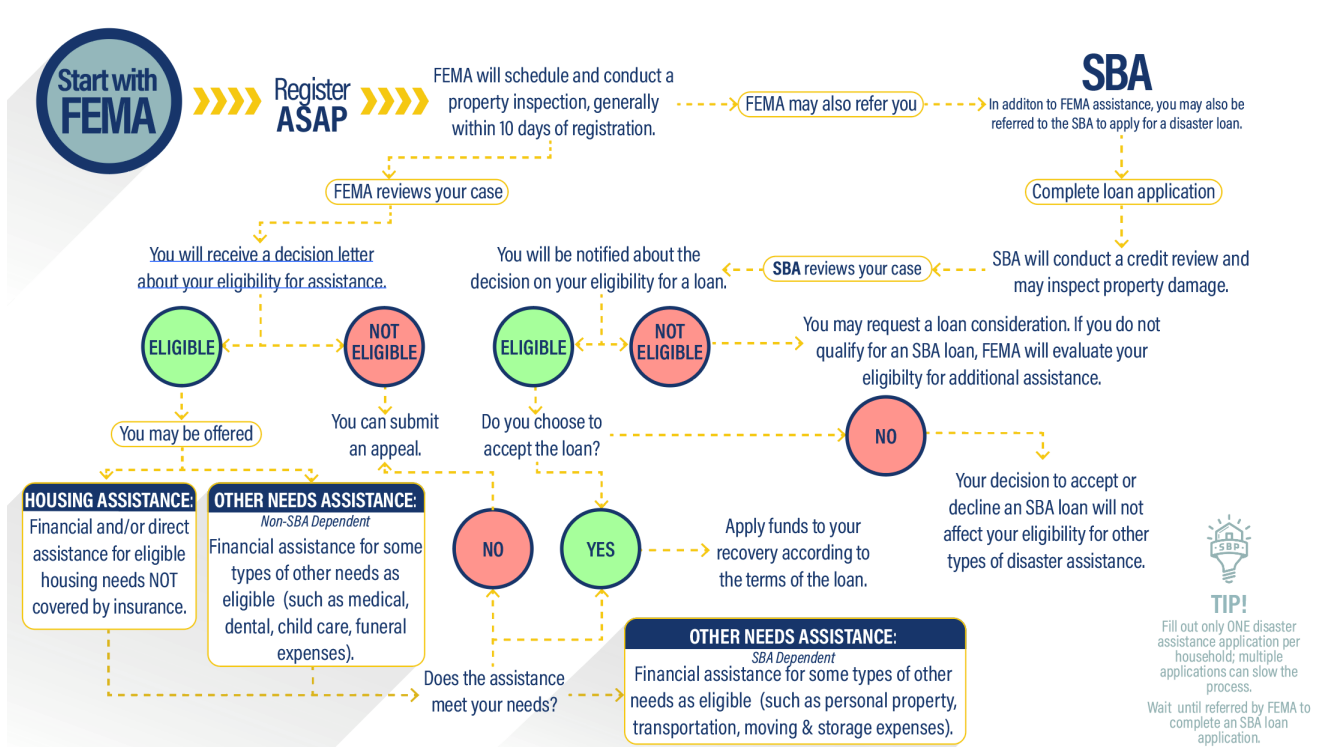
INDIVIDUAL ASSISTANCE PROGRAM

After a major disaster, affected individuals in the disaster area can seek financial, legal, and crisis management services from FEMA through the Individual Assistance Program. Individual Assistance is comprised of several programs such as the Crisis Counseling Assistance and Training Program (CCP) and Disaster Legal Services (DLS). Most pertinent to this primer on financial resources for recovery is the Individual and Households Program (IHP), which provides financial help or direct services to those with necessary expenses who cannot meet these needs through other means. The IHP program consists of two types of assistance: (1) Housing Assistance (HA), which includes temporary housing; repair or replacement; and semi-permanent or permanent housing construction and (2) Other Needs Assistance (ONA), which includes assistance for repair or replacement of personal property, as well as funding for transportation, medical, and child care expenses, among others. Both categories of IHP funding are available only for costs that are not covered by insurance or other disaster aid programs. Households must individually apply for IHP funding, and after receiving an application, FEMA conducts an inspection and application review to assess damages and determine eligibility. HA has no cost share, but ONA has a 25% cost share, meaning the federal government only pays 75% of the total costs.

Between 2016 and 2018, the IHP provided almost 2 million people with disaster aid, but the amounts received are typically fairly modest. IHP is designed to meet basic needs, not make households whole again after a disaster. It is designed only to make homes safe and habitable again, not bring them back to pre-disaster condition. The maximum possible award per household, indexed to inflation, is currently \$37,900,⁶ but most awards are much less. Under the Individuals and Households Program, the average award amount was \$8,160 (with a median award of \$3,060) in 2016.

Unfortunately, some households struggle to access the program. First, the application process can be difficult to navigate and may be more accessible to those with time, income, and resources.⁷ Individuals are typically required to apply to the Small Business Administration (SBA) loan program and only receive IHP assistance if they do not qualify for a loan. This can be confusing or cause delays. The U.S. Government Accountability Office (GAO) concluded in 2020 that FEMA “did not fully explain the requirement to survivors and its process for the requirement may have prevented many survivors from being considered for certain types of assistance, including low-income applicants who are less likely to qualify for an SBA loan.”⁸ The process is shown in Figure 4.

FIGURE 4: FEDERAL DISASTER ASSISTANCE STEP BY STEP



Source: SBP approved the reproduction of this figure.

This figure was updated on March 10, 2022. The original document included an outdated version.

⁶ Federal Register / Vol. 86, No. 217 / Monday, November 15, 2021 / Notices
<https://www.govinfo.gov/content/pkg/FR-2021-11-15/pdf/2021-24742.pdf>

⁷ Federal Emergency and Management Agency (2020). “National Advisory Council Report to the FEMA Administrator November 2020.” https://www.fema.gov/sites/default/files/documents/fema_nac-report_11-2020.pdf

⁸ United States Government Accountability Office (2020). “DISASTER ASSISTANCE Additional Actions Needed to Strengthen FEMA’s Individuals and Households Program.” <https://www.gao.gov/assets/gao-20-503.pdf>

Until recently, a proof-of-ownership requirement denied some individuals assistance. For example, an estimated 260,000 homes in Puerto Rico do not have formal titles or deeds, which disqualified them from receiving aid.⁹ Nationally, it is estimated that land title issues account for about 2% of denied applications, but these may be concentrated in minority communities since individuals in these communities are more likely to inherit property informally.¹⁰ In response, in September of 2021, FEMA expanded accepted documentation for the program.

There remains concerns that aid—perhaps because of some of the challenges with accessing it—goes disproportionately to higher income and whiter areas. A 2020 report by FEMA’s National Advisory Council found that FEMA’s programs “provide an additional boost to wealthy homeowners and others with less need, while lower-income individuals and others sink further into poverty after disasters.”¹¹

PUBLIC ASSISTANCE PROGRAM

Public Assistance (PA) is the FEMA program that provides funds to communities struggling with disaster response and recovery. This program is the largest share of DRF spending. State and local governments, Native American Tribes, and some private nonprofit organizations (those that provide essential services to the public, such as utilities or medical care) are eligible to receive Public Assistance.

TABLE 1: STATES THAT PAY ALL OR SOME OF THE LOCAL MATCH FOR THE FEMA PUBLIC ASSISTANCE PROGRAM

Cost Share Agreement	States
States that pay all 25% of the state/local government match	Alaska, Hawaii, Minnesota, North Carolina, Pennsylvania, West Virginia
25% evenly split between state and local governments	Alabama, Florida, Nebraska, Tennessee, Wisconsin
Cost shares present, but costs are not split evenly	Arizona, Georgia, Idaho, Iowa, Kansas, Kentucky, Maine, Mississippi, Missouri, Montana, New Mexico, North Dakota, South Dakota, Washington

Source: National Emergency Management Association (2020). “2020 Biennial Report” Lexington, KY: April. Available at: <https://www.nemaweb.org/index.php/resources/online-store/nema-publications/2020-nema-biennial-report-digital-version>

⁹ Garcia, I. (2021). “The Lack of Proof of Ownership in Puerto Rico Is Crippling Repairs in the Aftermath of Hurricane Maria.” American Bar Association.

https://www.americanbar.org/groups/crsj/publications/human_rights_magazine_home/vol--44--no-2--housing/the-lack-of-proof-of-ownership-in-puerto-rico-is-crippling-repai/

¹⁰ Dreier, H and Ba Tran, A. (2021). “The real damage.” Washington Post

<https://www.washingtonpost.com/nation/2021/07/11/fema-black-owned-property/>

¹¹ Federal Emergency and Management Agency (2020). “National Advisory Council Report to the FEMA Administrator November 2020.” https://www.fema.gov/sites/default/files/documents/fema_nac-report_11-2020.pdf

PA funds both short-term “Emergency Work” and long-term “Permanent Work.” Emergency work includes activities such as debris removal and emergency protective measures and must be completed within six months of a disaster declaration. Permanent work refers to efforts that repair, restore, and replace public and eligible nonprofit facilities damaged by the disaster. Permanent work efforts must be completed within eighteen months of a disaster declaration.¹² Public Assistance program funding is provided through a cost-share system where FEMA covers up to 75% of eligible costs while the remaining 25% must come from non-federal funding. Because some local governments may not have the resources to cover the cost-share, several states have established programs to help pay these funds for local governments. The proportion of these funds can vary greatly from state to state as shown in Table 1: six states cover the full 25% match for their local governments while 15 states pay no portion, passing the full cost burden onto local governments. The remaining states either have other cost arrangements or the 25% match is split between state and local government.

HAZARD MITIGATION GRANT PROGRAM

FEMA’s Hazard Mitigation Grant Program (HMGP) provides funding to help communities adopt risk reduction measures to increase resilience and reduce the damage from future disasters. (Note: FEMA also has pre-disaster grant programs to fund risk reduction; this primer is limited to post-disaster funding.) States receive HMGP funds automatically after a disaster declaration if they have a Hazard Mitigation Plan in place. Hazard Mitigation Plans are required for state and local governments to qualify for the funds; such plans identify current vulnerabilities and risks along with strategies to protect people and properties from these risks. All 50 states have approved State Mitigation Plans. An Enhanced State Mitigation Plan, which has been approved by FEMA in 15 states, requires states to develop a comprehensive mitigation program. If they adopt an enhanced plan, they are eligible for additional HMGP funding. The amount of HMGP funding available to an applicant is determined by the overall amount of federal assistance FEMA allocates under the major disaster declaration and is based on a sliding scale.¹³

In August 2021, President Biden approved nearly \$3.5 billion in HMGP funding to increase resilience to climate change impacts across the country. All states, tribes, and territories where a disaster declaration was issued due to the pandemic were eligible to receive 4% of the disaster costs related to their declaration.¹⁴ The

¹² Permanent Work projects may also include mitigation measures designed to reduce or eliminate damages from a future, similar event through Section 406 of the Stafford Act. Funding for mitigation measures is subject to the 75/25% cost share. FEMA evaluates proposed mitigation measures for four main factors: risk reduction, cost-effectiveness, technical feasibility, and compliance with applicable laws and regulations.

¹³ For states/territories with a FEMA-approved Standard State or Tribal Mitigation Plan, the formula provides for up to 15% of the first \$2 billion of estimated aggregate amounts of disaster assistance, up to 10% for amounts between \$2 billion and \$10 billion, and 7.5% for amounts between \$10 billion and \$35.333 billion. For states/territories with a FEMA-approved Enhanced Mitigation Plan, up to 20% of the total of Public and Individual Assistance funds authorized for the disaster (up to \$35.333 billion of such assistance) are available.

¹⁴ White House (2021). “Fact Sheet: Biden Administration Announces Nearly \$5 Billion in Resilience Funding to Help Communities Prepare for Extreme Weather and Climate-Related Disasters.” <https://www.whitehouse.gov/briefing-room/statements-releases/2021/08/09/fact-sheet-biden-administration-announces-nearly-5-billion-in-resilience-funding-to-help-communities-prepare-for-extreme-weather-and-climate-related-disasters/>

awarded funds are not restricted to pandemic-related mitigation and can be used to invest in mitigation projects that reduce risks from natural disasters. While 4% is a lower percentage than the amounts typically awarded for HMGP, the total funding of \$3.46 billion is the largest amount of HMGP funding authorized in a single fiscal year.¹⁵

Local communities may apply for HMGP funding, either for their own use or on behalf of households or businesses. HMGP will cover the costs of a variety of hazard mitigation measures. These include, but are not limited to, flood protection, government acquisition of at-risk properties, and construction of safe rooms in hurricane and tornado-prone locations. All projects authorized under the HMGP must conform to the state's Hazard Mitigation Plan, benefit the disaster area directly, and follow all existing environmental regulations. As with the Public Assistance program, funding has a 25% local cost share.

In recent years, states have used significantly less funding than they are allocated by the HMGP. From 2008 to 2017, states and territories spent only 49% of their grants.¹⁶ The cost-share requirement of 25% non-Federal funding can limit their ability to make use of the funds. Additionally, the grant application process is complex and requires extensive reporting and analysis. States can receive management fees and provide technical assistance to local governments. Nonetheless, this could cause sub-applicants for HMGP funding—municipalities and counties which often lack the resources to compile the technical project information—to fail to apply for HMGP grants. FEMA has begun to address this issue by recognizing the need to streamline the HMGP application process in its 2018-2022 Strategic Plan. In 2019, FEMA reduced data entry requirements and introduced pre-calculated benefits for some project types (such as safe rooms and elevation of structures).

FEMA INSURANCE REQUIREMENT

The National Flood Insurance Reform Act requires applicants that live in Special Flood Hazard Areas (FEMA-mapped 1% annual chance floodplain, commonly called the 100-year floodplain, and depicted on Flood Insurance Rate Maps) and receive FEMA disaster assistance related to flood events for home repair, replacement, or personal property purchase,^{17, 18} to obtain and maintain flood insurance coverage for at least the amount of assistance received from FEMA. FEMA is not able to provide financial assistance for acquisition or construction purposes to individuals that fail to meet this requirement. The following provisions affect how this obligation is reassigned to subsequent owners, tenants, or dwellings constructed at the affected address:

¹⁵ Congressional Research Service (2021). "Recent Funding Increases for FEMA Hazard Mitigation Assistance." <https://crsreports.congress.gov/product/pdf/IN/IN11733>

¹⁶ Frank, T. (2021). "States shun billions in federal aid as climate costs soar." E&E News. <https://www.eenews.net/stories/1063726077>

¹⁷ See: https://www.fema.gov/sites/default/files/2020-05/IHP_Unified_Guidance_FINAL_09272016_0.pdf

¹⁸ Individuals who do not have flood insurance and have received FEMA assistance for a home or personal belongings after a presidentially declared disaster may be able to receive a Group Flood Insurance Policy (GFIP). To receive Group Flood Insurance coverage, the applicant must meet the following requisites: (1) Flooding damaged the applicant's property located in a Special Flood Hazard Area. (2) The applicant was approved for FEMA disaster assistance (3) The damaged property is in a NFIP participating community and is eligible for NFIP coverage. (4) The applicant did not have a previous requirement to maintain flood insurance on the damaged property. (5) The applicant was denied a loan from the SBA. Prior to the expiration of the GFIP, a flood insurance policy must be purchased to maintain coverage. If coverage is not maintained, the applicant will not be eligible for future disaster assistance.

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- If the disaster aid applicant is a homeowner, flood insurance coverage must be maintained at the address of the flood-damaged property for as long as the address exists. Any subsequent owners at the affected address will need to maintain flood insurance.
 - If the disaster aid applicant is a renter, flood insurance coverage must be maintained on the contents for as long as the renter resides at the flood-damaged rental unit. Subsequent renters do not need to maintain flood insurance on their contents.
 - If financial assistance is used to purchase a dwelling, flood insurance coverage must be maintained on the dwelling for as long as (1) the dwelling exists and (2) is located in a designated Special Flood Hazard Area. The flood insurance requirement is reassigned to any subsequent owner of the dwelling.¹⁹

SMALL BUSINESS ADMINISTRATION

Created in 1953, the U.S. Small Business Administration (SBA) is an independent agency of the federal government, created to aid, counsel, assist and protect the interests of small businesses. Through its Disaster Loan Program, the SBA provides low-interest loans to businesses, homeowners, and renters to repair or replace damaged property (and for lost revenue to businesses). While the SBA broadly is focused on businesses, residential borrowers are the large majority of the disaster loans, making up 86% of applicants.²⁰

For households, there are two categories of loans. Personal property loans from the SBA provide up to \$40,000 to replace uninsured or underinsured items such as clothing and furniture which are lost or damaged due to a disaster. Real property loans are aimed at restoring a homeowner's primary residence and can provide up to \$200,000. From 2004 to 2018 the average home disaster loan was \$46,000 while the median loan was \$24,000.²¹ The number of loans written each year may differ, depending on the number of disaster declarations and extent of damage in a given year. For example, over 53,000 home disaster loans were written in 2017, mainly from Hurricane Harvey.²² Excluding canceled loans, the average number of loans written per year from 2005 to 2018 was 20,376.²³

Disaster loans from the SBA can be a crucial part of the recovery process for those that are able to take on additional debt. However, not all households qualify. In order to receive an SBA loan, borrowers must meet certain debt-to-income and credit score requirements. As such, denials of loans increase as income declines. The SBA program is thus not designed to assist the lowest-income disaster survivors, who will likely not be able to access credit for their recovery. This is shown in Figure 5. Households that fall below this threshold are referred to FEMA Individual Assistance for support.²⁴

¹⁹ For more information, see: <https://www.hud.gov/sites/documents/40101C7HSGH.PDF>.

²⁰ Source: internal analysis of SBA Disaster Loan data. Note: the views expressed are those of the authors and do not necessarily reflect those of the Small Business Administration (SBA).

²¹ Source: internal analysis of SBA Disaster Loan data.

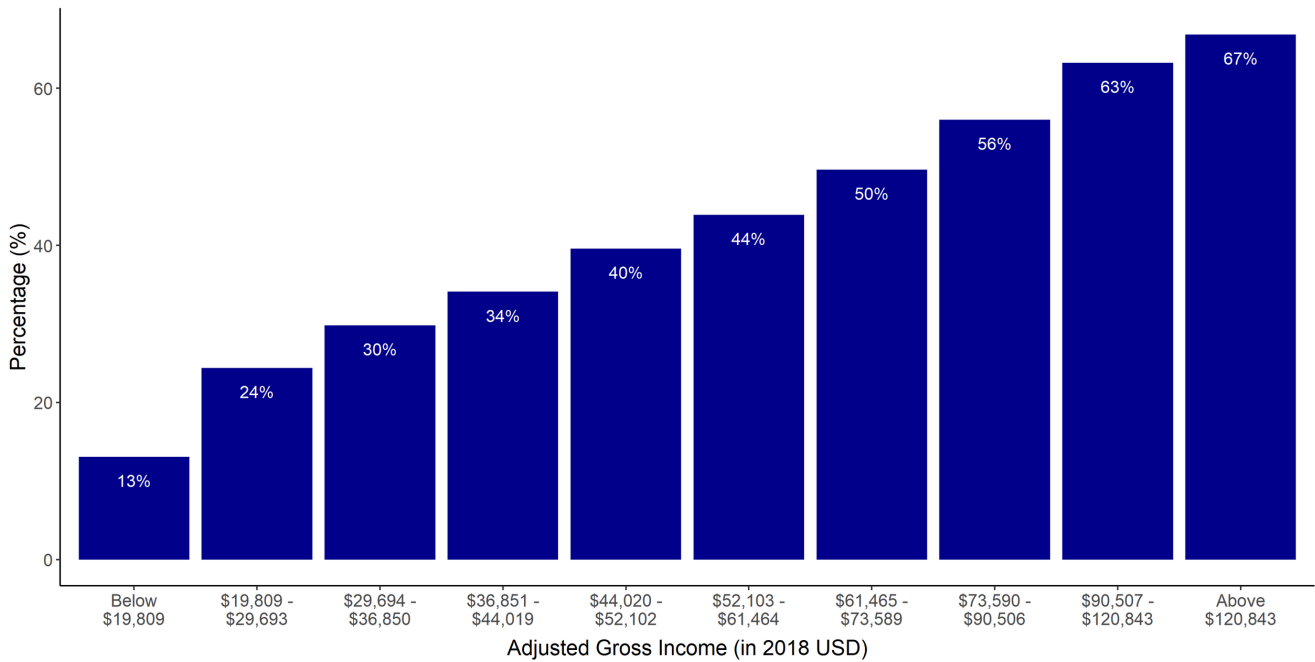
²² According to SBA Disaster Loan data.

²³ According to SBA Disaster Loan data.

²⁴ St. Peter, E. (2020). "Wildfires and Recovery: FEMA's Individual Assistance funding provides important support—but unfunded damages remain" [Blog Post]. Lab Notes. April 16.

With the SBA’s Mitigation Assistance program, homeowners can increase their loan amount by up to 20% through the implementation of disaster mitigation measures. Examples of approved projects under the Mitigation Assistance program include elevating structures, improving water runoff and drainage, and installing non-combustible fences and gates. Very few borrowers make use of this program to embrace risk reduction as part of rebuilding.

FIGURE 5: SBA DISASTER LOAN APPROVALS BY INCOME FOR RESIDENTIAL LOANS



Source: Wharton Risk Center analysis of SBA disaster loan data.

Note: Withdrawn/cancelled applications are excluded. About 16% of applicants did not disclose their adjusted gross income information, among which 99.9% were declined. We thank Xuesong You for his help with this analysis.

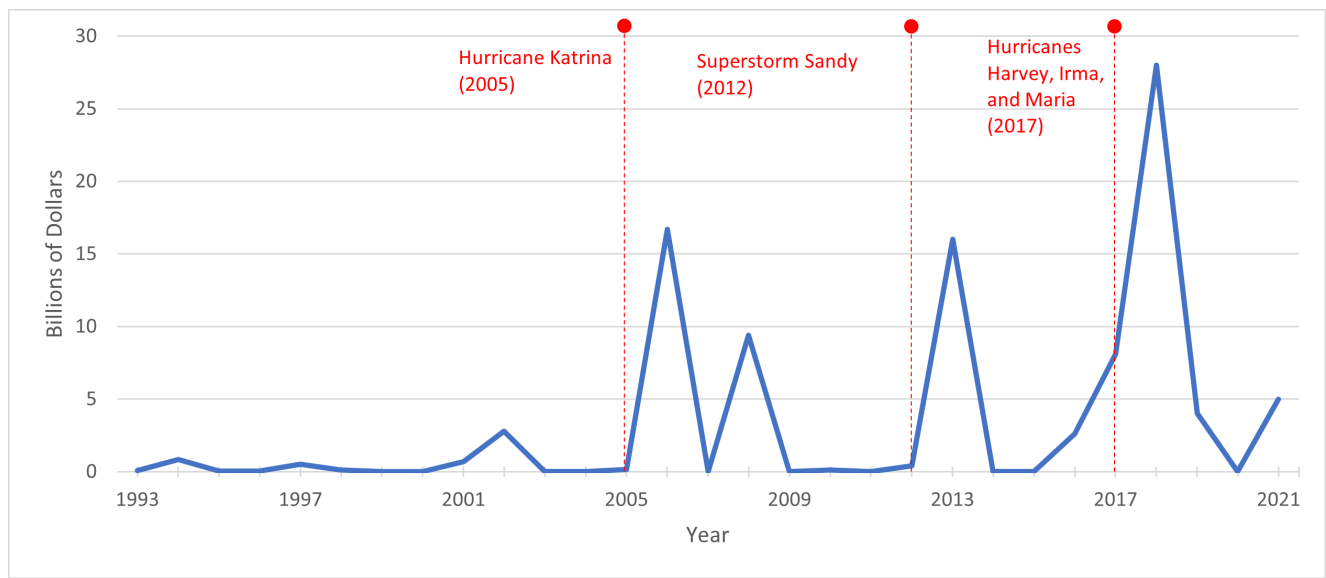
DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT

Since the early 1990s, when authorized by Congress, the Department of Housing and Urban Development (HUD) has been providing flexible grants to local governments for disaster recovery through their Community Development Block Grants - Disaster Relief (CDBG-DR) program. To qualify for funds, grantee communities must have significant unmet needs and limited capacity and resources to recover. Unlike disaster aid programs administered by FEMA and the SBA, CDBG-DR is not a standing program. This means that each time CDBG-DR is used, Congress must authorize it and appropriate funds. HUD then sets rules for how these funds can be used. Communities create action plans in response, which are then approved and monitored by HUD. Once approved, communities then often have to stand up new programs.

This process means that it can take a long time for impacted communities to receive CDBG-DR funds. Figure 6 shows total appropriations by year. As seen in the figure, it can sometimes take Congress months to appropriate funds to this program. Once that occurs, the process of applying, receiving the funds, and

launching programs add further delays. Recent research, for example, has shown that after Hurricane Sandy, housing activity associated with CDBG-DR funds did not begin for over two years after the disaster declaration.²⁵ Similarly, while Hurricane Katrina occurred in August 2005 many funds did not make their way to the impacted states until years later. As such, these funds are not a source of immediate response and recovery dollars but used for long-term reconstruction and development. Recent policy conversations have been exploring making CDBG-DR a standing program.

FIGURE 6: CDBG-DR APPROPRIATIONS, 1993-2021 (BILLIONS, 2021 USD)



Source: U.S. Department of Housing and Urban Development (2020). “Community Development Block Grant Disaster Recovery CDBG-DR Overview.” <https://files.hudexchange.info/resources/documents/CDBG-Disaster-Recovery-Overview.pdf> and Bipartisan Policy Center (2021). “An Update on HUD’s Next Round of CDBG-DR Grants.” <https://bipartisanpolicy.org/blog/an-update-on-huds-next-round-of-cdbg-dr-grants/>

CDBG-DR funds are targeted at lower-income areas and typically have requirements that a certain share of funds benefit these groups. They are to be used for “necessary expenses related to disaster relief, long term recovery, and restoration of infrastructure, housing, and economic revitalization.”²⁶ State and local governments have enormous flexibility in how they use the CDBG-DR dollars. Typically, a large share of the grants are dedicated to housing, public facilities, and economic development activities to revitalize disaster-stricken areas. Many local governments also choose to use the funds to invest in risk reduction measures. Since 1993, there have been twenty-seven CDBG-DR appropriations in total (some years have had more than one), providing nearly \$100 billion to disaster-affected communities across the United States.

²⁵Martin, C., Teles, D. and DuBois, N. (2021). “Understanding the Pace of HUD’s Disaster Housing Recovery Efforts.” *Housing Policy Debate* <https://doi.org/10.1080/10511482.2021.1875258>.

²⁶U.S. Department of Housing and Urban Development (2020). “Community Development Block Grant Disaster Recovery CDBG-DR Overview.” <https://files.hudexchange.info/resources/documents/CDBG-Disaster-Recovery-Overview.pdf>

Beyond CDBG-DR, HUD has several other programs that provide loans to rebuild or replace damaged homes through the Federal Housing Administration (FHA). FHA also operates a foreclosure moratorium program, which stops the beginning of a foreclosure or delays a foreclosure that may be underway. Finally, HUD operates a housing counselling service for those impacted by natural disasters.

ONGOING POLICY CHALLENGES

As disaster risk grows in the coming years from a combination of climate change and continued development in hazardous areas, government outlays in response will also continue to trend upward. Ensuring equitable and smooth recoveries that also help reduce future losses will require policy modifications. Currently, the process of securing disaster aid is complicated and, at times, arduous for disaster survivors. Each of the programs discussed here operates differently and has different eligibility criteria. Government agencies could streamline their processes and generally make them easier to navigate. Research has found that lower-income households are disproportionately impacted by disasters.²⁷ While the HUD CDBG-DR program typically has requirements that a certain share of funds be used for low- to moderate-income households and communities, no other disaster programs are targeted to these groups. Improving the equity of disaster aid is a pressing goal in the near-term. In addition, it is necessary to make investments that will reduce future losses. The rebuilding that takes place after a disaster is an opportunity to build back stronger, yet our aid programs are not currently optimized to prioritize risk reduction, although reform efforts are underway.

²⁷For example, see: Urban Institute (2019). “Insult to Injury: Natural Disasters and Residents’ Financial Health.” <https://www.urban.org/research/publication/insult-injury-natural-disasters-and-residents-financial-health>