Key Strategies and Resources for Equitable Resilience

U.S. Department of Housing and Urban Development

ISSUE BRIEF

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2A Identifying and Assisting Key Populations

Low- and Moderate-Income (LMI) Households

This resource provides information on how LMI households often struggle between availability of short- and longer-term resources and how flexibility is needed to meet these needs without causing any duplication of benefits.

The Issue

LMI communities are particularly vulnerable to extreme weather and other natural disasters. Because the members of these communities typically have relatively fewer resources, they are also the slowest to recover. Initial emergency response funds from Federal Emergency Management Agency (FEMA) and the Small Business Administration (SBA) can help households with costs for housing repair and other disaster-related expenses. Long-term recovery, and any additional unmet needs, can often be supported through CDBG-DR funds from HUD. Yet for LMI households, more financial help is often needed to fully rehabilitate homes and make them resilient against future natural disasters, to cover additional living expenses, and to make up for lost income due to work interruptions. This gap between needs and available resources is greater for LMI households and can be made worse by the timing gaps that often occur between receipt of short- and long-term federal financial assistance. This delay often places LMI and vulnerable residents at risk of worse outcomes from disasters.

To better understand FEMA and SBA funding assistance, their target populations, the potential for unmet need, and possible CDBG-DR fit see the chart and links provided in "Discovering Unmet Needs."

This resource focuses on three recommendations from other CDBG-DR grantees to help LMI households anticipate and withstand funding gaps and delays: 1) Make it a priority to teach recipients ways to avoid duplication of benefits, 2) Provide households with tips and tools to manage disaster assistance funds, and 3) Consider the creative strategies employed by other grantees to help moderate the financial impact of disasters for LMI households in developing your CDBG-DR program.

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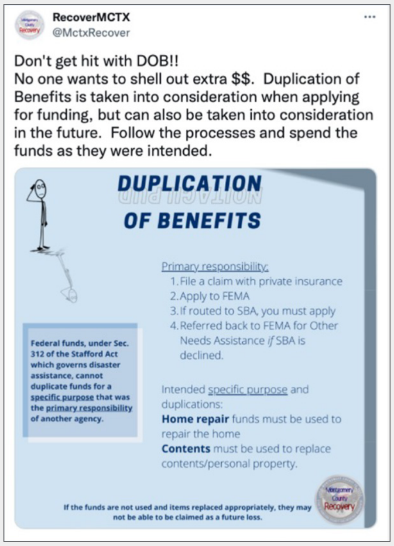
What Grantees Can Do

- **Communicate to Residents About Duplication of Benefits.**

  When a person or business receives federal assistance to recover from a natural disaster there is, by law, a prohibition on duplication of benefits. A recipient of federal disaster relief cannot recover more than the amount of loss – in other words, no double recovery at taxpayers' expense. This includes expenses covered by philanthropic donations, insurance proceeds, and other public assistance programs. Recipients of federal assistance may be denied receipt of additional funds or asked to pay money back to the federal government if there is a duplication of benefits.

- **Provide Educational Resources Online and Work with Community-based Partners to Prioritize This Outreach.**

  Community-based organizations are often 'financial first responders' for households and should be tapped as communication channels to raise awareness and understanding of duplication of benefits along with other financial assistance resources. Following the 2020 Holiday Farm Fire in Oregon, a local community development organization, the McKenzie Community Partnership, took the lead in sharing tips, resources, and guides on program requirements for a variety of disaster recovery funding resources through various channels, including social media profiles that it created in direct response to the fire as well as through virtual trainings and in-person workshops. Consider which community-based organizations, such as local HUD-approved housing counseling agencies, might be a strong partner for community outreach on these requirements and use the following public education resource: CDBG-DR Duplication of Benefits Case Studies.



CDBG-DR grantees can increase community awareness about duplication of benefits by including advisories in the invitations to apply for recovery assistance that are sent to households, sending email or text reminders to recipients, and posting frequent messages on social media and other outlets.

Advice from a public official in New Jersey

"A lot of the issues that you face on the tail end of a long-term recovery start in the response, namely duplication of benefits. Some folks struggle with duplication of benefits because they receive money up front to do some housing repairs and maybe some other things. Then when long-term recovery kicks in, maybe a year and a half or two years later, they are expected to have the money they were given two years ago. That creates a major dynamic for households that are on fixed incomes."

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- **Educate Residents on How to Track Disaster Assistance Funds**

  Households need to keep receipts from all purchases related to the cleanup, repair and rent for alternative accommodations that were paid with disaster assistance funds. However, for many households, keeping track of receipts for repairs and purchases in the wake of a disaster is challenging. Many people do not understand the importance of this and do not prioritize it. Others do not know to establish a routine or system to keep their records. Listed below are examples of ways that CDBG-DR programs have counseled households to manage assistance funds.

  - **Create a clear list of the funding sources that should not be duplicated.** The City of Houston created one-pagers on the duplication of benefits for its Hurricane Harvey Homeowner Assistance Program that clearly listed out potential sources of benefits for applicants to consider and included an example of how a family could calculate what would be considered an unmet need and what would be considered a duplication of benefits. See the one-pager as an example: Harvey Homeowner Assistance Program Duplication of Benefits Fact Sheet.
  - **Encourage CDBG-DR applicants to set up a new bank account to deposit disaster assistance funds from all sources.** In the aftermath of Superstorm Sandy, New Jersey officials encouraged households to set up new bank accounts for their disaster assistance funds, to be kept apart from their regular household expenses and only used for home repairs. A separate bank account helped households minimize duplication of benefits later, assisted case managers in monitoring remaining balances relative to remaining needs, and helped officials conduct financial review audits for any duplication of benefits. Grantees should provide contact information for trusted financial institutions for new bank accounts and HUD-approved housing counseling agencies who can provide more thorough financial literacy training, help comb through banking options, and help the underbanked address barriers to banking.

Advice from a public official in New Jersey

"There were prudent examples – setting up a brand-new bank account so the same account isn't used to pay mortgage, for example. They deposit their flood insurance check into it, the SBA loan into it, and our housing rehab money into that account. That was not a requirement that we made. As we get to close out, we need to document there was no duplication of benefits and this has made that much easier on everyone. Even midstream, we can all examine the account to confirm there is money to finish. Having that as a requirement would've gone a long way. I realize this might be problematic for people in vulnerable communities to go out and set up a new bank account."

Bridge the Gap in Funding

- **Coordinate Program Design Across Federal Partners**

  Communities have developed creative ways to use the CDBG-DR program to help households with extra costs due to the disaster and to close the gap between the FEMA, SBA and CDBG-DR programs. Pennsylvania worked closely with FEMA/PEMA to structure their buyouts program so that it included homes that did not meet the FEMA standards but were still considered flood damaged. In this way, once CDBG-DR funds arrived, the program was quickly ready to launch and work with residents.

- **Work with FEMA-Funded Agency to Request Extensions**

  Most FEMA-funded activities have relatively short expenditure deadlines, but the FEMA-funded state agency can request extensions from FEMA. By working with the state agency that receives FEMA funding (typically the Emergency Management Agency), CDBG-DR grantees can ensure that FEMA funding continues to assist individuals, businesses and governments while CDBG-DR programs are getting underway. For example, under FEMA Individual Assistance, FEMA provides Temporary Housing Assistance to renters and homeowners. Typically, this assistance ends after 18 months, but FEMA will grant extensions if the state can demonstrate the necessity of continuing to provide assistance until CDBG-DR homeowner and rental recovery programs have rebuilt, repaired, or otherwise replaced the damaged housing stock.

Advice from a public official in New Jersey

"When you talk about equity, if your assistance can be timed so that there is not a dip or gap, then there's a better likelihood that people are going to be able to rebuild and stay in their communities. But if there's any time when they have no assistance, because they don't have deep pockets, this creates a lot of problems."

- **Streamline Community Access to Federal and Local Response**

  Many grantees have streamlined access to government support after a disaster. For example, Nashville's rebuild clinics included all federal assistance agencies so that residents could move from table to table getting advice and answers to questions. This one-stop shop accelerated the application and award process by reducing the trial and error that households experience when pulling together documents to complete applications.

- **Identify if Your Community Needs Differ from CDBG-DR Program Requirements**

  New Jersey established several programs with CDBG-DR funds to assist homeowners and renters. They established a tenant-based rental assistance program and, through waivers approved by HUD, were able to keep the assistance going for 24 months. In addition, the state gave eligible homeowners housing incentives of $10,000 to encourage them to resettle in their home or the same county as gap funding to support community stability as households applied for additional rebuilding assistance. This protected hard-hit communities from the harm of out-migration. These programs made a difference for tens of thousands of families.

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