

A Hand Up for Small Towns



Lessons Learned about Long-Term Recovery
Challenges Facing Small Towns and Under-
Served Communities from Hurricane Harvey

Initial Report Version 1.0



Institute for
Sustainable Development

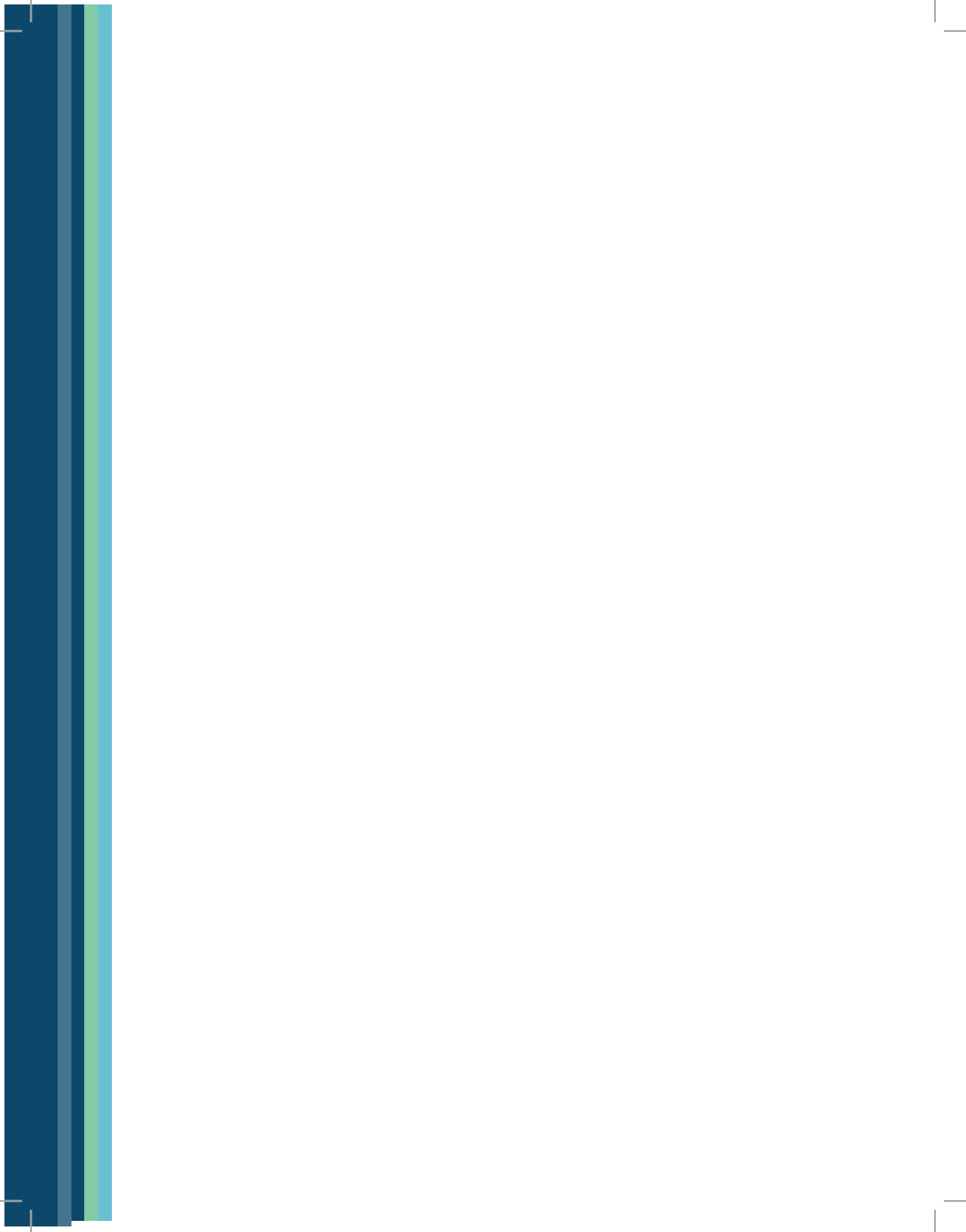


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Cover Photo: Guardian Angel boat teams rescue Hurricane Harvey victims; Source: U.S. Air Force

EXECUTIVE SUMMARY

Over 13 million people were affected by Hurricane Harvey, including 234 small towns with populations under 20,000. In response, the Institute for Sustainable Development (ISD), in collaboration with Fannie Mae and other partners, conducted research and convened a study group in Plano, Texas to analyze the challenges and develop recommendations for proposed improvements to support small and under-served communities with their disaster recovery processes. The Plano Study Group particularly examined the challenges of three communities – Hitchcock, Wharton, and Brookshire, Texas, and several key issues clearly surfaced.

Key Finding #1: There is a fundamental disconnect between the policy of having local municipalities lead their own recovery and small town and under-served community capacity after a disaster.

Small Town and under-served community disaster recoveries suffer due to a lack of bandwidth, lack of capacity, and limited expertise and experience of local leadership with extreme events. There are vast differences in the capabilities of municipalities depending on their budgets, training, staffing, and financial condition. Small towns may have one person supporting law enforcement, emergency response, and other issues, where larger municipalities may have whole departments. State and federal disaster responders and philanthropic assistance providers need to take into account the lack of capital, infrastructure, manpower and specialized expertise of small towns, and adjust their disaster response strategies accordingly.

Key Finding #2: Small Town and under-served community disaster recovery tends to default to patch and repair, resilience and transformative upgrades are seen as too costly. There tends to be a default tendency to repair and patch existing homes and infrastructure, and to consolidate and husband scarce resources and not to invest in costly upgrades. Small towns that were stretched thin before, do the best they can, but may be unable to address the fundamental vulnerabilities and weaknesses that led to the damages they suffered in the first place, much less make proactive investments to strengthen their current assets and transform their future prospects. This means that some towns suffer from significant repetitive losses and have to play catch-up constantly with their budgets and resources.

Key Finding #3: Small Town and under-served community disaster recovery may not be so much an issue of available resources, as it is making those resources adaptable to their realities. There are significant state and national resources available from the public, private, and nonprofit sectors that small towns do not have the capacity to access. The state of Texas mobilized significant resources, the federal government was pre-positioned to respond swiftly once the state requested federal assistance, the Red Cross, United Way and other Voluntary Organizations Active in Disasters (VOADs) undertook massive efforts. The private sector contributed well over \$150 million to the response. The disconnects between service providers and small towns and under-served communities may have been due to the lack of mechanisms to connect the resources to the needs, and the timing of when those resources might become available compared to the urgency of need and the desire for normalcy.

Small Town disaster recovery supporters and investors should consider providing support across four categories:

1. Technical Assistance,
2. Finance,
3. Marketing and Communications, and
4. Infrastructure Upgrades, particularly to collectively protect lower income and under-served communities and housing.

Specific strategies and solutions include:

- **Establishing a dedicated small-town Recovery and Resilience Help Desk** – based on shared services concepts to support multiple municipalities at once, a help desk would provide information about resources and capacity building opportunities, technical assistance with grant and other funding applications, technical assistance with compliance, and help small towns manage the ongoing recovery and resilience needs of their small businesses and homeowners;
- **Mobilizing and leveraging skills-based volunteers** – after the initial shock, there is a huge need for specialized planning, engineering, information technology, financing, housing, construction, health and other types of expertise to help small towns return to normalcy, but that should not impede their own local employment base and job creation – a situation tailor-made for short-term technical volunteerism;
- **Establishing a “First Dollar” grant fund and a “First Dollar” equity fund** – the grant fund would support restoration of low income and under-served community services, while the equity fund would support critical infrastructure fortification and resilience;
- **Creation of attraction, communications and marketing support systems for small towns** – Just like larger cities, smaller communities are anxious to shed the impression of being damaged. Regional recovery events that illustrate that they are “open for business”, stories about their improvements and attractions, encouragement of tourists to come and visit would be very welcome;
- **Regional infrastructure and resilience planning, design and investment** – several towns indicated that their challenges were not just due to their own characteristics, but to water management and flood management practices elsewhere. Their future resilience will depend in part on state and regional planners taking into account interdependencies, cascade effects, and other ways that investments in one part of the state can affect development in other parts of the state.

Understanding and managing the unique challenges that small towns face is not just good for them, but for the entire regional system. It helps to reduce the strain and over-crowding on the larger cities, promotes stability and quality of life, and enhances the ability of the region as a whole to absorb shocks and rebound more quickly. While there will always be room for improvement, Texas’ response to Hurricane Harvey provides some very important insights on which to build.



**MICHAEL T.
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HOUSING ACCESS,
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Multifamily

INTRODUCTION

Dear Readers,

Since September 2017, the U.S. has faced an unprecedented series of major hurricanes, wildfires, and other disasters in short succession stretching from Puerto Rico to California. Fannie Mae stands with those affected by these events as they work to recover and rebuild their communities.

We're focused on providing assistance during such times of crisis through proven means and by testing new innovations focused on better post-disaster outcomes. We work with our customers, partners, and Federal and local authorities to bring near-term relief to homeowners, and to help communities recover in the months and years ahead.

That's why Fannie Mae partnered with the Institute for Sustainable Development (ISD) to examine ways to improve the disaster recovery process and boost resiliency for the future. It's a partnership that complements an expanding disaster response toolkit overseen by our new Disaster Response & Rebuild Team—from loss mitigation policy and homeowner counseling to staff deployments in impacted areas.

For example, we allow homeowners impacted by disasters like Hurricane Harvey to stop or reduce their mortgage payments for up to 12 months. And in 2018 we launched a new loan modification option to give disaster-affected homeowners more affordable payments once they resume.

In addition to payment relief, we recently launched Fannie Mae's Disaster Response Network™ in partnership with Clearpoint, a division of Money Management International to help homeowners affected by disasters navigate the recovery process. Clearpoint agents assess recovery needs, develop an action plan, and assist with FEMA claims, insurance claims, and more—including ongoing counseling check-ins. It's free for homeowners with a Fannie Mae-owned loan whose property is in a FEMA-declared zone, and helps speed recovery to impacted families and communities.

And our support isn't limited to our business initiatives. Fannie Mae employees are deeply committed on a personal level to assisting those in need through volunteerism and giving. Our volunteer deployments to help rebuild disaster-impacted communities are both rewarding for participants and recipients, and highly aligned with our housing mission and culture of service. And beyond volunteerism, financial contributions by our staff are another expression of concern and connection to those we serve.

We do this because we strive to be a good neighbor and support neighborhood stabilization—and because it makes good business sense for the long-term. Our disaster response focuses on the housing and communities underpinning our role in the economy. It helps ensure the existing supply of affordable housing is protected and preserved for those who need it the most. And it's a way of acknowledging and managing the environmental risks associated with disasters through resiliency efforts.



Mike Hernandez, Vice President of Fannie Mae Leading a Discussion

But disaster response is a fast-evolving field driven by an expanding need to prepare, engage, and improve. What this report does is bring a different lens to how underserved communities engage with the disaster recovery process. It shows that while they may be willing, their human, infrastructure, and financial resources are often stretched very thin, even before a disaster strikes.

Unfortunately, we have to assume that we will experience more extreme weather and catastrophic events in the future. However, if we continue to learn and improve, we can reduce the toll they take on our lives, homes, communities, and living environments. This report and all of our disaster response initiatives are testament to Fannie Mae's commitment to supporting this process, and to partnering with others who share this commitment—like ISD.

Michael T. Hernandez

Vice President, Disaster Response & Rebuild

I. OVERVIEW



Hurricane Harvey's Massive Footprint Across SE Texas; Source: www.nasa.gov

Hurricane Harvey was a ferocious storm, but it was really three events in one. It made land fall for the first time, just north of Corpus Christi, then it jogged out to the Gulf, but not before dumping torrential rains on the Houston area, and then it jogged back in around Beaumont and Port Arthur, dumping another round of unprecedented rain on that area. The swath of damage was immense. While the authorities were quick to react, the sheer scale of the storm triggered a range of issues that need to be resolved in order to expedite the region's long-term recovery.



Welcome to Wharton; Source: DVIDS

While the greater Houston area is home to over 6.77 million people, in total over 13 million people were affected by the storm. The geography of the storm was such that it encompassed more than 600 different communities from Corpus Christi to Port Arthur, including over 251 small towns with populations under 20,000. One of the issues that clearly emerged from this disaster is that there are vast differences in the capabilities of municipalities depending on their budgets, training, staffing, and financial condition. This report focuses on lessons learned about small town recovery.

A representative group of leaders from small towns, small businesses, finance, state and federal agencies, academia, and other disciplines were convened by the Institute for

Sustainable Development and Fannie Mae in Plano, Texas to discuss these challenges and identify potential strategies to address them.

This is a brief summary report of the findings from ISD's research and the Plano Study Group.

II. SCOPING THE PROBLEMS

Every disaster poses unique challenges for a variety of reasons. Geography, planning, design, history, context, and resources all play a role in how communities are impacted by disasters, how they respond, and how they recover. For Texas, this disaster plays into the over-arching narrative of urbanization. In 1910, only 24% of Texans lived in urban settings; by 2010, 84.7% did. Now, more than 6.77 million people live in Houston, Harris County and the Greater Houston area.

This over-all process of migration and concentration has led to a situation of “gapping” where smaller communities are stretched ever more thinly, and “clumping” where urban resources are strained due to the increasing influx of more people. Houston and Harris County and to a lesser extent, regional hubs like Beaumont, Victoria, and Corpus Christi, have had to face over-crowding, congestion, traffic snarls, displacement, waiting periods and other issues associated with the continuing influx of people. But there is a whole different set of problems being faced by the 251 small towns and communities with populations under 20,000 in the impact zone.

Three sets of over-arching challenges that emerged:

- **Pre-existing debt** – which may inhibit small municipalities from taking on more debt or financial burdens, and may inhibit them from fortifying their repairs or enhancing their future resilience;
- **Lack of specialized expertise** – small towns often do not have large bureaucracies, and one person may hold down several jobs. As such, they find federal assistance application and compliance procedures both time consuming and daunting. They may have volunteer mayors and other support staff that have never experienced a major disaster event before and may not have institutional knowledge about policies and procedures in such a case;
- **Pre-existing social and economic challenges** – in some cases, small towns may be suffering from economic downturns, declining population, opioid and other community health issues, and structural challenges, such as failing, aging, or obsolete infrastructure and housing, that may already be taxing scarce resources.

Leaders from three communities: Brookshire, Hitchcock, and Wharton shared their specific experiences to illustrate these challenges. All three towns are south of Houston. About 40 miles separate Hitchcock and Wharton, and both towns are about 80 miles from Hitchcock, a bedroom community near Galveston. Harvey was not an isolated incident for all three towns. Brookshire had dealt with three floods in the past three years, and Wharton had been seriously flooded five times since 1988. Hitchcock also felt the impact of Hurricane Ike. With less than 10,000 residents each, past flooding had already taken a significant toll on their finances. Both Brookshire and Hitchcock have annual municipal budgets of between \$3 and 3.5 million. They have total staffs of around 50 people and many municipal employees wear multiple hats and perform multiple functions. Lieutenant John McDonald (Brookshire PD) for example, serves as the code enforcement officer and building official for his city, in addition to his role as the lieutenant for local police department.

Both small towns expect that repairs and possible upgrades to essential infrastructure will cost more than \$1 to 2 million, exceeding their budgets, and meaning that necessary repairs may take a long time to be addressed.

Hitchcock ideally would like to move its City Hall, which received 18 inches of rain, and attract a grocery store downtown, as the town is technically a “food desert.” Instead, because the town spent so much on emergency response, search and rescue, law and order, and emergency relief (more than \$170,000 in a two-week span), it is contemplating lay-offs and other ways to tighten its budget. Instead of being able to address the community’s vulnerabilities, Hitchcock may in fact become more vulnerable.

Wharton had a levee project approved since 1999, but the price tag of \$78 million was not funded. This year’s flood alone had a business impact of \$77 million. In other words, the levee project would have paid for itself in the one year since Harvey, but there was no way to forecast this impact in prior years. What was particularly concerning was that the rain event that caused the flooding was upstream. In other words, water management practices in other parts of the state had a significant impact on Wharton’s impacts.

All three towns see opportunities to transform their situations, upgrade their facilities and attractiveness, and reduce their threats and vulnerabilities, but financial realities have caused them to scale back plans for the near term. Billions of dollars have been mobilized at the state and federal levels, but these small towns have many problems accessing these dollars including:

- Lack of capacity of personnel who are stretched very thin
- Lack of budget and “rainy day” funds
- Lack of expertise about navigating and accessing state, federal, private sector, and philanthropic assistance programs
- Lack of planning, engineering, and technical support

Even worse, because they may not comply with public assistance compliance requirements (due to lack of technical expertise and experience), what funding they do receive may be de-obligated, and may need to be returned.



Brookshire – Before and After Harvey Floods;
Source: CBS News



Underneath the physical repairs, there are also health concerns, not all of which can be seen. Enduring disasters can be the closest thing many civilians come to dealing with combat, and they may suffer from post-traumatic stress and mental anguish as a result. Furthermore, the town personnel must also deal with personal losses and family challenges while trying to do their municipal work.

What these stories highlight is that there are significant flaws in current approaches to disaster response at multiple levels. There may be assumptions that local municipalities have the expertise, experience, and capacity to interface with responders effectively, but more commonly they tend to be short-handed, under-financed, and overwhelmed. Volunteers and field operatives of various state and federal agencies involved in disaster relief may be well-meaning, but short-term turnover can lead to lack of continuity, conflicting information, service gaps and confusion. Experiences with service providers included the following:

- Lack of “customer service” – unresponsiveness, unhelpfulness, “by the book” responses
- Difficulties with deadlines – “We had so many urgent things going on and demands for our attention, we could not even collect all of the information we needed to be able to do the applications before the deadlines.”
- Denial of services, loans, grants, etc. without clear explanations or based on a lack of understanding of the situation
- Concerns about “strings attached” to financial support offered
- Repeatedly called to resubmit the same information that had been submitted due to turnover. Administrative process exhausts resources.
- “Procurement process required for FEMA reimbursement was a block to the municipal staff. If we had not had consultants come in and help us during this time to look at our finances, our city would’ve bankrupted in Q1 of 2018.”
 - For example, the process required Adobe software and to account for finances on an accrual basis – “These were little things perhaps for larger cities, but we did not have any of this background.”
- “The way the disaster response works, we have to pay for things up front, and then wait to get reimbursed. We do what we have to do, but it means that we deplete our capital, and we need it for the long haul.”
 - The key risk is that the initial money laid out in the first 45 days, for a city/community that doesn’t understand Federal compliance, may have “shot them in the foot” for future compliance.
 - The worst outcome is when a small town gets funding on the front end, and then the money gets de-obligated and they owe the state back due to lack of compliance.
- People are afraid of complex compliance.
- Cities/communities would just as soon fix their problems as best they can, apply “band-aid” measures, and keep moving on.
- They don’t see themselves being successful with compliance.

Just as municipalities have difficulties, unincorporated neighborhoods and under-served communities also reported many challenges, including:

- Lack of a safety net
 - o No federal support was available because the address flooded and was supposedly remediated in response to a prior hurricane;
 - o Landlords repainted without mitigation and new renters discovered mold when they developed health issues;
 - o Landlords raised rents on Latinos living in apartments that had not been through flood mitigation, knowing they were too afraid to report or act on miserable living conditions out of fear of being deported;
 - o Cross-cultural communications were an ongoing challenge;
 - o Neighborhoods were preyed upon
 - “Flippers” offered to buy houses at \$1000-3000
 - Groups came in to “help” without proper skills and gutted homes more than necessary and never returned to finish work.

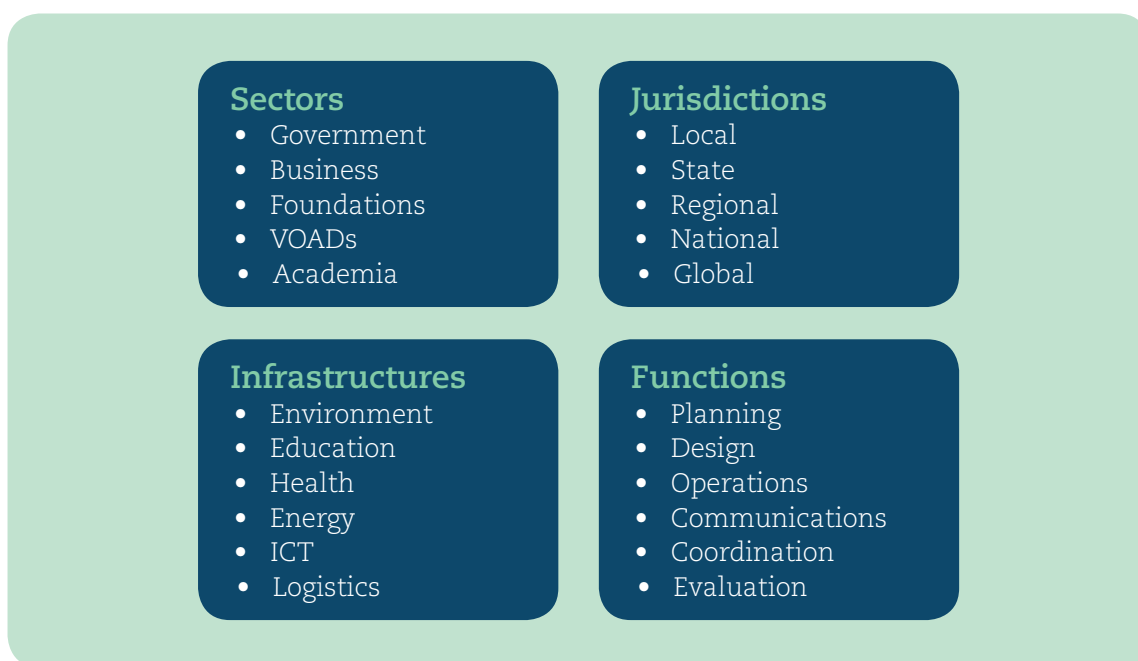
The result of these challenges is that there tends to be a default tendency to the lowest common denominator. In other words, the easiest path forward is to repair and patch existing homes and infrastructure, and to consolidate and husband scarce resources. This means that small towns that were stretched thin before are forced to do the best they can but are unable to address the fundamental vulnerabilities and weaknesses that led to the damages they suffered in the first place. They are unable to make proactive investments to strengthen their current assets and transform their future prospects.



Lieutenant John McDona
(City of Brookshire) and
Sabrina Schwertner
(Hitchcock Industrial
Development Corporation)
Share Their Experiences
After Harvey

III. BUILDING ON CURRENT ASSETS

In many ways, the Harvey response has included many innovative and positive features and lessons learned from previous disasters. The response has been systemic and broad, with federal, state, metropolitan and municipal government deployments, philanthropic and voluntary deployments, and multi-level corporate engagement spanning everything from provision of specialized and customized products and services to donations and employee engagement. As Figure X illustrates, this is a multi-sector, multi-function, multi-jurisdiction response:



At the Federal level, FEMA has never been more forward-leaning. Within 30 days of Harvey, one of its arms, the Federal Insurance and Mitigation Agency (FIMA) had disbursed \$30 million for the NFIP-insured. FIMA expedited payment of insurance claims compared to previous processes, recognizing that communities needed to get re-started. FEMA looked at how to do home inspections more quickly by doing them without people having to physically travel to the home (using GIS, etc.). Whereas, before there was a “wait and see” attitude if the state would invite FEMA in, there is now a process of preparation that is in place, from the disaster to the declaration, and forward. At a certain level, FEMA must still fulfill its responsibility as a steward of tax-payer dollars, so there will always be a certain amount of red tape and screening to minimize fraud and to allocate resources according to congressionally mandated guidelines. Taking into account this responsibility, however, the agency is still trying to do what it can to expedite the flow of funds more swiftly.

Other government agencies like the U.S. Small Business Administration, Housing and Urban Development (HUD), Economic Development Administration (EDA), the Minority Business Development Administration (MBDA), Health and Human Services, and other specialized and technical programs have also been deployed to the region.

At the state level, Governor Gregory Abbott moved swiftly to appoint a “Harvey Recovery Czar” – John Sharp, the chancellor of Texas A&M University, and while the Texas Department of Emergency Management (TDEM) activated rapidly, the Governor also asked the General Land Office (GLO) to get more involved in short-term recovery challenges (historically the GLO had been more focused on the long-term issues). All Federal Declaration block grant funding comes through GLO, and the agency has instituted a range of programs with provisions for:

- **Short-term housing**
 - Direct Housing Solutions and Partial Repairs and Essential Power for Sheltering (PREPS)
- **Long-term recovery**
 - Direct Assistance Limited Home Repair (DAHLR)
 - Multi-family lease
- **CDBG-DR Grant Funds for Housing, Infrastructure, Planning including:**
 - Buying damaged properties in a floodplain and relocating residents
 - Relocation payments for people displaced
 - Debris removal not covered by FEMA
 - Code enforcement
 - Homeowner down payment assistance, interest rate subsidies, and loan guarantees for disaster victims
 - Public services
 - Helping businesses retain or create jobs in disaster impacted areas
 - Prevention of further damages to affected areas
- **Public housing**
 - Rehab
 - Reconstruction
- **Single-family housing**
 - Rehab
 - Reconstruction
 - Down payment assistance
 - Buyouts
- **Multi-family housing**
 - Rehab
 - Reconstruction
- **Infrastructure**
 - Water facilities
 - Sewer facilities
 - Street improvements
 - Neighborhood facilities
 - Flood and drainage
 - Fire protection
 - And related support systems
- **Planning Studies**
 - Storm Surge Suppression Study
 - Colonia Drainage Study
 - Coastal Resilience Study
 - Hurricane Impact Study - Texas A&M-Galveston
 - Disaster Impact Visualization Study - University of Texas Center for Space Research

The GLO's strategy for Hurricane Harvey Long-Term Recovery is to allow for as much local control as possible and is working with the Council of Governments across all five regions, municipalities, businesses, and individual homeowners. The motivation is clear – to support local control and local decision-makers, but the result is that larger municipalities tend to receive more significant resources because they have more bandwidth to engage with this process.

Another innovative state agency, the Texas Water Development Board (TWDB) also stepped up with a range of programs. The Texas Water Development Fund is a \$6 billion revolving fund. In addition, the TWDB has set up the Rural Water Assistance Fund and the Drinking Water State Revolving Fund (which offers financing 135 basis points below applicant's market interest rates), and the Clean Water State Revolving Fund (CWSRF). It has also set aside \$90 million of special assistance.

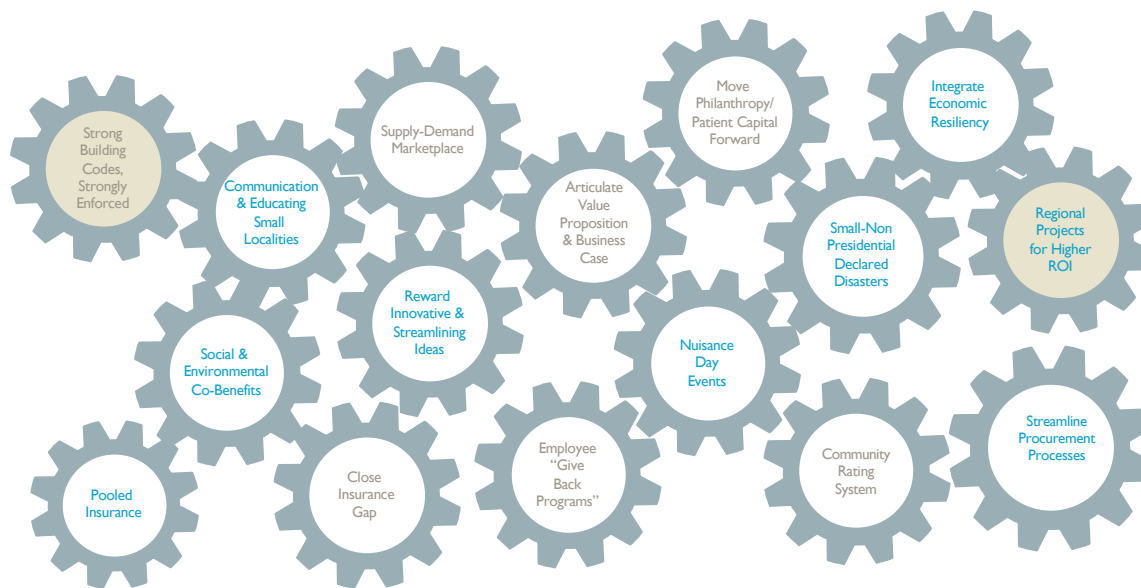
At the philanthropic level, the Rebuild Texas Fund emerged as a major asset in the long-term recovery process. Governor Abbott and Michael and Susan Dell agreed to set up Rebuild Texas Fund on August 29, with the Dell Foundation committing \$36 million in seed funding, and to date, over \$96 million has been raised. Because its mandate is so broad, and the needs are so great, the Fund has had to explore innovative ways to leverage its resources. It has teamed up with organizations like Goldman Sachs and the LIFT Fund to create a leveraged investment fund. This \$5 million project could serve as a model for future efforts as well. Lift Fund has originated 199 loans as of this report up to \$25,000 for 48 months at 0% interest and disbursed more than 80% of the funds available. Small businesses like Nuksy's Fine Catering - Houston TX have been able to expand their business, rehire their employees, and plan to hire five more employees.

At the private sector level, insurance has been on the front lines. The average pay-out from public funding sources is approximately \$5,000. If everything goes wrong, the maximum amount is \$34,000. In comparison, insurance pay-outs have averaged \$113,000 per policy holder. Companies across a range of industries, from oil and gas to information technology, engineering to retail and food and beverage have stepped up in a variety of ways, including mobilizing over \$500 million in corporate philanthropy, product donations, and employee volunteerism.

There are also ways that companies help out behind the scenes. Housing is one of the biggest challenges after a disaster. Mortgage lenders engage with their borrowers to help residents in damaged or destroyed houses get back on their feet. This is where Fannie Mae steps in. Fannie Mae is not a direct lender to communities, rather it supports a network of mortgage lenders that provide direct financing for housing. Fannie Mae, working with their lenders, has helped homeowners forbear payments for 90 days to 12 months depending on circumstances, and once a family's situation has stabilized, Fannie Mae offers homeowners options to modify their mortgage as necessary. The company also created a Multifamily LIHTC Fund which, in part, invests in housing to support rebuilding in communities impacted by a natural disaster.

IV. FUTURE SOLUTIONS FOR CONSIDERATION

As the figure below shows, there is no “silver bullet” goal or strategy to improve the recovery process. Multiple actors have to pursue multiple goals via multiple strategies at multiple levels.



Source: Nick Shufro, Assistant Administrator, Risk Management, Federal Insurance & Mitigation Administration, FEMA/DHS

There are also a number of conceptual issues and definitions that need to be clarified and consensus developed about their meaning and use. What does it mean to say that a community has ended the relief stage? Who should FEMA and other emergency responders hand off their responsibilities to once a situation is stabilized? What is the definition of recovery? Sometimes it's not ethically responsible to rebuild housing in areas that are known to be prone to flooding and other hazards.

Sometimes a community wants to change its profile and portfolio. In one example brought up at the meeting, the city of Richardson was very dependent on telecommunications. When an economic shock caused an industry downturn, the city diversified and expanded in different directions. This indicates that the definition of success should not be measured necessarily in terms of repairing or replicating what was damaged or destroyed, but in re-setting the community's baseline in terms of agreed upon metrics such as:

- Residents
- Quality of Life
- Upgrades in addressing known threats and vulnerabilities
- Community economic development and jobs

Small communities in particular need help achieving their long-term goals in the form of technical assistance, access to information, capital, planning, and project management. As the figure above illustrates, a support framework needs to be in place (ideally before the disaster happens) that helps small towns move from despair and discouragement toward acceptance and the ability to move forward.



As policy makers, implementers and citizens undertake the long-term recovery (LTR) process for Harvey, some of the key factors that they should consider include:

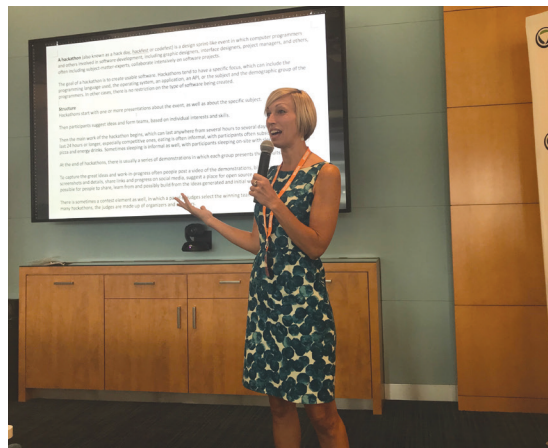
- Do we have mechanisms in place to support the diffusion and accessibility of resources to under-served communities, businesses and individuals?
- Is there a better way to integrate state and national public, philanthropic, and market resources?
- How can we avoid repeating the mistakes of the past and avoid repetitive losses in the future?

- How can we simultaneously expedite the deployment of resources and solutions while simultaneously limiting and avoiding fraud and not straying too far from taxpayer and donor intent?
- How do we stretch and leverage resources as effectively as possible?

One of the most problematic issues for small towns is capital. Many small towns face a fundamental conundrum about whether to apply or accept federal funds because of pre-existing debt, capital allocation requirements, “claw back” or “give back” provisions, regulatory compliance, and payment term limits. Ways forward might include:

- Creation of a “First Dollar” grant or impact investment fund to help communities retain their own capital on the front end and catalyze state and federal resources on the back end.
- County/City level insurance programs
- Community Resilience Rating programs to lower the cost of private capital
- Creation of a corps or “SWAT team” of grant and project administrators to serve as technical advisors
- Creation of a small town “roll-up” shared services model to help small towns pool resources and aggregate their attractiveness to private capital

Many communities typically follow a cycle after disasters where there is an initial significant uptick in activity as insurance, public assistance, and “rainy day” funds are deployed to do short-term repairs, replace inventory. This so-called “repair economy” may disguise the fundamental weakness of the normal economy. In fact, it may seem like the local economy is booming due to one-off capital purchases required to make repairs or replace inventory. However, as the repairs are made and the one-time funds are expended, there can be a secondary shake out of small businesses as customer patterns change, homeowners don’t all come back or decide to leave the area, and budgets tighten. As shown in the illustration below, in the future if the disaster recovery network is effective, it will serve to reduce the ongoing and future impacts of the disaster by helping to invest in upgrades that reduce vulnerabilities. These investments will expedite longer-term recovery processes such as housing repairs and reconstruction and large-scale public infrastructure investments and reducing the time it takes for these communities to get to a new equilibrium.



ISD Technical Expert Laura Clemons Leading the Discussion to Convert Ideas to Action

V. NEXT STEPS

The Plano Study Group identified four primary areas for future action: (1) Finance, (2) Shared Services, (3) Networks and Communications, and (4) Projects, Tools, and Technical Assistance. Some of the most salient recommendations included:

- **Establishing a “First Dollar” grant fund and a “First Dollar” equity fund.** The grant fund would support community services such as restoration of low income and under-served community services, while the equity fund would support critical infrastructure fortification and resilience;
- **Establishing a dedicated small-town Recovery and Resilience Help Desk.** Based on shared services concepts to support multiple municipalities at once, this Help Desk would provide information sharing about resources and capacity building opportunities, technical assistance with grant and other funding applications, technical assistance with compliance, and help small towns manage the ongoing recovery and resilience needs of their small businesses and homeowners;
- **Mobilizing and leveraging skills-based volunteers.** After the initial shock, there is a huge need for specialized planning, engineering, information technology, financing, housing, construction, health and other types of expertise to help small towns return to normalcy, but that should not impede their own local employment base and job creation – a situation tailor-made for short-term technical volunteerism;
- **Creation of attraction, communications and marketing support systems for small towns and under-served communities.** Just like larger cities, smaller communities are anxious to shed the impression of being damaged. Regional recovery events that illustrate that they are “open for business”, stories about their improvements and attractions, encouragement of tourists to come and visit would be very welcome;
- **Regional infrastructure and resilience planning, design and investment.** Several towns indicated that their challenges were not just due to their own characteristics, but to water management and flood management practices elsewhere. Their future resilience will depend in part on state and regional planners taking into account interdependencies, cascade effects, and other ways that investments in one part of the state can affect development in other parts of the state.

Finance

Assuming that the average small town under 20,000 in an impact zone has between \$2 and 5 million in capital repairs, mitigation and upgrades to improve their economic viability, and that public assistance will reimburse up to 90% of these upgrades, then a \$50 million “First Dollar” fund would contribute significantly toward expediting the recovery process.

Recommended next steps:

1. A feasibility study should be undertaken to evaluate the “capital stack” of philanthropic (grant) funding that might be available compared with the creation of a for-profit investment fund.

2. Create an information hub to capture existing Community Reinvestment Act (CRA), National Flood Insurance Program (NFIP), GLO, FEMA, HUD, TWDB, VOAD, philanthropic, and corporate financing solutions and make them more accessible and transparent to recovery project managers.
3. Replicate Successful Models: TR/LIFT – Make the world see the success and continue the success of the Rebuild Texas Fund – Lift Partnership. Show that this is the ideal model to use and teach donors the value and find new primary investors.

SHARED SERVICES

Since one of the biggest issues is access to information and technical assistance, development of a regional resource – a so-called “Help Desk” could be very beneficial. This would parallel similar projects underway in other disaster location.

A Help Desk could be linked to many local, state, and national public, private, and government entities, and provide a clearinghouse of information for individuals, small businesses, and small municipalities. It would also partner with academic institutions in the disaster location to provide academic research support for more complex issues.

Other service providers would be engaged to provide:

- Grant management assistance
- Project management assistance
- Insurance trouble-shooting
- Fundraising and financing support
- Project finance
- Case management
- Monitoring, Reporting and Evaluation

NETWORK & COMMUNICATIONS

A third key function is to continue to knit together the various recovery responders into a cohesive network and take to its natural conclusion a process that the federal government has been striving for, namely to break down silos between functions. Just as the government has increasingly adopted a “Whole of Government” approach to leverage resources and talent across multiple federal agencies, the idea is to build up a “Whole of Society” counterpart that syncs up better and has visibility. The idea is that a “network of networks” would be able to connect people, resources, and projects much better than everyone operating in their respective universes.

Recommended next steps include:

- A list-serve of recovery organizations and networks
- Ongoing regularly scheduled calls that are Harvey-specific
- Creation of a stakeholder map
- Assessment and alignment of needs and resource capabilities
- Evaluation of the needs assessment – what did we get right, what did we get wrong, what did we miss?
- Development of collaborative funding model to encourage partnership and coordination
- Leverage of academic studies regarding community voices and engagement with community leaders

PROJECTS/TOOLS

Pilot Project Opportunities:

1. Shared services case management desk.
 - o Group Selected: Hitchcock, Wharton, and Brookshire
2. Develop a Regional Small Town Economic Development Strategy: What technical information is available in the region that will help review impacts of development, loss of natural systems on downstream communities. Consider the Corridor Development Certificate (CDC) permit process in North Texas along the Trinity River Corridor. Detailed hydraulic model maintained by COG and CDC member cities allows for evaluation and application review process. (Link: <https://www.nctcog.org/envir/SEEsafe/fpm/cdc/index.asp>)

Also consider work being done by San Antonio River Authority evaluating future land uses, increased and decreased impervious surfaces and LID implementation within San Antonio Tomorrow Regional Centers to determine impacts on flooding and water quality.

3. Creation of a series of recovery events spotlighting different small towns and underserved communities across the region
4. Development of a recovery public policy/operating policy white paper on the following issues:
 - o Local v. State v. Federal policy requirements
 - o Retroactive compliance
 - o Simplification
 - o Reconciliation and alignment

VI. TO BE CONTINUED...

Normally, reports like this end with a closing note, but when it comes to the over-all Harvey disaster response, we are still in the early stages of the process. While this report surfaced many issues and problems, Texas has many ingredients in place to have one of the more successful disaster responses in recent years. This is why this is an initial report, and not a final report, and we fully expect to provide continued snapshots as this process goes forward.

The Cities of Brookshire, Hitchcock and Wharton have experienced unprecedented flooding over the past two years. These three communities showcase a range of capacity, opportunities and obstacles representative of small communities across the U.S. Although each of the three pilot communities have similar proximity to Houston and major transportation corridors, each is distinctive in how long-term recovery is being approached. We have an opportunity to work with these three communities to help them with their specific problems, but also to develop tools and templates that may have national and international implications.

One of the questions that emerged over the course of the working meeting was “who are “we””? Disaster response is not just the terrain of FEMA, the state, volunteer organizations active in disasters, or the local communities, “we” is a formal or informal network of all of the above. Even if “we” don’t necessarily know who each other is, “we” share common goals, even if “we” are working in different geographies and different functions. The more “we” – the disaster response, recovery, resilience, and community economic development communities can come together, the more likely we are to share information, resolve cases, undertake projects, and catalyze investments for the future.

Understanding and managing the unique challenges that small towns face is not just good for these communities, but for the entire regional system. It helps to reduce the strain and over-crowding on the larger cities, promotes stability and quality of life, and enhances the ability of the region as a whole to absorb shocks and rebound more quickly. While there will always be room for improvement, Texas’ response to Hurricane Harvey provides some very important insights on which to build.

For more information or to see how you can be a part of this ongoing undertaking contact:

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CEO

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APPENDIX 1: ATTENDEE LIST

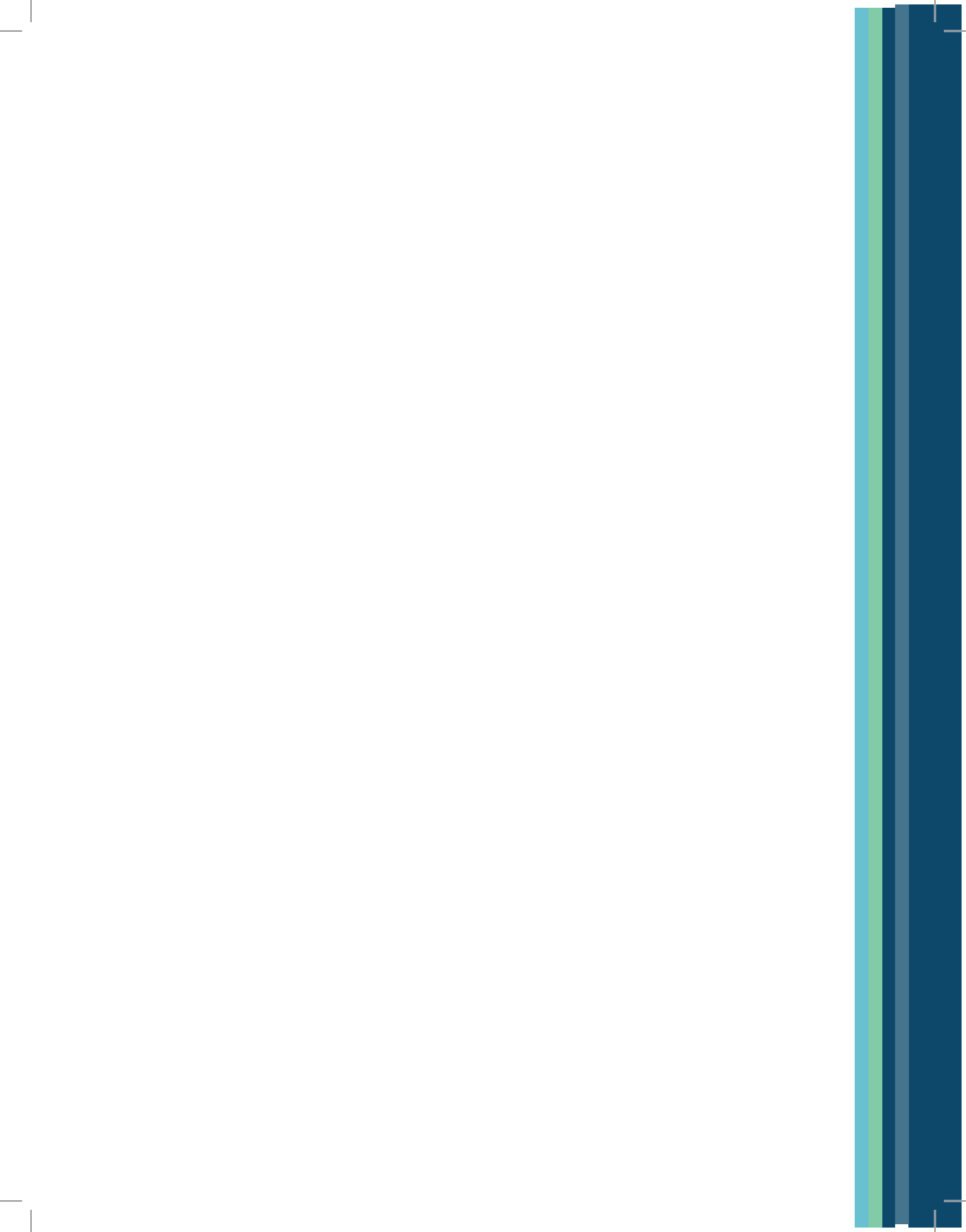
Neeraj Aggarwal	Rebuild Texas Fund
David Box	Fannie Mae
Tim Carpenter	Fannie Mae
Becky Chung	Institute for Sustainable Development
Laura Clemons	Institute for Sustainable Development/Collaborative Communities
Aaron Cox	Texas Association of Business
Mark Evans	Texas Water Development Board
Todd Furniss	glendonTodd Capital
Michael Hernandez	Fannie Mae
Eric Jones	UT Health Science Center at Houston School of Public Health
Stephen Jordan	Institute for Sustainable Development
Lynn Knight, CeCD	International Economic Development Council
Jessica Long	Fannie Mae
Roy Lopez	Federal Reserve Bank of Dallas
Anne MacDonald	Matterhorn Consultancy
Sheryl McCurdy	UT Health Science Center at Houston School of Public Health
John McDonald	City of Brookshire
Steve Miller	Dillon Gage
Yolie Molina	Lift Fund
Chad Odom	Wharton Economic Development Corporation
Katherine Peinhardt	Project for Public Spaces
Jamie Leigh Price	FEMA
Richard Ruebe	Lift Fund
Brianne Schmidtke	FEMA
Sabrina Schwertner	Hitchcock Industrial Development Corporation
Nick Shufro	FEMA/FIMA
Jeff Sjostrom	Galveston Economic Development Partnership
Bill Sproull	Richardson Chamber of Commerce
Charlotte Vick	Mission Blue
Mikel Wilkins	Urban EcoPlan
Linda Williams	U.S. Small Business Administration

APPENDIX 2: LIST OF COMMUNITIES IN THE HARVEY IMPACT ZONE WITH POPULATIONS UNDER 20,000

City	County	2016 Pop Est.	Low Mod Income Per HUD	City	County	2016 Pop Est.	Low Mod Income Per HUD
Lavaca Co	Lavaca	19,809	38%	Fulshear	Fort Bend	7,925	34%
Alice	Jim Wells	19,130	44%	Jersey Village city	Harris	7,892	22%
Angleton	Brazoria	18,874	52%	Hitchcock	Galveston	7,805	58%
Bellaire city	Harris	18,593	9%	Dayton	Liberty	7,734	44%
Stafford	Fort Bend	18,422	35%	Jasper	Jasper	7,653	53%
Bay City	Matagorda	17,809	51%	Goliad Co	Goliad	7,517	31%
Burleson Co	Burleson	17,760	37%	Hempstead	Waller	7,457	64%
South Houston city	Harris	17,463	59%	Refugio Co	Refugio	7,321	38%
Nederland	Jefferson	17,294	24%	Prairie View	Waller	6,442	83%
Katy city (pt.)	Harris	17,116	33%	Willis	Montgomery	6,370	77%
Lee Co	Lee	17,055	35%	Edna	Jackson	5,817	50%
Brenham	Washington	16,989	55%	Sinton	San Patricio	5,617	51%
Portland	San Patricio	16,618	22%	Mont Belvieu	Chambers	5,584	30%
La Marque	Galveston	16,457	46%	Brookshire	Waller	5,233	61%
Groves	Jefferson	15,758	34%	Mathis	San Patricio	4,935	61%
Humble city	Harris	15,561	55%	Hunters Creek	Harris	4,792	2%
West University Place city	Harris	15,516	10%	Village city			
Karnes Co	Karnes	15,254	39%	Meadows Place	Fort Bend	4,731	23%
Jackson Co	Jackson	14,869	39%	La Grange	Fayette	4,690	61%
Newton Co	Newton	14,003	38%	Palacios	Matagorda	4,682	54%
Madison Co	Madison	13,987	41%	Madisonville	Madison	4,636	50%
Seabrook city (pt.)	Harris	13,656	30%	Caldwell	Burleson	4,326	42%
Beeville	Bee	13,250	40%	Spring Valley	Harris	4,224	10%
Santa Fe	Galveston	13,205	28%	Village city			
Port Neches	Jefferson	12,809	26%	Nassau Bay city	Harris	4,064	27%
Port Lavaca	Calhoun	12,400	44%	Port Aransas	Nueces	4,054	38%
Freeport	Brazoria	12,153	65%	Bunker Hill Village city	Harris	3,969	10%
Richmond	Fort Bend	12,092	57%	West Columbia	Brazoria	3,933	62%
El Campo	Wharton	11,766	38%	Richwood	Brazoria	3,898	32%
Tomball city (pt.)	Harris	11,643	43%	Sweeny	Brazoria	3,766	49%
Clute	Brazoria	11,586	62%	Eagle Lake	Colorado	3,710	52%
Robstown	Nueces	11,517	51%	Taylor Lake Village	Harris	3,641	11%
Webster city	Harris	11,075	52%	Columbus	Colorado	3,625	44%
Galena Park city	Harris	11,067	68%	West Orange	Orange	3,456	43%
Vidor	Orange	10,958	40%	Weston Lakes	Fort Bend	3,410	4%
Jacinto City city	Harris	10,696	55%	Piney Point Village	Harris	3,391	6%
Rockport	Aransas	10,645	39%	Oak Ridge North	Montgomery	3,167	15%
Ingleside	San Patricio	10,488	26%	Bridge City	Orange	3,165	21%
Sabine Co	Sabine	10,303	42%	Bishop	Nueces	3,134	38%
Pearland	Brazoria	10,064	22%	Needville	Fort Bend	3,078	39%
Liberty	Liberty	9,175	43%	Brazoria (city)	Brazoria	3,071	54%
Manvel	Brazoria	8,939	54%	Taft	San Patricio	3,023	36%
Wharton (city)	Wharton	8,785	53%	Schulenburg	Fayette	2,929	63%
Aransas Pass	San Patricio/ Aransas	8,173	46%	Refugio (town)	Refugio	2,876	52%
Cleveland	Liberty	8,127	50%	Shenandoah	Montgomery	2,876	22%
				Waller city (pt.)	Waller & Harris	2,767	42%

City	County	2016 Pop Est.	Low Mod Income Per HUD
El Lago city	Harris	2,751	21%
Hedwig Village city	Harris	2,662	18%
Premont	Jim Wells	2,627	59%
Beach City	Chambers	2,614	22%
Odem	San Patricio	2,436	33%
Shepherd	San Jacinto	2,418	55%
Newton	Newton	2,402	49%
Panorama Village	Montgomery	2,333	19%
East Bernard	Wharton	2,321	25%
Anahuac	Chambers	2,248	51%
Weimar	Colorado	2,170	47%
Kirbyville	Jasper	2,124	53%
Ganado	Jackson	2,102	45%
Pinehurst	Orange	2,087	48%
Jones Creek	Brazoria	2,069	46%
Kemah	Galveston	2,000	29%
Magnolia	Montgomery	1,985	39%
Goliad (city)	Goliad	1,981	39%
Gregory	San Patricio	1,976	54%
Splendor	Montgomery	1,964	43%
Patton Village	Montgomery	1,893	62%
Southside Place	Harris	1,837	21%
Danbury	Brazoria	1,780	41%
Arcola	Fort Bend	1,631	55%
Bayou Vista	Galveston	1,612	27%
Shoreacres city (pt.)	Harris	1,600	7%
Brookside Village	Brazoria	1,579	42%
Fulton	Aransas	1,577	51%
Seadrift	Calhoun	1,503	41%
Woodsboro	Refugio	1,484	37%
Pleak	Fort Bend	1,430	48%
Somerville	Burleson	1,422	47%
Flatonia	Fayette	1,408	55%
Woodbranch	Montgomery	1,380	24%
Old River-Winfree	Chambers	1,347	36%
Orange Grove	Jim Wells	1,324	29%
Iowa Colony	Brazoria	1,303	32%
Cut and Shoot	Montgomery	1,290	44%
Bevil Oaks	Jefferson	1,242	17%
Hemphill	Sabine	1,229	62%
Clear Lake Shores	Galveston	1,194	28%
China	Jefferson	1,183	29%
Holiday Lakes	Brazoria	1,165	78%
Oyster Creek	Brazoria	1,126	69%
Pine Island	Waller	1,100	47%
Fairchilds	Fort Bend	1,077	29%
Jamaica Beach	Galveston	1,065	32%
Daisetta	Liberty	1,054	51%
Tiki Island	Galveston	1,049	8%
Ames	Liberty	1,007	54%

City	County	2016 Pop Est.	Low Mod Income Per HUD
Montgomery	Montgomery	922	38%
Coldspring	San Jacinto	907	65%
Hardin	Liberty	885	31%
Simonton	Fort Bend	870	21%
Hilshire Village city	Harris	815	12%
Agua Dulce	Nueces	811	37%
Pineland	Sabine	808	47%
Bailey's Prairie	Brazoria	773	28%
Driscoll	Nueces	744	28%
Hillcrest	Brazoria	737	13%
Point Blank	San Jacinto	723	38%
Point Comfort	Calhoun	721	30%
Beasley	Fort Bend	665	38%
Plum Grove	Liberty	654	47%
Petronila	Nueces	649	9%
Ingleside-on-the-Bay	San Patricio	633	21%
Kenefick	Liberty	615	32%
Nome	Jefferson	597	55%
Pattison Village	Waller	560	53%
Surfside Beach	Brazoria	531	58%
Lake City	San Patricio	524	42%
Rose City	Orange	523	52%
Snook	Burleson	522	63%
Cove	Chambers	510	35%
Pine Forest	Orange	508	39%
Liverpool	Brazoria	501	67%
Devers	Liberty	486	49%
Orchard	Fort Bend	395	39%
Kendleton	Fort Bend	391	60%
Morgan's Point city	Harris	351	39%
Bonney	Brazoria	346	52%
Bayside	Refugio	333	37%
Lakeside	San Patricio	312	16%
Thompsons	Fort Bend	299	31%
Burton	Washington	298	40%
San Patricio (city)	San Patricio	286	37%
North Cleveland	Liberty	267	61%
Fayetteville	Fayette	263	37%
Carmine	Fayette	258	58%
Taylor Landing	Jefferson	237	8%
Anderson	Grimes	230	46%
Midway	Madison	230	39%
La Ward	Jackson	224	38%
Browndell	Jasper	197	52%
Austwell	Refugio	149	54%
Dayton Lakes	Liberty	100	33%
Round Top	Fayette	93	38%
Quintana	Brazoria	68	43%





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