

The Honorable Mary Landrieu
Chair
Committee on Small Business and Entrepreneurship
United States Senate
Washington, DC 20510

Dear Madam Chair:

Acting Administrator Hult has asked me to respond to your recent letter regarding hazard mitigation and the eligibility of tornado safe rooms under the U.S. Small Business Administration (SBA) Disaster Loan Program. In your letter, you requested that SBA respond to the following questions:

1. Does the SBA currently have the authority to make home mitigation disaster loans for new construction of tornado safe rooms?

No, under current legislation, SBA cannot make home mitigation disaster loans for new construction of tornado safe rooms. SBA can only provide loans for mitigating measures if necessary to protect the damaged or destroyed **property** from possible future disasters. As defined by FEMA, the purpose of safe rooms are for the near-absolute protection of individuals from injury or death caused by the dangerous forces of extreme winds such as tornadoes and hurricanes.

a. If not, would the SBA require legislation to make such loans?

Yes, legislation is required for SBA to make mitigation disaster loans for new construction of tornado safe rooms.

2. Does Section 18(a) of the Small Business Act prohibit the SBA from duplicating efforts from other Federal agencies?

Section 18(a) prohibits SBA from duplicating the work or activity of any other department or agency of the Federal Government, unless the work or activity is expressly provided for in the Small Business Act.

a. Does H.R. 2908/S. 1440 sufficiently state Congressional intent that the SBA should provide assistance for tornado safe rooms only if it will not duplicate other Federal disaster assistance?

The language in H.R. 2908/S. 1440 does not plainly state when SBA would be prohibited from making assistance available for tornado safe rooms. Nevertheless, based on existing statutory authority under the Small Business Act and the Robert T. Stafford Disaster Relief and Emergency Assistance Act,

SBA cannot provide disaster assistance to borrowers who have already been fully compensated for the same purpose from another source, including, for example, other Federal agencies, state agencies, insurance, and nonprofit organizations. Therefore, if H.R. 2908/S. 1440 were enacted, SBA could not provide assistance to build a tornado safe room if a borrower had already received assistance for the full cost of the safe room from any other source. However, if a borrower had only received partial assistance from another source, SBA could provide assistance for the remaining eligible amount. In addition, SBA could provide assistance to build a safe room if the borrower could have sought such assistance from other sources, but did not do so.

We appreciate your continued support of the SBA Disaster Assistance Program. If you and your staff have additional questions, please contact our Office of Congressional and Legislative Affairs at (202) 205-6700.

Sincerely,

James E. Rivera
Associate Administrator
for Disaster Assistance

ODA: 1/24/2014: Contreras: S: Landrieu Tornado Safe Rooms
cc: Subject Reading Contreras ES CLA

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