

# MINUTES

## House Select Committee on Disaster Relief

January 29, 2018

The House Select Committee on Disaster Relief met on Monday, January 29, 2018 at 2 p.m. in Room 544 in the Legislative Office Building. Representative Brenden Jones, Vice Chair of the Committee, presided during the meeting. Committee Members present were Representatives Jimmy Dixon, John Faircloth, Charles Graham, Chuck McGrady, Garland Pierce, Donna White and Shelly Willingham. Staff Members present were Susan Sitze, Kristen Harris, Howard Marsilio, Mark White and Kory Goldsmith along with the Committee Clerk, Susan Horne. The Sergeant-at-Arms Assistants that provided assistance during the meeting were Warren Hawkins, Reye Cooke, Dean Marshbourne and Terry McCraw.

The meeting convened at 2:04 p.m. After introductions, Representative Faircloth made a motion to adopt the minutes from the November 13, 2017 meeting and the motion was adopted (see Attachment A).

The first presentation was given by Ms. Kasey Ginsberg, Program Officer for the Golden Leaf Foundation regarding the implementation of the Disaster Recovery Acts of 2016 and 2017 (see Attachments B & C). She explained Golden Leaf's mission and discussed small business recovery with regard to the Disaster Recovery Acts of 2016 and 2017 (pages 1-4, Attachment B). Ms. Ginsberg talked about the collaboration between State agencies and the outreach with the counties, municipalities and elected officials that was critical to the recovery process (pages 5-9, Attachment B). She reviewed the application process (review, due diligence and site visits) which is listed on pages 10-13, Attachment B. She continued by reviewing the number of grants awarded, also by county and project type (pages 14-17, Attachment B). Ms. Ginsberg discussed the infrastructure needs that were created to support new housing, public buildings as well as damage that affected water, sewer, stormwater and public school buildings (pages 18-24, Attachment B). She gave a summary of the funds that have been dispersed to date and explained the process of dispersing the funds (page 25, Attachment B).

Representative Pierce asked about the delay in funding for people who are still displaced in South Lumberton and who received funds in Robeson County. Ms. Ginsberg replied the Golden Leaf Foundation focuses on public infrastructure and doesn't deal with housing (the Housing Finance Agency would address this issue in their presentation later in the meeting). She noted the grants awarded to Lumberton/Robeson County (see Attachment C). Representative White asked about a \$200,000 grant request for the Town of Smithfield that wasn't awarded. Ms. Ginsberg replied the grant application included educational initiatives which Golden Leaf doesn't fund. Representative White asked if Golden Leaf provides guidance to communities who apply for grants. Ms. Ginsberg said Golden Leaf does provide guidance and has in-person meetings with those who are applying for grants. Representative Graham asked about the status of the Robeson County Schools Central office. Ms. Ginsberg

responded that FEMA is still working through the process with the school system as of December, 2017. Representative Graham asked if she knew if there was an answer from FEMA in which Ms. Ginsberg didn't know any more information from Golden Leaf's standpoint. Representative Graham asked if Golden Leaf handled any infrastructure with regard to public housing versus private homes. Ms. Ginsberg replied Golden Leaf provides funds for public infrastructure (that local governments would normally provide) to connect to private homes. Referring to page 17 of Attachment B, Representative Graham asked about the status of 5 grants awarded for infrastructure that would support new housing. Ms. Ginsberg noted the locations and entities that received the grants. Representative Graham asked again if Golden Leaf provided funding for individuals who have lost their private homes in which Ms. Ginsberg responded that their role was to fund local governments. Regarding the Lenoir County Cooperative Extension building, Representative Faircloth noted that Golden Leaf not only works to fund infrastructure but assists to relocate structures that have been flooded to an area outside a floodplain. Representative Faircloth asked if any structures that were awarded grants were covered by flood insurance. Ms. Ginsberg replied there is generally a mix – flood insurance usually wasn't enough to cover the repairs of a building. Representative Dixon asked if there was an overall administrator. Ms. Ginsberg replied there is a FEMA coordinating officer (Ms. Turner). Representative Dixon asked about the selection of the coordinating officer. Ms. Ginsberg replied Ms. Turner is on the permanent staff of FEMA in Atlanta. Representative Dixon asked if there was an RFP issued for an administrator to oversee the FEMA funds and if so, does Golden Leaf come under the administrator. Mark White from the Fiscal Research Division replied there was no RFP issued for an administrator. Ms. Ginsberg added that Golden Leaf reports to OSBM with regard to the directives in the legislation; otherwise, Golden Leaf reports to their board. Representative Dixon asked if the Golden Leaf board is independent from other entities on decisions that are made in which Ms. Ginsberg noted that was correct. Representative McGrady asked what has Golden Leaf learned after going through this process and if there is a better way to disperse the funds. Ms. Ginsberg believed that Golden Leaf did a good job and doesn't think there is a better mechanism to disperse the funds. They realized the process starts with a relationship between local governments and state agencies, a review of what the project would entail to fix the problem (including other environmental aspects that affect the initial project) and the ability to provide funds to resolve the problem. She noted that FEMA is slow in the process when it comes to disaster recovery. With regard to applications that were declined due to limited frequency (hazard mitigation only, Page 13 of Attachment B), Representative McGrady asked for more information. Ms. Ginsberg replied all disaster relief projects were funded prior to the applications that included hazard mitigation. Representative McGrady asked was there a need for more funding. Ms. Ginsberg believed there isn't a need for more funding; however, some projects are still in the works including FEMA projects that could result in a need for more funds. Representative McGrady asked if there are projects that include hazard mitigation that haven't been funded in which Ms. Ginsberg replied that statement was correct. Representative McGrady wanted to know how many pending projects were there that haven't been funded that included hazardous mitigation. Ms. Ginsberg replied it's hard to separate these projects because there are multiple components to some of these projects. Representative McGrady noted that legislative members struggled to find a way to get the funds

dispersed (mechanism tool), to make sure the funds went to repair and replace with regards to infrastructure, and appreciates Golden Leaf's work with this process but acknowledged the mitigation part is a gray area of this process. Representative Willingham asked about a request from the Town of Parmele (Martin County). Ms. Ginsberg replied she wasn't aware of any request from Parmele. Regarding mitigation, Representative Willingham asked if there were enough funds for the Town of Princeville to qualify. Representative McGrady noted there wasn't enough mitigation done prior to Hurricane Matthew. Representative Willingham noted families are still out of their homes in Edgecombe County. Ms. Ginsberg noted the Recovery Acts of 2016 and 2017 directed the funds to be allocated to local governments for infrastructure; mitigation for single-family homes wasn't included in the Golden Leaf's directive. Representative McGrady noted that Golden Leaf's responsibility was to fund the public infrastructure (county, city buildings, etc.) through the disaster relief legislation. Representative Willingham asked if Golden Leaf funds covered city buildings with regards to the Town of Princeville. Ms. Ginsberg gave an update to the funding projects for the Town of Princeville. Representative Graham asked staff to provide to him a dollar figure that has gone to assist single family homeowners. Mark White from the Fiscal Research Division noted in the Recovery Act of 2016, \$20 million went to the Housing Trust Fund and \$9 million to Emergency Management and federal to state matching funds (75/25 split) of \$66.2 million. In the Recovery Act of 2017, \$20 million went towards housing needs (Emergency Management), \$5 million to the Lumber River Council of Governments, and \$22.3 million for continued federal matching funds. Representative Graham asked who controls the funds for single family homes in which Representative Jones stated the North Carolina Housing Finance Agency would address this issue later in the meeting. Representative White noted her concerns regarding the studies that haven't been funded which would review the prevention of damage prior to a storm. Representative Dixon noted mitigation should take place so flooding in areas that have been flooded before won't flood again. Areas in his district took steps with regard to mitigation which resulted in no breach of swine lagoons during Hurricane Matthew. Regarding the hazard mitigation issue, Representative McGrady noted that Representative White was correct and more work needs to be done. Representative Jones thanked Golden Leaf for their assistance to his district.

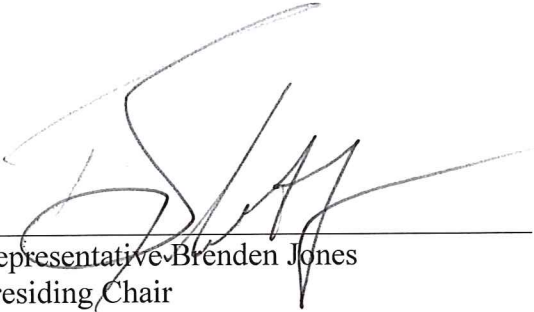
The second presentation was given by Scott Farmer, Executive Director of the North Carolina Housing Finance Agency. He discussed the Agency's mission, philosophy and accomplishments. He noted that housing recovery is a long-term commitment and reviewed the actions taken after Hurricane Matthew. He discussed the number of homes under repair in the disaster-affected counties and the funds that have been spent or encumbered for these projects (see Attachment D). He also noted the list of loan pool members on a separate document (see Attachment E).

Representative Graham asked how much of the \$20 million allocation has been encumbered. Mr. Farmer responded that \$15.8 million has been encumbered. Representative Graham asked if 450 homes have been repaired to date in which Mr. Farmer clarified there are 381 single-family homes that have requested funding for repairs through the 36 loan pool partners. He noted the NCHFA has calculated from the funding that they will be able to repair

450 homes. Representative Graham asked if this was enough funding to cover the need. Mr. Farmer responded it is hard to tell but the NCHFA continues to rely on the feedback from Emergency Management and their local partners. He noted it has been a challenge for the local partners and a struggle to find local contractors to complete small jobs when they are pulled away to do larger jobs. Representative Graham asked if Mr. Farmer was aware of the Dunn Road project in Lumberton that had applied for funds last year and this year (multi-family units). Representative Pierce continued by asking if the local agencies in Robeson County (South and West Lumberton) were reporting their housing needs to the NCHFA. Mr. Farmer replied they are in contact with the local partners (6) regarding the housing needs but not those who are doing the damage assessment. Representative Pierce asked if the NCHFA gave funds directly to the individual homeowner for repairs. Mr. Farmer replied that the NCHFA doesn't give the funds directly to the homeowner but the funds are given to homeowners through their local partners. Representative Pierce said he appreciated the efforts of the NCHFA but there are homeowners out of their homes and wanted to know what he could do as a legislator to assist these homeowners. Mr. Farmer replied that you can't move faster than the other funding sources and the funds from NCHFA were intended for those who didn't qualify for other funding resources. He noted that waiting for FEMA to make decisions, trying to streamline this process and duplication of funding are huge problems in this process. NCHFA encouraged those who were trying to figure out which source to wait for to use their funding because the dollars were ready to be used. Mr. Farmer attended many of the meetings and understood the frustration of the homeowners. Their outreach was to make sure the citizens knew their funds were available and the local partners in the communities were ready to assist them. Representative Peirce wanted to know who the local partners are (6 organizations in Robeson County) that are receiving the funds (see Attachment E). He also asked the NCHFA to come back to his district and speak to the citizens who are still out of their homes. Mr. Farmer said they would be happy to come to the district for a meeting. Representative Willingham thanked Mr. Farmer and NCHFA for their assistance. Representative McGrady asked if the funds from the NCHFA are considered to be a loan or a grant. Mr. Farmer replied the funds are considered loans. Representative McGrady asked if part of the problem is homeowners aren't ready to take on debt as opposed to receiving a grant. Mr. Farmer replied the requirement of the NCHFA is their funds must be administered as loans and he believes this is one of the challenges but it meets the requirements of the legislation. Representative Graham asked who the local partners were (see Attachment E). Representative Graham asked if the local partners or organizations are making the requests on behalf of the homeowners for funding to NCHFA, in which Mr. Farmer said his statement was correct. Mr. Farmer confirmed for Representative Graham that \$20 million was allocated for home repairs and from that initial funding, \$15 million was for single-family homes and \$5 million was for multi-family homes. The requests for funding for single-family homes have exceeded the amount so NCHFA is waiting for requests to come in by the end of February, and then will transfer funds which will total \$19.5 million for single-family home repairs. Mr. Farmer noted the multi-family units were better equipped and had enough reserve funds to make the necessary repairs so this is the reason for the ability to shift funds. Representative Graham noted there is still a great need in his community, people are still out of their homes and urged NCHFA to share this information and follow-up with their local partners. Mark White said that OSBM has been compiling a monthly report on the Disaster Recovery Acts of 2016 and 2017 that should


have been shared with the Members but wasn't sure if these reports have the detail that you were looking for but will be happy to share this information with you. Representative Faircloth remarked that there is one person who serves many counties as a local partner (loan pool member, Attachment E). Mr. Farmer replied that consultants are usually hired to cover several counties which is a common practice because local governments don't have the adequate staff to handle this process. Representative Faircloth asked how do homeowners that need assistance find out who to contact. Mr. Farmer replied the NCHFA has tried to get the message into communities through many sources which included meetings, mailers, social media, etc. Will Parry-Hill, the legislative liaison for the NCHFA addressed the committee and noted the Lumber River COG was asked to oversee their program (answer to Representative Faircloth's question). Representative Jones thanked Mr. Farmer and Mr. Parry-Hill for their assistance in his district.

The committee adjourned at 3:38 p.m.



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Representative Brenden Jones  
Presiding Chair



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Susan W. Horne  
Committee Clerk