

Committee on
**SMALL
BUSINESS**



2022 DISASTER ASSISTANCE OVERVIEW

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Small Business Committee
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Disaster Assistance Overview

The Federal Government plays a critical role in helping States prepare for and rebuild after a disaster. No one agency is solely responsible and instead a coordinated government-wide plan is in place to provide assistance. In declared catastrophic or major disaster instances, the National Response Plan will be activated. This plan is an interagency plan setting forth the procedure for integrating federal, state, local, and private sector resources.

This primer is designed to be used for informational purposes only and to serve as a starting point for resources. Detailed information must be obtained by visiting the links provided or by contacting the appropriate agency for assistance.

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The Declaration Process

In 1988, the Robert T. Stafford Disaster Relief and Emergency Assistance Act, 42 U.S.C. §§ 5121-5206, was enacted to support State and local governments and their citizens when disasters overwhelm them. This law, as amended, establishes a process for requesting and obtaining a Presidential disaster declaration, defines the type and scope of assistance available from the Federal government, and sets the conditions for obtaining that assistance. The Federal Emergency Management Agency (FEMA), now part of the Emergency Preparedness and Response Directorate of the Department of Homeland Security, is tasked with coordinating the response.

A request for a declaration by the President of the United States must be made by the Governor of the affected State through the Federal Emergency Management Agency (FEMA). State and Federal officials conduct a preliminary damage assessment, which is included in the Governor's request. Based on the information, the President may declare that a major disaster or emergency exists, which then activates the Federal response.

Federal Emergency Management Agency

The Federal Emergency Management Agency (FEMA) oversees much of the federal efforts in disaster recovery. FEMA assistance generally covers three categories of assistance, which will be activated upon the needs found in the damage assessment. Many of these programs are in coordination with other agencies.

Much of the information is available at: <https://www.disasterassistance.gov/>

Individual Assistance

The Individuals and Households Program

This program provides money and services to people in the declared areas whose property has been damaged or destroyed and whose losses are not covered by insurance. These programs are available to homeowners and renters who are U.S. citizens, non-citizen nationals, or qualified aliens affected by the disaster.

Housing assistance is offered to ensure victims have a safe place to live if their homes were damaged. Types of housing assistance includes:

Temporary Housing – Homeowners and renters may receive funds to rent a place to live or a temporary housing unit when rental properties are not available.

Repair – Homeowners may receive grants to repair damage from the disaster only if it is not covered by insurance in order to make the damaged home safe and sanitary.

Replacement – Homeowners may be eligible to receive limited funds to replace their damaged home.

Permanent Housing Construction – Homeowners and renters may receive direct assistance or grants for the construction of a new home.

Other Needs Assistance provides financial assistance to individuals and households who have other disaster-related necessary expenses and do not qualify for a low interest loan from the Small Business Administration. This assistance allows victims to receive grants for items such as medical, dental, funeral, personal property, transportation, moving and storage, and other FEMA approved expenses.

Visit: <https://www.disasterassistance.gov/get-assistance/forms-of-assistance/4471?s=0&id=D05>

Victims should register for assistance and establish eligibility by calling the toll-free registration number at 1-800-621-FEMA or 1-800-462-7585 for the hearing or speech impaired. To apply online, visit:

<https://www.disasterassistance.gov/DAC/govBenefitReceiver.do?gbsessionId=0&action=RI&langcode=EN>

Information is available at: <https://www.fema.gov/individual-disaster-assistance>

Disaster Unemployment Assistance

In coordination with the Department of Labor, this program provides unemployment benefits and re-employment services to individuals who have become unemployed because of the disaster. Benefits begin with the date the victim was unemployed due to the disaster incident and may extend up to 26 weeks after the President declares the disaster. Victims must not also be covered by other unemployment compensation programs, such as self-employed, farmers, and migrant and seasonal workers.

Victims should register with the State's employment services office to receive benefits and find out more information specific to the State.

Additional information available at: <https://oui.doleta.gov/unemploy/disaster.asp>

Legal Services

FEMA has an agreement with the Young Lawyers Division of the American Bar Association to provide free legal assistance to disaster victims. Legal advice is limited to cases that will not produce a fee and any such cases that may produce a fee are turned over to a local lawyer referral service. These services are provided to low-income victim who were unable are unable to secure legal service, either prior to or due to the disaster, to meet their needs caused by the disaster.

Available assistance generally includes assistance with insurance claims, rental matters, consumer protection matters, and document replacement.

More information can be found at:

https://www.americanbar.org/groups/young_lawyers/disaster_legal_services.html

Public Assistance

Grant Program

This program provides assistance to state, local, and tribal governments. And in some cases, some types of non-profit organizations also qualify. Such assistance is offered to help communities quickly respond and recover from disasters. Funds are used to fund the repair, restoration, and reconstruction of public facilities and infrastructure damaged or destroyed by the disaster.

Eligible private non-profit organizations providing critical services like power and water can apply directly to FEMA for a grant. All other similar organizations must apply for a Small Business Administration loan first. If the applicant is declined or the grant does not cover all eligible damages, they may then re-apply for FEMA assistance.

More information is available at: <https://www.fema.gov/assistance/public/process>

Procurement Disaster Assistance Team

FEMA created the Procurement Disaster Assistance Team (PDAT) to assist disaster assistance applicants with adhering to the Federal procurement standards.

For more information, please visit: <https://www.fema.gov/procurement-disaster-assistance-team#>

Hazard Mitigation Assistance

Grant Program

This program was enacted to reduce or eliminate long-term risk to people and property from disasters and their effects. In the case of disasters, the Federal Government can provide up to 75 percent of the cost, with some restrictions. Funding under two provisions of the Stafford Act allow for funds to be used for the acquisition, demolition, relocation, elevation, or floodproofing of flood damaged or floodprone properties. Additionally, grants may be used for the repair or replacement of damaged public facilities or infrastructures to meet current codes and standards.

For more information, visit: <https://www.fema.gov/hazard-mitigation-grant-program>

Small Business Administration

The Small Business Administration (SBA) makes federally subsidized loans to repair or replace homes, personal property, or businesses that sustained damages not covered by insurance. The Small Business Administration provides these types of loans to qualified victims. The loans are low interest, long term loans to cover damages resulting from the disaster. Further, SBA loans are gap loans for damage due to the disaster that is uninsured or underinsured. The SBA works with its resource partner network to provide assistance to those affected by the disaster.

While victims are able to apply through the SBA, they are encouraged to first apply with FEMA. Applicants may apply online using the Electronic Loan Application (ELA) via SBA's secure Web site at <https://disasterloan.sba.gov/ela> or call (800) 659-2955.

For a list of current disaster areas, visit: <https://disasterloanassistance.sba.gov/ela/s/search-declarations>

Home Disaster Loans

These loans are for homeowners or renters to repair or replace disaster damages to real estate or personal property owned by the victim. Renters are eligible for their personal property losses. Homeowners can borrow up to \$200,000 to repair houses. Owners and renters can also borrow up to \$40,000 to repair or replace personal property like clothing, furniture, cars or appliances.

Visit: <https://disasterloanassistance.sba.gov/ela/s/article/Home-and-Personal-Property-Loans>

Business Physical Disaster Loans

SBA provides loans to businesses or private, nonprofit organization - large or small – that have suffered physical damage as a result of a disaster. Such loans are to repair or replace disaster damages to property owned by the business, including real estate, machinery and equipment, inventory and supplies. The loans can be made for up to \$2 million based on credit.

Visit: <https://disasterloanassistance.sba.gov/ela/s/article/Business-Physical-Disaster-Loans>

Economic Injury Disaster Loans (EIDL)

If a small business or private nonprofit organization suffers substantial economic injury, which is the inability of a business to meet its obligations as they mature and to pay its ordinary and necessary operating expenses, it may be eligible for an economic injury disaster loan (EIDL). These loans are for working capital to small businesses and small agricultural cooperatives to assist them through the disaster recovery period. EIDL assistance is available only to small businesses determined unable to obtain credit elsewhere. The SBA can provide up to \$2 million to help meet financial obligations and operating expenses which could have been met had the disaster not occurred. Loan amounts are based on actual economic injury and the business's financial needs, regardless of whether the business suffered any property damage.

Visit: <https://disasterloanassistance.sba.gov/ela/s/article/Economic-Injury-Disaster-Loans>

Note: The SBA's COVID-19 EIDL \$150K cap does not apply to EIDL loans for other natural disasters.

Housing and Urban Development

The Department of Housing and Urban Development (HUD) provides a variety of assistance to victims of disasters.

Recovery Grants

Community Development Block Grant Disaster Recovery Assistance

HUD provides flexible grants to help cities, counties, and States recover from disasters, especially in low-income areas. In response to Presidentially declared disasters, Congress may appropriate additional funding for the Community Development Block Grant (CDBG) Program as Disaster Recovery grants to rebuild the affected areas. The funds can be used for disaster relief, long-term recovery, restoration of infrastructure, housing, and economic revitalization.

Funds are awarded to state and local governments, not individuals. HUD allocates funds based on unmet recovery needs. The grants are meant to supplement other Federal recovery assistance programs administered by FEMA, SBA, and the United States Army Corps of Engineers. Such funds cannot duplicate funding available from other federal, state, or local governments, private and non-profit organizations, insurance proceeds, or any other source of assistance.

Additional information is available at: <https://www.hudexchange.info/programs/cdbg-dr/>

Mortgage Assistance

203(k) Rehabilitation Mortgage Insurance

The Section 203(k) program is the Federal Housing Administration's (FHA) primary program for the rehabilitation and repair of single family properties. As such, it is an important tool for community and neighborhood revitalization, as well as to expand homeownership opportunities. This program permits homebuyers and homeowners to finance up to \$35,000 into their mortgage to repair, improve, or upgrade their home. Section 203(k) insures mortgages covering the purchase or refinancing and rehabilitation of a home that is at least a year old. The extent of the rehabilitation may range from relatively minor, but must exceed \$5000 in cost, to virtual reconstruction. A home that has been demolished or will be razed as part of rehabilitation is eligible, for example, provided that the existing foundation system remains in place.

For more information, please visit:

https://portal.hud.gov/hudportal/HUD?src=/program_offices/housing/sfh/203k

203(h) Mortgage Insurance for Disaster Victims

This program allows the FHA to insure mortgages made by qualified lenders to victims of a major disaster who have lost their homes and are in the process of rebuilding or buying another home. Victims are eligible if their homes are located in a Presidentially declared disaster area and if their home was destroyed or damaged to such an extent that reconstruction or replacement is necessary.

The borrower's application must be submitted to the lender within one year of the disaster declaration and must be made through an FHA approved lending institution.

Information is available at:

https://portal.hud.gov/hudportal/HUD?src=/program_offices/housing/sfh/ins/203h-dft

Department of Agriculture

The United States Department of Agriculture's (USDA) authority to provide emergency assistance for its various disaster relief programs exists under the Stafford Act, Agriculture Secretary disaster designations, Food and Nutrition Act of 2008, as well as other authorizing legislation. The USDA provides assistance to farmers, ranchers, landowners, and producers to cover production and property losses.

Nutrition Assistance

USDA's Food and Nutrition Service (FNS) coordinates with state, local, and volunteer organizations to provide food, shelter, and mass feeding sites. After a request by the State Governor and a disaster declaration, USDA food relief is distributed to victims in need.

More information is available at: <https://www.fns.usda.gov/disaster/disaster-assistance>

Disaster Supplemental Nutrition Assistance Program

It also issues Disaster Supplemental Nutrition Assistance Program benefits (DSNAP). States must request approval from the FNS in order to issue DSNAP benefits. D-SNAP benefits are provided through an electronic benefit transfer card that can be used at authorized food retailers to buy food. People already participating in regular SNAP may be eligible for additional benefits under DSNAP and those not ordinarily qualifying maybe also be eligible if they have disaster related expenses. Such expenses include a loss of income, damage to property, relocation expenses, and loss of food due to flooding or power outages.

More information can be found at: <https://www.usda.gov/sites/default/files/documents/dsnap-vs-snap.pdf>

Landowners, Farmers, Ranchers, and Producers Assistance

Conservation Programs

A variety of emergency conservation programs are available through the USDA. These programs provide funding for technical and financial assistance to preserve life and property threatened by natural disasters on agricultural, watershed, and nonindustrial private forest land.

For more detailed information, please visit: <https://www.fsa.usda.gov/programs-and-services/conservation-programs/index>

Crops and Livestock

There are several programs available to provide financial assistance to producers of both crops and livestock producers for losses suffered as a result of drought, flood, hurricanes, or other natural disasters. Programs are also available for qualifying orchardists and nursery tree growers to replant and rehabilitate eligible trees, bushes, and vines damaged by natural disasters.

Please visit, <https://www.fsa.usda.gov/programs-and-services/disaster-assistance-program/index>, for more information.

Emergency Loan Program

This program offers emergency loans to help producers recover from production and physical losses resulting from flooding, drought, natural disasters, or quarantines. Victims who own or operate land located in the disaster area qualify. All counties touching the declared disaster area will also be eligible. For production losses, a 30% reduction in a primary crop in a designated or contiguous county is required. However, losses to quality, such as receiving a 30% reduced price for flood damaged crops, may be eligible for assistance.

Such loans are for restoring or replacing essential property, production costs associated with the disaster year, essential family living expenses, reorganizing the farming operation, and refinancing debts. Producers can borrow up to 100% of actual production or physical losses to a maximum amount of \$500,000.

More information is available at: <https://www.fsa.usda.gov/programs-and-services/farm-loan-programs/emergency-farm-loans/index>

Business Assistance

Although the USDA's rural development programs do not have disaster assistance authority, many of the programs can help provide relief to small businesses.

Business and Industry Guaranteed Loan Program

Under the Business and Industry (B&I) Guaranteed Loan Program, loans can be made to eligible entities including corporations, partnerships, cooperatives, Federally-recognized Indian Tribes, individuals, and other legal entities to provide financial assistance for a variety of purposes including capital expenditures, working capital, equipment, and refinancing. Purposes can include the repair and damage to businesses as a result of the natural disaster.

For more information, please visit: <https://www.rd.usda.gov/programs-services/business-industry-loan-guarantees>

Internal Revenue Service

The Internal Revenue Service (IRS) provide relief to victims after major disasters have been declared. Depending on the circumstances, the IRS may allow additional time to file returns and pay taxes for both individuals and business taxpayers.

Losses

Taxpayers may deduct casualty and theft losses relating to homes, household items, and vehicles on federal income tax returns. However, losses covered by insurance are nondeductible. Casualty losses are generally deductible in the year the casualty occurred. However, casualty losses from a federally declared disaster that occurred in an area warranting public or individual assistance (or both), the taxpayer can choose to treat the casualty loss as having occurred in the year immediately preceding the tax year in which the disaster happened. This allows the taxpayer to deduct the loss for that preceding tax year.

Casualty, Disaster, and Theft Loss Workbook for Personal Use Property is available at <https://www.irs.gov/pub/irs-pdf/p584.pdf>

Business Casualty, Disaster, and Theft Loss Workbook is available at <https://www.irs.gov/pub/irs-pdf/p584b.pdf>

Filing Tax Returns

To qualify for disaster loans and grants from other federal agencies, a filed tax return is required. If a return has not been filed, the IRS can help get the information needed to prepare the return.

Record Reconstruction

Reconstructing records after a disaster may be essential for tax purposes, getting federal assistance, or insurance reimbursement. Records that are needed to prove losses may have been damaged or destroyed in a casualty. The IRS allows victims to receive copies or transcripts of previously filed tax returns free of charge by submitting Form 4506, Request for Copy or Transcript of Tax Form.

Taxpayer Assistance

Free tax assistance is also available at many Internal Revenue Service Offices and temporary FEMA Disaster Recovery Centers.

Find your local IRS Office at <https://apps.irs.gov/app/officeLocator/index.jsp>

Find a disaster recovery center at <https://www.fema.gov/disaster-recovery-centers>

Federal Government Contracting

After catastrophes and extreme weather, federal funds are frequently spent helping localities recover. Importantly, when this work is conducted by local businesses, local economies and communities recover faster and jobs in disaster-impacted areas are sustained and created. It is therefore important that businesses located in disaster-impacted areas understand how the contracting process works following disasters.

The Thomas T. Stafford Disaster Relief and Emergency Assistance Act requires FEMA to contract with businesses located in the affected area when feasible and practicable. While the Stafford Act does not require small business contracts to be made, it does include a local business contracting preference.

State and local government agencies control a large proportion of disaster response activities, so many of the contracting opportunities will come through these offices. At the time of a disaster, they may initially rely upon contracts already in place so potential contractors must be registered in the appropriate federal, state, and/or local databases to be eligible for contract awards.

Many Federal agencies, such as FEMA and the Army Corps of Engineers to participate in the recovery and relief process and therefore, each agency is responsible for their own bids and awards.

System for Award Management

Register for an account in the System for Award Management (SAM) because contractors must have a SAM registration in order to receive a contract. Registration can be completed at: <https://uscontractorregistration.com/sam-registration/>

The Federal Emergency Management Agency (FEMA) Disaster Response database collects its information from SAM.

Please note that SAM has replaced both the Central Contractor Registry (CCR) and the Debris Removal Contractor Registry (DRCR) in an effort to streamline the federal government contracting structure.

Disaster Response Registry

The Disaster Response Registry is used by FEMA and the U.S. Army Corp of Engineers to establish their list of contractors that want to provide disaster-response assistance through Federal Government procurement opportunities. This can be done by completing the disaster response information in SAM.

Learn more at <https://www.acquisition.gov/disaster-response-registry>

Dynamic Small Business Search Database

The dynamic small business search database (DSBS) is another tool contracting officers use to identify potential small business contractors for upcoming contracting opportunities. Small businesses can also use DSBS to identify other small businesses for teaming and joint venturing. To learn more, visit http://dsbs.sba.gov/dsbs/search/dsp_dsbs.cfm

FEMA Industry Liaison Program Vendor Profile

Complete FEMA's Industry Liaison Program Vendor Profile form and submit it to "fema-industry@fema.dhs.gov"

U.S. Army Corps of Engineers Advanced Contracting Initiative

The U.S. Army Corps of Engineers (USACE) Advanced Contracting Initiative is a program developed and implemented specifically for emergency and disaster scenarios through an inventory of already awarded contract tools. USACE uses its engineering and contracting capabilities to support FEMA and other Federal, State and local government agencies in a wide variety of missions during natural and man-made disasters.

For more information, visit <http://www.usace.army.mil/Missions/Emergency-Operations/Contracting-in-Disasters/>