

**Congress of the United States**  
**Washington, D.C. 20510**

March 10, 2022

The Honorable Isabella Casillas Guzman

Administrator

Small Business Administration

403 3rd Street, S.W.

Washington, D.C. 20416

Dear Administrator Guzman,

Thank you for the work that you and your agency are engaged in on behalf of the American people and small businesses across our country. We write to you today to convey concerns raised by our constituents regarding Small Business Administration (SBA) disaster loans for Coloradans recovering from the 2021 Marshall Fire and Straight Line Winds (DR-4634).

As you may know, the Marshall Fire destroyed 1,084 homes and damaged another 149 in Boulder County, Colorado. The fire leveled seven commercial structures and damaged another 30 such structures. Boulder County estimates the damages will exceed \$513 million. Fire survivors have raised concerns regarding certain SBA estimates for home rebuilding, as well as inconsistent communication of lending decisions, and disaster loan limits that do not cover the cost of rebuilding.

We commend the SBA's rapid response to this disaster. By March 7<sup>th</sup>, SBA received 1,881 applications for assistance from homeowners and renters and approved over \$78 million in financial support. Over 2,000 visitors to the Disaster Recovery Center found empathetic and committed SBA and Federal Emergency Management Agency staff ready to assist with the recovery process.

Nonetheless, some constituents have experienced inconsistent communications regarding loan decisions. They reported only being informed of loan approvals; but having to do proactive outreach to confirm denials. In cases of denials, some had to seek additional information from SBA to clarify the reasoning for the denial. Accordingly, we request that the SBA provide all of the necessary information to applicants in the timeliest manner possible, particularly if a loan is denied. This will help reduce the burden for applicants.

The SBA's Disaster Loan Assistance Home and Personal Property Loans Program is critical to rebuilding communities after a disaster. These long-term, low-interest loans support those looking to replace or repair their primary residence and personal effects. It is our hope, however, that SBA can improve the program to provide better support for individuals after a disaster.

For instance, the maximum amount a homeowner can borrow as a part of this program – \$200,000 – has not changed since SBA issued an emergency rule in January 1994. According to the [Bureau of Labor Statistics](#), that limit is equivalent to more than \$350,000 today in inflation adjusted terms. However, housing prices have risen significantly faster than inflation over the past 25 years. The [median price of a single-family house](#) sold in the first quarter of 1996 was only \$137,000. By the end of 2021, the median price of a home in America had risen to over \$400,000. These price increases have been especially pronounced in the communities where the fire

occurred. This past December, for example, the median price of a single-family home in Metro Denver reached [\\$543,000](#). Thus, we encourage you to adjust the quarter-century-old cap on this vital loan program given the increases in the cost of housing.

We also encourage you to increase the \$40,000 limit on the replacement of household and personal effects. This number has also remained the same since 1996, and is equivalent to over \$70,000 today. During many disasters, especially fires, there is little time to evacuate and people may lose not only their home but all of their personal possessions.

Finally, the Marshall Fire Rebuilding Task Force – which the Home Builders Association of Metro Denver launched – has provided an informed estimate of current new home construction costs in Boulder County. Given COVID-19 disruptions to supply chains, increased commodity costs, and unprecedented demand, they estimate that turnkey, ground-up construction will cost \$295-\$335 per square foot. The [national average](#) for building a similarly sized home is between \$100 and \$200 per square foot. Nonetheless, for the Marshall Fire, the SBA has only projected a 3% increase in local housing costs over the national average. As a result, the SBA may significantly underestimate the true cost for the Marshall Fire victims to rebuild their homes. We urge the SBA to reevaluate the formula used to estimate building costs to reflect the current economic environment. We also request that, if an applicant appeals, the SBA consider allowing neighborhood-specific building estimates based on square footage, if builders or builder associations can provide that information. Since it may take significant time to collect this information given circumstances outside of our constituent's control, we also request that you extend the period of reconsideration from six months to one year.

The SBA's Disaster Loan Program is a key part of the disaster recovery process. We appreciate your hard work to ensure these communities have the resources they need to rebuild. To that end, we urge you to increase the loan limits for the repair or replacement of household effects, and of a primary residence. We also encourage you to adjust your projections of cost to reflect local realities more accurately. Doing so will allow the program to operate more effectively and provide much needed long-term relief to disaster survivors now and in the future. We look forward to hearing from you on this important matter.

Sincerely,



John Hickenlooper  
U.S. Senator



Michael F. Bennet  
U.S. Senator



Joe Neguse  
Member of Congress