



U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT  
WASHINGTON, DC 20410-1000

ASSISTANT SECRETARY FOR CONGRESSIONAL  
AND INTERGOVERNMENTAL RELATIONS

**JUN 28 2013**

The Honorable Tom Coburn  
United States Senate  
Washington, DC 20510-6250

Dear Senator Coburn:

Thank you for your letter of May 20, 2013, regarding HUD's approval of the use of Community Development Block Grant disaster recovery (CDBG-DR) for tourism and advertising campaigns for areas impacted by Hurricane Sandy. Funds for these activities were appropriated as part of the Disaster Relief Appropriations Act, 2013 (P.L. 113-2).

Initially, the vast majority of the initial CDBG-DR allocation is being dedicated to housing-related activities to help ensure that homeowners and renters are able to expeditiously repair and reoccupy their homes in the wake of Hurricane Sandy. For example, the New York state action plan includes over \$1.1 billion for housing programs, public infrastructure and utilities, local government support, community reconstruction zone planning grants, and resilience retrofit funds for critical facilities. The New Jersey action plan includes over \$1.1 billion for homeowner assistance programs and rental housing/renter programs.

One of the statutory purposes of CDBG-DR funds under P.L. 113-2 is to address expenses related to economic revitalization of areas most impacted and distressed as a result of qualifying major disasters. Grantees may use CDBG-DR funds to provide direct assistance to businesses impacted as a result of the disaster. Tourism promotion is generally ineligible under the CDBG-DR program unless statutorily authorized or HUD grants a waiver. As an example, Congress provided specific statutory language that made tourism support eligible as part of CDBG-DR appropriation for recovery of Lower Manhattan following the September 11, 2001 terrorist attacks.

Further, HUD understands that tourism support can be a useful recovery tool in a damaged regional economy that depends on tourism for many of its jobs and tax revenues. Almost uniformly, CDBG-DR appropriations enacted since 2001 enable the Secretary to grant waivers based upon a determination that good cause exists and that the waiver is not inconsistent with the overall purposes of title I of the Housing and Community Development Act of 1974. Regulatory waiver authority is also provided by 24 CFR 5.110, 91.600, and 570.5. All CDBG-DR waivers are published in the Federal Register.

The Department granted tourism support waivers to the states of Louisiana and Mississippi to assist in their recovery from Hurricane Katrina. In response to Hurricane Sandy, HUD granted similar waivers to the states of New York and New Jersey to allow them to use CDBG-DR funds to promote damaged areas. In each case, the state indicated how tourism was critical to the economic recovery in the impacted areas, the anticipated economic loss to the impacted areas as a result of the disaster, the amount of CDBG disaster recovery funds that would be used for tourism activities, and the specific industry or region targeted by the tourism activity. In approving the waivers, HUD requires that the tourism activities must be designed to support tourism to the most impacted and distressed areas related to the effects of the disaster.

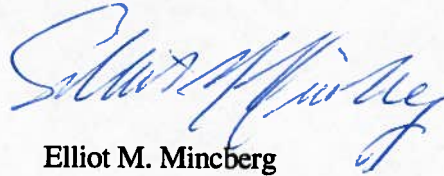
Grantees are accountable for the use of CDBG-DR funds and HUD requires all grantees to demonstrate that tourism is a necessary part of the long-term recovery and that costs for tourism activities are necessary and reasonable. The Department also restricts amounts devoted to this purpose to ensure that the maximum amount of CDBG-DR resources are directed to the core recovery activities - housing, infrastructure, and economic revitalization. In addition, all grantees are required to ensure that at least 50 percent of their CDBG-DR expenditures benefit persons with low- and moderate-incomes.

The Department will continue to hold regular technical assistance meetings, conduct on-site monitoring and undertake monthly expenditure reviews to ensure CDBG-DR grant recipients are using funds for the intended purpose. Grantees will be required to maintain documentation demonstrating that funds have been used for tourism activities consistent with the terms of the waivers. Each grantee will also be asked to provide information demonstrating how the investment of CDBG-DR funds supported tourism in the most impacted areas. The Department will continue to review the grantees' actions to fully implement their recovery activities, with particular emphasis on ensuring that funds benefit to low- and moderate-income persons and are used to address needs identified in each grantee's disaster recovery action plans.

For your convenience, web links to the tourism waivers that the Department has granted for CDBG-DR funds relating to Hurricanes Katrina and Sandy are included below<sup>1</sup>.

Thank you for your interest in the Department's programs. Please let me know if I can be of further assistance.

Sincerely



Elliot M. Minberg  
Acting Assistant Secretary for Congressional  
and Intergovernmental Relations

<sup>1</sup> The following list provides links to each of the CDBG disaster recovery tourism waivers granted for Hurricanes Katrina, Rita, and Sandy.

Tourism waiver granted to State of Louisiana (2006)  
<http://www.gpo.gov/fdsys/pkg/FR-2006-06-14/pdf/06-5383.pdf>  
Tourism waiver granted to State of Mississippi (2007)  
<http://www.gpo.gov/fdsys/pkg/FR-2007-10-31/pdf/E7-21440.pdf>  
Reconsideration of waiver granted to State of Louisiana (2008)  
<http://www.gpo.gov/fdsys/pkg/FR-2008-10-15/pdf/E8-24535.pdf>  
Reconsideration of tourism waiver granted to Mississippi (2009)  
<http://www.gpo.gov/fdsys/pkg/FR-2009-10-30/pdf/E9-26181.pdf>  
Tourism waiver granted to the State of New Jersey (2013)  
<http://www.gpo.gov/fdsys/pkg/FR-2013-03-05/pdf/2013-05170.pdf>  
Tourism waiver granted to the State of New York (2013)  
<http://www.gpo.gov/fdsys/pkg/FR-2013-04-19/pdf/2013-09228.pdf>