

MEMORANDUM

April 10, 2017

To: Tennille Parker
 Director, Disaster Recovery and Special Issues Division,
 DGBD



U.S. DEPARTMENT
 OF HOUSING
 AND URBAN
 DEVELOPMENT

From: 
 Brian Pattison
 Assistant Inspector General for Evaluation, G

Subject: Navigating the Disaster Assistance Process, 2017-OE-0002S

In response to a request, we identified the path and process citizens – homeowners and businesses – navigate to obtain disaster recovery assistance and the challenges and barriers they may encounter.¹ Specifically, our objectives were to identify the (1) major processes and paths citizens navigate to obtain disaster recovery assistance, (2) major information resources available to citizens seeking disaster recovery assistance, and (3) challenges and barriers citizens may encounter in navigating the process to obtain disaster recovery assistance. This study was a joint effort between Office of Inspector General (OIG) staff and Zelos, LLC, which is under contract with the U.S. Department of Housing and Urban Development (HUD) OIG. This report is for informational purposes only and does not represent an OIG perspective or position.

We conducted this study to assist HUD in improving disaster recovery assistance provided to citizens. Disaster recovery assistance involves the combined efforts of HUD’s program offices and Federal, State, local, private-sector, and nonprofit partners. During this study, we reviewed

- The Robert T. Stafford Disaster Relief and Emergency Assistance Act;
- Applicable laws, regulations, policy, and guidance regarding disaster assistance;
- Relevant agency and organization reports, including those issued by the U.S. Government Accountability Office, the Congressional Research Service, and the Urban Institute; and
- After-action reports issued by the Federal Emergency Management Agency and selected cities and States affected by Hurricane Sandy.

We interviewed Federal and State managers and officials with disaster response and recovery responsibilities, including HUD headquarters and field officials from the Offices of Community Planning and Development, Disaster Recovery and Special Issues, Field Policy and Management, and Disaster Management and National Security. Although we conducted a study to provide information, we relied on documented examples of citizens’ challenges that occurred throughout the disaster process.

¹ Merriam Webster defines a citizen as an “inhabitant of a city or town; especially one entitled to the rights and privileges of a freeman” or “a native or naturalized person who owes allegiance to a government and is entitled to protection from it.” However, for ease of presentation throughout the report, we refer to homeowners and businesses as “citizens.”

We appreciate the assistance you and your staff provided throughout this study. If you have any questions, please contact Candace Milbry, Supervisory Evaluator, Program Evaluations Division, Office of Evaluation, at (202) 402-2237.

Background

The Robert T. Stafford Disaster Relief and Emergency Assistance Act was designed to bring an orderly and systematic means of Federal disaster assistance for State and local governments to carry out their responsibilities to aid citizens. Although, State and local governments may carry out their responsibilities in an orderly and systematic fashion, the path for citizens is not always seen as “orderly and systematic” for a variety of reasons.

Response activities take place immediately before, during, and in the first few days after a disaster. Recovery efforts are longer term and help the community get back on its feet and focus on how best to restore, redevelop, and revitalize the health, social, economic, natural, and environmental fabric of the community. Volunteer agencies as well as the Federal Emergency Management Agency (FEMA) and the Small Business Administration (SBA), under the National Response Framework, offer initial recovery assistance. Frequently, Federal and State Web sites provide the major access points for a citizen seeking disaster assistance.

For each presidentially declared disaster, the U.S. Department of Housing and Urban Development (HUD) collaborates with Federal and State agencies to implement disaster recovery assistance and provide disaster resources. Several of HUD’s program offices also provide coordination, training, and disaster resources.

Citizens may encounter a variety of challenges throughout the disaster navigation process. These challenges may include the following:

- Lengthy delays from the initial application process through the closing of their cases,
- Potential duplication of benefits,
- Delays in funding, and
- Challenges faced after the process.

The Stafford Act

The Stafford Act authorizes the President to issue major disaster or emergency declarations in response to catastrophes in the United States that overwhelm State and local governments. Emergency declarations result in the distribution of a wide range of Federal aid to individuals and families, certain nonprofit organizations, and public agencies.

National Response Framework

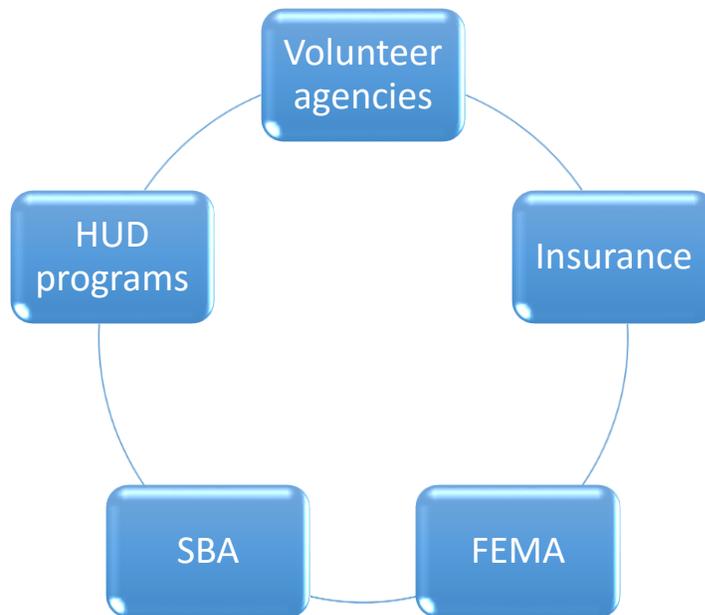
Government resources alone cannot meet all of the needs of those affected by natural disasters, terrorist attacks, and other catastrophic events. The National Response Framework provides context for how the whole community works together and how response efforts relate to other

parts of national preparedness. FEMA and SBA offer initial recovery assistance under the National Response Framework.

Citizens Must Navigate Circuitous Paths for Obtaining Disaster Recovery Assistance

Citizens may face a circuitous path to receiving disaster assistance, depending on how, when, and where they enter the response effort. Many nonprofit, private, and government organizations and agencies provide citizens – homeowners and businesses – a range of assistance and access in the disaster response and recovery process. The path is not linear, and citizens may start at various points within the disaster assistance process (figure 1).

Figure 1 – The circuitous path to obtain disaster recovery assistance



Volunteer Agencies

Immediately after a disaster, volunteer agencies provide emergency food, shelter, clothing, and medical assistance.

Private Insurance

If citizens have private insurance, such as flood, homeowner, renter, or automobile insurance, they must first file a claim with their insurance company. It is important that citizens call their insurance company as soon as possible to begin the claims process. If citizens do not have insurance or if their insurance does not fully cover their losses, they should register for disaster assistance with FEMA.²

FEMA

² Disaster assistance is money provided to individuals, families, or businesses in an area where property has been damaged or destroyed in a presidentially declared disaster and whose losses are not covered by insurance.

FEMA establishes disaster recovery centers (DRC) in affected areas once the President declares a disaster. DRCs are facilities or mobile offices where citizens go to get information about and, if applicable, register for disaster assistance programs. At the DRC, representatives from FEMA, SBA, the State governor's office, volunteer groups, and other agencies are available to answer questions about disaster assistance. If FEMA requests it, HUD provides volunteers to serve at DRCs to discuss and provide housing disaster assistance. At the DRC, volunteers help citizens apply for assistance.

Alternately, citizens may go directly to the FEMA Web site, www.FEMA.gov, to view disaster-related guidance. For losses not covered by insurance, FEMA can provide money for temporary housing, home repair, home replacement, permanent housing construction, and financial assistance for necessary expenses caused by the disaster. This assistance includes medical, dental, funeral, personal property, transportation, moving and storage, and other expenses authorized by law. Also, citizens can access the FEMA Web site, www.DisasterAssistance.gov, for additional information, support, and services and to apply for disaster assistance.³

SBA

The first Federal point of contact for citizens requiring Federal assistance after a disaster should be FEMA and then SBA. SBA loans may be available to citizens who have suffered an economic loss because of the disaster. SBA also can help by providing disaster assistance for citizens whose losses are not covered by private insurance. SBA provides low-interest disaster loans to homeowners, renters, businesses of all sizes, and private and nonprofit organizations to repair or replace real estate, personal property, machinery and equipment, inventory, and business assets damaged or destroyed in a declared disaster.

HUD

Disaster recovery assistance involves the combined efforts of many HUD program offices. The following HUD programs have disaster response and recovery responsibilities.

Office of Community Planning and Development

The Office of Community Planning and Development's Community Development Block Grant (CDBG) and HOME Investment Partnerships Program provide flexible grants to help cities, counties, and States recover from presidentially declared disasters, especially in low-income areas, subject to the availability of supplemental appropriations. Congress may appropriate additional funding for the CDBG program as Disaster Recovery (CDBG-DR) grants to rebuild the affected areas and provide crucial seed money to start the recovery process. Because CDBG-DR assistance funds a broad range of recovery activities, HUD can help communities and neighborhoods that otherwise might not recover because of their own limited resources. HUD CDBG-DR grants supplement the Federal Government's standard recovery assistance programs administered by FEMA and SBA. In addition to CDBG-DR grants, metropolitan cities, urban counties, and States may request that the awarding of annual CDBG and HOME program funds be expedited or that

³ Citizens may also register for disaster assistance with FEMA by phone at 1-800-621-3362 or 1-800-462-7585 (TTY).

program year start dates be moved up. For activities in a disaster area, these entities may also request modification of some program requirements to facilitate disaster assistance.

Office of Housing Counseling

The Office of Housing Counseling developed a Disaster Recovery and Emergency Preparedness Toolkit. The three resources provided in the toolkit include

- Emergency Preparedness Guide for Housing Counseling Agencies, which provides useful and easy-to-implement information to assist housing counseling agencies in preparing for any type of disaster;
- Emergency Preparedness and Recovery Resources for Housing Counseling Agencies, which contains a comprehensive list of Web site resources to prepare the community for a disaster; and
- Housing Counseling Disaster Program Guide, which provides a model for HUD-approved housing counseling agencies to expand and support their long-term disaster recovery services as part of their grantee action plan in their respective jurisdictions receiving Federal disaster recovery funds.

Office of Multifamily Housing Programs

The Office of Multifamily Housing Programs offers the Ready to Respond: Disaster Staffing Toolkit developed by Enterprise Community Partners, Inc., in partnership with HUD to help affordable multifamily housing organizations develop comprehensive disaster staffing plans to protect buildings, engage residents, and continue business operations in the event of a disaster. The toolkit is based on the Incident Command System and provides a planning framework used by Federal, State, and local first responders to help with command, control, and coordination of the disaster response. The toolkit helps the housing organization to (1) minimize building damage and ensure a quick return to service; (2) support the safety, preparedness, and recovery of residents; and (3) maintain key business operations throughout a disaster.

Office of Fair Housing and Equal Opportunity

The mission of the Office of Fair Housing and Equal Opportunity is to eliminate housing discrimination, promote economic opportunity, and achieve diverse, inclusive communities by leading the Nation in the enforcement, administration, development, and public understanding of Federal fair housing policies and laws. The Fair Housing Act is a Federal law that prohibits discrimination in housing and housing-related services based on a person's race, color, national origin, religion, sex, familial status, or disability. The Fair Housing Act ensures that all persons receive equal housing opportunities following a disaster.

Federal Housing Administration

For a presidentially declared disaster, the Federal Housing Administration (FHA) activates a mortgagee letter making a variety of insured loan programs available for disaster victims and putting into play the use of special loan servicing and underwriting

requirements.⁴ To determine whether they qualify for relief, disaster victims must call their lender, which may stop or delay initiation of foreclosure for 90 days and may waive late fees for borrowers who become delinquent on their loans because of the disaster.

Government National Mortgage Association

The Government National Mortgage Association (Ginnie Mae) encourages all single-family, manufactured housing, and multifamily issuers to provide forbearance to borrowers in areas receiving a presidential disaster declaration.⁵ In certain instances, Ginnie Mae will assist issuers in their efforts to offer forbearance with pass-through payments.

Office of Policy Development and Research

To assist homeowners recovering from a disaster, the Office of Policy Development and Research offers citizens a disaster response toolkit. The toolkit provides citizens with guidance on (1) how to rehabilitate flooded homes, (2) the design and construction practices that promote moisture resistance, (3) the durability and preparedness for future disasters, and (4) other relevant content to aid in the recovery process.

Office of Disaster Management and National Security

The Office of Disaster Management and National Security (ODMNS) serves as HUD's focal point for disaster response and recovery coordination. ODMNS' responsibilities include (1) coordinating and developing policies, programs, and plans related to disaster and national security; (2) integrating preparedness, response, and recovery planning at headquarters, regional, and field levels; and (3) developing disaster housing recovery protocols in coordination with Federal, State, and local partners. Following a disaster, FEMA issues mission assignments to HUD via the National Housing Recovery Support Function Coordinator. The FEMA mission assignment specifies and requests the number of HUD personnel needed to address housing needs for disaster citizens at the joint field office (JFO) or DRCs.⁶ ODMNS coordinates with the Office of Field Policy and Management (FPM) to deploy HUD volunteers to the disaster site.

Office of Field Policy and Management

FPM staff implements the agency's efforts related to disaster preparedness, response, and recovery at the State, regional, and local levels. These efforts include implementing continuity of operation plans and exercises across HUD field offices as part of the larger Federal effort to

- Ensure continuity of government,
- Manage efforts to staff and support FEMA JFOs and DRCs, and

⁴ FHA issues mortgagee letters to keep lenders up to date on how FHA is operating and how operations may affect lending practices.

⁵ Forbearance is when the issuer refrains from enforcing the payment of a debt.

⁶ A JFO is a temporary Federal facility established locally to provide a central point for Federal, State, local, and tribal executives with responsibility for incident oversight, direction, and assistance to effectively coordinate protection, prevention, preparedness, response, and recovery actions.

- Train HUD volunteers going to a DRC to provide HUD assistance.

Although ODMNS coordinates with FPM to obtain the necessary HUD resources, FPM sends the volunteers to assist FEMA at the JFO and DRCs. FPM stated that HUD volunteers are committed and deploy to the JFO or DRCs for a 30-day period during which they work 12-14 hour days. FPM developed disaster preparedness, response, and recovery training modules for the volunteers. Before deploying, HUD disaster volunteers complete FPM disaster training. While serving at the DRCs, HUD disaster volunteers provide citizens general information about HUD disaster recovery resources listed in a HUD pamphlet (figure 2). Although FPM requires HUD volunteers to take disaster training, the disaster training does not provide a level of certification or endorsement of qualifications.

Figure 2 – HUD’s FPM Disaster Recovery Resources pamphlet

**U.S. DEPARTMENT OF HOUSING
AND URBAN DEVELOPMENT**



***Disaster Recovery
Resources***



After a disaster, every person affected will require emergency services immediately – medical attention, food, water, shelter. It is a difficult and stressful time but remember others will be there to support you every step of the way.

Apply for assistance from the Federal Emergency Management Agency (FEMA) and the Small Business Administration (SBA)

Even if you are not a business owner, you must apply for assistance through the SBA to receive the maximum assistance you are eligible for from FEMA.

Residents and business owners who sustained disaster-related losses can apply for assistance from FEMA at: **1-800-621-3362**

For TTY call 1-800-462-7585, and for 711 relay or Video Relay Service (VRS) call 1-800-621-3362.

To find the nearest Disaster Recovery Center where you can apply for assistance visit:
<http://asd.fema.gov/inter/locator/home.htm>

Apply online at: **www.DisasterAssistance.gov**

HUD assistance for renters and homeowners

- If you lived in public housing, a Section 8 unit or have a Housing Choice Voucher contact the housing provider that assisted you before the disaster and HUD at:

1-800-955-2232 for public housing residents and Housing Choice Voucher holders.
1-800-685-8470 for Section 8 unit residents.

- 90-day foreclosure moratorium is available for FHA insured home loans after a Presidentially Declared Disaster. For information call: **1-800-225-5342**.
- Contact HUD for information on federally subsidized rental housing programs including providers in your area at: **1-800-955-2232** or **1-800-685-8470**.
- HUD's Section 203(h) program provides FHA insurance to disaster victims who have lost their homes and are facing the daunting task of rebuilding or buying another home. Borrowers from participating FHA-approved lenders are eligible for 100 percent financing, including closing costs. For information call: **1-800-225-5342**.
- HUD's Section 203(k) loan program enables disaster survivors to finance the purchase or refinance of a house along with its repair through a single mortgage. It also allows homeowners who have damaged houses to finance the rehabilitation of their existing single-family home For information call: **1-800-225-5342**.
- If you are homeowner concerned about foreclosure or have questions about next steps with your home connect with a HUD approved housing counseling agency by calling **1-800-569-4287**. You do not have to have a FHA loan to meet with a HUD approved housing counseling agency and there is never a fee for foreclosure prevention counseling.
- Did you experience housing discrimination after the disaster? Contact HUD to file a claim at: **1-800-669-9777** or **1-888-560-8913**.

HUD Assistance for State and Local Government Agencies

- HUD's Community Development Block Grant (CDBG) and HOME programs give the State and communities the flexibility to redirect millions of dollars in annual formula funding to address critical needs, including housing and services for disaster victims .
- Under the Section 108 program, HUD will offer state and local governments federally guaranteed loans for housing rehabilitation, economic development and repair of public infrastructure
- HUD provides Indian Community Development Block Grant funding for imminent threat to Indian Housing and Tribal areas.
- HUD may have funding available for public housing authorities (PHAs) to help rehabilitate damaged properties.
- The Department will share information with FEMA and the State on housing providers that may have available units in the impacted counties. This includes Public Housing Agencies and Multi-Family owners. The Department will also connect FEMA and the State to subject matter experts to provide information on HUD programs and providers.
- HUD offers assistance to Ginnie Mae issuers in disaster areas by providing assistance to mortgage-backed securities (MBS) issuers with significant concentrations of loans within the affected areas. The assistance includes help in making payments to MBS investors when homeowners are unable to make payment, and eliminating delinquent loans from delinquency statistics used in risk monitoring.

Restoring Your Home

After a disaster there are many things to consider. Is your home safe to enter? How do you save and clean up your possessions?

For information on returning to your home after a disaster visit: http://portal.hud.gov/hudportal/HUD?src=/program_offices/healthy_homes/disasterrecovery.

Helpful resources include:

- Homeowners and Renters Guide to Mold Cleanup after Disasters.
- Consumer Tips for Post-Disaster Home Restoration.
- Guide to Post-disaster Restoration for a Safe and Healthy Home.
- You can also download the free Rebuild Healthy Homes App .



BEWARE OF SCAMS

Watch out for mortgage loan assistance or rescue scams and other predatory tactics.

Avoid those who say they can help you with your loan or provide home repair or other services and require an upfront fee. Watch out for unlicensed contractors.

Never sign anything you do not understand. For more information visit www.loanscamalert.com, www.HUD.gov or www.FEMA.gov .

- For information on HUD programs visit www.hud.gov.
- Homeowners can find answers to questions about FHA mortgages at : <http://portal.hud.gov/hudportal/HUD?src=/FHFAQ>
- Additional information on HUD disaster assistance is found at: <http://portal.hud.gov/hudportal/HUD?src=/info/disasterresources>

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Citizens May Encounter Challenges in the Process of Obtaining Disaster Recovery Assistance

Citizens may encounter a variety of challenges throughout the disaster navigation process. These challenges include lengthy delays from the initial application process to the closing of their cases due to inconsistent communication, coordination, and collaboration. Further, citizens may experience delays in funding, duplication of benefits, and other challenges after the process. Below are documented examples of citizens’ challenges that have occurred throughout the disaster navigation process.

Delays in Funding for Low- and Moderate-Income Citizens

CDBG-DR spending rates as well as how funds were disbursed varied significantly from State to State, creating inconsistencies in recovery efforts. In general, at least half of CDBG-DR funding must benefit low- and moderate-income (LMI) individuals and areas. However, in some instances, a significant portion of CDBG-DR funding was not provided to LMI individuals and areas. In October 2016, HUD’s Office of Inspector General (OIG) issued a report on the State of Connecticut’s CDBG-DR funding for Hurricane Sandy, which found that the State did not always

support the LMI national objective.⁷ Additionally, in January 2008, Steps Coalition, a nonprofit organization, released a report on the Mississippi CDBG Recovery Fund after Hurricane Katrina, stating that only 23 percent of the CDBG-DR funding was devoted to LMI individuals. Also, almost 5 years after Hurricane Katrina, the Mississippi Center for Justice released a report that discussed Mississippi's failure to rebuild homes and the pressure on the State to redirect unused Federal hurricane resources to more recent disasters. Unfortunately, these shortcomings put low-income citizens at risk of not being able to return to a permanent home.

DRCs

While DRCs are responsible for registering citizens for disaster assistance, after-action reports suggest that the DRCs' processes are not organized to meet citizens' needs. For example, the 2013 Hurricane Sandy FEMA after-action report states that citizens often had to repeat information to multiple individuals at DRCs because technology was not always available or used consistently to keep pace with citizens' requests for information. If the DRC did not have electricity, for instance, citizens would have to repeat information they had already provided to others. In addition, the after-action report states that approximately 38 percent of calls received during initial responses resulted in citizens receiving a prerecorded message with instructions to visit the disaster assistance Web site or to call back at another time. Further, DRCs were not consistent in the services they provided to citizens, and these differences were not necessarily related to the customized needs of the local community. For example, some DRCs included local nonprofits, banking, or insurance representatives, while others included only Federal representatives.

In an interview, the FPM Atlanta Region IV Director stated that HUD representatives at the DRCs provide general information about CDBG-DR funding. However, at the onset of a presidentially declared disaster, Congress has not yet decided whether and how much CDBG-DR funding will be appropriated. Therefore, HUD cannot guarantee that CDBG-DR funds will be available to citizens. Representatives at the DRCs generally avoid providing anything beyond basic information about CDBG-DR grants at the initial stages to avoid giving citizens false hope of receiving CDBG-DR funding. However, if CDBG-DR questions arise from State or local government officials, HUD representatives tell the officials to start preparing their action plans and refer them to the HUD division that manages CDBG-DR grants.

FEMA

When interacting with citizens impacted by a disaster, FEMA staff did not always address citizens' questions, concerns, and needs correctly or completely. According to the Hurricane Sandy FEMA after-action report, inexperienced staff and insufficient management were deployed to assist citizens who lived in affected communities. Several staff members who deployed had only completed a 3-hour training course, lacked prior disaster experience, did not have confidence in their ability to perform assignments, and were unprepared to answer questions

⁷ Under the CDBG entitlement program, every activity, except for program administration and planning, must meet one of the following three national objectives: (1) benefit low- and moderate-income persons, (2) aid in preventing or eliminating slums or blight, or (3) address certain urgent needs in a community because conditions pose an immediate threat to the health and welfare of the community.

about FEMA programs when interacting with citizens. FEMA's lack of management also resulted in unclear objectives for field operations supervisors and uneven coordination with division supervisors. As a result, FEMA staff members visited several areas multiple times, frustrating residents who were eager to receive disaster assistance but, instead, had to provide information repeatedly while receiving no assistance.

Duplication of Benefits

Benefits from multiple sources can result in citizens receiving funds that exceed the need for a particular recovery purpose. In these cases, citizens are responsible for repaying any duplicate benefits, which can be a burden to the citizen. A 2016 Congressional Research Service report noted duplication between the SBA Disaster Loan Program and the CDBG-DR grant program.

Another issue is that SBA disaster loans are dispersed more quickly than financial assistance from a CDBG-DR grant. As a result, it is possible for some homeowners to receive an SBA disaster loan, which would make them ineligible for a CDBG-DR grant. Therefore, homeowners who sought assistance early are, in effect, disadvantaged. For example, SBA loans must be repaid, while CDBG-DR grants do not have a repayment requirement.

Volunteer Agencies

After a disaster, volunteer agencies provide emergency food, shelter, clothing, and medical assistance to citizens. However, sometimes bureaucracy hinders the effectiveness and efficiency of volunteer agencies providing adequate services to disaster victims. For example, a USA Today article stated that residents in an emergency flood shelter in Louisiana did not receive adequate meals from a volunteer agency. As a result, donations were withheld from that agency. In addition, some residents with disabilities were not accommodated and did not receive necessary medications from that agency. After citizens encountered these challenges, Louisiana State officials stated that they planned to reevaluate the State's relationship with that volunteer agency.⁸

Insurance

In an interview of the director of community programs for the Maryland Department of Housing and Community Development Neighborhood Revitalization, the director mentioned that most insurance companies deny insurance claims because of a dispute regarding what actually caused the damage, such as wind or flooding. Following Hurricane Sandy, Maryland requested that insurance companies reconsider some of the denied claims. This request resulted in more claims being honored. In another example, noted in USA Today, a homeowner paid \$3,000 per year in insurance premiums to FEMA's National Insurance Flood Program for \$200,000 in flood coverage. After her home was damaged by flooding last year, FEMA paid her only \$87,000 in

⁸ "Flood victims voice concern over Red Cross." USA Today, August 26, 2016. This example is provided for informational purposes only; the OIG did not perform follow up work to validate any of the claims mentioned in this article.

insurance proceeds. However, it was estimated that it would cost more than \$250,000 to elevate and rebuild her home.⁹

Challenges Faced After the Process

Even after citizens navigate the disaster assistance process, some citizens' homes are not suitable for living, and citizens' continue to face difficulties in receiving disaster assistance. For example, in July 2016, HUD's Deputy Assistant Secretary for Grant Programs, Office of Community Planning and Development, testified before a House subcommittee and stated, "...recovery...can never be fast enough for affected families, homeowners, and other victims. There remain areas where too many homeowners are still waiting [for] the housing assistance needed to return to their homes."

In October 2016, the State of New Jersey's legislative committee held a hearing in which several citizens identified problems they encountered navigating the application process at both the Federal and State levels. Almost 4 years after Hurricane Sandy, citizens complained of difficulties in rebuilding their homes while fighting foreclosure actions, being short-changed by contractors, and receiving little or no help from the State or Federal agencies disbursing funds to help them recover from the storm. Further, one of the most contentious issues raised in the hearing was that the State of New Jersey was going after its citizens who received rebuilding grants under the State's rehabilitation, reconstruction, elevation, and mitigation program, seeking to recover some of the money that citizens received.¹⁰ More recently, HUD OIG conducted an audit of New Jersey's CDBG-DR-funded Superstorm Sandy Housing Incentive Program contract. The audit found that the State of New Jersey failed to oversee a contractor hired to distribute Federal aid and recommended that the State might have to reimburse HUD \$43 million if documentation could not be submitted to show that costs met a national objective and were supported, reasonable, and necessary. When contractors short-change the State of New Jersey, New Jersey is unable to provide the necessary disaster services to its citizens.

In an interview, the director of community programs for the Maryland Department of Housing and Community Development Neighborhood Revitalization stated that regardless of whether an entity is a homeowner, business, or public housing agency, the disaster navigation process is the same and knowing how to go through the process and the timeline is a challenge. The director referred to some entities as being so frustrated with the process that they walked away.

Conclusion

Unfortunately, citizens who have experienced a disaster find that recovery takes years, not months. The disaster assistance process is not orderly and systematic and often includes a variety of challenges and barriers that are hard to overcome. HUD needs to improve communication, coordination, and collaboration among nonprofits and volunteers as well as

⁹ "They paid premiums, so why must they fight for flood insurance payouts?" USA Today Network, February 22, 2017

¹⁰ "Hurricane Sandy Survivors Face a New Threat — from the State." NJ Spotlight, October 28, 2016

Federal and State agencies with disaster-related roles before the next disaster occurs. Further, HUD should document challenges that citizens have encountered during recent disasters to better prepare for the future.

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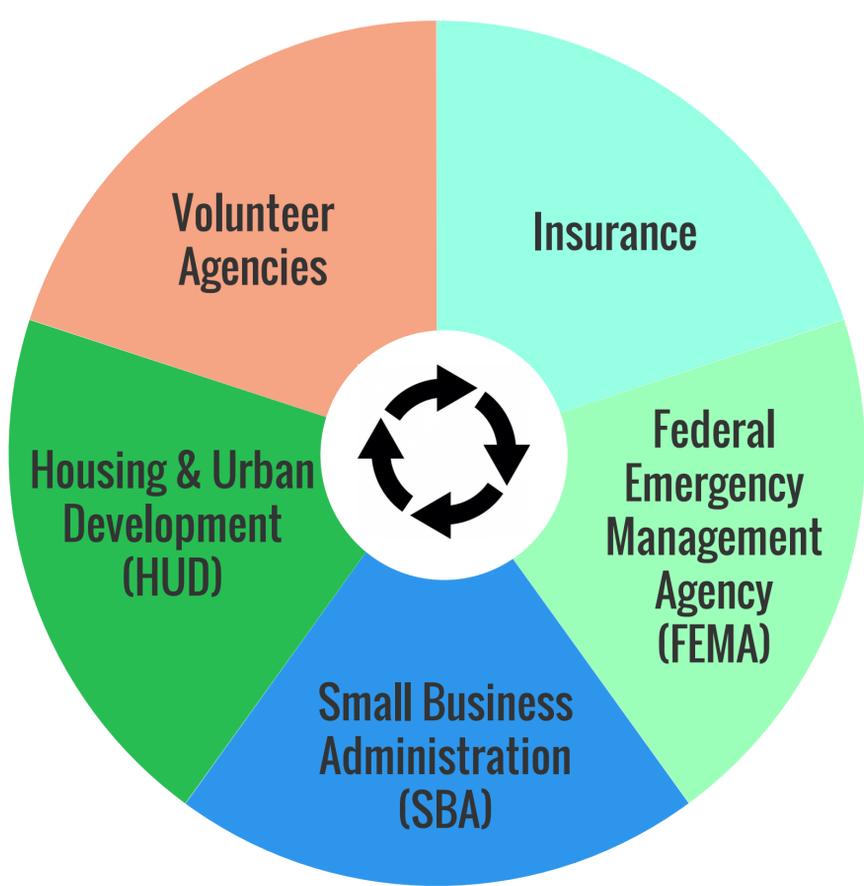


Disaster Navigation

A Beginner's

Map to

Circuitous Path for Receiving Assistance



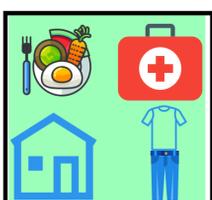
Organization

What Assistance Does The Organization Offer?

Citizens Challenges



Volunteer agencies



Provides immediate assistance after the disaster



DRCs' processes are not organized to meet citizens needs



Insurance



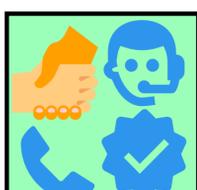
Immediately file a claim



Deny insurance claims due to a dispute regarding what actually caused the damage



FEMA



Register with FEMA for grant assistance



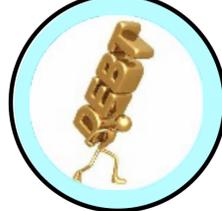
Did not always address citizens' questions, concerns, and needs correctly or completely



SBA



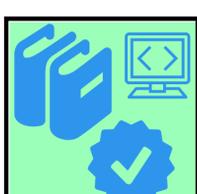
Register for SBA loan



Can be a financial burden to the citizen



HUD



Funding Assistance: CDBG-DR

Program Offices with Disaster-Related Information: OHC, Multifamily Housing, FHEO, FHA, Ginnie Mae, PDR, ODMNS, and OFM



HUD cannot guarantee that CDBG-DR funds will be available