



CITY OF HOUSTON

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Mayor

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Re: Mitigation State Action Plan

Dear Sir or Madam:

**City of Houston Comments on
State of Texas CDBG Mitigation (CDBG-MIT) Action Plan Amendment 1**

The City of Houston (City) submits the below comments on the above-referenced Action Plan Amendment (the Amendment). Overall, we are disappointed that, in the Amendment, the State continues to divert CDBG-MIT funds away from the areas most impacted by Hurricane Harvey, including the most populous and impacted city in the State. While we recognize that the Amendment allocates \$750 million to Harris County, it is unconscionable that the State would expect that this amount in any way represents an amount that is sufficient to address the extensive mitigation needs in the Houston and elsewhere in Harris County. Further, the Amendment's inadequate allocation to Harris County and increased allocation to the Texas Regional Council of Government (COG) serving the Galveston and Houston areas are highly unlikely to be made available to address much-needed urban flood mitigation issues in the City or other mitigation needs that only the City can implement. A minimum of \$1.1 billion should be allocated directly to Houston so that the City can protect its residents – and industries that are integral to the State – against the impact of future disasters. Houston has had six federally declared disasters in five years, and these storms are coming with greater frequency and intensity.

As a preliminary matter, we note the City is unable to fully comment on the Amendment since GLO has reserved the right to approve/change or modify the methods of distribution (MOD) to be

used by the COGs and Harris County without further public input. Absent specific project information, it is impossible for the public and the City to fully assess the Amendment, including whether mitigation funding has been equitably allocated or is being used for appropriate projects. For example, we understand that there may be proposals to use the funds to pay down debt – a worthwhile need but not, in our opinion, the most effective and equitable use for CDBG-MIT funds, particularly given the extensive mitigation projects in Houston that require funding. The comments below are based on the limited information provided in the Amendment.

The Amended Plan Does Not Address or Ignores Urban Flooding

It is evident from the Amendment and the Hurricane Harvey competition guidelines issued pursuant to the original CDBG-MIT Action Plan that the State does not understand the dire threat of urban flooding or the distinction between urban and regional flooding. During Hurricane Harvey, many areas of Houston and other metropolitan areas experienced severe flooding from urban systems unable to convey floodwaters to regional drainage systems. Extensive urban flooding caused residential and commercial structural damage, inundating streets, impeding evacuation and emergency response, and causing deaths by drowning. Urbanized areas experience severe flooding long before the regional drainage systems become inundated. Urban flood mitigation projects protect neighborhoods, streets, homes, and commercial structures. It is integral that CDBG-MIT funds be used to address this urgent urban flooding threat, yet the State's award to Harris County and other jurisdictions does not do so. Typically, the City and Harris County play different roles in flood control projects. The City focuses on these very urban flood mitigation issues, whereas the County focuses on regional drainage on the bayous and waterways that lead flood waters to the Gulf of Mexico. Both are important. Unfortunately, the Harvey funding competition and the Amendment generally ignore the significant urban flood mitigation needs. Indeed, the Harvey competition funding criteria were seemingly designed to avoid funding such projects.

The Amounts Allocated to Harris County and COGs Are Insufficient Given the Disproportionate Injury Houston Suffered

As the Amendment notes, Hurricane Harvey caused “unprecedented rainfall in the Houston metroplex and surrounding areas.”¹ The Hurricane left “approximately one-third of Harris County...completely underwater”² and, “[b]y the time the rain stopped, Hurricane Harvey had dumped almost a year’s worth of rainfall in a matter of days.”³ Nearly half the people impacted by recent disasters reside in Houston and Harris County. Approximately half of the roughly 300,000 structures that flooded during the hurricane were in Harris County, and 36 of the 68 total fatalities from Hurricane Harvey also occurred in Harris County. While we recognize that other flood events have impacted cities and counties in the State, Hurricane Harvey was the most devastating.

In the initial CDBG-MIT action plan, the State allocated approximately half of the funding for a Hurricane Harvey competition. Indeed, given the devastation of Harvey, it only makes sense that half the allocation, at a minimum, targets areas impacted by the hurricane. Unfortunately, the State designed the Harvey competition so as to disfavor awards to the very urban areas, including the

¹ Amendment p. 20.

² Id.

³ Id. p. 23.

City, most impacted by Hurricane Harvey. Indeed, the competition included specific and undefined evaluation criteria only for the City and Harris County and, as a result of the discriminatory criteria in the competition, the City was wholly excluded from receiving any CDBG-MIT awards under the first round of the Hurricane Harvey competition.

The City made the State aware of the significant flaws in its Harvey competition funding criteria. Rather than revise the criteria in the Amendment to allow urban areas a fair opportunity to apply for what was planned to be a second round of the Hurricane Harvey CDBG-MIT competition, the Amendment zeros out all funds for a second round. Instead, the funds have seemingly been redistributed to the COGs with no requirement that they focus distributions on the City and other urban areas left out of the current CDBG-MIT distribution plans. In addition, the Amendment makes \$750 million available to Harris County but, as discussed below, this is woefully inadequate to address the enormous mitigation needs in Houston and in Harris County. Further, it is our understanding that Harris County projects largely focus on regional flooding mitigation – which is important – but additional funds are clearly needed to address the significant urban flooding issues in Houston.

The Amendment Violates the Congressional Intent of the CDBG-MIT Program

The Congressional appropriation that included CDBG-MIT was designed to ensure that an adequate amount of funds were used for mitigation related to Hurricane Harvey because the Congressionally-determined funding formula was required to be proportional to that of CDBG-disaster relief (CDBG-DR) funds allocated to the State for qualifying disasters in 2015-17.⁴ Texas' allocation of CDBG-MIT funds is approximately \$4.3 billion. The vast majority of this allocation, if considered in proportion to Texas' allocation of CDBG-DR funds for 2015-17 events, is attributable to Hurricane Harvey CDBG-DR 17 funds. Specifically, Texas was allocated \$75 million for 2015 flood events, \$239 million for 2016 flood events, and **\$5.676 billion** for the 2017 Hurricane Harvey disaster needs. Proportionately, the Hurricane Harvey CDBG-DR 17 funds represent **95%** of the basis for the CDBG-MIT allocation to Texas. If not for the enormous suffering by the citizens of Houston, the State simply would not have received such a large allocation of CDBG-MIT funds.

For the Hurricane Harvey CDBG-DR 17 funds, at HUD's direction, approximately forty percent of the \$5.676 billion was originally allocated to Harris County and Houston in recognition of the disproportionate impact Harvey had on Harris County and Houston. Rather than adopt a similar formula, consistent with Congressional and HUD intent, for the CDBG-MIT funds, the State has ignored this need and only allocated \$840 million⁵ for the entirety of Harris County, none of which is explicitly directed to the City and \$90.4 million of which is specifically awarded to cities other than Houston. This represents less than 20% of the overall CDBG-MIT allocation.

It is inadequate. The City and Harris County presented to the State mitigation projects equal to over \$1 billion. This amount is artificially low, however, because the Hurricane Harvey CDBG-MIT competition limited the number of applications that could be submitted. The City and Harris County sustained the most significant damage and impact from recent flood events. The amount

⁴ Pub. L. 115–123.

⁵ While we recognize that \$455 million has also been awarded to the HGAC as part of the regional mitigation program, again, there is no assurance these amounts will be available to or used in the City.

appropriated to mitigate and ameliorate the devastation inflicted by Hurricane Harvey demonstrates a clear Congressional intent that the money be used for that purpose where the injury occurred. The Amendment does not reflect that clear Congressional intent. It flouts it.

Mitigation is an Economic and National Security Issue, and Houston Requires Significant CDBG-MIT Allocation to Protect Against Such Threats

Moreover, protecting the City from more severe and frequent disasters driven by climate change is an economic and national security issue. Harris County, and in particular Houston, is the epicenter of our national energy infrastructure and the economic engine for our region and much of the southwest United States. The region employs nearly a third of the nation's workers in oil and gas extraction and is home to 4,600 energy-related companies.⁶ The Port of Houston is the nation's largest port by cargo tonnage, supporting more than 3 million jobs, and serves as a vital portal for foreign trade.⁷ The Houston ship channel is the largest chemical complex in the country, and the region's 500-plus petrochemical manufacturing plants employ nearly 40,000 workers and make up over 40% of the United States' overall petrochemicals manufacturing capacity.⁸ Harris County is also home to more than 80 hospitals,⁹ including Houston's Texas Medical Center—the world's largest concentration of medical institutions—which conducts more than 10 million patient encounters and 180,000 surgeries per year and has 9,200 patient beds and more than 106,000 employees.¹⁰ All of this vital regional and national infrastructure has been negatively impacted by past and recurrent flooding events.

The City Should Be Allocated \$1.1 Billion

Unfortunately, the \$750 million allocated to Harris County in the Amendment is woefully inadequate for addressing the mitigation needs in Houston. The City requires at least \$1.1 billion to ensure that it can fund the significant mitigation needs in Houston to prepare for future storms. While the State may argue that its diversion of resources elsewhere in the State is intended to “provide the most wide-scale impact of mitigation dollars possible” and to “create[s] the most benefit possible,”¹¹ its efforts are simply diverting funds from the areas most in need and most impacted by recent flood events.

There is still time to remedy this inadequate allocation of funds to the City. Approximately \$750 million of the amounts desperately needed by the City to mitigate against future disasters can be obtained as follows:

⁶ Jose Beceiro, Energy, Greater Houston Partnership, available at: <https://www.houston.org/why-houston/industries/energy>.

⁷ A.J. Mistretta, Port of Houston No. 1 in the U.S. by Cargo Volume, Greater Houston Partnership (Nov. 30, 2020), available at: <https://www.houston.org/news/port-houston-no-1-us-cargo-volume>.

⁸ Lisa Bridges, Houston Ship Channel recognized as the largest chemical complex in the U.S., *Colliers* (Nov. 15, 2019), available at: <https://www.colliers.com/en/news/houston/petrochemical-and-plastics-industry-2019-houston-economic-outlook>.

⁹ Hospitals Located in Harris County, Texas County Profiles, available at: <https://txcip.org/tac/census/hospitals.php?FIPS=48201>.

¹⁰ About TMC, Texas Medical Center, available at: <https://www.tmc.edu/about-tmc/>.

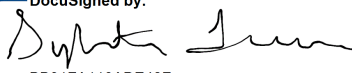
¹¹ Amendment p. 389.

- Reverse the increased allocation in the Amendment to the COGs, and directly allocate that approximately \$667 million in CDBG-MIT funds to the City.
- Require HGAC, the COG that includes the City, to award a minimum of \$83 million of its allocation to the City for mitigation projects.

The remaining amounts to ensure that the City receives the full \$1.1 billion needed could be reallocated from other line items.

For the reasons set forth above, the City urges the State to amend the CDBG-MIT action plan to allocate a minimum of \$1.1 billion for the City so that we can fund and implement mitigation efforts to protect our citizens – and the State – against future storms.

Sincerely,

DocuSigned by:

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Mayor Sylvester Turner

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Stephen Costello
Chief Recovery Officer