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LESSON LEARNED

Funding Housing Recovery from Localized Incidents in Tennessee

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SUMMARY

Flooding in 2012 caused by severe rainfall in Tennessee highlighted the need for an alternative source of recovery funds for incidents not large enough to initiate many of the more expansive forms of Federal or state assistance.

DESCRIPTION

On August 5, 2012, a severe storm inundated Eastern Tennessee with five to six inches of rain in the span of a few hours. The National Weather Service categorized the rainfall as a once in a 600- to 800- year event. Officials from Washington County—the most severely affected county in Tennessee—needed to identify resources and funding for nearly 150 households whose homes were either heavily damaged or destroyed by the flooding. While the impact to the affected communities was proportionally large, the total damage was not enough to trigger FEMA Individual Assistance funds.



Resident Doug Wilson receives keys to his new home. Mr. Wilson's new home was the first to be completed and dedicated as part of recovery efforts in Washington County.
(Source: Tennessee Emergency Management Agency Report on Washington County New Build)

Tennessee did receive assistance from the Small Business Administration (SBA) in the form of low interest loans to individual homeowners, small businesses, and non-profits. Communities can qualify for these loans at lower thresholds than FEMA's Individual Assistance programs. However, many of the displaced households were not able to qualify for SBA loans because their incomes were too low, meaning those most affected by the flooding received the least assistance. As a result, local officials sought alternate sources of assistance to support recovery operations.

Repurposing an Existing State Program to Meet Community Needs

To meet the remaining assistance need, the Tennessee Housing Development Agency (THDA) recaptured funds from its Housing Trust Fund Competitive Grants Program, which disburses several million dollars a year to organizations that administer housing programs for low-income and special needs individuals. THDA repurposed these funds into a \$300,000 grant to Washington County for recovery operations. THDA's initial financial assistance also encouraged other local businesses to contribute to the recovery effort by acting as "match" funds for a variety of private grants and donations. Local banks, benefactors, businesses, and individuals eventually contributed a total of \$3 million to local communities in support of Washington County's recovery. The funds allocated by THDA and the various private grants and donations contributed to the rebuilding of 120 homes across the County.

The Rebuild and Recover Program

As a result of this success, the THDA created a new program within its Housing Trust Fund called the Rebuild and Recover Program, starting with an initial allocation of \$2 million. The program uses only THDA funds and provides grants to local communities to assist with owner-occupied recovery efforts. The Rebuild and Recover program has since been used in eight subsequent incidents to help small communities disproportionately impacted by localized emergencies. THDA now allocates \$500,000 annually to its Rebuild and Recover Program.

Another innovative practice that emerged from the 2012 floods was increased coordination between THDA and the Tennessee Emergency Management Agency. For example, TEMA personnel responsible for documenting flood damage now report their findings directly to THDA. THDA can then conduct surveys and outreach to introduce local officials to the Rebuild and Recover Program, enabling them to apply for funds as quickly as possible.

REFERENCES

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Rebuild and Recover Grants

The Rebuild and Recover Program provides grants ranging from \$100,000 to \$500,000 for local community recovery efforts. Rebuild and Recover can only be used to benefit low- and very low-income homeowners, and the maximum subsidy to an individual homeowner is \$40,000. Grants have a 50% match requirement, which must be made by the local community or county receiving the funds.