



STATE OF FLORIDA

DEPARTMENT OF COMMUNITY AFFAIRS

"Dedicated to making Florida a better place to call home"

CHARLIE CRIST
Governor

THOMAS G. PELHAM
Secretary

MEMORANDUM

TO: Clerk, Committee on Financial Services
Subcommittee on Housing and Community Opportunity
2128 Rayburn House Office Building
Washington, D.C. 20515

FROM: Gail D. Stafford, Interim Administrator
Florida Small Cities Community Development Block Grant (CDBG)
and CDBG Disaster Recovery Programs

SUBJECT: State of Florida's Testimony, Thursday, May 8, 2008
Hearing on "Emergency CDBG Funds in the Gulf Coast: Uses, Challenges,
and Lessons for the Future"

DATE: May 8, 2008

My name is Gail Stafford, and I am the administrator of the Florida Small Cities CDBG and CDBG Disaster Recovery Programs for the State of Florida.

Although our agency head could not be here this morning, Florida's CDBG Disaster Recovery Program's success is due largely to the support of state government management and local government input. The Secretary's Office and the Director of the Division of Housing and Community Development, which oversees the State's CDBG Program, have been directly involved in all disaster recovery efforts. Likewise, local governments are at the table when CDBG recovery plans are developed. Local governments, as well as 16 public housing authorities, were the recipients of Florida's CDBG Supplemental Disaster Recovery funding.

In 2004, the State of Florida was battered by Tropical Storm Bonnie and Hurricanes Charley, Frances, Jeanne and Ivan. All 67 counties were impacted within a two-month period, including the Gulf Coast counties.

- Homes and infrastructure were damaged and destroyed.

2555 SHUMARD OAK BOULEVARD TALLAHASSEE, FL 32399-2100

Phone: 850-488-8466 Fax: 850-921-0781 Website: www.dca.state.fl.us

COMMUNITY PLANNING

Phone: 850-488-2356 Fax: 850-488-3309

AREAS OF CRITICAL STATE CONCERN FIELD OFFICE

Phone: 305-289-2402 Fax: 305-289-2442

HOUSING AND COMMUNITY DEVELOPMENT

Phone: 850-488-7956 Fax: 850-922-5623

- Mobile home owners, especially those living in homes manufactured before 1994, suffered the most devastation.
- Plastic sheeting and tarps for 55,670 and 481,513, respectively, were immediately necessary.
- Thousands lost their homes completely.
 - Governor Jeb Bush reacted immediately by appointing a Hurricane Housing Work Group.
 - Housing data provided by the Work Group indicated that 708,361 housing units were destroyed.
- At least 10 hospitals sustained damage.
- Schools, nursing homes, and government buildings were damaged across the state.
- Other infrastructure damage was also significant.
- A portion of the U.S. Interstate Highway 10 bridge collapsed, and numerous streets and roadways were damaged or destroyed.
- Water and sewer systems failed and utility systems, both publicly and privately owned, were damaged.

The state targeted about \$250 million in general revenue funds to address housing needs. However, these funds alone were not sufficient.

Thankfully, Congress allocated just over \$100.9 million in Supplemental CDBG funds for Florida's recovery efforts. The funds were used for both housing and infrastructure recovery, since infrastructure damage directly affects people. Local governments determined the priority needs to be addressed in their communities.

During 2005, four hurricanes impacted the State of Florida.

- In July, Hurricane Dennis struck the Florida Panhandle, which was still recovering from the devastation caused by Hurricane Ivan less than a year before.
- In August, Katrina hit just north of Miami, causing tornadoes and wind damage in Southeast Florida.

- In September, Rita passed just south of the Florida Keys, causing flooding and storm surge in the chain of islands.
- In October, Wilma struck the southern peninsula of Florida, causing major damage in Southwest Florida, the Florida Keys and heavily populated counties in Southeast Florida.
 - Hurricane Wilma caused the largest disruption to electrical service ever experienced in Florida, with as much as 98 percent of South Florida without power after landfall.
 - By the end of the 2005 hurricane season, 39 of Florida's 67 counties had been declared a federal disaster area.
 - Housing related damages from Hurricanes Katrina and Wilma were estimated at \$1.5 billion with more than 464,710 units affected.
 - More than 40,000 roofs were temporarily repaired through the Army Corps of Engineers "Blue Roof" program.
 - More than 625,000 Floridians registered for FEMA assistance.

Due to quick action by Congress, Florida received \$82.9 million in CDBG Disaster Recovery funds.

- Our State required that grant recipients utilize at least 70% of their funding for the restoration of affordable housing.
 - The remaining 30% could be used to address damaged infrastructure or provide assistance for displaced and economically impacted businesses.
- The State's allocation methodology was based upon FEMA housing damage estimates and targeted funding to the "hardest hit" areas.

The scoring mechanism took four indicators into consideration:

1. Percentage of units damaged in each county (based on verified FEMA inspections)
2. Percentage of the state total of destroyed units in each county (again, based on verified FEMA inspections)
3. Percentage of a county's damaged units attributed to households with incomes up to \$30,000, to measure level of low income need
4. Percentage of the State's total of temporary units that were placed in each county

A supplemental CDBG Disaster Recovery allocation of \$82.9 million to address Katrina and Wilma damage was received in 2006.

Because Wilma damage had not been sufficiently addressed, these funds targeted Wilma recovery needs.

- Wilma alone impacted 275,437 housing units.
 - Of these, 119,038 Wilma damaged units were estimated to be lived in by homeowners/renters with annual incomes at or below \$30,000.
- More than \$4.6 billion in insurance claims were filed for Wilma damage alone.

HUD subsidized rental units were hit hard by the disaster.

- Of the 17,804 HUD subsidized units in the Wilma counties,
 - 2 developments reported severe damage with relocations
 - 61 households required temporary relocation, and
 - 134 developments reported damage.
- Of the public housing units in the area,
 - 4,974 units reported damage with the units remaining habitable
 - 401 units reported severe damage and were uninhabitable, and
 - 393 households were displaced.
- Approximately 600 multi-family units financed by the Florida Housing Finance Corporation also received minor damage.

Because of the needs of public housing authorities and other multi-family rental units, \$20.3 million was set-aside to specifically address multi-family rental housing.

- Just over \$10 million went to local governments for multi-family rental housing.
- The remaining \$10 million went to 16 public housing authorities for subsidized multi-family rental units.
- Other CDBG Disaster Recovery funds targeted infrastructure needs, particularly those related to housing.

The State of Florida believes that traditional CDBG activities can restore much of the damaged and destroyed housing and infrastructure following a catastrophic weather event.

Our Program focused on a reinvestment of resources into affordable housing, rather than compensation to individuals, and the restoration of infrastructure in low income areas.

- All units addressed with CDBG funds were required to be owned or occupied by low-and-moderate income persons since this population group traditionally does not have the personal resources and insurance needed to recover from the loss of their homes.
- Damaged units were required to be brought up to the minimum building code or Section 8 Housing Quality Standards to ensure that they would be strong enough to withstand storms in the future.
 - Repairing and bringing substandard units up to the minimum building code allows us to retain affordable housing that might otherwise be lost.
- With the rehabilitation, mitigation was encouraged.
- Flood and drainage systems were improved to prevent as much future flooding as possible in communities that experienced the most damage from flood waters.
- Homes that could not be repaired were replaced.

The State required each local government receiving funds to affirmatively further fair housing through the use of public newspaper notices advertising the availability of funds, and housing assistance plans that incorporated fair housing practices.

- Each local government receiving funding is required to conduct a fair housing activity each year of the grant.
- Statistical data on the beneficiaries served by the program clearly indicates that minorities, households headed by women, the elderly and the disabled received assistance.

Because the needs of the low and moderate income population group were significant, the State had no difficulty meeting CDBG's low/mod national objective.

Challenges

1. The primary challenge that the State and local governments had was that there were not enough funds to assist everyone, and communities were not able to make all the mitigation improvements – such as strengthening of roofs, fortified windows and doors, and flood and drainage improvements - needed in order to ensure that fewer homes are affected by hurricanes in the future.
2. Unmet need in Florida is measured by cost burden.
 - In 2005, 545,121 rental households in Florida or 25.7% of all rental housing had a cost burden above 30% rent to income and income below 50% AMI.
 - In 2005, 491,889 owner occupied housing units or 9.8% of all owner occupied housing units had a cost burden above 30% and income below 50% AMI.
 - These statistics indicate that about 30% of the state’s households need some type of financial assistance for housing or more affordable housing costs.
 - Added to the cost burden are ever increasing property taxes.
3. The State feels that disaster recovery housing programs would benefit by exempting rehabilitation of damaged units from the environmental review process since this delays getting the dollars into communities. These activities include housing rehabilitation and other improvements and restorations, but do not include new construction.

Since the units were in place prior the storms, and households need to get back into their homes as quickly as possible, the environmental requirements do not seem to be appropriate in the situation where the home is being rehabilitated, especially when people have been displaced by a disaster. The homes being rehabilitated are on the same site and have been there for many years, it is unlikely that any adverse environmental impact would occur.

The State of Florida would like to see Congress and HUD waive the environmental review requirements for all activities that are now considered categorically excluded. These activities include housing rehabilitation and other improvements and restorations, but do not include new construction.

The State agrees that projects for new construction, whether housing or infrastructure, should be subject to environmental review even when the project is part of a disaster recovery effort.

4. Florida, like many states, has a significant amount of substandard housing. Housing in counties that were not drastically affected by the storms in 2004 and 2005 is still subject to be hit in the future.
 - Rehabilitation and mitigation funding is needed to strengthen housing for the low-and-moderate income population that reside in every Florida county.
 - There are still families whose homes were damaged or destroyed in 2004 and 2005 that need assistance. Upon completion of the current activities, the CDBG Program will have a better estimate of how much more funding it needs, but is clear at this point that more funding will be needed to help low-and-moderate income persons.

Summary

The State of Florida has received three allocations of Supplemental CDBG Disaster Recovery funding since the hurricanes of 2004 and 2005 occurred. While much damage occurred as a result of Katrina and Wilma, other hurricane damage was also significant.

Florida considers the CDBG Disaster Recovery funding to be a significant part of the long-term recovery effort and believes that its continuation through the U.S. Department of Housing and Urban Development is vital. The CDBG program is a good mechanism for delivering the activities needed to meet long-term recovery needs, and the structure for the delivery of services is already in place, which is important when crisis strikes. CDBG funds result in direct investments to our communities, mitigates potential hazards, and improves the way of life for Floridians.

The Council of State Community Development Agencies (COSCDA), the national association of state community development agencies, recently convened a meeting of several states from the Gulf Coast to discuss issues, recommendations and concerns about improving statutory and regulatory requirements related to disaster recovery programs. The State hopes that COSCDA will share the results of the meeting with the Subcommittee as a follow up to this hearing.

Thank you for your consideration of Florida's needs. If you would like additional information on our activities, please contact my office at 850/922-1885 or email gail.stafford@dca.state.fl.us.