Gulf Coast Interfaith

Public Testimony to Texas Department of Rural Affairs

I. Introduction

Based on testimony at 5 recent public hearings, the Texas Department of Rural Affairs (TDRA) has published a revised Plan of Action for how to allocate and administer $3.05 Billion in federal disaster assistance funds. The Revised Plan simply shifts $330 Million from state administered funds to 5 Councils of Government using the same "weather report model" to generate "estimated damages" based on storm surge, wind and rain. All of the COGs will likely be supportive of the Revised Model because they receive increased funding and reduced state directives about how to spend those funds. Nevertheless, the TDRA Revised "weather report model" is still badly flawed.

Below is the additional and Total funding each COG will receive:

	Proposed Increase to COG	Total Funding
H-GAC	$222,538,994	$1,657,971,326
SETRPC	$36,705,843	$487,298,360
LRGVDC	$44,154,641	$239,920,160
DETCOG	$21,893,943	$278,851,503
Pool	$7,731,798	$103,793,819
	$ 335,025,219	$2,767,835,168.00

II. Revision makes Changes to model but still no actual damages

The revised model purports to be in response to public testimony and comments provided since the Original Model was proposed by TDRA in August. Despite considerable testimony and commentary from residents of the H-GAC area, the revised model still does not take into account "actual damages" and instead continues to generate "estimated damages" based on a revised "weather report model." TDRA makes three changes to the weather report model:

(1) **Minor weight for storm surge**: TDRA adds a minor extra weight to storm surge over wind or rain so that storm surge is valued at 1% more than wind and 3% more than rainfall;

(2) **New LMI factor**: TDRA adds a new factor for Low-Moderate Income population that is given roughly equal weight with the 3 weather impacts. It is unclear from the revised proposal if the LMI factor takes into account the total number of LMI families, which favors highly populated counties such as Harris County, or takes into account the percentage of LMI families in any given county. This needs to be clarified.

(3) **Excludes Eye Wall impact**: It appears that TDRA has completely removed consideration of the impact caused by "eye of the storm." This adversely affects Galveston Counties and other counties where the 40 mile wide eye passed and it benefits all other counties. The Original TDRA model has an elaborate explanation of why it was necessary to include the "eye wall factor" but the Revised Plan does not explain the reason for apparently excluding this factor.

Net impact of these changes to the Revised Model

These three changes to the Revised Model result in the following changes to the proposed allocation to COGs.

(1) **All COGs receive more than they would have received under the original Weather Report Model and there is no major shift in funding from one COG to another COG**. The minor adjustment to storm surge is so small that it does not shift significant funding from any COG to another. Thus inland COGs which did not suffer storm surge do not shift funds to H-GAC or SETRPC which did suffer significant impact from storm surge. In fact, after all the adjustments are made, the split between the 5 COGs is virtually the same as in the Original TDRA weather model.

	Revised Model % of total funds	Original Model % of total funds	change
H-GAC	59.9%	58.9%	1.0%
SETRPC	17.6%	18.5%	-0.9%
LRGVDC	8.7%	8.0%	0.7%
DETCOG	10.1%	10.6%	-0.5%
Pool	3.8%	3.9%	-0.1%
	100.0%	99.9%	0.1%

(2) The insertion of the LMI factor seems to assure there is a significant shift in funding from areas with relatively smaller LMI populations to areas with much larger LMI populations—ie Harris County.

The damage factors for several counties in H-GAC are dramatically different under the revised plan

	Damage Factor in Original Proposal	Damage Factor in Revised Proposal
Harris County	10.11%	18.4%
Galveston County	12.43%	6.7%
Chambers County	12.51%	10.38%

Each COG receives an amount of funding equal to the sum of the damage factors in their region. The damage factors simply represent a percentage of the $2.7 Billion that is attributable to each county and COG. Thus changes to the damage factors could cause a dramatic shift in funding between counties if the COGs choose to use the weather model in their allocation process. Each 1% in damage factor now generates $27 Million in CDBG funding. It is easy to see that some counties could be big winners while others are big losers as a result of this revised model.

(3) The Model may be used to determine County level funding
Although TDRA allocates funding only to the COG level, they certainly intended that the "weather report model" could be used to determine county level allocations. According to the model:

> *"Since the model is GIS-based and was calculated at a county level, a more detailed evaluation of the damage estimates allows the determination of the percentage of funding that should be allocated to each impacted county within the disaster areas."* (TDRA Model p. 8).

And again in the conclusion, TDRA states that the Model:

> *"provides a way of estimating the allocation for each county and COG using available data to associate damage with wind speed, storm surge, and rainfall."* (TDRA Model p. 12).

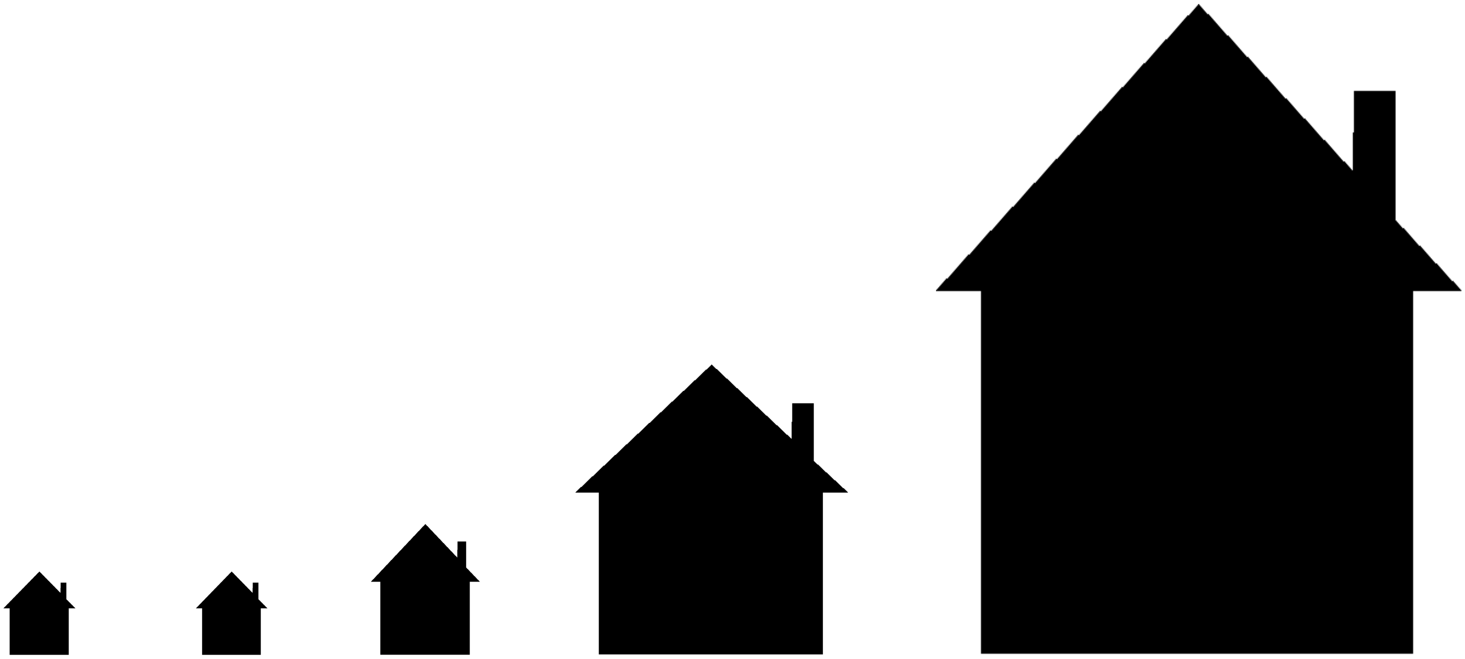
TDRA does not include the final damage factors used to generate the allocations to each COG in the Revised plan making it somewhat difficult to determine the county level allocations. It is possible to determine a very close estimate of those allocations, however. Those estimates indicate that under the revised weather report model, every county except two in the H-GAC region would enjoy a significant increase in county level funding if the Revised Model is used rather than the Original Model.

The two counties which would lose ground are two of the most directly impacted by Ike --Galveston and Chambers. Galveston would lose $121 Million and Chambers about $10 Million while Harris County would gain about $290 Million if the Revised TDRA Model is used rather than the Original TDRA Model. **Since the TDRA model is retroactive, impacting both Round 1 and Round 2 allocations, Galveston County and Galveston could actually receive only about $210 Million or $223 Million less than the $433 Million they received out of the Ike Round 1 allocation when H-GAC used actual damages to divide $814 Million in CDBG funds.** This seems like a rather perverse result since Galveston and Galveston County have the highest percentage and number of seriously damaged homes in the entire State of Texas.

III. Some COG's receive much more per damaged home than others

The TDRA funding model results in some COGs with relatively little housing damage receiving much more in housing funds than they will likely be able to use on restoring housing in their region.
If each of the COG's allocate 50% of their funds for housing, as initially recommended by Texas Department of Housing, then some COGs would receive considerably more per damaged home than other COGs.

	50% of Total Allocaton Less Rental Set aside for Housing	Total of ALL Damaged Homes in the COG	Amount of Housing allocation per damaged home
H-GAC	$724,577,491	190,921	$ 3,795
SETRPC	$212,962,322	36,943	$ 5,765
DETCOG	$121,865,511	10,112	$ 12,052
LRGVRDC	$104,851,480	27,521	$ 3,810
Pool of 7	$45,360,654	1,361	$ 33,329
Totals	$1,383,917,584	266,858	$ 5,186



Houston Galveston =$3,800 Per home

Rio Grande Valley =$3,800 Per home

Southeast Texas =$5,800 per home

Deep East Texas Region =$12,000 per home

Pool of Inland Counties =$33,000 per home

IV. COGs seem to have the freedom to shift funding from Housing to Infrastructure

The revised plan allows COG's "to move funds between housing and non-housing interchangeably using objective criteria that indicate such a need. Thus, it is likely that DETCOG, the Pool of COGs and perhaps other COGs will allocate considerably less funding for Housing restoration than for Non- Housing activities such as restoration of critical infrastructure and economic development.

In the Round 1 allocation process, where COGs were free to determine the split between Housing and Non-Housing activities, H-GAC set aside 56% for Housing, SETRPC set aside 50% for Housing but DETCOG set aside only 8.5%, the Pool of COGs only 5.5% and Lower Rio Grande Valley only 13.5%. It seems likely that those COGs will not allocate appreciably more funding for Housing with this new allocation.

If H-GAC and SETRPC allocate 50% of their total funds to Housing, as TDRA proposed in the Original Model, but DETCOG, the Pool of COGs and LRGVDC allocate the same percentage to housing as they did in Round 1, the total funding for housing will be reduced by about $210 Million. The total percentage of funding dedicated to Housing would drop from about 50% to 43%. The percentage of Housing funds declines even more dramatically if H-GAC and SETRPC reduce their allocation for Housing below 50%. This situation means local jurisdictions will have little flexibility to assist families whose incomes are slightly higher than 80% of Median Income.

	At 50% for Housing Less Rental set aside	Round 1 Housing	Amount if they allocate same %	Reduction to Housing
DETCOG	$ 121,865,510.50	8.5%	$ 23,702,377.755	$ 98,163,132.745
LRGVDC	$ 104,851,480.00	13.5%	$ 32,389,221.60	$ 72,462,258.40
Pool of 7	$ 45,360,654.50	5.5%	$ 5,708,660.045	$ 39,651,994.455
Total Reduction to Housing				$ 210,277,385.600

This means that TDRA and many others will have to carefully monitor all infrastructure projects and non-housing activities to assure that in some of those projects at least 50% of the CDBG funds are spent to benefit Low to Moderate Income households. This will may be quite difficult to do in rural counties where a small number of families are spread over a wide area.