Todd Richardson
Office of Policy Development and Research
Department of Housing and Urban Development
451 7th Street SW, Room 8138, Washington, DC 20410

FORMULA RFI

The Partners for Rural Transformation is grateful for the opportunity to submit a response to the Department of Housing and Urban Development's Request for Information Community Development Block Grant Disaster Recovery (CDBG-DR) Formula (Docket No. FR-6337-N-01) and the associated Request for Information for HUD's Community Development Block Grant Disaster Recovery (CDBG-DR) Rules, Waivers, and Alternative Requirements (Docket No. FR-6336-N-01).

The Partners for Rural Transformation (PRT) is guided by a vision of a nation where persistent poverty no longer exists. PRT consists of six regional Community Development Financial Institutions (CDFIs) who are located in and serve regions with a high prevalence of rural persistent poverty. The CDFIs—Come Dream | Come Build (cdcb) of Brownsville, Communities Unlimited, Fahe, First Nations Oweesta Corporation, (HOPE) Hope Credit Union and Hope Enterprise Corporation, and Rural Community Assistance Corporation— formed a coalition, currently called the Partners for Rural Transformation (PRT). With a shared ethos of investing in both people and places and informed by the voices of local people, we seek to unify around opportunities in diverse communities at a time of great division in our nation. Perhaps nowhere else in the United States is the structural exclusion by race and place more self–evident than in communities of persistent poverty. Of the 395 persistent poverty counties, eight out of ten are rural. The majority (60%) of people living in persistent poverty counties are people of color. In fact, 4 out of 10 (42%) persistent poverty counties are majority people of color.

A closer look at persistent poverty America reveals how structural exclusion by place and race continues to paint a picture that is steadfastly rural and marred by racial, capital and data inequity. Rural America faces systematic, avoidable, and unjust economic, health, and racial disparities. Legacies of forced geographic and cultural displacement, enslavement, financial discrimination, residential segregation, and transitioning economies have left an indelible mark. PRT Partners are dedicated to providing critical financial services to areas that otherwise have none in order to reach communities where the racial wealth gap is at its widest.

First, it is important to understand that persistent poverty is a choice of public policy. It is neither accidental nor incidental. Nowhere else in the United States is the structural exclusion by race and place more self–evident than in persistent poverty America. On its face, persistent poverty is a measure used to describe counties and parishes where the poverty rate has eclipsed 20% for at least three decades in a row.

Persistent poverty exists in places with historical legacies of economic extraction: Appalachia, the Black Belt and Mississippi Delta, Indian Country, the rural west, and South Texas. Failing to acknowledge this history maintains a public policy of disinvestment; this is a choice which takes many forms including a general lack of prioritization, a neglect in creating targeted funding, a

disregard for holding state and local stewards of federal funds accountable, and a long-existing deficit in representation for these communities.

Our regions endure a multitude of the natural disasters that happen: from rampant wild fires and earthquakes in the west, devastating tornadoes across the deep south, to catastrophic flooding in the east. Rural and persistently poor regions lack the needed investments such as local government capacity, safe infrastructure and access to other basic needs to thrive before disaster strikes, and this disinvestment becomes exacerbated once a community is in crisis. There are several layers of structural barriers in place that do not allow a community to maximize the impact of CDBG-DR funds. First, the ability to obtain and disperse CDBG-DR funds as needed throughout the community can be a barrier for small localities with lower levels of capacity. A second layer of barriers to utilizing CDBG-DR funds in persistently poor rural areas is that the CDBG-DR funding can leave gaps (for those able to afford disaster-related insurance) between what is insured and the total cost to rebuild. There are tertiary levels of structural barriers as well, unique to each rural region and community that require a more flexible model and support from federal agency staff to unlock the full potential of CDBG-DR grants.

We applaud the Department of Housing and Urban Development's Office of Policy Development and Research for allowing public comments on how to ensure that CDBG-DR funds reach the rural and persistently poor communities disproportionately affected by disaster. CDBG-DR funds are a critical asset to communities facing devastation; offering the opportunity to prosper again. With the recommendations below from our Partners who live in and serve these areas, and experience these disasters first-hand, CDBG-DR grants can serve as a catalyst in persistently poor rural America to begin the journey to long-term recovery, precovery, and persistent prosperity.

Summary

- Measuring disaster impacts and unmet recovery needs caused by different hazards requires different data sources. Limiting the unmet housing needs assessment to FEMA IA and SBA registrants limits the universe of households with unmet needs. HUD needs to incorporate additional data sources, including rigorous state-level data sources, to accurately capture unmet recovery needs for the allocation methodology.
- Wildfire losses are included in a standard renters or homeowners insurance policy, so wildfire insurance penetration is much higher than that for floods/wind/earthquakes, which are covered by standalone hazard insurance policies. However, many LMI households who are insured are underinsured. Insurance costs in high fire risk areas are rising quickly to reflect growing climate risks and historical losses. Insurance policy coverage is not keeping up with steep increases in replacement costs, widening the underinsurance gap.
- Permanently authorize the program, which will allow HUD and communities to plan more concretely, deliver funding more quickly, and help Americans in need in a timely manner. While there are many steps in the CDBG-DR process from legislation to recipient, the largest delay is caused by the wait for Congress to act in response to a given disaster. In the absence of congressional action to make CDBG-DR permanent, HUD's intention to create a Universal Notice is admirable and supported by PRT.
- HUD should count low- and moderate-income households that are underinsured as having unmet recovery needs, which will require looking beyond FEMA IA and SBA loan registrants.

- Most wildfire-impacted structures are destroyed, increasing per unit recovery costs. The current maximum unmet housing needs multiplier of $134,503 is less than half of typical per unit unmet housing recovery needs.
- Based on methodologies detailed in this response, HUD should increase its maximum unmet housing needs multiplier to at least $320,000 per severely damaged unit.

PRT fully supports the recommendations of our national Partner, the Housing Assistance Council (HAC), which can be seen below.

- To make CDBG-DR most effective in rural and Tribal areas, HUD must build local capacity itself, or require state grantees to do so.
- To achieve geographic equity in the distribution of CDBG-DR resources, HUD must account for the difficulties of appraising rural properties, as well as for a variety of nontraditional housing and nontraditional forms of ownership that are common in rural places.
- HUD, FEMA, the U.S. Department of Agriculture, and other agencies involved in the disaster recovery process should develop a single set of standardized forms and templates for applicants to use.

Disaster can strike anywhere, but the impacts always disproportionately affect our low-income neighbors. In Appalachia, the footprint of Fahe, a PRT Partner, these are the families who live alongside creeks that flood, or in mobile homes easily destroyed by tornadoes, or whose homes already had insufficient protection against cold and water during winter storms. In California, PRT Partner RCAC sees their rural areas face a large gap in insurance coverage and cost to rebuild; leaving CDBG-DR one of the few sources for families to rely on after a fire. When a disaster impacts these families, they are the least able to financially weather the storm – requiring the most resources to rebuild their lives.

But our federal disaster response and relief system is set up in almost direct opposition to these truths. The immediately available financial resources in the aftermath of a disaster are small dollar FEMA grants, and Small Business Administration loans that are only affordable to moderate- and high-income families. Those without the means to recover independently, or with the modest payments from FEMA, must wait years for the CDBG-DR program to help them rebuild. Our current system, while initially well intentioned, is failing our neighbors and our communities. This failure is compounded in rural places and in places of persistent poverty.

For rural communities especially, disaster resiliency depends on sufficient capacity and resources. It is important to ensure that short-term and long-term disaster assistance and recovery are equitably distributed to all segments of the community regardless of income, race, ethnicity, age, ability, homeownership status, or immigration status. PRT and HAC support increased capacity building for disaster resiliency in rural places and the equitable distribution of federal disaster relief funding streams to rural and persistently poor communities.

Question 1: Given the policy objective of quickly allocating funds so that state and local officials can speedily develop programs to address their most serious unmet needs for disaster recovery, are there other ways HUD might allocate CDBG–DR funds beyond the methodology described above?

To calculate unmet needs and determine allocations more quickly and accurately, HUD should look to state alternative methodologies and incorporate state-level data when available; and

utilize historical FEMA and SBA data to model estimated unmet housing needs. HUD could allocate a portion (a half or two-thirds) of a supplemental appropriation without waiting and then allocate the remaining portion after FEMA IA, SBA, and insurance data become available to correct for variation between the estimate and incoming data. [1]

HUD's existing unmet housing needs methodology underestimates needs for communities impacted by wildfires, in which impacted housing structures are usually destroyed. Disasters exacerbate California's worst in the nation housing shortage. Limited funding as a result of a dated unmet needs methodology forces grantees to employ increasingly restrictive eligibility criteria for disaster assistance, prolonging community recovery and increasing the likelihood of displacement and homelessness for LMI households.

The California Department of Forestry and Fire Protection (CAL FIRE) conducts its own rigorous damage inspection assessment (DINS), which more fully captures structural losses from wildfire disasters. As the state fire agency, CAL FIRE deploys inspectors after all disasters within the State of California. Using ArcGIS, inspectors use parcel maps to document damage by property. The damage inspection includes parcel, address, structure type, construction type, damage categories, and vegetation clearance information for all impacted properties. This parcel-by-parcel survey includes commercial, mobile home, outbuildings and detached structures, and residential structures. Three examples below describe how HUD can incorporate different data and methods to calculate unmet housing needs in events with higher per unit losses.

2017 & 2020 Wildfire Unmet Needs Methodology

California's 2017 wildfires burned 200,000 acres, destroyed 8,922 structures,[2] and caused over $13 billion in property damage, $11 billion of which were insured.[3] HUD's current unmet housing needs methodology resulted in HUD providing $124 million to the state for unmet needs. HUD's methodology found that total housing impact was $209 million and unmet needs was $185 million, while total impact and unmet needs were $2.3 billion and $1.04 billion respectively.[4]

California's Department of Housing and Community Development (HCD) utilized an alternative unmet needs methodology in its CDBG-DR Action Plan for the 2017 and subsequent wildfires disasters, which HUD subsequently approved for HCD's use of its CDBG-DR allocations.

HCD utilized the CAL FIRE DINS data, which indicated that 7,503 homes were destroyed and 137 severely damaged. California utilized a $300,000 per unit replacement cost as an average of SBA-average property losses ($338,142), American Community Survey median home values ($298,352), and California Insurance Commission median home value ($325,168).[5] In this methodology, replacement homes had a cost of 50 or 75 percent of $300,000 while destroyed homes had 100 percent replacement cost. In HCD's methodology, total estimated housing losses were $2.283 billion and unmet need was $1.7 billion, after subtracting FEMA IA awards and SBA loans. However, the HCD approach required data on processed FEMA grants and SBA loans, which only become available several months after a disaster. Thus, the HCD approach cannot be applied shortly after a disaster to inform a HUD funding appropriation. This bespeaks the need for annual CDBG-DR allocations that can be used to begin the process of meeting unmet needs sooner and if needed, "Supplemental Funding" can be added later.

For California's 2020 disasters, HCD updated its alternative unmet housing needs methodology by using SBA Average Real Property Verified Loss for Severe Properties only, setting the per-unit damage multiplier at $321,735. This number is far below the cost of a full reconstruction or

developing a new unit for either an owner-occupied or renter-occupied unit in the 2020 disaster-impacted areas. Single-family housing reconstruction costs in 2020-impacted areas ranged from $455,000 to $655,000, depending on county.[6] CAL FIRE's DINS data counted 3,847 destroyed single family residential structures. HCD then used the SBA multiplier to calculate $1.238 billion in total owner-occupied damage. Meanwhile, HUD's methodology calculated 504 units (442 severe losses/destroyed units) and $162.2 million in owner-occupied in total owner-occupied damage, in addition to $343.9 million in rental housing damage, for a total of $506 million in housing losses.

Predictive Model

Researchers at the Stanford Urban Resilience Initiative have developed a methodology that uses publicly available historical FEMA and SBA data to develop a predictive model that can provide timely and accurate estimates of community unmet needs.[7] The model looks at FEMA and SBA's approval rates and award amounts over the past twenty years. It inputs housing structure loss data into FEMA's Hazus Loss Model, which calculates the replacement cost as returning a structure to its pre-disaster state.[8] The researchers then input the expected number of applicants into the predictive model using historical FEMA Individual Assistance and SBA loan data. They applied their model to the 2017 California wildfires. Their model predicted a total housing loss of $2.812 billion and unmet need of $2.656 billion.

The model demonstrates that the $124 million allocation would only cover half of unmet housing needs even if all households had been adequately insured. The model's main limitation is lack of clear data on the percentage of units that had insurance coverage – and by how much are insured households underinsured, which the example below attempts to address. However, the model's major benefit is that the predicted losses and unmet needs can be calculated quickly to inform congressional appropriations or accelerate the HUD grant allocation process. Alternatively, it could be used to determine an amount that needs to be allocated on an annual basis as the starting point for meeting unmet needs.

2022 Wildfire Unmet Needs Methodology

HCD developed an alternative unmet housing needs methodology to account for the underinsurance gap in wildfire disasters. HCD utilized county-level data on the number and percentage of households with insurance coverage and the median coverage amount, provided by the California Department of Insurance (CDI). HCD subtracted the estimated insured value from the estimated replacement cost. An application of this model is detailed in the table below. Without any federal assistance in the wake of 2022 wildfires, HCD has calculated that the average per unit unmet housing needs are around $371,000 per destroyed home. California's 2022 wildfire season was relatively mild compared to recent years, with 430 homes destroyed.

Estimated unmet housing needs for California 2022 wildfires							
County	Percent of owner-occupied housing units with insurance	Rebuild cost per sq. ft.	Estimated rebuild cost*	Average insured amount	Estimated insurance gap per unit	Estimated housing unmet needs*	Average cost/unit

El Dorado	67%	$362	$651,600	$612,486	$139,114	$6,604,854	$300,221
Madera	62%	$335	$565,200	$337,279	$227,921	$9,477,244	$351,009
Mariposa	63%	$349	$586,800	$360,724	$226,076	$46,036,788	$356,874
Placer	66%	$385	$651,600	$495,765	$155,835	$6,831,124	$310,506
Riverside	57%	$351	$594,000	$462,123	$131,877	$6,175,885	$325,047
Siskiyou	62%	$357	$603,000	$325,447	$277,533	$84,577,168	$400,840
					Total	$159,703,063	$371,402
Data: California Department of Insurance, ESRI, RS Means							
**Assuming an 1800 sq ft home on a slab foundation*							

Rural and low-income Siskiyou County in far northern California experienced about half of these losses. The county's median household income is $47,403, while the median home value in Siskiyou County is only $214,000. An estimated 62 percent of Siskiyou County homeowners are insured with an average coverage of $325,447, which could recognize that replacement costs are higher than median home values and/or that more expensive properties are more likely to be insured. Regardless, the estimated cost to rebuild an 1,800 sq. ft single family home in Siskiyou County at $335/s. ft. is $603,000. Subtracting estimated insurance coverage, Siskiyou County has $400,840 in unmet housing recovery needs per households.

In a Presidentially-declared major disaster, HUD could subtract FEMA IA and SBA awards from this estimate and replace the estimated uninsured/underinsured losses with reported insurance claims from CDI once that data is available. HUD would then layer in income data to filter out higher income households. The county-level insurance data is a large geographic scope, and property coverage can vary significantly throughout a county. Layering in census tract-level income data can also help control for socio-demographic variations across counties. As a general scenario, if FEMA IA and SBA awards for severe damages were $34,000 and $75,000 respectively, then the average unmet needs in Siskiyou County would be $292,000 – and $262,000 statewide.

Question 3: How should HUD determine the disasters that are eligible for CDBG–DR assistance and the areas that are most impacted and distressed from a Presidentially declared major disaster? Should there be additional thresholds that capture concentration of damage? Should the damage threshold for "most impacted" serious housing damage be raised so that it excludes "major-low"?

CDBG-DR allocations should not hinge on FEMA IA disaster declaration. HUD should consider SBA disaster declarations and state disaster declarations as qualifying events. In doing so, HUD can employ an alternative threshold that considers the percentage of housing units within census tract of county damaged. If one-third of LMI housing units in a community, census tract, or census-designed place are destroyed or severely damaged by a hazard event, then that community should be considered eligible for CDBG-DR, even absent a Presidentially-declared major disaster.

Wildfires have destroyed over 97,000 structures nationwide, including 64,000 structures in California, since 2005.[9] Even though wildfire-impacted states like California are higher capacity, the wildfires are largely impacting rural, lower-income, lower capacity jurisdictions and communities that are difficult for State resources to serve. HUD and/or FEMA should make TA dollars available for the State, local governments, and nonprofits to assist these "low-capacity" rural and Indigenous communities. This alternative threshold would be helpful for rural and tribal communities.

California provides an instructive example. Because FEMA did not approve Individual Assistance (IA) for the 2021 Caldor Fire in El Dorado County, precluding it from the DR-4610 disaster declaration, even though the fire destroyed 1,003 structures, including two-thirds of the Grizzly Flats community. HUD's reliance on FEMA IA data precluded the Grizzly Flats community from inclusion in the MID. Additionally, because HUD relies on FEMA IA data to make its unmet housing needs assessment, this lack of IA data dramatically underestimated California's 2021 wildfire unmet housing needs (as described under question 18).

The household eligibility threshold need not necessarily exclude major-low damages, as an overwhelming number of moderately damaged homes can overwhelm even higher resourced states like California. HCD's experience is that replacement costs for modest single-family homes range from $500,000 to $650,000, and in 2022 HUD granted HCD waiver to increase its award cap for the Owner-Occupied Rehabilitation and Reconstruction (OOR) Program up from $300,000 to $500,000 to reflect the reality of wildfire recovery. The high per unit cost of wildfire recovery limits the number of households that wildfire-impacted states can serve. A higher multiplier for severe damage/destroyed would enable HUD to more accurately and equitably assess unmet needs and allocate finite CDBG-DR resources when per unit replacement costs and unmet needs far exceed the existing multiplier cap.

Questions 7 & 11 : For homeowner occupied units, in addition to uninsured households, should HUD consider the unmet need of insured applicants denied SBA loans? Is there another data source or characteristic HUD should consider to measure the unmet needs of insured applicants? Is there a simpler approach for calculating the multipliers used for unmet needs?

Wildland Urban Interface and Wildfire Disasters

With a changing and warming climate, destructive hazard events are proliferating throughout the nation. However, HUD's methodologies for assessing unmet post-disaster needs are poorly suited to capture the growing cost of these disasters, especially for wildfire events in the west.

As its ongoing atmospheric river and widespread flooding demonstrate, California is not only exposed to wildfire hazards. However, California has experienced 14 of its 20 most destructive wildfires since 2015, four of which were in 2020 and two of which were in 2021. These disasters together destroyed 47,481 structures. Since 2005, wildfires have destroyed over 60,000 structures in California. Wildfires in California destroyed 12,428 structures from 2001-2010 but

nearly 30,000 structures from 2011-2020. In four of the six past years (2017, 2018, 2020, 2021), California experienced costly wildfires with losses over $65 billion.[10]

These rising wildfire losses in California and western states can be explained by warmer and drier climates; creating more dry fuel and increasing hazard exposure; a century wildfire suppression allowing for the accumulation of wildland fuels and greater vegetation density than western climates can sustainably support; tree blight and mortality due to the two aforementioned factors; and the rapid growth of new development in the wildland urban interface. [11]

The wildland urban interface (WUI) is where development and wildland vegetation meet and where wildfire risk to development is the greatest. As development encroaches into wildland, the WUI itself and its associated wildfire risks to property and safety expands. From 1990 to 2010, the number of homes in the WUI increased from 30.8 million to 43.4 million, while the WUI land mass grew from 581,000 sq. km to 770,000 sq. km, the fastest growing land use type in the United States. In California, 11 million people, about 25 percent of the population, lives in the WUI. Additionally, 4.5 million homes, 32 percent of California's housing supply, are in California Department of Forestry and Fire Protection (CAL FIRE) designed Fire Hazard Severity Zones.

CAL FIRE's FHSZ maps are hazard exposure designations, like NFIP 100/500-year flood zones, and include Medium, High, and Very High classifications. About 2.7 million Californians are in the very high fire hazard severity zone (VHFHSZ). CAL FIRE is undergoing a two-phase update to the FHSZ maps, which were last updated in 2007. The maps include the State Responsibility Area and Local Responsibility Area. CAL FIRE has released updated SRA maps and will release LRA maps in spring 2023.[12] The 2023 FHSZ includes an expanded footprint. A FHSZ triggers State building[13] and development code[14] regulations designed to reduce wildfire risk and enhance wildfire response operations.

Underinsurance Gap

While standard homeowners' insurance does cover losses from a wildfire, many policies do not provide enough funding to replace the entire home. Additionally, high rates of underinsured property owners put increasing strain on disaster recovery and rebuilding needs. Often the costs between meeting updated building codes can further exacerbate the gap between residential claim payout and the actual cost to rebuild. There may be a shortfall in insurance funds needs to rebuild homes, especially to a more resilient standard.[15]

Within the context, HUD's unmet needs methodology underestimates unmet housing recovery needs from wildfires and results in lower CDBG-DR allocations than other hazard types when compared to disaster losses. Wildfire losses are typically severe damage/total losses rather than major-low and major-high damage, common in flooding, which results in higher per unit losses. A replacement cost for a modest home can often be around $600,000 - $700,000 in higher cost western states, but the maximum housing multiplier for the CDBG-DR program is $134,508. Because per unit losses in wildfire hazard events are usually greater than in other hazards, this maximum multiplier disproportionately undercounts the unmet needs from wildfire disasters.

Wildfire coverage is included in a standard homeowners or renters insurance policy, unlike flooding and wind. A higher percentage of renter and homeowner households carry property insurance than carry specialty hazard insurance, like flood or wind, so following a wildfire event the HUD's count of uninsured households is much lower than for flood/wind losses.

For example, 54 percent of Sacramento County (much of which is in the 100/500-year flood zone) homeowners carry property insurance, while something like 14.5 percent of County residents carry flood insurance. In Butte County these figures are 54.3 percent and 3.4 percent respectively, while in Plumas County they are 58 percent and 1.3 percent.[16] Given HUD's unmet needs methodology, it is conceivable that a HUD unmet housing needs assessment for a flood in any of these counties could be greater than a wildfire disaster that caused greater property losses.

The increasing cost of wildfires has placed stress on the residential property insurance market across western states. California's insurance pricing regulations functionally result in the majority of policyholders in urban areas with lower wildfire risk cross-subsidizing policy premiums in rural, higher risk areas in order to protect insurance affordability.[17] Lower income households are not only less likely to have property insurance, but they are also less able to afford the wildfire mitigation actions that can make insurance more affordable.[18] As affordable property insurance becomes increasingly unaffordable in higher risk areas due to greater wildfire risks and mountain historical losses,[19] lower income homeowners and renters are purchasing less property coverage relative to replacement costs. The insurance rates rise precipitously for communities impacted by wildfire and some insurance companies refuse to write or renew polices.

From 2015 to 2019, California Department of Insurance (CDI) data shows insurance companies declined to renew nearly 350,000 policies in areas at high risk for wildfires. Over 2.4 million homes in areas with elevated wildfire hazard exposure were at risk losing insurance coverage in 2021.[20]

Unfortunately, western states, insurance departments, and insurers lack both comprehensive and granular data on the gap between coverage and replacement costs. Insurers track their payouts but not the gap between insurance claims and coverage. While this information is not currently available, western states are developing methods for estimating the underinsurance gap.

CDI is the first insurance regulator in the United States to issue regulations requiring insurers to offer premium discounts to policyholders who take pre-determined actions to mitigate wildfire risk. The Safer from Wildfires framework considers home hardening, vegetation management/defensible space, and land use/community planning as steps that policyholders and communities can take to reduce their wildfire risk and insurance costs.[21] HCD has coordinated with CDI so that its CDBG-DR housing recovery and hazard mitigation programs are aligned with the risk reduction actions included in the Safer from Wildfires regulations so that federal funds can leverage reduce insurance costs.

Question 18: How can CDBG–DR allocation methodology be modified to allocate resources equitably and adequately address disaster-related needs, including the needs of the most impacted, vulnerable populations, and underserved communities?

CDBG-DR Allocation and Hazard Type

By making insured households ineligible, HUD assumes that insured households will not have any unmet needs and therefore the unmet needs undercounts statewide and community unmet needs, resulting in proportionately smaller allocations relative to disaster costs. The current CDBG-DR unmet housing needs and subsequent allocation methodologies cap per unit unmet housing needs well below typical wildfire unmet housing needs and do not include households that are underinsured. These conditions result in western states that have experienced wildfire disasters receiving lower CDBG-DR allocations than flood and cyclone disasters, relative to

disaster losses. For example, California wildfires in 2020 burned 4.4 million acres, destroyed over 10,000 structures, and resulted in approximately $19 billion in economic losses.[22] For 2020 wildfires, California received a $231 million CDBG-DR allocation.

Then in 2021, California wildfires burned over 2.5 million acres, destroyed 3,629 structures, and resulted in $5-$10 billion in losses- for which California received $24 million in CDBG-DR funds, approximately enough to fund rebuilding for 40-50 homes if all funds are directed towards housing. Because FEMA did not offer IA for the Caldor Fire in El Dorado County (mentioned under question 3), only the MID areas impacted by the Dixie Fire (Plumas County) received CDBG-DR funds.

Plumas County Dixie Fire - CAL FIRE DINS v. FEMA IA		
Total CAL FIRE housing units destroyed/damaged	Total FEMA IA registrants	Total non-FEMA IA universe of CAL FIRE damage
1983 total	407 rentals 395 owner-occupied 802 total	322 rentals 851 owner-occupied 1173 total

The December 2021 Marshall Fire in Boulder County, Colorado destroyed 1,233 homes has resulted over $2 billion in just insurance claims. According to the Colorado Division of Insurance, 67 percent of insured households would not have enough coverage for replacement costs at $350/sq. ft, representing a $155 million underinsurance gap.[23] However, the State of Colorado only received a $7 million CDBG-DR allocation for unmet needs.

Other hazard types are also catastrophic, and their CDBG-DR allocations are also short of unmet recovery needs. However, it is also clear that the CDBG-DR awards to western states that experienced wildfire disasters are less than awards to states that experienced hurricanes and floods, relative to disaster losses.

Wildfires largely occur is more rural areas where populations are less likely to trust government agencies and apply for FEMA assistance, additionally disadvantaging wildfire impacted communities and survivors. HUD's reliance of FEMA verified losses and IA data to measure the universe of impacted households excludes households who did not apply for or were not eligible for FEMA assistance.

The State of California is committed to prioritizing equity and resilience in policy and programs. In its recovery programs, HCD requires compliance with state building and development codes that reduce risk to future wildfire events but that can increase per unit costs during recovery.

The maximum housing multiplier for severe losses should be increased to $320k to reflect the realities of unmet housing needs. This higher multiplier would result in higher nationwide unmet

housing needs, which may not be support by higher congressional appropriations for CDBG-DR. However, the higher multiplier would significantly help correct for the disparities between per unit wildfire losses compared to other hazards.

Rural Racial & Cultural Equity Considerations in CDBG-DR

Equity is rightly a key consideration in HUD's Request for Information. Equity in disaster recovery certainly means equitable treatment of vulnerable populations. It must also include geographic fairness. As President Biden noted in Executive Order 13985, signed on his first day in office, equity means "the consistent and systematic fair, just, and impartial treatment of all individuals, including … persons who live in rural areas…"[24]

To achieve geographic equity in the distribution of CDBG-DR resources, HUD must address the following factors.

Appraised Value

Recent research has shown that race and ethnicity play a role in home appraisals, with Black homeowners the most likely to experience undervaluation.[25] While research on this subject center on major metropolitan areas, there is no reason to believe rural appraisals are free from racial/ethnic bias. Rural appraisals can be affected by other factors as well. A small or weak housing market with few sales means there are few comparable sales. Repair or replacement assessments may fail to take into account factors such as the added cost of bringing materials to a remote rural place or the need to bring workers with needed skills from another area.

In some places, it may be sufficient to require grantees to calculate "minor" or "major" damage for homeowners as a percentage of the overall home value rather than a specific dollar amount. In others places where a home's value cannot be reliably determined, cost-based appraisals may be required.

Nontraditional Housing, Nontraditional Titles

Rural residents are more likely to occupy nontraditional homes, homes without standard titles, or informal housing arrangements, are often unable to access federal assistance post-disasters, falling into a "nontraditional" or "nonstandard" category. HUD must ensure that they are included in calculations of unmet need and receive CDBG-DR assistance when necessary.

People who occupy manufactured homes,[26] rent without written leases, or live in structures constructed without building permits or not intended for human habitation are disproportionately low-income. Likewise, many low-income residents of colonias along the U.S.-Mexico border purchased their homes through "contract for deed" arrangements and do not have standard titles. "Heirs' property," which occurs most often in the rural South, also precludes standard title. These landowners occupy properties that have been passed from one generation of a family to the next without formal written documentation. As a result, legal ownership of the land is split among several, sometimes dozens of descendants.

Particularly in rural areas, heirs property issues are abundant; the need to prove ownership of real property is not an average occurrence, and when disaster strikes, it is not the best time to address that. The Federal Emergency Management Agency (FEMA), while not working perfectly

on the ground, at least has a process for self-attestation of ownership that should theoretically address these situations. PRT encourages HUD to examine its ability to not only align its own policies with this self-attestation FEMA policy, but also to examine how to make it more effective on the ground via technical assistance to their grantees.

Despite the many reasons people may not have standard titles or leases, grantees have continued to require such documentation for CDBG-DR eligibility. HUD should explicitly ban these requirements and mandate that grantees accept alternative methods of showing ownership, including self-attestation that an applicant owns or rents their home.

Questions 10 & 12: For renter occupied units, is it a reasonable assumption that damage to housing occupied by renters less than the greater of poverty or 50 percent of AMI reflects a likely loss of affordable housing? Are there other options—beyond using the homeowner multiplier—for how the multiplier for rental units could be calculated when determining unmet housing needs?

As the United States' housing affordability crisis deepens, housing affordability is straining more moderate and middle-income households. MID areas with higher rent-to-income ratios could then be eligible for a higher household income ceiling for loss of affordable housing estimates. In many higher cost areas, loss of rental housing that is affordable to households earning up to 80 percent of area median income should be included in unmet rental housing needs. In California, households below 50 percent AMI who lose their housing are at a substantial risk of experiencing homelessness. A substantial proportion of 50-80 percent AMI renters end up living in recreational vehicles, which technically qualifies as homelessness. Including low- and moderate-income households can also make rental housing recovery projects more financially feasible.

Disaster events reduce housing supply and increase housing costs, impacting low-income and displaced renters the most. Communities with already low vacancy rates and high rates of rent burden experience pre-disaster are then more likely to experience higher rates of post-disaster homelessness and displacement.[27] Preventing homelessness and permanent displacement should be disaster recovery priorities. HUD should create an affordable rents factor to weigh unmet rental housing needs that includes: the percentage of pre-disaster renter households in the MID who spend more than a third of their pre-tax income on rent. This percentage should then be applied as a weight to the rental housing unmet needs calculation.

POLICY, RULES, AND WAIVERS RFI

Question 1: Are there CDBG–DR rules, waivers, or alternative requirements that could be streamlined or removed to enable grantees to accelerate recovery? Please provide recommendations for alternative processes that would remove barriers, obstacles, and delays. Are there CDBG–DR rules, waivers, or alternative requirements that can be modified, expanded, or removed to reduce administrative burden for beneficiaries? How can HUD and other Federal agencies that provide disaster assistance make it easier to comply with DOB requirements?

Duplication of Benefits

- Changes to the Stafford Act and changing HUD guidance have confused CDBG-DR grantees about what federal assistance is considered a duplication of benefits.

- HCD's position is that CDBG-DR should be reserved for LMI households with the greatest unmet needs. SBA loans should only be considered a DOB when the loan is drawn down, not just because it was made available.
- The delayed recovery period for wildfires means that LMI households will use more assistance on temporary housing costs, with less money left over for rebuilding. HUD should completely waive DOB for LMI populations.
- The California Housing Finance Agency reports that households begin qualifying for SBA loans around 120 percent AMI. SBA loans are better suited to fill insurance gaps, while CDBG-DR, legal settlements, and philanthropic donations are better suited to fund LMI households.

Reimbursement

- Wildfire debris removal and toxic substances remediation can take several years. Currently, HUD reimbursements are only eligible within one year of the disaster declaration.
- Households are generally not able to begin rebuilding one year after the disaster declaration, and LMI households are likely to use resources and assistance to cover temporary shelter costs. Providing a more flexible timeline for HUD reimbursements will help preserve resources for eligible households.
- HUD should use a different timeline, such as one year from completion of debris removal and toxic substances remediation, for CDBG-DR reimbursements.

Reduce Administrative Barriers

- HUD should provide and clear flexible path to extend waivers to guarantee that projects already underway will automatically get a waiver extension. Waivers are often necessary for recovery projects to be feasible, and larger multifamily housing and infrastructure projects can take years to secure necessary financing and begin construction. Wildfire disasters are primarily impacting rural communities, and much of the rural affordable housing supply is single family rentals and manufactured housing. Automatic waiver extensions for underway projects are important for the replacement of affordable housing, as single-family rentals are often replaced as multifamily rental units in recovery.
- In the absence of multiple CDBG-DR awards, smaller CDBG-DR awards under $50 million should face lower administrative burdens and program requirements. The five percent admin costs for smaller grants are insufficient for hiring technical assistance to support Action Plan development. Existing annual CDBG programs should be eligible expenses for smaller CDBG-DR grants under $20 million, without requiring the comprehensive Action Plan.
- HUD should permit financial certification for likely grantees to occur pre-disaster. Financial certification of the grantee agency takes too long. Most state and local agencies that administer CDBG-DR already get other HUD funds on a regular basis. Align financial certification for CDBG-DR with a certification process for the HOME Investment Partnerships Program or Emergency Service Grant (ESG) funding so that grantees would have already gone through the certification process. Certification could have a shelf life of 3 years.

- HUD, FEMA, the U.S. Department of Agriculture, and other agencies involved in the disaster recovery process should develop a single set of standardized forms and templates for applicants to use. A recent survey of CDBG-DR grantees conducted by the Bipartisan Policy Center and the Council of State Community Development Agencies found very substantial agreement on the importance of standardized documents.[28] As HAC emphasized in the broader federal housing and community investment context,[29] the substantial resource and capacity constraints faced by local governments and affordable housing providers in rural communities makes their disaster readiness, response, and recovery strategies especially vulnerable to bureaucratic delays.
- There should be no minimum allocation threshold, as this would disadvantage small and rural communities. That would be directly in contrast to the stated goals of the Biden Administration, as identified in Executive Order #13985 on Advancing Racial Equity and Support for Underserved Communities Through the Federal Government, which includes rural places as those which have been historically underserved and poorly targeted via federal policy. If a disaster is severe enough to prompt the President to declare the disaster, then CDBG-DR should be delivered in an amount proportionately appropriate to the evidenced need. Furthermore, many of these small and/or rural communities have high rates of poverty or are located in persistent poverty counties. Such communities are in even greater need of CDBG-DR funding, because of their inability to utilize other federal resources, or to attract private investment. CDBG-DR is often the only chance these communities have to rebuild.

Provide Administrative Flexibility

- Instead of using a stick approach that penalizes grantees for prohibited use of funds or violation of rules, HUD should provide on-site support for grantees to quickly approve or deny eligible uses that are unusual but sometimes a good idea. This on-site support could be housed in the HUD field office or from a region lead from the central office. Additionally, local capacity should be increased to further assess "ground truth" impact assessments
- Raise the limit on how much a project cost can change in the substantial amendment from $1 million to $5-10 million. Major infrastructure projects are big, and the costs can change by a lot as the project advances.
- There are a variety of issues with the planning system in rural areas, generally speaking. Capacity of governmental agencies, and lack of expertise in disaster recovery, are chief among them. Developing expertise in disaster recovery for local governments, non-profits, and Area Development Districts (and similar) across the nation's rural areas is likely outside the scope of the CDBG-DR program. However, PRT would encourage HUD to develop a standard set of information dissemination and communication processes that are automatically engaged when a President makes a disaster declaration. HUD staff should immediately reach out to every local government and Area Development District (or similar) with a standard set of information about the CDBG-DR program, including timelines, eligible uses, and action steps. This would go a long way to getting everyone on the same page in places with no local expertise or access to consultants.
- Development of state and local capacity to plan, deliver, and administrate CDBG-DR funding is a matter of information sharing, program flexibility, and funding. HUD should ensure that contracting is allowable *and attractive* to grantees in order to move quickly with local nonprofit partners who may already have planning staff with adjacent program expertise and local-to-the-disaster relationships and infrastructure. In recent years HUD

has made progress in allowing the advance-use of CDBG-DR funding to cover planning work; it should continue innovating and encouraging grantees in this direction, to include use of that advance-use funding in partnership with these nonprofit contractors.

- HUD should expand the usual 5% administrative fee cap in any way possible when the funds are used for housing activities. A figure of 10% cap would be more appropriate when dealing with the housing activities that practitioners describe as 'high touch' work. Compared to the (still significant) time and activities that administering an infrastructure project, a housing project of the same financial magnitude will involve several families, each calling for unique, tailored relationship management and project requirements. It simply is more work to project manage the construction of ten homes than it is to project manage one small infrastructure project; the admin rates should reflect that, and it may have the welcome effect of encouraging the use of CDBG-DR money for housing.
- Other activities that are currently ineligible in CDBG and are not funded by other disaster recovery funding (related to nontraditional housing, nontraditional titles, privately-owned MHC's, and more).

Question 2: If CDBG–DR should encourage grantees to invest in whole community recovery, what policy incentives would be most effective to encourage grantees to invest in whole community recovery in proportion to its unmet recovery need? What CDBG–DR rules, waivers, or alternative requirements, if any, should be modified or eliminated so that grantees are prioritizing assistance to low- and moderate-income persons and areas, vulnerable populations, and underserved communities?

Local Recovery & Resilience Planning

- Conducting recovery and hazard mitigation planning before CDBG-DR funds are ready to be put into projects can embed equity and climate resilience into the full recovery cycle. While a recovery and resilience plan will likely have a broader scope than CDBG-DR funds can fund, the planning process enables a community to set broader recovery priorities, assess local unmet needs and vulnerable populations, develop recovery/resilience projects, and identify funding sources for activities that their CDBG-DR allocation cannot fund. Having additional "set-aside" funding for this purpose would be transformative.
- CDBG-DR rules should be written such that grantees are required to prioritize housing needs prior to other recovery needs, for two primary reasons. The first is the demonstrated need and comparative availability of funding. Low-income Americans affected by disaster, and in need of replacement housing or substantial repair, have little option but to rely on CDBG-DR funding for assistance. There simply is not another funding source that is financially feasible. In the absence of this funding source, communities will experience population loss as families take the permanent hit to their finances and move away from the community in search of available housing near support networks. We know that there is a national shortage of housing, and an even worse affordable housing shortage; every disaster-destroyed home that is not rebuilt or rehabbed or otherwise replaced is a net loss to the community and nation.
- Secondly, housing should be prioritized by the program rules is because of its comparative administrative difficulty. Grantees are naturally drawn to deploying CDBG DR funding towards fewer, large projects that will be easier to administrate than many, smaller projects. For example, this could mean choosing to install a new waste-water system, rather than replacing dozens of damaged and destroyed family homes. There is

also the incentive that grantees are divisions of governments, which are normally concerned with public infrastructure projects; these can be an attractive use for CDBG-DR funding, even in the face of other more immediate needs.

- While the State Action Plan measured unmet recovery and mitigation needs and selects funding priorities, the Action Plan is ideally informed by local recovery and resilience planning efforts. Impacted local jurisdictions and Tribes need more incentive to conduct recovery and resilience planning to access CDBG-DR funds. Local officials often prefer to fund tangible recovery projects quickly rather than take the time to conduct a thoughtful long-term recovery and planning process. Many small and under-resourced jurisdictions lack the resources and capacity to carry out their planning activities, and available funding for planning may have timelines that do not work with CDBG-DR timelines.
- HUD should include language in the Universal Notice that directs grantees to prioritize funding to subgrantees that have carried out long-term recovery and resilience planning. HUD should also carve out a community planning set aside in CDBG-DR so that grantees (states) can award or reimburse subgrantees (local governments/tribes) for recovery and resilience planning activities that align with the Action Plan.
- Consider "Whole Community" investments as benefitting LMI through community recovery as a whole.
- CDFIs stand ready to help CDBG-DR grantees leverage private capital in order to start the recovery process immediately after a disaster. Many CDFIs already offer a bridge loan or construction loan product, or could quickly develop one; some already have or could quickly develop a pool of private capital to use for this purpose. In order to do that however, CDFIs would need the assurance of a guarantee, such as is available via the Section 108 Loan Guarantee Program. For maximum speed and responsiveness, HUD should investigate their ability to work directly with CDFIs in the affected area to provide a separate, immediate response from the normal CDBG-DR program.

PRT proposes that infrastructure uses of CDBG-DR must be directly tied to housing projects (unless the infrastructure in question was damaged during the disaster). Whether it be rebuilding or laying new: roads, bridges and culverts, or utility hook-ups should all be tied directly to housing projects. As PRT Partner Fahe has said, in Eastern Kentucky after flooding, there is no point in running infrastructure to areas where no one lives anymore. If we do not replace lost housing, people will leave the community, and the infrastructure money will be wasted on un-needed projects.

<u>Utilize Alternative Data Sources</u>

- By limiting the data sources that it consults in making allocation and policy decisions, HUD's measurement and understanding of disaster impacts is incomplete. By only using FEMA Individual Assistance (IA) and SBA loan data to create its universe of eligible households, it underestimates and distorts its assessment of impacted households and housing needs.
- In wildfire disasters, state agencies like the California Department of Forestry and Fire Protection (CAL FIRE) collect data (DINS) on structure impacts broken down by structure type and tenure. The figure below details how FEMA IA data undercounts the number of housing losses by almost half, when compared to the CAL FIRE DINS data.

Plumas County Dixie Fire - CAL FIRE DINS v. FEMA IA		
Total CAL FIRE housing units destroyed/damaged	Total FEMA IA registrants	Difference between CAL FIRE DINS and FEMA IA
729 rentals 1246 owner-occupied 1983 total	407 rentals 395 owner-occupied 802 total	322 rentals 851 owner-occupied 1173 total

Require Hazard Exposure, Environmental Justice, and Social Vulnerability Assessments

- HUD should modernize its existing data and methods for measuring unmet needs to reflect social vulnerability of affected populations and communities. HUD relies on damage assessment data from FEMA to calculate unmet needs, but FEMA's damage assessment methodologies undercount damage, failing to account for underlying neighborhood conditions.
- HUD's unmet needs assessments need to consider the full range of sociodemographic and environmental factors that affect vulnerable communities and disaster survivors, including education, public health, mobility, disaster risk, and ecosystem services.
- To complement FEMA Individual Assessment (IA) data, HUD can include state-level damage assessment datasets, such as the California Department of Forestry and Fire Protection (CAL FIRE) damage inspection (DINS) data. CAL FIRE's DINS data provide a fuller count of damaged structures and housing units, broken down by use and tenure.
- HUD should incorporate a social vulnerability index when determining unmet needs, such as the one from the Centers for Disease Control, which provides social vulnerability down to the census tract level. Data collection for the unmet needs assessment and grantee program development ought to be as granular as is feasible (census tract, block group) to more effectively target CDBG-DR funds to vulnerable communities.
- HUD should recognize and promote alternative data and methodologies for measuring resilience and vulnerability. The State of California has developed the Cal Enviroscreen tool and the California Hazard Risk and Social Vulnerability Dashboard. Cal EnviroScreen measures social vulnerability and environmental health to determine communities disadvantaged environmental justice communities.[30] The State then directs funds from its cap-and-trade program to these disadvantaged communities for affordable housing, climate mitigation, and resilience projects. The Hazard Exposure and Social Vulnerability Dashboard overlays hazard exposure, household income, and a social vulnerability index at the census tract level as a tool to measure disaster vulnerability.[31] The State uses this tool to direct federal and state hazard mitigation funds into areas where there is elevated hazard exposure and high degrees of social vulnerability.
- To prioritize equity and resilience in CDBG-DR plans and programs, HUD should require hazard exposure, social vulnerability, and environmental justice assessments in Action Plans and program guidelines. For states without their own rigorous data on these topics, HUD should coordinate with the CDC, EPA, and FEMA to provide data and technical assistance for grantees to conduct these assessments. Having more flexibility in

determining how an Infrastructure Recovery project impacts the community enables it to better benefit impacted LMI areas. Some infrastructure needs to be improved and strengthened to benefit impacted areas.

Question 4: Developing the Action Plan: b: HUD currently requires grantees to post an action plan for 30 days to solicit public comment and to host at least one public hearing – is this enough time to solicit meaningful public feedback? Should HUD consider increasing this time or the number of public hearings required for initial action plans and/or for later, substantial amendments to the action plan to achieve meaningful community engagement?

The people affected by disaster are primarily concerned with their housing situations following the disaster. This concern can last for months and months for low-income residents. If their voices were properly heard in public hearings, then their needs would be reflected in action plans. Unfortunately, too often their voices are not heard in public hearings, because the hearings are not held in the areas affected by the disaster. How can we expect a low-income disaster victim to travel to a state capital or even a neighboring county, when they are concerned with where they will find shelter that night and whether or not they have submitted the correct paperwork to FEMA that day? HUD should require that public hearings take place in the communities which were affected by the disaster. Without this, the public feedback will not be 'meaningful'.

Question 5: What CDBG–DR rules, waivers, or alternative requirements, if any, should be modified or eliminated to ensure grantees equitably allocate resources and adequately address disaster-related needs of the most impacted, vulnerable, and underserved communities?

Manufactured Housing

- HUD should permit CDBG-DR funds to be used in manufactured housing communities. Manufactured housing is the most important source of non-subsidized affordable housing and is often the only affordable housing option in some high-cost markets.[32] Manufactured housing quality continues to improve and can be built to be wildfire-adapted. Manufactured housing is not itself vulnerable, but policy environments that limit manufactured housing to higher risk areas and preclude investment in resilient park infrastructure do.[33] This should apply to privately owned MHCs that offer affordable housing.
- cdcb (Come Dream. Come Build.), a Partner of PRT, serves many of the rural persistently poor Colonias along the U.S./Mexico border in Texas. cdcb offers an array of programs and lending products to help their area overcome and outgrow persistent poverty. The RAPIDO Program model addresses disasters in small rural communities before they happen, referred to as *Precovery*. The RAPIDO Program aims to craft a long-term recovery plan that addresses the damage to local housing stock after a disaster happens, making a community able to become more proactive rather than reactive in the recovery journey, and eliminating some of the capacity barriers smaller local governments may face. In communities across the country, short-term responses to housing crises stunt an impacted region's growth and prosperity for decades. FEMA trailers become infamous stand-ins for lasting solutions as the capacity to produce sustainable permanent housing takes years to materialize. For low-to-medium income (LMI) residents, the effect is devastating, denying them sanitary living conditions and the means by which to build wealth for themselves and future generations. In addition, such disaster-initiated housing

shortages spur disinvestment, worker flight, and economic decline. This all-in-one system jumpstarts the production of housing following a disaster, putting people in permanent homes in as little as a few months, reducing the current timeline by years. It is more cost effective, time-efficient, and stimulates the local economy utilizing local construction companies, addressing a multi-faceted problem with a wholistic approach. It is essential not to conflate Precovery plans like RAPIDO with Disaster relief, as disaster relief and long-term recovery are different, but interrelated. Therefore, when CDBG-DR funding is utilized for long-term recovery, it should support programs like RAPIDO, which maximizes the impact of CDBG-DR dollars.

Support Increasing Local Rural Community Capacity Building

- Rural communities often have small and part-time local governments, few or no locally based developers with disaster recovery expertise, and a shortage of the specialists needed to navigate the complexities of federal programs and modern housing finance. To make CDBG-DR most effective in rural and Tribal areas, HUD must build local capacity itself, or require state grantees to do so.
- HUD's TA providers, whether staff or contractors, must recognize that rural housing challenges are not just smaller versions of urban ones. Rural disasters require different approaches than urban crises, and Tribal emergencies are not the same as rural ones. Capacity building must be carried out by people with expertise relevant to the communities they assist.
- Capacity builders must also understand that housing conditions, disasters, and capacities are not identical throughout rural America. The details of the technical assistance provided must be tailored to fit each local situation and the strengths and challenges of the area's governments and community-based organizations.
- PRT agrees with NLIHC that CDBG should incentivize the involvement of community-based organizations where they exist. These organizations have intimate awareness of the unique needs of the lowest-income survivors and are often in the best position to engage them. CDBG-DR funding can present an opportunity to both boost these groups' capacity and also operationalize their long-term affordable housing goals, while enabling grantees and HUD to better serve local vulnerable populations.
- Finally, it is critical that HUD empower TA providers and capacity-builders in the rural disaster preparedness, emergency response, and long-term resilience space to be proactive and not simply reactive to local needs. The "demand-response" model typically deployed by the agency in the normal course of annual program funding and implementation is often challenging for rural communities to access effectively – stretched-thin local stakeholders may not have the bandwidth or expertise to know what or how to ask for TA that would move projects or plans forward. This dilemma is only exacerbated in the context of natural disasters, where these local players are dealing with overwhelming emergent needs while their organizations are often hobbled themselves.

Support Rent Burdened Households in Recovery

- As the United States' housing affordability crisis deepens, housing affordability is straining more moderate and middle-income households. MID areas with higher rent-to-income ratios could then be eligible for a higher household income ceiling for loss of affordable housing estimates. In many higher cost areas, loss of rental housing that is affordable to households earning up to 80 percent of area median income should be included in unmet rental housing needs. In California, households below 50 percent AMI

who lose their housing are at a substantial risk of experiencing homelessness. A substantial proportion of 50-80 percent AMI renters end up living in recreational vehicles, which technically qualifies as homelessness. Allowing moderate income households can also make rental housing recovery projects more financially feasible.

- Disaster events reduce housing supply and increase housing costs, impacting low-income and displaced renters the most. Communities with already low vacancy rates and high rates of rent burden experience pre-disaster are then more likely to experience higher rates of post-disaster homelessness and displacement.[34] Preventing homelessness and permanent displacement should be disaster recovery priorities. HUD should create an affordable rents factor to weigh unmet rental housing needs that includes: the percentage of pre-disaster renter households in the MID who spend more than a third of their pre-tax income on rent. This percentage should then be applied as a weight to the rental housing unmet needs calculation.

Barriers & Guidance

Rural and persistently poor communities experiencing disasters could benefit from increased funding specifically for various capacity building needs. One area is capacity of the community to handle applications for funding, as this is a common barrier to begin to address the need. Second, capacity of the residents to use electronic means to access funding, as broadband is typically a barrier pre-disaster, and after disaster there is no guarantee that electronic means are available or accessible within a timely manner. Capacity building funds should be available to assist with these structural barriers and serve as guidance for improved administration and outreach. All building codes within disaster impacted communities should be in line with Mitigation & Resilience strategies identified in the recovery planning process, and the recovery plan.

Question 6: Are there CDBG–DR rules, waivers, or alternative requirements, and/or policies that prevent or limit grantees' focus on mitigating the impacts of climate change, particularly for those areas disproportionately impacted by climate change? How can CDBG–DR's rules, waivers, or alternative requirements or policies be modified or eliminated to encourage grantees to use CDBG–DR funds to invest in activities that incorporate resilience and mitigate the impacts of climate change?

- Catastrophic wildfires in western states over the past five years inflicted unparalleled damage on ecological systems and environmental health. While CDBG-DR is best suited to serve the unmet recovery and hazard mitigation needs of low and moderate-income households and communities, public health impacts of smoke and ecosystem service losses stand out for their enormous cost on wildfire-impacted regions. Cost for mitigation is an issue, therefore, increasing awards for mitigation will address this challenge, especially where mitigation is a priority.
- A team of researchers calculated that the full economic losses of the 2018 Camp Fire, the most destructive wildfire in US history, were nearly $150 billion.[35] The report calculated that the Camp Fire caused $27.7 billion in direct capital losses (building/homes/infrastructure); $32.2 billion in health effects from wildfire smoke; and $88.6 billion in economic losses caused by supply chain, transportation, and labor disruptions. Public health costs of a disaster can be measured by the increased admission into health facilities above a baseline. Wildfire smoke includes not only burned vegetation but also materials in the built environment and short-term exposure cause severe pulmonary and cardiac events for individuals with health sensitivities.[36]
- Ecosystem services are the financial values of functioning ecosystem functions for people, the environment, and the economy. FEMA's 2022 ecosystem service values update

calculates United States forest to provide $12,589/acre/year.[37] While western forests and chapparal are fire-adapted landscapes that require periodic fire for their ecological health, catastrophic wildfires in recent years destroy landscapes and their ecosystem services. California's 2020 wildfire season saw 4.3 million acres burn, primarily in forested parts of Northern California and the Sierra.[38] Using FEMA's ecosystem service value estimate for forests, California experienced $52.1 billion in ecosystem service losses. Wildfire-impacted communities may be able to rebuild their homes, businesses, and infrastructure with insurance, loans, and federal assistance, but they will live with ecosystem losses, that will be exacerbated by a warming and changing climate, for generations.

- CDBG-DR should consider incorporating public health impacts and ecosystem services factors into its CDBG-DR unmet needs and allocation methodologies. Allocations derived from these unmet needs assessment factors need not be allocated for public health and ecosystem restoration activities. However, considering public health and ecosystem service costs in the unmet needs assessment recognizes the growing consensus that investments in nature-based solutions provide many benefits, including disaster risk reduction, improved public health and water quality, carbon sequestration to name a few.
- Long term planning requirements – Require that the communities have the capacity to do so, and give capacity building assistance to those that do not, i.e., rural and Indigenous communities. This will incentivize larger communities to do so as well.

Question 7: How can CDBG–DR rules, waivers, or alternative requirements be modified or eliminated to ensure that grantees are mitigating natural hazard risks (e.g., sea level rise, high winds, storm surge, flooding, volcanic eruption, and wildfire risk), while also minimizing displacement of members of families, individuals, or entities such as businesses, farms, or nonprofit organizations from their homes and neighborhoods?

In addition to requiring grantees to prioritize infrastructure and mitigation projects that deliver co-benefits for surrounding areas, HUD should issue clear standards for what co-benefits are eligible and how to measure these co-benefits.

- HUD should provide grantees with a standardized assessment of social and disaster vulnerability, such as the CDC's Social Vulnerability Index or FEMA's National Risk Index. Permit states to utilize rigorous state-level measurements of vulnerability and resilience, such as California's Cal EnviroScreen[39] and California Hazard Risk and Social Vulnerability Dashboard.[40]
- Require grantees to prioritize CDBG-DR recovery investments that benefit LMI individuals and reduce disaster vulnerability.
- Require that infrastructure projects deliver a benefit greater than risk reduction alone, including increasing housing affordability, reducing homelessness, and reducing residential segregation; increased access to public services, public transportation, and outdoor recreation; and ecosystem service benefits.[41] Determining where the risk is the greatest and the least within the community through Hazard Mitigation Planning would aid in addressing this issue if the communities can concentrate development in the areas of the least risk. This would involve relocating some residents most at risk to the new areas of less risk or having mitigation solutions to reduce the risk.
- Provide funding for the purposes above and beyond the funding allocated for recovery. The Town of Paradise is "retrofitting" existing homes that survived the Camp Fire to bring them up to the new Wildfire Prepared Homes building code they adopted. This is being accomplished through a BRIC Grant from FEMA, but more resources are needed.

- Require grantees to measure projects benefits beyond their monetary benefits, including reducing risk of displacement and homelessness and benefits to communities with pre-disaster vulnerabilities.
- Require grantees to prioritize infrastructure and mitigation projects in communities with the highest vulnerability to natural hazards.

Question 8: Modifying Green and Resilient Building Codes and Standards

In much of rural America, building codes are permissive or nonexistent, with enforcement sometimes likewise nonexistent. This leads to a situation where much of the housing stock in a given community would not meet federal program standards without significant work and cost. Likewise, there are often not inspectors in the community to evaluate this work.

PRT believes that construction standards are important protection for homeowners and good stewardship of federal funds. But, imposition of national standards must not disadvantage neither rural places nor low-income people – if federal law requires a certain standard, federal funds must cover the associated costs. PRT also believes that building codes are only of use to a community when they are enforced across all builders – not just those using public funds. Communities where only nonprofit builders are held to certain standards create not only a competitive disadvantage, but also causes appraisal and other financial imbalances, and fails to increase the standard of housing for the community.

PRT applauds and commends HUD's efforts to improve CDBG-DR consistency, delivery, and most importantly – speed. We appreciate the ability to comment. While we do not look forward to the inevitable next disaster, we do look forward to continuing to work with HUD in the future as the Agency continues to operate to the best of its ability within the bounds placed on it by Congress. Please do not hesitate to contact PRT via the contact information below if any additional information is needed.

In partnership,

Jose A Quinonez, Director

Partners for Rural Transformation (PRT)

jose@pfrt.org

859-756-6256

PARTNERS FOR RURAL TRANSFORMATION

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