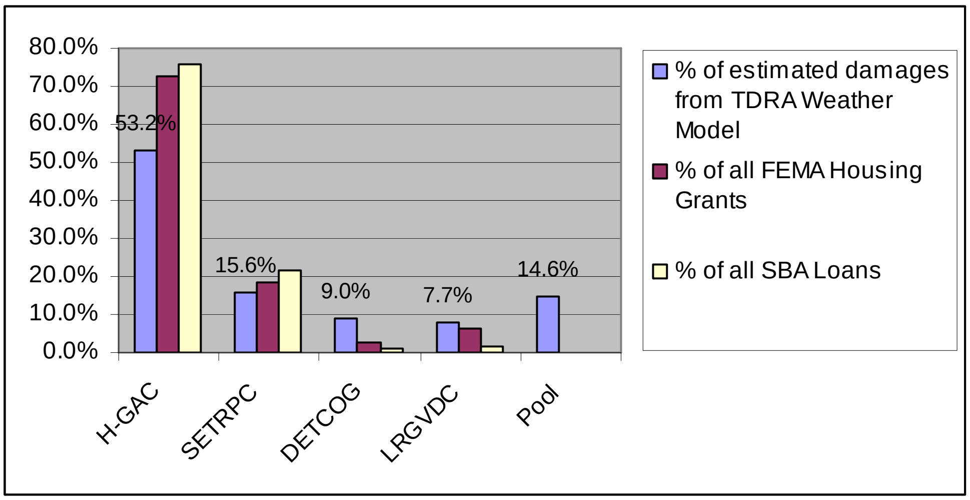
Gulf Coast Interfaith

GulfCoastInterfaith.org

Top 10 Reasons NOT to use the TDRA Weather Report Model

The Texas Department of Rural Affairs (TDRA) just published a revised model and Amended Plan for Disaster Recovery ("the TDRA Weather Model") for distributing $3.05 Billion in federal disaster assistance funds to communities impacted by Hurricanes Dolly or Ike. Since the TDRA Weather Model is retroactive, all previous decisions regarding the split between Housing and Infrastructure and the division of funds already made between counties by regional Councils of Government (COG's) are subject to change. Below are our **TOP TEN REASONS** why we believe the TDRA Weather Report Model does not work and should not be used to allocate $3.05 Billion in Community Development Block Grant funding.

10. The TDRA model does not track actual damages well. The Weather Report Model estimates that the Houston-Galveston region has just 53% of the damage from Hurricanes Dolly or Ike when every measure of actual damage from FEMA, the Small Business Administration or Department of Insurance says the region suffered at least 70% of the damage. Likewise, the TDRA Weather Model estimates that "the Pool" of mostly inland, rural counties suffered 14% of the damage when all measures of actual damage indicate they suffered less than ½ of 1% of the damages. ***This does not inspire confidence in the TDRA model.***



9. The TDRA model focuses on where the bad weather went, not where the damage occurred. The Weather Report Model is generated from the historical record of where the wind, rain and storm surge hit, not where the actual damage to houses, infrastructure and businesses occurred. The TDRA model shows that the storm surge was nearly twice as bad in Chambers as in Galveston County and 4 times worse in Jefferson than in Orange.

	TDRA Estimated Damages			**FEMA/SBA Actual Damages**	
County	Surge Damage Funds	Final TDRA Damage Factor for County		Total Number of FEMA Eligible Housing Apps	Small Business Administration Loans
Galveston	17.08%	6.74%		21,488	$241,860,900
Chambers	29.19%	10.38%		1,686	$14,496,200
Jefferson	28.08%	11.20%		6,928	$39,143,200
Orange	6.64%	2.55%		7,052	$96,882,800

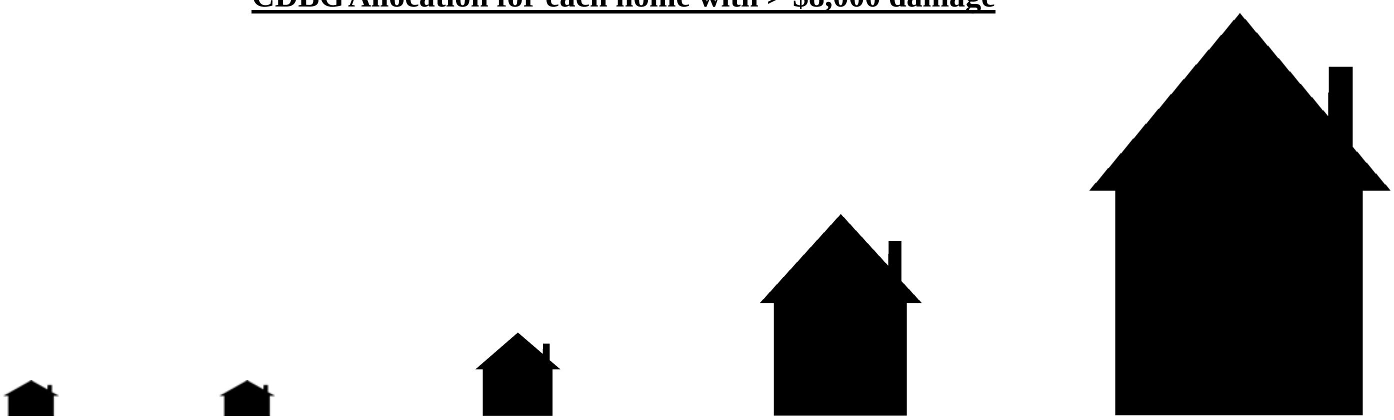
FEMA and SBA data bases show, however, that Galveston County has 12 times more homes eligible for FEMA Housing Assistance and 16 times more in SBA loans than Chambers County. Likewise, these data bases show that Orange County has just as many homes eligible for FEMA Housing Assistance and residents have received twice as much in SBA loans as those in Jefferson County***. The Weather Report model accurately reflects that Chambers and Jefferson Counties were hit hard by Hurricane Ike, but misses the fact that communities on either side suffered much more actual damage to structures, infrastructure and businesses.***

8. TDRA has to use a "model calibration" because their Model doesn't accurately estimated damages: TDRA uses a "model calibration" to redistribute nearly 11% of the damage factors from "the Pool" counties to other regions to keep from allocating those mostly inland, rural counties over $400 Million in CDBG funds. That would be about $2.3 Million for each of their 87 homes that have greater than $8,000 in damage. Instead, TDRA allocates them a paltry $521,000 for each of those homes. ***Any "model calibration" this large indicates that the underlying TDRA model is significantly flawed***.

	Sum of County Damage Factors		Damage Factors Taken from the Pool		Percent of Total $2.7 Billion Allocation to the COG's
H-GAC	53.19%	+	6.71%	=	59.90%
SETRPC	15.64%	+	1.97%	=	17.61%
DETCOG	8.95%	+	1.12%	=	10.07%
LRGDC	7.69%	+	0.98%	=	8.67%
Pool Counties	14.56%	-	10.78%	=	3.75%
Ike Total	9.29%				
Dolly Total	5.27%				
Total	100.0%				100.00%

7. **Even with the Model Calibration, the TDRA allocation is badly flawed:** TDRA converts the damage factors into the percentage of funding that each of the 5 Regional COG's receives. This results in a significant over-funding of DETCOG and the Pool of COGs and a significant under-funding of the H-GAC region. If you assume that 50% of the allocation is dedicated to Housing Assistance, it is possible to compare the total amount of funding allocated for each home with damage of over $8,000. There is a significant disparity in funding. This disparity is very similar if you consider "all damaged homes":

<u>CDBG Allocation for each home with > $8,000 damage</u>



Houston/ Galveston =$27,700 per home

Southeast Texas =$29,000 per home

Rio Grande Valley =$115,000 per home

Deep East Texas =$226,000 per home

Pool of Inland Counties =$521,000 per home

7. TDRA introduces the number of LMI households based on rising utility bills and taxes, not damages. In the revised version of the Model, TDRA chose to insert a factor to take into account the total number of Low or Moderate Income (LMI) families in each county. TDRA explains in their Executive Summary that "*HUD dollars are targeted at LMI and this population tends to have lower property values and less capacity to absorb rising utility rates and tax increases to cover repairs.*" So Harris County, with the largest LMI population, but also the largest tax base of all the counties impacted by Dolly or Ike, receives an LMI multiplier <u>of almost 41%.</u> Only Hidalgo County has an LMI multiplier of over 5% and 46 of the 59 counties have an LMI factor of less than 1%. By introducing the absolute number of low income families as a factor, the revised TDRA model dramatically <u>shifts funding to Harris County</u>--an extra $292 Million in CDBG funds over the August 10 version of the Weather Model. ***This very large shift in funding is not based on the <u>actual damages</u> suffered by LMI families***.

6. The New LMI factor generates funding even where there is no hurricane damage: The LMI multiplier does help those counties that have more poor families than they had hurricane damage. Three counties in the Coastal Bend region—Nueces, San Patricio and Aransas—actually had zero percent of the Ike damage according to the TDRA weather model, but together they have 4.5% of the poor families in the hurricane impacted counties.

From TDRA Revised Amended Plan of Sept 17, 2009

	Wind Speed Funds	Surge Damage Funds	Rainfall Day1 Funds	Rainfall Day2 Funds	LMI	Adjusted DF/LMI
CBCOG						
Aransas	0.00%	0.00%	0.00%	0.00%	0.26%	0.06%
Nueces	0.00%	0.00%	0.00%	0.00%	3.49%	0.82%
San Patricio	0.00%	0.00%	0.00%	0.00%	0.75%	0.18%
Total					4.5%	1.06%

This LMI factor generates $29 Million for “the Pool.” In fact, over 70% of the Pool Counties have an increase in their county damage/LMI factor once the number of LMI families is added because they have more poor people than they have hurricane damage. ***CDBG Disaster recovery funds are intended to address actual disaster damage, not poverty.***

5. The “Impact Zone Factor” disappeared without a trace: The August version of the TDRA Model included an “Impact Zone Factor” which took into account the extensive damage caused by the 40 mile wide eye wall of Hurricane Ike. TDRA explained it was necessary to include this factor because ***"[w]ithin the eye wall, the high winds and the extremely high storm surge caused tremendous damage that was more typical of a Category 4 hurricane than the Category 2 hurricane designation received by Ike."*** The impact zone factor applied to the four counties which were within 40 nautical miles of the point where the eye-wall made landfall. Galveston County benefited the most because 78% of Galveston County was inside the Ike eye wall while Chambers, Brazoria and Harris County had many fewer acres within the eye-wall:

County	**Acres within Eye wall**	**Acres of Entire County**	**Ratio**
Brazoria	23,352	928,091	.0251
Chambers	25,705	397,365	.06468
Galveston	211,403	268,853	.7863
Harris	76	1,110,976	.0000684

In the August version of the TDRA model, Galveston County’s “damage factor” is boosted from 7.51% to 12.43% because of the “Impact Zone Factor.” By excluding the Impact Zone Factor and including the LMI factor, the September version of the TDRA Model drops the Galveston County damage factor to 6.74%. Since this damage factor is translated into the amount of CDBG funding that each county and COG deserves, this has real impact. ***The Category 4 damages didn’t disappear as easily as the “Damage Factor” did.***

4. The TDRA Plan allows funds to be shifted from Housing to Infrastructure: The revised TDRA plan which accompanies the Weather Model now assures local Council’s of Government that they can determine how much money to dedicate toward repairing the homes of LMI families. TDRA rejected the 50%--50% split between Housing and Non-Housing that was recommended in the Original Model in favor of letting the COG’s decide the split. Since 3 of the COGs’ dedicated less than 15% of their funds to Housing during the first Round of allocations (The Pool—5.5%, Deep East Texas-8.5%, Lower Rio GrandeValley -13.5%) we know what to expect from them this time around. TDRA has over-funded some COGs and simultaneously made it easy for them to move those funds to infrastructure projects. ***What will be the likely result?—See number 3 below for a clue.***

Regional Council	Total Round 1 Funding	Amount Dedicated to Housing	% Dedicated to Housing
Houston-Galveston	$814,252,907	$452,839,093	56%
Southeast Texas	$190,000,000	$95,000,000	50%
Deep East Texas	%70,000,000	$5,931,070	8.5%
Lower Rio Grande Valley	$55,000,000	$7,478,993	13.5%
Pool of Counties	$24,713,036	$1,364,046	5.5%

3. **The model is good for Engineering Employment**. Federal law requires that more than 50% of the total federal funds be spent to benefit LMI households. That is easiest to do when funds are directed toward housing since each family must prove that they qualify as Low or Moderate Income. Since much of the funding directed to Deep East Texas, the Rio Grande Valley and the Pool of Counties will be dedicated to Infrastructure rather than Housing, engineering firms will be kept busy designing water lines, drainage projects, road paving projects and electric generator projects that serve at least 51% LMI families. Those projects might have to make some unusual turns and twists to include another low income family or community. That will be hard to do in sparsely populated, rural communities. ***TDRA, the Texas Department of Housing and lots of engineers will be kept busy for a long time working through this tortuously slow process.***

2. **The TDRA model "spreads the wealth" and assures a lot of grateful counties**. By not focusing on Actual Damages, the TDRA Weather Report Model assures that more counties get a bigger slice of the federal pie. As the Executive Summary for the TDRA Revised Plan states, *[I]n the new model, no region receives less money than originally proposed. In fact, every region receives an increase in locally controlled funds."* The combination of more money and more local control of that money have proven to be a *powerful* combination for getting local acceptance for this Revised plan. It also distances the State of Texas from any unpleasant publicity which might occur in the next year or so over the slow pace of recovery. ***That should make a lot of people happy—except perhaps the families who need help.***

1. **Galveston County has 46% of the seriously damaged homes but deserves only 6.8% of federal Funds.** The TDRA Weather Report model indicates that Galveston County deserves about $210 Million. That's about **6.8%** of the entire $3.05 Billion that Congress sent to Texas to assist families and communities with disaster recovery or 12.7% of the $1.6 Billion allocated to the Houston-Galveston region. It's also about $230 Million less than the Houston-Galveston Council allocated to Galveston County in February when funding was based on actual damages, not the weather. Galveston County has nearly ½ of the 26,000 seriously damaged homes in the State. Galveston County has over 5,200 homeowners who were uninsured for the loss that hit them. Most of the people still living in trailers or FEMA funded apartments are from Galveston County. But Galveston County folks are a resilient lot. ***Was this what Congress intended when they set aside money to help Texas recover?***

Total CDBG funding to Texas: **$3,057,991,440**

Total CDBG funds sent to Councils of Government: $2,767,835,168

H-GAC	Revised Damage Factor/LMI	Total Boosted Value	Round One Allocation	What County Deserves using TDRA model	% of Total State Funding
Austin	0.33%	0.4%	$ 77,508	$ 10,286,106	**0.34%**
Brazoria	5.50%	6.2%	$ 17,409,490	$ 171,435,100	**5.61%**
Chambers	10.38%	11.7%	$ 69,738,606	$ 323,544,788	**10.58%**
Fort Bend	1.69%	1.9%	$ 2,636,845	$ 52,677,331	**1.64%**
Galveston	6.74%	7.6%	$ 433,226,218	$ 210,085,922	**6.87%**
Harris	18.04%	20.3%	$ 249,763,778	$ 562,307,128	**18.39%**
Liberty	4.87%	5.5%	$ 21,898,771	$ 151,797,988	**4.96%**
Matagorda	0.57%	0.6%	$ 5,984,150	$ 17,766,910	**0.58%**
Montgomery	3.17%	3.6%	$ 11,515,395	$ 98,808,958	**3.23%**
Walker	0.77%	0.9%	$ 1,555,801	$ 24,000,914	**0.78%**
Waller	0.67%	0.8%	$ 325,698	$ 20,883,912	**0.68%**
Wharton	0.46%	0.5%	$ 1,232	$ 14,338,208	**0.47%**

	Revised Damage Factor	Final Allocation Percent	Round One Allocation	Total Amount deserved by each county from TDRA model
Austin	0.33%	0.4%	$ 77,508.00	$ 10,286,105.99
Brazoria	5.50%	6.2%	$ 17,409,490.00	$ 171,435,099.85
Chambers	10.38%	11.7%	$ 69,738,606.00	$ 323,544,788.44
Fort Bend	1.69%	1.9%	$ 2,636,845.00	$ 52,677,330.68
Galveston	6.74%	7.6%	$433,226,218.00	$ 210,085,922.36
Harris	18.04%	20.3%	$249,763,778.00	$ 562,307,127.51
Liberty	4.87%	5.5%	$ 21,898,771.00	$ 151,797,988.41
Matagorda	0.57%	0.6%	$ 5,984,150.00	$ 17,766,910.35
Montgomery	3.17%	3.6%	$ 11,515,395.00	$ 98,808,957.55
Walker	0.77%	0.9%	$ 1,555,801.00	$ 24,000,913.98
Waller	0.67%	0.8%	$ 325,698.00	$ 20,883,912.16
Wharton	0.46%	0.5%	$ 1,232.00	$ 14,338,208.35
Total	53.19%	59.9%	$814,133,492.00	$ 1,657,933,265.63