Testimony of Stephen Jordan, CEO of the Institute for Sustainable Development in support of Maryland State House Bill SB0901: An ACT concerning Public Safety – Emergency Management – Resilient Maryland Revolving Loan

Submitted March 30, 2021
(revised and extended)

Chairman McIntosh, Vice-chair Chang, and Members of the Appropriations Committee:

Thank you Mr. Chairman and distinguished Senators for this opportunity to testify on behalf of SB0901.

The intent of the bill is to accelerate Maryland's resilience strategy and leverage available federal resources. The Maryland Emergency Management Agency (MEMA), which administers the fund, must prioritize making loans to projects it determines to have the greatest impact on eliminating hazards. The fund may be used only to provide low- or no-interest loans to local governments and nonprofit organizations for local resilience projects. The loans must be for a fixed loan period. Money expended from the fund is supplemental to and is not intended to take the place of funding that otherwise would be appropriated to local governments for resilience projects. Loans from the fund may be used to satisfy the nonfederal match for federal mitigation grants.

This legislation is very important for multiple reasons. It will facilitate Maryland's ability to attract and deploy federal government funds – particularly FEMA's Building Resilient Infrastructure and Communities (BRIC) fund. It will assist Maryland local governments to invest in cost-effective resilience measures that will save $6 dollars in future disaster costs, and it will enable resilience measures to be more equitably identified, planned and implemented across the state.

The Institute for Sustainable Development (ISD) has been focused on gaining a better understanding of how communities can become more resilient for many years. In fact, our mission is to catalyze resilience so that communities can realize their full potential.

For the past nine months the Institute for Sustainable Development and Howard County Economic Development Authority, with the generous support of the US Economic Development Administration have been conducting a series of workshops with public and private sector partners to identify Maryland's future resilience needs based on the experiences with the state's past disasters dating back to 2016. We have particularly focused on the symbiotic relationship between emergency management and economic recovery and sustainable development. The Revolving Loan Fund concept has emerged as an important tool to meet these resilience needs.

In 2020, FEMA opened a grant application process for $660 million via the Building Resilient Infrastructure and Communities (BRIC) program – ($500 million) and the Flood Mitigation program ($160 million – with $70 million set aside for community flood mitigation projects). The BRIC program could receive significantly more funds in years to come. Section 1234 of the Disaster Recovery Reform Act of 2018 authorizes the National Public Infrastructure Pre-Disaster Mitigation Fund (NPIPDM), which allows the President to set aside 6% from the Disaster Relief Fund (DRF) with respect to each major disaster and expands the criteria considered in awarding mitigation funds. FEMA's BRIC program is a prime recipient and disburser of these funds. However, in order for the state to access them, they often have matching requirements – currently 25% for the state's 2020 program submission. In other words, for every $1 that Maryland invests in resilience, the federal government will contribute $3, a significant value.

Furthermore, on January 1, 2021 the STORM Act – State Revolving Loan Program was signed into law which now opens the door to the banks loaning the federal government the funds needed by our property owners. Maryland can and should be the first state in the nation to create a state revolving loan program in order to be prepared to utilize the coming loan monies to retro fit the state's high flood risk buildings and become flood resilient.

The need is overwhelming. According to NOAA[1], Maryland has had 60 billion dollar extreme natural events between 1980 and 2020, 16 (25%) of which have occurred in the last five years. If the average of the last five years ($2 billion) is

[1] NOAA National Centers for Environmental Information (NCEI) U.S. Billion-Dollar Weather and Climate Disasters (2021). https://www.ncdc.noaa.gov/billions/, DOI: 10.25921/stkw-7w73

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maintained, natural disasters will cost the state of Maryland $60 billion more by 2050. If the trend line continues to accelerate, this number could be much higher.

Furthermore, the changing climate is increasing flood risk and sea levels. This means that roads, bridges, housing and public infrastructure that might have provided satisfactory protection when they were built in the 1950s are becoming increasingly misaligned due to the changing conditions. A revolving loan fund would not only enhance their current adaptiveness, it would help to improve the state's ongoing adaptiveness as conditions continue to change in the future.

Meanwhile, the National Flood Insurance Program is eliminating the subsidized rates on an estimated 3-4 million older high flood risk pre – flood map buildings in the US flood zones. Maryland has an unknown number of these buildings but estimates range from 30,000 to as many as 60,000 are at risk. Extremely high NFIP rates will ultimately reduce property values and then the vital property tax revenues so important for schools and all other government operations and infrastructure. These buildings must be elevated, or dry flood proofed, in order to reduce flood risk and flood insurance rates.

According to the UN[2], $1 invested in resilient infrastructure can save up to $6 in post disaster costs – reducing initial impacts and shortening the duration of community recovery periods.

There are also significant economic damages to consider for industries like travel and tourism, small businesses, and businesses operating in environmentally vulnerable areas.

Third, the revolving loan fund will promote equitable access to resilient support. After Hurricane Harvey made landfall and dumped as much as 50 inches of rain on some parts of southeast Texas, ISD conducted a post-disaster study[3] that found that many small towns and rural communities lacked the financial wherewithal to access federal funds and/or take on additional debt. In some cases, they were already indebted. In other cases, with evacuations and severe flooding, they were concerned with significant out-migration. Furthermore, many of these

[2] https://www.un.org/press/en/2019/sgsm19807.doc.htm
[3]Lessons Learned about Long-Term Recovery Challenges Facing Small Towns and Under-Served Communities from Hurricane Harvey, Institute for Sustainable Development https://38bc2569-edf1-44c3-ab67-bd84274d57c9.filesusr.com/ugd/294838_de939113e9bf4512bf8af6439d94e861.pdf

communities had significant shares of highly vulnerable populations, higher percentages of seniors over the age of 65, unemployed, and with substance abuse problems. Without a Revolving Loan Fund such as proposed in this legislation, we witnessed small towns decide not to “build back better”, but instead choose to lay-off essential personnel, conduct patchwork repairs, and “hunker down.” The proposed Revolving Loan Fund legislation will enable MEMA to work with environmentally and economically vulnerable communities to help them leverage outside resources to make their communities more resilient, sustainable, and attractive.

Finally, Maryland can enhance its national profile and commitment to resilience by embedding the revolving loan fund in a suite of legislation that emphasizes resilience. Currently, most state disaster management strategies privilege emergency response over either resilience or long-term recovery. This means that they tend to be reactive instead of proactive, and their approach tends to be situational and lead to escalating costs over time, which is by definition, unsustainable.

Maryland’s new approach should reduce costs, protect lives, livelihoods, and living environments, and enhance the sustainability, not just of larger metro areas, but also of more environmentally and economically vulnerable communities.

Thank you for your consideration.

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