

At a Glance

H.R. 3037, Housing Survivors of Major Disasters Act of 2021

As ordered reported by the House Committee on Transportation and Infrastructure on July 28, 2021

By Fiscal Year, Millions of Dollars	2022	2022-2026	2022-2031
Direct Spending (Outlays)	110	122	122
Revenues	0	0	0
Increase or Decrease (-) in the Deficit	110	122	122

Spending Subject to Appropriation (Outlays)	30	178	not estimated
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Statutory pay-as-you-go procedures apply?	Yes	Mandate Effects	
Increases on-budget deficits in any of the four consecutive 10-year periods beginning in 2032?	No	Contains intergovernmental mandate?	No
		Contains private-sector mandate?	No

The bill would

- Expand the types of documentation households may use when applying to the Federal Emergency Management Agency (FEMA) for disaster assistance
- Require FEMA to retroactively provide disaster assistance to certain households whose applications were denied beginning in 2017 because of insufficient documentation
- Require FEMA to create a self-certification form for households applying for assistance and to analyze the cost effectiveness of different means of providing temporary housing

Estimated budgetary effects would mainly stem from

- Spending for housing and other assistance provided by FEMA

Areas of significant uncertainty include

- Determining how many households would newly qualify for assistance relative to current law
- Projecting the amount of assistance each household would receive

Detailed estimate begins on the next page.

Bill Summary

H.R. 3037 would amend the Robert T. Stafford Disaster Relief and Emergency Assistance Act to expand the types of documentation that applicants for relief programs can use to prove occupancy or ownership of a damaged residence. The bill also would require the Federal Emergency Management Agency (FEMA) to approve assistance retroactively to 2017 for households affected by disasters if their claims were denied for insufficient documentation of eligibility.

Estimated Federal Cost

The estimated budgetary effect of H.R. 3037 is shown in Table 1. The costs of the legislation fall within budget function 450 (community and regional development).

Table 1. Estimated Budgetary Effects of H.R. 3037						
	By Fiscal Year, Millions of Dollars					2022-2026
	2022	2023	2024	2025	2026	
	Increases in Direct Spending					
Estimated Budget Authority	0	0	0	0	0	0
Estimated Outlays	110	12	0	0	0	122
	Increases in Spending Subject to Appropriation					
Estimated Authorization	42	37	37	39	39	194
Estimated Outlays	30	34	37	38	39	178

Basis of Estimate

For this estimate, CBO assumes that the legislation will be enacted early in fiscal year 2022 and that the estimated amounts will be provided each year.

Background

After major disasters, FEMA’s Individuals and Households Program (IHP) provides assistance to eligible households for repairing or replacing damaged houses or other property and for temporary housing, some medical care, and certain other expenses.

Households establish eligibility for the IHP by documenting ownership or occupancy by submitting utility bills, bank statements, pay stubs, or state-issued identification, for example. (The IHP allows self-certification of households in U.S. territories, on islands, and on tribal land if those households cannot provide an otherwise accepted form of documentation.)

Under H.R. 3037, a household's application for individual assistance could include a self-certification form developed by FEMA or at least one other document that lists the applicant's name and address, such as a school registration form, medical record, or receipt for a charitable donation.

Direct Spending

H.R. 3037 would require FEMA to approve households that had been denied assistance after January 1, 2017, if they were denied because applicants failed to sufficiently document proof of occupancy or ownership of a damaged property. The agency would be required to notify those applicants of the opportunity to appeal their denials, and they would have six months to reapply. According to FEMA, about 2.2 million households have applied for assistance under the IHP since January 1, 2017. Using information from FEMA, CBO estimates that insufficient documentation was the reason for about 77,000 rejected applications.

Because approving previously denied applications would increase outlays of previously appropriated but unobligated funds from the Disaster Relief Fund (DRF) that spending would be classified as direct spending. Using information provided by FEMA, CBO estimates that assistance provided over the 2017-2021 period totaled about \$3,100 per household, on average. CBO expects that 50 percent of eligible households would apply for retroactive assistance within the allowable period. On that basis, CBO estimates that enacting the provision would increase direct spending by \$122 million over the 2022-2031 period; that increased spending would be offset by lower spending of the same amount in years after 2031.

Spending Subject to Appropriation

CBO estimates that implementing H.R. 3037 would cost \$178 million over the 2022-2026 period, assuming the availability of the estimated amounts (see Table 2).

CBO expects that the change in the IHP's documentation requirements would lead more applicants to qualify for disaster assistance in the future. Payments under the program are disbursed from the DRF, which is funded by annual appropriations that generally depend on the number and severity of disasters in any year. Over the 2016-2020 period, the Congress provided approximately \$147 billion to the DRF. About 64 percent of that total was in supplemental appropriations in response to Hurricanes Harvey, Irma, and Maria and the coronavirus pandemic. Over the 2016-2020 period, outlays from the DRF averaged about \$18 billion annually; in 2020, spending from the DRF was about \$43 billion, largely in response to the pandemic.

**Table 2.
Estimated Increases in Spending Subject to Appropriation Under H.R. 3037**

	By Fiscal Year, Millions of Dollars					2022-2026
	2022	2023	2024	2025	2026	
Individual Assistance						
Estimated Authorization	41	36	37	39	39	192
Estimated Outlays	29	33	37	38	39	176
Administrative Costs						
Estimated Authorization	1	1	*	*	*	2
Estimated Outlays	1	1	*	*	*	2
Total Changes						
Estimated Authorization	42	37	37	39	39	194
Estimated Outlays	30	34	37	38	39	178

* = between zero and \$500,000.

Using information from FEMA, CBO estimates that, on average, about 25 percent of assistance paid from the DRF goes to property owners or renters for housing and other assistance, although amounts vary considerably from one disaster to the next. Based on the historical rate of rejections stemming from a lack of documentation, CBO expects that an additional 1 percent of households would be approved for assistance under H.R. 3037, although considerable uncertainty surrounds that estimate. As a result, and based on average annual outlays over the 2016-2020 period, CBO estimates that implementing the provision would cost \$176 million over the 2022-2026 period; such spending would be subject to the availability of appropriated funds.

Under H.R. 3037, FEMA also would be required to develop a self-certification statement and promulgate guidance necessary to implement the bill. In addition, the agency would analyze the cost-effectiveness of various options to provide temporary housing under the Stafford Act. CBO estimates that those activities would cost \$2 million over the 2022-2026 period; such spending would be subject to the availability of appropriated funds.

Uncertainty

The total amount of individual assistance that FEMA will provide to eligible households under current law is the primary source of uncertainty in CBO’s analysis of H.R. 3037. Total spending will depend in large part on the number and severity of future disasters and on the amounts appropriated in response. If FEMA decided to increase or decrease the amounts it pays, subject to the availability of balances in the DRF, then estimated spending under H.R. 3037 would change as well.

In addition, the percentage of households who will be denied for disaster assistance for inadequate documentation could be higher or lower than CBO’s estimate of 1 percent. Accordingly, the costs of H.R. 3037 could be higher or lower than CBO estimates.

Pay-As-You-Go Considerations

The Statutory Pay-As-You-Go Act of 2010 establishes budget-reporting and enforcement procedures for legislation affecting direct spending or revenues. The net changes in outlays that are subject to those pay-as-you-go procedures are shown in Table 3. (Most of the outlays would come from appropriations designated in accordance with section 251 of the Balanced Budget and Emergency Deficit Control Act of 1985 as emergency requirements or for disaster relief.)

Table 3.
CBO’s Estimate of the Statutory Pay-As-You-Go Effects of H.R. 3037, the Housing Survivors of Major Disasters Act of 2021, as Ordered Reported by the House Committee on Transportation and Infrastructure on July 28, 2021

	By Fiscal Year, Millions of Dollars										2021-2026	2021-2031	
	2022	2023	2024	2025	2026	2027	2028	2029	2030	2031			
	Net Increase in the On-Budget Deficit												
Pay-As-You-Go Effect	110	12	0	0	0	0	0	0	0	0	0	122	122

Increase in Long-Term Deficits: None.

Mandates: None.

Estimate Prepared By

Federal Costs: Jon Sperl

Mandates: Brandon Lever

Estimate Reviewed By

Stephen Rabent

Principal Analyst, Finance, Housing, and Education Cost Estimates Unit

H. Samuel Papenfuss

Deputy Director of Budget Analysis

Theresa Gullo

Director of Budget Analysis