Other Federal Programs for Disaster Recovery

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In addition to programs housed at HUD and FEMA, additional programs at other agencies impact housing.

U.S. Small Business Administration (SBA)

In addition to FEMA assistance, the SBA offers disaster recovery loans to impacted homeowners. These funds can be utilized for home repair and replacement and a number of other disaster-related uses. It is important to note that these are one of the only types of funds available to owners of non-owner-occupied rental housing, who are not eligible for FEMA assistance.

SBA can provide physical disaster loans to cover uninsured or uncompensated losses of a home or personal property. A homeowner can apply for a loan to repair or rebuild a primary residence to its pre-disaster condition based on the verified losses, and homeowners may apply for up to $200,000 to repair or replace their home to its pre-disaster condition. The loan amount can increase by as much as 20% to help homeowners rebuild in a manner that protects against damage from future disasters of the same kind, up to the $200,000 maximum. Both homeowners and renters may apply for loans—up to $40,000—to replace personal property (anything not considered real estate or part of the structure of the home) lost in a disaster. The interest rate on SBA physical disaster loans depends on the applicant's ability to secure credit from another source. In 2017, applicants unable to obtain credit elsewhere were charged 1.75% interest; for those who could obtain credit elsewhere, the interest rate was 3.5%. The term of loans is often 30 years.

Businesses, including rental property owners and nonprofit organizations, can apply for loans for real estate and personal property loss up to a maximum of $2 million. In addition, businesses and nonprofits can apply for economic injury loans of up to $2 million to cover working capital to meet their ordinary financial obligations.

The "Disaster Assistance for Rural Communities Act," passed in 2022, permitted the SBA to expand when and where it can offer its Disaster Loan Program. Under this new law, the SBA can activate the program on the request of a governor or chief executive of a tribal government when there is any disaster damaged property in a rural area and where the president has approved the use of FEMA Public Assistance.

U.S. Department of Agriculture

The U.S. Department of Agriculture (USDA) provides loans, grants, and loan servicing options to its loan borrowers and their tenants or grant recipients. It also will adjust Supplemental Nutrition Assistance Program (SNAP) limits to provide greater access to food in disaster-effected areas.

U.S. Department of Labor

The Department of Labor facilitates the disaster unemployment program, which assists individuals impacted by disasters who are unable to access their place of employment or whose place of employment was destroyed or rendered inoperable. This program provides federal unemployment benefits to those individuals who have previously exhausted their federal benefits prior to the disaster in question. This program is funded through the Department of Labor but facilitated by the applicable state-level agency in charge of unemployment assistance in the area.

In addition to unemployment assistance, the Department of Labor also offers the dislocated worker grant program. That program provides funding to states and other eligible applicants responding to large, unexpected layoff events – including those created by disasters. The funds are used by the impacted jurisdiction to facilitate temporary employment opportunities with clean-up and recovery efforts.

U.S. Department of the Treasury

Congress authorized the Department of the Treasury to provide special Low-Income Housing Tax Credits (LIHTCs) and other tax incentives after recent major disasters without a permanent disaster recovery program in place. In the case of hurricanes Katrina and Rita, the Treasury established Gulf Opportunity (GO) Zone tax credits, GO Zone tax-exempt bonds, and additional New Markets Tax Credits to help rebuild housing. After Superstorm Sandy in 2011, Congress also authorized additional LIHTCs, private activity bonds, and New Markets Tax Credits. The same occurred after the 2018 California wildfire season, with Congress approving additional LIHTC funding to replace destroyed housing stock.

Revenue Procedure 2014-49 (Rev. Proc. 2014-49) from 2014 provides guidance to owners and state housing finance agencies (HFAs) regarding temporary relief from certain requirements that apply to the LIHTC program. A key provision allows an owner to provide up to twelve months of emergency housing to households that have been displaced by a presidentially declared major disaster. Households are eligible for emergency housing in a LIHTC unit if their home is in an area eligible for FEMA individual assistance.

Unless a property's written policies and procedures provide a preference for households displaced by a presidentially declared disaster, an owner may not skip over households on a waiting list to provide emergency housing. Existing households cannot be displaced to provide emergency housing.

Rev. Proc. 2014-49 relieves an owner and household of providing evidence of income eligibility. All other LIHTC rules apply, however, including LIHTC rent limits. The emergency relief period ends one year after the date the disaster was declared. After that date, displaced households that are not income-eligible under the LIHTC program cannot occupy a unit assisted under the LIHTC program. To provide emergency housing, an owner must request written approval from the HFA.

Additional issues can arise when LIHTC units are damaged by disasters. Owners of LIHTC units knocked out of service by a presidentially declared disaster have a "reasonable period" (defined as 25 months by the IRS) to finish rebuilding to retain their tax-credit status and avoid IRS tax credit recapture. Depending on the level of devastation caused by the disaster, some owners struggle to meet this deadline. Housing providers can petition the IRS for an extension to the 25-month deadline if needed, although such extensions are considered rare. This issue was notably seen in California after the 2018 wildfire season and in the aftermath of Hurricane Harvey in Houston. Advocates and housing providers should remain aware of this deadline and work proactively to avoid a lapse in tax-credit status and possible recapture.

For More Information

Small Business Administration Disaster Loan Program webpage, https://www.sba.gov/funding-programs/disaster-assistance.

Department of Agriculture D-SNAP webpage, https://www.usa.gov/disaster-food-help.

Department of Labor National Dislocated Worker Grants webpage, https://www.dol.gov/agencies/eta/dislocated-workers.

Department of Labor Disaster Unemployment Assistance webpage, https://oui.doleta.gov/unemploy/disaster.asp.