


From: Ryan Moeller Ryan.Moeller.GLO@recovery.TEXAS.GOV 
Subject: FW: Homeowner Reimbursement Program-SBA DOB Concern
Date: November 7, 2019 at 12:02 PM
To: brucesprague@mac.com



Mr. Sprague,

Apologies for the delay with resending. Please see my original response below.

Regards,



Ryan Moeller
Program Manager-Homeowner Reimbursement Program
Community Development & Revitalization
Texas General Land Office, George P. Bush, Commissioner
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From: Ryan Moeller
Sent: Wednesday, November 6, 2019 6:34 PM
To: brucesprague@mack.com
Subject: Homeowner Reimbursement Program-SBA DOB Concern

Mr. Sprague,

As discussed on the phone today, the Texas General Land Office (GLO) is the state administrator of disaster housing recovery programs with Community Development Block Grant for Disaster Recovery (CDBG-DR) funding provided by the U.S. Department of Housing and Urban Development (HUD). Since these are federal funds, the GLO must follow HUD requirements in administering these funds to eligible recipients. We are dedicated to rebuilding damage from Hurricane Harvey and helping those affected by the storm. The GLO's recovery programs seek to provide much needed assistance to Texans as efficiently and effectively as possible while adhering to federal requirements. Although Texas received several billion dollars in CDBG-DR funding from HUD, it is well recognized that the available funding is not sufficient to address all recovery needs.

The U.S. Congress passed the Disaster Recovery Reform Act of 2018 (DRRA) (division D of Public Law 115-254) making changes to the rules for the administration of Small Business Administration (SBA) loans under the Stafford Act for disasters declared between January 1, 2016, and December 31, 2021, so that, when certain conditions are met, the loans are no longer considered a Duplication of Benefits (DOB). Although the legislation was passed in October 2018, HUD did not release the necessary rules on how to apply the new changes to CDBG-DR programs until June 2019. By this time, all CDBG-DR funding was allocated to the current Texas recovery programs. Additionally, the new HUD rules for SBA loans would require the development of a new program with a HUD required amendment process that would take more than six months to complete. Furthermore, the rules set forth by HUD would require that the program assist all low-to-moderate income (LMI) individuals first, and only assist those individuals who considered by HUD to have an income above the LMI threshold once all LMI individuals had been assisted. As at least 70% of CDBG-DR funding is required by HUD to assist LMI applicants, HRP is the main recovery program benefitting mostly non-LMI individuals and this change would create additional barriers to non-LMI individuals receiving any housing recovery assistance.

The GLO disaster recovery team agrees that SBA loans should not have been considered a DOB. While HUD changed the rules for how SBA is considered, the agency's changes did not outright remove SBA as a consideration for DOB. According to HUD, the new SBA rules only apply "when certain conditions are met" and if they are met, SBA becomes a reimbursable activity. In light of the very limited flexibility in the new SBA rule changes, the GLO considered the impact of amending recovery current programs, including the limited amount of funds still available in the HRP and weighed how to most effectively help as many applicants receive assistance as soon as possible. In addition to HUD's delayed release of the updated rules, the GLO determined incorporating the new HUD rules for SBA loans into GLO recovery programs would reduce the number of applicants eligible to receive a reimbursement and limit access to the funds for the majority of households that are currently eligible for assistance.

The GLO is committed to doing everything possible to ensuring applicants receive the best possible chance at recovering out of pocket expenses incurred while recovering from this disaster. Unfortunately, the recent revised HUD rules for SBA loan consideration came too late and did little to help those Texans affected by Hurricane Harvey who applied for and received SBA loans.

If you have additional questions, please email me.

Sincerely,



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