

**Senate Banking, Housing and Urban Affairs Committee
Rebuilding Needs in Katrina-Impacted Areas**

**Testimony for Herbert Mitchell
Associate Administrator for SBA Office of Disaster Assistance**

**Good Morning Chairman Shelby, Ranking Member
Sarbanes and distinguished members of this committee.
Thank you for inviting me to discuss the continuing efforts of
the Small Business Administration's Office of Disaster
Assistance to provide relief to the victims of Hurricane
Katrina. My name is Herb Mitchell, I am the Associate
Administrator for Disaster Assistance at the SBA.**

**The SBA Disaster Assistance Program, administered by
the Office of Disaster Assistance, is the primary federally
funded, disaster-assistance loan program for funding long-
term recovery for renters, homeowners and nonagricultural
businesses.**

**Hurricanes Katrina and Rita unleashed an
unprecedented tragedy on the Gulf Coast, demanding an
unprecedented response from the Federal government,**

including the SBA. The numbers are staggering. In just the first 70 days after Katrina hit, SBA received over 220,000 disaster loan applications; and as of this week, the SBA has received over 375,000 applications, from victims in the Gulf Coast.

To put this in perspective-- after the four hurricanes in 2004, SBA received a total of 202,000 applications. That number is approximately one-half of what we ultimately expect to receive as a result of Hurricane Katrina.

The disaster affected an area of more than 90,000 square miles and five states; we've mailed out millions of applications to home and business owners in the Gulf Coast. Previously, the largest disaster SBA has dealt with, the Northridge Earthquake, where 250,000 applications were received over an 18 month period. That is a huge number and we have easily surpassed that in this disaster. We very well may double that number as we continue to receive new applications every day.

To date, of the total applications received, nearly 90% are from homeowners. The remainder of applications are from businesses of all sizes in the Gulf Area. This is a monumental change from previous disasters. Typically we see 3 in 4 applications being placed by home owners, but during this disaster that number has increased dramatically to 8 in 9.

Despite the massive disaster and unprecedented volume of applications, the SBA has responded. In 88 days the SBA approved its first billion dollars in disaster loans; since then it took the SBA only 28 days to approve the second billion dollars, and just 17 days to approve the third billion dollars. And as of today we have approved over \$4.3 billion dollars in disaster loans to over 60,000 homeowners, renters and businesses along the Gulf Coast. I credit this incredible volume of loans being approved with the increased manpower, efficiency and capacity building of our processing systems, and the ability to now reach parts of the region that were previously inaccessible.

We have gone from 880 to over 4,000 employees. Our approval systems and processes have been ramped up to accommodate the extremely large volume of loan applications.

Due to the improvements in loan processing capabilities, the SBA is prepared to handle the next disaster. Prior to Hurricane Katrina, the SBA used Northridge Earthquake as the worst-case-scenario in which to base its models to prepare for future disasters. The disaster and response triggered by Hurricane Katrina will replace the Northridge earthquake as the basis for future preparations.

Chairman Shelby, I appreciate the opportunity to testify before you today. I look forward to answering any questions that you or your fellow committee members might have.