



We help build homes and communities across rural America.

February 21, 2023

Submitted via regulations.gov

Regulations Division
Office of General Counsel
Department of Housing and Urban Development
451 Seventh Street SW
Room 10276
Washington, DC 20410-0500

Re: 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
and
Request for Information Community Development Block Grant Disaster
Recovery (CDBG-DR) Formula
Docket No. FR-6337-N-01

Gentlepersons:

The Housing Assistance Council (HAC) appreciates this opportunity to comment on rules, waivers, alternative requirements, and allocations for the Community Development Block Grant Disaster Recovery (CDBG-DR) program.

HAC is a national nonprofit organization that helps build homes and communities across rural America. Since 1971, HAC has provided below-market financing for affordable housing and community development, technical assistance and training, research and information, and policy formulation to enable solutions for rural communities across the country. In our work, HAC places a special focus on high-needs rural regions – including the Mississippi Delta and the Black Belt, rural Appalachia, Indian Country, the border colonias, and farmworker communities. Among the challenges HAC helps rural communities meet are natural disasters. For example, we recently launched a [Rural Resilience](https://ruralhome.org/rural-resilience-in-face-of-disaster/) resource on our website, connecting local partners with critical information to inform disaster response and preparedness.¹ With over 50 years of experience supporting and developing affordable housing across rural America, including in the context of natural disasters, HAC is uniquely positioned to comment on ways to improve the use of CDBG-DR in rural places.

¹ "Rural Resilience," Housing Assistance Council, 2022, <https://ruralhome.org/rural-resilience-in-face-of-disaster/>.

1025 Vermont Ave., N.W., Suite 606, Washington, DC 20005

📞 202-842-8600 ✉️ hac@ruralhome.org 🌐 ruralhome.org 📞 202-347-3441

HAC is an equal opportunity provider, employer, and lender.

HAC is a member of the Disaster Housing Recovery Coalition (DHRC) convened by the National Low Income Housing Coalition (NLIHC), and we have signed DHRC's comment letters in response to these Requests for Information. We write separately to add and emphasize some points that are particularly important for the effective use of CDBG-DR in rural places.

HAC's recommendations are grounded in our four major policy priorities.² The CDBG-DR program must contribute to:

1. Building the capacity of local affordable housing and community development organizations deeply rooted in rural places;
2. Expanding access to credit and safe, affordable lending in underserved rural communities;
3. Improving the overall quality, availability and affordability of housing to buy and rent in small towns and rural places; and
4. Preserving, increasing and tailoring resources for federal affordable housing programs serving rural populations.

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. HAC supports 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.

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.

² "2023 Rural Housing Policy Priorities," Housing Assistance Council, 2023, <https://ruralhome.org/our-work/policy/policy-priorities/>.



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.

HAC 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.

Rural Equity

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..."³

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

³ Executive Order 13985, "Advancing Racial Equity and Support for Underserved Communities Through the Federal Government," January 20, 2021, <https://www.federalregister.gov/documents/2021/01/25/2021-01753/advancing-racial-equity-and-support-for-underserved-communities-through-the-federal-government>.



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.⁴ While research and news stories 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, where the home’s value cannot be reliably determined, cost-based appraisals may be required.

Nontraditional Housing, Nontraditional Titles

People living in nontraditional homes, homes without standard titles, or informal housing arrangements are often unable to access federal assistance after disasters, and rural residents may be particularly likely to fall 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,⁵ 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.

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.

⁴ Freddie Mac, *Racial and Ethnic Valuation Gaps in Home Purchase Appraisals*, 2021, <http://www.freddiemac.com/fmac-resources/research/pdf/202109-Note-Appraisal-Gap.pdf>.

⁵ National Low Income Housing Coalition, “Title Barriers to Accessing FEMA Assistance,” 2020, <https://nlihc.org/sites/default/files/Title-Barriers-to-Accessing-FEMA-Assistance.pdf>.

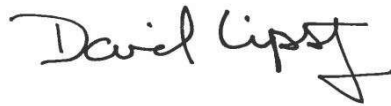


Administrative Improvement

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.⁶ As HAC emphasized in the broader federal housing and community investment context,⁷ the substantial resource and capacity constraints faced by local governments and affordable housing providers in rural communities make their disaster readiness, response, and recovery strategies especially vulnerable to bureaucratic delays.

Thank you for your consideration of these comments. Please do not hesitate to contact me if you need additional information.

Sincerely,



David Lipsetz
President & CEO

⁶ Andy Winkler, Owen Minott, and Erin Barry, "Findings from BPC's Survey of HUD CDBG-DR Grantees," August 3, 2022, Bipartisan Policy Center, <https://bipartisanpolicy.org/blog/bpcs-survey-findings-of-hud-cdbg-dr/>.

⁷ Housing Assistance Council, "Response to the Interagency Community Investment Committee RFI on Opportunities and Challenges in Federal Community Investment programs," December 19, 2022, <https://ruralhome.org/hac-comments-on-community-investment-focus-on-capacity-building-and-capital-access/>.

