

September 15th, 2016

Testimony of Ron Erickson Sr., City of Central Chamber of Commerce, to the
Senate Committee on Small Business and Entrepreneurship on
“An Examination of the Federal Response and Resources for Louisiana Flood Victims”.

I want to take this opportunity to thank this committee for inviting us to come before you today to discuss the flood of August 2016 and its effects on our community, our businesses and the Federal response to this disaster.

I am from the City of Central, Louisiana. The City of Central is a 62 square mile municipality located in the Northeast corner of East Baton Rouge Parish, just 20 minutes from Downtown Baton Rouge, Louisiana. The City of Central was incorporated as a city just 11 years ago and currently has a population of 27,947 people and 11,176 households. Where as many of the communities surrounding us sustained damage and my heart is moved with compassion for them, I can only speak to the difficulties, frustrations and hardships of my community.

On August 11th, 2016, a tropical weather system began which dropped more than 30 inches of rain in less than 72 hours on the City of Central, triggering a wide spread flooding event throughout the city and Southeast Louisiana. On August 14, 2016 the rivers that serve as the boundaries for the city rose to record breaking levels. The Amite River at Denham Springs crested 46.20ft, breaking the record of 1983 by 5ft. The Comite River at Joor Rd crested 34.22ft, breaking the 2001 record by 4ft. The Flood of August 2016 will go down in history as one of our nation’s worst disasters and the second such disaster to hit the State of Louisiana in the last eleven years. This 1000-year weather system with less than a .1% chance of occurring, dropped three times as much rain that fell during Hurricane Katrina, and is the worst natural disaster that this community has ever witnessed. An estimated 80% of the households and 10% of the businesses sustained damage from the flooding. Some of those businesses may never rebuild. Though the current devastation of the 2016 Flood is immense, the magnitude of the immediate and long term economic impact could potentially cripple our communities and our state for years to come. The opportunity to bring these issues to the forefront, on a national level, is truly appreciated.

My community has been my home for 23 years. The last ten years I have had the privilege of pastoring in the City of Central and for seven of those years I have additionally served as the President of the Central Chamber of Commerce. In my role at the Chamber, I have come to discover a business community saturated with hard working, creative thinking and persevering owners and managers. In a small community like Central small businesses make up the back bone of our business community. Many of these small businesses employ 1 – 5 employees. Most of these businesses do not operate out of an office park, a retail center or an industrial park but out of their homes. Thus, when they lost their homes they lost their base of operations for their business. Many not only lost their base of operations but also lost records, equipment, vehicles and inventory. For many this means their ability to make a living and provide jobs has been altered or shut down all together. To add to this hardship, some of these business owners were not in designated flood zone. Therefore, they were not required to obtain, nor did they see the necessity for insurance beyond their typical business insurances. Many now find themselves in a situation where their home and business losses are not covered.

When our businesses turn to FEMA for help, the solution offered is to obtain loans from the SBA. Rather than being offered greatly reduced interest rates, those loans are at 4% or 6.25%. Faced with already existing mortgages and business loans, the thought of obtaining additional SBA or bank loans makes their financial future seem unsurmountable.

To further hamstring our economic recovery homes and businesses that are in a flood zone are being told, that they may be required to go through a substantial damage analysis and be faced with the possibility of being required to elevate, relocate or demolish their homes and base of business operations. To elevate would require them to spend tens of thousands of dollars. The solution? Again, the answer is to obtain a loan thus adding to the current financial burden of these home and business owners. It was nearly 4 weeks before our local government received any instructions or official information on what that process of substantial damage analysis entailed. This lack of communication and clear understanding created unnecessary fear and confusion among the community. With approximately 4000 residences sustaining flood damage, that were located in a floodplain, the residents and businesses alike were in a panic about the future viability of the community. Many residents and business owners would be faced with the prospect of walking away from homes and businesses they have been in for years. Should this happen, our community will be severely impacted. The trickle-down effect is potentially catastrophic. In a small, rural community like Central, every residence and every business is vital to the health of the economy. Tax revenues will be lost, jobs will disappear, funding for schools and first responders will be critically reduced, mortgages will default and once thriving subdivisions will be reduced to blighted properties.

A few days ago I was asked what I thought were the most critical needs for our community and businesses. Without reservation I said housing! Many of our citizens currently have jobs in plants and surrounding communities that were not affected by the flood. Faced with the already mentioned difficulties of rebuilding their homes and the struggles to obtain housing at their residence, many could be forced to relocate elsewhere and once they do so, they may never come back. This will only serve to further exacerbate the previously mentioned economic issues. Mobile homes, that FEMA could provide, would greatly aid our citizens and homebased businesses. However, because of a FEMA ruling about homes not being placed in a floodplain, we were originally told that this option was not available. Since our original conversations that ruling has changed. However, this option will only be available to certain individuals. In the meantime, home based business owners are left waiting. These are the kinds of processes that are frustrating our community.

As a community, to be faced with the majority of the residents and many of our businesses losing everything they owned, getting denials and minimal payouts is frustrating, especially when also faced with the possibility of being assessed as having substantial damage with no real hope of additional help. The Community Development Block Grant that possibly may come a year later at best, after an arduous battle at the local level, offers no real hope to individuals that are faced with this scenario. Additionally, the process for receiving temporary housing assistance creates more exasperation for people who are given ridiculous responses to applications for temporary housing.

As we convene here today, we are already 5 weeks removed from this event. To some that may not seem like a long time given the enormity of the situation but in terms of business owners and their employees, this amounts to roughly 10% loss of their yearly earnings. Our country generously releases billions of dollars a year in federal aid to other countries and various causes expecting nothing in return. All we ask is that you find a way to help our hard working, tax paying home and business owners get the help they need and get their business up and running without financially strap them for a lifetime! Solutions must and can be found!