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FEMA Act of 2025 – Part III: Spotlight on Individual Assistance Reforms & Update on Recent Markup

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Executive Summary

This alert continues our review of the sweeping changes to the Robert T. Stafford Disaster Relief and Emergency Assistance Act proposed in the Fixing Emergency Management for Americans Act of 2025 (H.R. 4669) (FEMA Act), introduced in the House of Representatives by Republican and Democratic leaders of its Transportation and Infrastructure (T&I) Committee. Our first alert examined the bill's Public Assistance Program, and the second analyzed the bill's Mitigation Program changes. This week, we are spotlighting the significant reforms to Individual Assistance in Division B, Title II of H.R. 4669, as well as the recent amendments adopted during the T&I Committee's markup session and approval of the bill on September 3.

I. In-Depth Explanation of Title II – IHP Reforms

1. Structural Re-Engineering of Individual Assistance

Title II introduces a series of structural reforms to the delivery of Individual Assistance. First, FEMA is directed to create an interoperable, web-based Unified Disaster Application System for sharing information gathered and assistance provided by FEMA, SBA, HUD, USDA, and possibly additional federal agencies. This system is intended to remove barriers to information sharing and lessen the burden on disaster survivors currently imposed by the need to submit multiple applications to different agencies. Survivors will now complete a single application for all federal disaster programs, prepared by FEMA in consultation with the other agencies, to streamline the intake process. Additionally, FEMA is granted statutory authority to share survivor data with designated agencies to verify eligibility and prevent duplication or fraud.

This new consolidated application process should accelerate award processing and lower survivor attrition, but it will require increased commitment to coordination among federal agencies, state recipients, and vendors. These entities must implement rigorous privacy, cybersecurity, and data-matching protocols and execute updated memoranda of understanding (MOUs).

Another significant change is the requirement for FEMA to publish a public Individual Assistance Dashboard within 90 days of a disaster. This dashboard will display the number of applications, approvals, denials, reasons for denial, and dollar values by income group, thereby increasing transparency and enabling data-driven oversight of program performance and equity.

Strategically, these changes will drive demand for API-ready technology solutions and case-management platforms. States that quickly adopt FEMA's data feeds may benefit from reduced reconciliation costs but will also assume new data-security responsibilities.

2. Housing-Centric Reforms

A central focus of Title II is the modernization and expansion of housing assistance. The eligibility criteria for housing repair grants have been broadened: rather than requiring a home to be declared "uninhabitable,"

eligibility would be triggered by any disaster-related damage. This change will allow thousands of moderate-damage claims, such as those involving mold, roof damage, or accessibility issues, to qualify for assistance and will require insurers and adjusters to coordinate with FEMA earlier in the process.

Homeowners would also be permitted to include cost-effective hazard mitigation measures, such as home elevations, wind retrofits, and wildfire hardening, within their repair grants up to the Individual and Households Program (IHP) cap. This is expected to stimulate the resilient construction market and will require local building-code offices to prepare for an increase in permit requests.

The proposed FEMA Emergency Home Repair Program (EHRP) would authorize "minor repairs up to [the standard of] habitability," enabling survivors to shelter in place. Where financial assistance is impracticable, FEMA may now directly hire crews to repair owner-occupied homes and implement mitigation measures. Additionally, FEMA's Federal Coordinating Officer must present all available housing options to the state within 15 days of a disaster.

For cases of total loss, FEMA is required to publicly justify any decision not to offer replacement assistance when it would be less expensive than providing temporary housing. This provision increases the likelihood of full rebuilds and may influence the cost-benefit analysis for modular and manufactured housing providers.

Rental and displacement support are also significantly enhanced. Rental assistance payments would need to reflect post-disaster rent spikes, reducing the financial burden on survivors. Short-term costs for hotels, food, and fuel would no longer be considered duplicative of insurance, allowing for more rapid and flexible support. The absence of a fixed address would no longer disqualify individuals from shelter aid, and non-congregate shelter options such as hotels or motels could not require credit cards or deposits. The State-Managed Housing Authority pilot is made permanent, with a minimum 75 percent federal cost share and extended state reporting requirements, allowing states to design customized housing missions with fewer federal procurement constraints.

Strategically, these reforms will likely increase demand for low-interest reconstruction loans paired with FEMA grants, require property owners and landlords to monitor rent inflation more closely, and create new opportunities for manufactured-housing, modular, and retrofit firms. States that assume management of housing programs can negotiate more favorable cost shares but must also build capacity for environmental review, procurement compliance, and long-term monitoring.

3. Equity, Accessibility, and Wellness Provisions

Title II also introduces important reforms to promote equity, accessibility, and survivor wellness. The Act clarifies that loans and charitable grants will not offset certain FEMA housing awards, and it prohibits the use of income thresholds to limit eligibility for waivers. This could result in larger total assistance packages for survivors, and lenders will need to coordinate payoff structures to avoid issues of double recovery.

Crisis counseling assistance would be expanded to include substance use and alcohol-related issues, and the administrative cost cap for these services is raised to 15 percent. This would allow behavioral health providers to embed services earlier in the recovery process, though grantees will need to manage increased reporting requirements.

Additionally, survivors will now receive inspection files and clear explanations for any denial of assistance, and the maximum duration for housing assistance is extended from 18 to 24 months. This is expected to reduce the volume of IHP appeals, but FEMA and state agencies will need to maintain a larger inventory of temporary housing units for longer periods.

Policy, Operational, and Funding Implications

The reforms in Title II have significant implications for policy, operations, and funding within the disaster management field. From a policy perspective, states should reassess their housing-recovery plans and consider adopting updated building codes to take full advantage of new mitigation funding opportunities. Local governments may need to temporarily adjust ordinances related to hotel taxes, occupancy limits, or the siting of manufactured homes to accommodate the expanded range of housing assistance options.

Operationally, once the new universal application system is created, agencies will need to map out all survivor touchpoints and provide additional training for caseworkers. Supply-chain contingencies, including labor and materials, should be factored into the one-time cost-adjustment requests now allowed under the revised housing assistance provisions.

In terms of funding, the extension of housing assistance periods and the introduction of direct-repair missions will increase the duration and volume of cash outflows. Grantees should plan for liquidity needs that extend beyond 24 months. Additionally, the prohibition on income-based duplication waivers may result in larger grant totals, which could impact both federal outlays and state matching requirements.

To prepare for the implementation of Title II reforms, stakeholders should consider the following action steps:

- Establish a multiagency data governance team to prepare for the Unified Disaster Application and dashboard reporting requirements.
- Audit housing pipelines, from emergency shelters to permanent repairs, to identify areas where rapid contracting or code-inspection capacity must be expanded.
- Update mutual-aid agreements and MOUs with philanthropic and private partners to reflect new duplication-of-benefits standards and information-sharing rules.
- Model cash-flow scenarios that account for extended 24-month assistance periods and the potential for total-loss replacement obligations.
- Engage in the rulemaking process by submitting comments when FEMA publishes implementing regulations, particularly those related to the Emergency Home Repair Program and hazard-mitigation add-ons.

II. Amendments

After markup, the House T&I Committee passed the bill to include the following revisions:

1. Addition of unmanned aircraft response system (Division A, Title I, Section 20A)

Requires the FEMA Administrator to submit a plan to incorporate the use of unmanned aircraft into disaster-related activities, such as damage assessments.

2. Household pets and service animals (Division B, Title I, Section 119)

Provides for assistance related to the rescue, care, shelter, and essential needs of pets and animals, including service animals.

3. Utilization of regional and local contracts to support resource capacity (Division B, Title I, Section 120)

Allows FEMA to enter into contracts with regional and local providers for disaster response and recovery services to strengthen state and local capabilities.

4. Removing disincentive for state funding (Division B, Title I, Section 121)

Provides that state risk-management funds shall not be considered insurance or a duplication of benefits.

5. Loan interest payment relief (Division B, Title I, Section 122)

Provides for the eligibility of reimbursement to local governments and electric cooperatives for interest related to loans used to fund FEMA-eligible work within the last nine years.

6. Review of the delivery of assistance to individuals with disabilities (Division B, Title II, Section 217)

Directs FEMA to initiate a working group with the National Council on Disability to review and inform the agency on individual assistance to individuals with disabilities.

7. Distressed and rural communities (Division B, Title III, Section 309)

Provides definitions for both "small impoverished community" and "rural area."

Conclusion

Title II of the FEMA Act of 2025 signals Congress's intent to replace a fragmented, reimbursement-driven framework with a survivor-focused, coordinated, technology-enabled, and mitigation-oriented model. The additional amendments made to the bill in September continue to broaden the sweeping reform to disaster recovery.

Before this bill can become law, it still must pass the House floor, be introduced in the Senate (where it will likely be referred to the Senate Homeland Security and Governmental Affairs Committee (HSGAC)), and then pass the Senate before arriving at the White House for final signature or veto.

For further analysis or assistance in operationalizing these reforms, please contact your Baker Donelson [Disaster Recovery and Government Services](#) Team representative.