

HUD DISASTER RECOVERY PROGRAMS

Noah Patton, Director of Disaster Recovery, NLIHC

HUD was initially a major player in the world of disaster recovery and response before the creation of the (relatively) unified disaster response and recovery system headed by FEMA. Today, this history is reflected by the agency regularly allocating long-term recovery funding to disaster-impacted areas. HUD also operates several additional programs focused on housing and economic recovery. While common sense would dictate that the agency would have a larger role in the immediate aftermath of disasters given its experience in housing low-income and marginalized households, the agency primarily operates within the long-term recovery space, with a few notable exceptions.

Community Development Block Grant Disaster Recovery (CDBG-DR)

OVERVIEW

CDBG-DR funding is provided for presidentially declared major disasters by appropriations acts and is generally tailored to disasters within a specific date range. To determine how much of the approved funds a state or local government receives, HUD uses a formula that considers damage estimates and disaster recovery needs unmet by other federal disaster assistance programs such as FEMA and the Small Business Administration (SBA). In addition to any requirements cited in the specific appropriation act, the regular CDBG regulations at 24 CFR 570 apply to CDBG-DR funds. However, CDBG-DR appropriations generally grant HUD broad authority to issue waivers and alternative requirements identified in a *Federal Register* notice issued by HUD following the announcement of the appropriation.

CDBG-DR grantees, usually states, must prepare an action plan to assess housing, infrastructure, and economic revitalization needs and then identify activities to address unmet needs. Public participation

in devising the action plan is required. In the regular CDBG program, a minimum 30-day public review and comment period is required. However, in recent CDBG-DR *Federal Register* notices, HUD has reduced the public participation period to a mere 14 days. Advocates stress that more time for public engagement is necessary, especially since the consequences of the final plan will have long-term impacts on low-income households.

The regular CDBG program requires that at least 70% of the funds be used for activities that benefit low- and moderate-income households or those with income at or less than 80% of the area median income. The CDBG-DR *Federal Register* notices regarding funds for the 2017 disasters maintained the 70% low/mod-income benefit requirement; however, most of the major notices between Hurricane Katrina in 2005 and 2016 allowed waivers so that only 50% of the CDBG-DR had to meet the low/mod benefit test. In 2020 FEMA and HUD signed a Memorandum of Understanding that streamlined the use of CDBG-DR funds to pay for portions of FEMA PA projects. Under this new streamlining agreement, only the portion of the project funded directly by HUD CDBG-DR is required to meet CDBG requirements, such as targeting low-income households. Previously, the use of CDBG-DR funding on FEMA PA projects would extend such requirements to the entire project.

Recent *Federal Register* notices have required that at least 80% of the total funds provided to a state address unmet needs within an area designated by HUD as being the most impacted and distressed. They have also required the action plan to propose allocating CDBG-DR to primarily address unmet housing needs and describe how the grantee's program will promote housing for vulnerable populations, including a description of activities to address the housing needs of homeless people and to prevent extremely low-income households from becoming homeless.

Grantees must submit Quarterly Performance Reports (QPRs) using HUD's electronic Disaster Recovery Grant

Reporting System, showing each activity's progress, expenditures, accomplishments, and beneficiary characteristics such as race, ethnicity, and gender.

UNIVERSAL NOTICE AND CURRENT RULES

To streamline the rule making process for CDBG-DR, HUD released a "Universal Notice" covering the program in early January of 2025. This Universal Notice would govern future allocations of disaster funding in a more consistent fashion, while allowing HUD to put in place reforms ensuring that the program would be more efficient and effective.

The changes were [informed \(https://tr.ee/dlGmd2\)](https://tr.ee/dlGmd2) by a Request for Information issued by the agency in the *Federal Register* in early 2023. The released Universal Notice included many of the changes requested by advocates. In particular, the changes include provisions requiring that state and local governments receiving CDBG-DR funds to reduce barriers to accessing funds for historically vulnerable populations, aligning CDBG-DR with other HUD disaster-related programs, requiring the consultation of advocacy organizations during program development, and removing accessibility related components from program award caps.

These changes were short lived. The new administration wasted little time in removing significant sections of the notice and applying the "Personal Responsibility and Work Opportunity Reconciliation Act" to funds provided by the program. Requirements removed included any reference to fair housing and civil rights, historically vulnerable communities, climate change, resilience, homelessness, and the like. Advocates should remain aware that these [rules \(https://tr.ee/BzZ6H3\)](https://tr.ee/BzZ6H3) remain in effect for the program.

OTHER HUD DISASTER-RELATED PROGRAMS

In addition to long-term recovery, HUD operates a number of additional disaster-related programs, complementing FEMA's focus on short-term disaster response and recovery. Unlike FEMA programs, these HUD programs are not for "household-level" assistance—meaning that disaster-impacted households do not apply directly for assistance. Instead, these funds are

distributed to existing housing and homeless service provider organizations, who then expand their programs using those funds.

Disaster Housing Assistance Program (DHAP): The aftermath of Hurricane Katrina in 2005 demonstrated that HUD, not FEMA, was best suited to oversee and administer federal disaster housing assistance to people with the lowest incomes. Congress amended the "Stafford Act" to require the federal government to create a disaster housing plan. In 2009, that plan made clear that HUD should play a key role in creating and operating disaster housing assistance programs and recommended that Congress make the DHAP permanent. The 2011 National Disaster Recovery Framework also recommended that HUD, not FEMA, serve as the coordinating agency for delivering housing assistance. However, before HUD can put a DHAP program in place, FEMA must enter an interagency agreement with HUD. In the wake of recent major disasters, FEMA has resisted working with HUD to stand up DHAP programs.

DHAP has been used after past disasters, including Hurricanes Katrina, Rita, Gustav, Ike, and Sandy, to provide low-income, displaced families with safe, decent, and affordable rental homes while they rebuild their lives and get back on their feet. DHAP is administered through HUD's existing network of local Public Housing Agencies (PHAs), which have significant local market knowledge and experience administering HUD's Housing Choice Voucher program.

DHAP provides displaced households with temporary rental assistance, covering the cost difference between what a family can afford to pay and the cost of rent, capped at a reasonable amount. Over the course of several months, families are required to pay a greater share of their rent to encourage and help them assume full responsibility for housing costs at the end of the program. All families receiving DHAP rental assistance are provided with wrap-around case management services to help them find permanent housing, secure employment, and connect with public benefits.

DHAP helps fill the gaps that low-income households experience with FEMA's Transitional Shelter Assistance (TSA) and Rental Assistance programs. Many hotels do

not participate in TSA, and those that do often charge daily resort fees, ask for security deposits, and require that displaced households have credit cards, all of which are barriers for low-income households. Because disasters generally reduce the amount of available housing stock, low-income renters are often unable to use FEMA Rental Assistance in their communities. If a displaced household relocates, the Rental Assistance amount, which is based on the Fair Market Rent (FMR) of the impacted area, may not be enough to cover the cost of an apartment in a different community.

Rapid Unsheltered Survivor Housing (RUSH): In a major advocacy victory, HUD created the RUSH program during the 2022 Atlantic Hurricane Season to address some of the issues created by the failure to utilize DHAP. In the aftermath of large disasters, the program allocates unused Emergency Solutions Grants (ESG) funding to impacted communities to assist individuals that were experiencing homelessness in the area prior to the disaster and households at risk of homelessness afterward. HUD plans to only deploy these funds after exceptionally large disasters where FEMA TSA has been activated.

Funds can be used for rapid re-housing, which provides up to 24 months of assistance, and financial assistance for moving costs, utilities, supportive services, outreach, and assistance to meet urgent needs of unsheltered individuals. Eligible families are people experiencing homelessness and households paid under 30% of area median income who either live in severe overcrowding, will face eviction within 21 days, or have another risk factor for homelessness.

Federal Housing Administration (FHA): The FHA grants a 90-day moratorium on foreclosures and forbearance on foreclosures of FHA-insured home mortgages. HUD's Section 203(h) program provides FHA insurance to disaster victims who have lost their homes and need to rebuild or buy another home. Borrowers from participating FHA-approved lenders may be eligible for 100% financing. HUD's Section 203(k) loan program enables those who have lost their homes to finance the purchase of or refinance a house along with repairs through a single mortgage. It also allows homeowners who have damaged houses to finance the rehabilitation of their existing single-family home.

Additional Programs: Despite not being directly disaster focused, HUD's other programs have played a role in disaster response and recovery. The Housing Choice Voucher Program has often been used to relocate residents of impacted subsidized housing, Subsidies through the HOME Program have been combined with long-term recovery housing construction, and Emergency Capital Needs funds have been used to assist in repairing Public Housing units impacted by disasters. Advocates should keep in mind that these programs can often be creatively deployed to assist in disaster-related situations.

Forecast for 2026

Broadly, the impact of personnel and administrative funding cuts on HUD's disaster-focused personnel has not been as severe as other sections of the agency. However, cuts to the Fair Housing and Equal Opportunity Office and HUD regional offices have and will continue to impact the agency's ability to conduct oversight over long-term recovery programs and deploy its short-term programs as it has in the past.

Current grantees of CDBG-DR have been working to align their Action Plans and program policies with the new requirements laid out in the late January memo changing program rules in the Universal Notice. The requirements of the notice are designed to be the baseline—states and territories running programs can implement additional policies and procedures that do not run afoul of HUD requirements. This, in theory, should allow grantees to establish equity-related rules and requirements on their own, going above and beyond HUD rules. However, comments from HUD indicate that the agency would be preventing grantees from doing so. For example, when the city of Asheville NC's CDBG-DR released an Action Plan that included a loan program for women and minority owned businesses, HUD Secretary Turner traveled to Asheville to hold a press conference decrying the program as "woke" and indicating that the agency would deny the Action Plan if it was included. As a result, advocates should remain aware and on the lookout for opportunities to creatively steer these limited resources to those most in need of assistance without overt "equity" indicators.

For HUD’s short-term recovery programs, the outlook remains unclear. The agency did not issue any RUSH funds in 2025, but this could also be the result of a relatively quiet hurricane season that saw no large tropical cyclones impact the United States. Regardless, advocates should remain aware of these programs’ existence and be prepared to request them from HUD if needed.

Apart from the “Reforming Disaster Recovery Act” mentioned below, the most pressing issue regarding HUD’s disaster recovery program is funding. While Congress did approve \$100 billion in HUD long-term recovery funding in December of 2024—which provided an initial down payment on Hurricane Helene recovery costs, as well as Hurricane Milton recovery and others, those funds were not available for the Los Angeles wildfires which occurred just one month later. Long-term recovery needs from those fires, as well as additional Hurricane Helene-related needs, will require significant funding allocations to address. Despite the need, Congress failed to address long-term recovery needs in 2025 and, as of this writing, there does not appear to be a path to addressing the issue in the near term.

In addition to the ever-present funding issues, 2025 did see some movement around advancing reforms necessary to improve HUD’s long-term recovery programs. The “Reforming Disaster Recovery Act” is a bill to permanently authorize the CDBG-DR Program creates important safeguards and tools to ensure that federal disaster recovery and rebuilding efforts reach all impacted households, including those with the lowest incomes that are often hardest hit by disasters but have the fewest resources. NLIHC continues to strongly support this bill.

The bill has been introduced in multiple congresses with significant bipartisan support. In 2025, the Senate version of the bill was amended onto a package of housing measures, the “ROAD to Housing Act,” sponsored by Senate Banking, Housing, and Urban Affairs Committee Chair Tim Scott and Ranking Member Elizabeth Warren. That package was subsequently passed unanimously by the Senate Banking Committee and then amended onto the “National Defense Authorization Act” (NDAA), which then was passed by the entire Senate. Despite this success, opposition

from House Financial Services Chair French Hill led to the bipartisan package not surviving conference negotiations. The bill had been previously passed by the House of Representatives in 2019, and again as part of the NDAA in 2023. The past several HUD administrators—both Democratic and Republican—have supported the move.

Additional Resources

NLIHC Fact Sheet on the CDBG-DR Program (<https://tr.ee/WBY2t5>)

NLIHC Fact Sheet on the “Reforming Disaster Recovery Act” (<https://tr.ee/WE0xHz>)

NLIHC Fact Sheet on the Disaster Housing Assistance Program (<https://tr.ee/bQdCHq>)

NLIHC and NHLP Report on the HUD RUSH Program (<https://tr.ee/PzFiGg>)

HUD Exchange Landing Page for CDBG-DR Programs (<https://tr.ee/5ufM8g>)

HUD Fact Sheet on the RUSH Program (<https://tr.ee/KFudLB>)