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# United States Senate

COMMITTEE ON  
HOMELAND SECURITY AND GOVERNMENTAL AFFAIRS

WASHINGTON, DC 20510-6250

October 25, 2013

RICHARD J. KESSLER, STAFF DIRECTOR  
KEITH B. ASHDOWN, MINORITY STAFF DIRECTOR

## Via Electronic Transmission

The Honorable Shaun Donovan  
Secretary  
U.S. Department of Housing and Urban Development  
Robert C. Weaver Building  
451 Seventh Street, SW  
Washington, DC 20410

Dear Secretary Donovan:

It has been about a year since Hurricane Sandy made landfall on the New Jersey coast. This superstorm tragically ended the lives of 147 in the United States and caused billions of dollars in damages across 24 states.<sup>1</sup> At the beginning of this year, Congress passed and the President signed a \$60.4 billion bill to assist the regions affected.<sup>2</sup>

Many in Congress cited the importance of getting federal funds in the hands of individuals, groups and communities doing the rebuilding as swiftly as possible as the need to pass a supplemental funding bill quickly. Northeast lawmakers called the Sandy Emergency bill “essential to getting the Northeast back up on its feet.”<sup>3</sup> Some called it “unconscionable”<sup>4</sup> when the House of Representatives delayed a vote so they could properly review the legislation to ensure money would not be wasted.

Too often, disaster spending bills are plagued by two problems. First, they are filled with unnecessary, wasteful spending on pork projects that do little to help those actually affected by the disaster. Second, most of the money takes years to actually reach those in need despite being designated as “emergency” spending in order to avoid budget limitations placed on discretionary funds. For these reasons, I voted in favor of an alternative proposal that would have provided initial funding to help with immediate needs, while stripping out unnecessary spending.<sup>5</sup>

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<sup>1</sup> U.S. Department of Commerce. Hurricane/Post-Tropical Cyclone Sandy, October 22-29, 2013. National Oceanic and Atmospheric Administration. May 2013. Accessed at:

<http://www.nws.noaa.gov/os/assessments/pdfs/Sandy13.pdf>

<sup>2</sup> The total program use amounts to \$47.6 billion (appropriated net of sequester and set aside) Task Force PMO. Monthly Financial Update. Financial Report #21. September 16, 2013. United States Department of Housing and Urban Development.

<sup>3</sup> Raymond Hernandez. “Senate Passes \$60.4 Billion for Storm Aid; Bill's Fate in House Is Unclear.” *New York Times*. December 28, 2012. Accessed at: [http://www.nytimes.com/2012/12/29/nyregion/senate-approves-hurricane-aid-bill-fate-in-house-is-uncertain.html?\\_r=0](http://www.nytimes.com/2012/12/29/nyregion/senate-approves-hurricane-aid-bill-fate-in-house-is-uncertain.html?_r=0)

<sup>4</sup> *Id.*

<sup>5</sup> Senate amendment #3391 to H.R. 1, the Disaster Relief Appropriations Act, 2013.

As we now approach the one year anniversary of the storm, the problems many of us raised concerns over have been realized. According to records obtained by committee staff, as of August 31, about ten months after the money was passed, federal agencies have only obligated about \$11 billion thus far---a little more than 20 percent. Of that total, more than half of the amount obligated thus far was done by the Federal Emergency Management Agency (FEMA), which is responsible for payments to individuals, and activities like debris removal that happen quickly after a disaster. By contrast, the Department of Housing and Urban Development (HUD), which is responsible for much of the most important, longer term rebuilding efforts, has obligated only \$2.1 billion, or 15 percent of the \$15.2 billion made available under the Sandy bill.

Of the \$11 billion obligated by federal agencies, only \$5.2 billion has actually been spent, meaning that the money is in the hands of the individuals, state and local governments, and other entities who are actually doing the work of rebuilding. This accounts for about 11 percent of the total federal funds for post-Sandy cleanup and rebuilding.<sup>6</sup> Specifically, out of the states that should receive the bulk of the disaster aid, due to the amount of damage sustained from the storm---New York has spent around \$3.27 billion and New Jersey around \$1.34 billion. All other states have spent nearly \$590 million.<sup>7</sup>

In March of this year, you testified at a hearing held by the Homeland Security and Governmental Affairs Committee, for which I serve as the Ranking Member, on the status of recovery efforts following the storm. During that hearing you emphasized the importance of learning from past disasters and dispersing aid to the people and communities impacted by the storm in a responsible yet expedited manner. It has been nearly 10 months since disaster aid was appropriated and I am troubled by the fact that so little money has reached the people who need it.

Concerns over the pace of the recovery continue to grow and one year later many residents of states affected by Hurricane Sandy continue to wait for help. New York City officials are feeling the heat for the slow pace of the recovery and are pointing blame at the "Washington Bureaucracy" as the culprit for the slow pace of federal money being distributed.<sup>8</sup> According to news reports, \$648 million in federal aid has been allotted to New York City for housing recovery assistance, yet only one person on Staten Island has received help.<sup>9</sup> This is alarming and has led to many individuals to give up hope on receiving any help. A recent report indicated that nearly 26,000 people were still out of their homes in New Jersey and in New York 300 individuals were moved out of a New York City hotel that housed the homeless.<sup>10</sup> Each of the hundreds of families and individuals still left homeless a year after the storm hit represents a failure of the bureaucracy to treat their situation as the emergency it was designated by Congress.

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<sup>6</sup> Task Force PMO. Monthly Financial Update. Financial Report #21. September 16, 2013. United States Department of Housing and Urban Development.

<sup>7</sup> *Id.*

<sup>8</sup> Laura Kusisto. "Distribution of Sandy Aid Irks the City." *The Wall Street Journal*. October 22, 2013. Accessed at: <http://online.wsj.com/news/articles/SB10001424052702303448104579149502255313262>

<sup>9</sup> *Id.*

<sup>10</sup> Kate Zernike. "Year after Hurricane Sandy, Victims Contest Christie's Status as a Savior." *The New York Times*. October 23, 2013. Accessed at: [http://www.nytimes.com/2013/10/24/nyregion/year-after-hurricane-sandy-angry-victims-contest-christies-standing-as-a-savior.html?\\_r=0](http://www.nytimes.com/2013/10/24/nyregion/year-after-hurricane-sandy-angry-victims-contest-christies-standing-as-a-savior.html?_r=0)

It appears that that the country is not learning from past disasters. The New York City housing recovery director said he hasn't seen improvement in the housing recovery process since Katrina.<sup>11</sup> According to New York City officials it appears that the process has become lengthier due to federal rules, including delays due to environmental reviews and rebuilding on Native American burial grounds.<sup>12</sup> I am a strong proponent of preventing waste, fraud and abuse when tax dollars but when we are trying to clean up after a storm that devastated many Northeast cities and towns, there rules and regulations seem troubling and counterproductive.

Even though one year has passed, countless problems from the storm remain in New Jersey as well. Many residents continue to be frustrated at the recovery effort. Hurricane Sandy made landfall not far from the coastal town of Brigantine, New Jersey. Brigantine residents described how the recovery has been "stalled" and "very little feels settled."<sup>13</sup> According to recent news report in the *Philadelphia Inquirer*, many residents of this coastal town have had to "jump through numerous federally mandated hoops" to receive grants from the \$600 million Rehabilitation, Reconstruction, Elevation and Mitigation (RREM) grant program. The goal of RREM is to assist homeowners with necessary repairs and upgrades to avert future storm destruction. RREM may award up to \$150,000 in federal aid per household. Many of the residents complained of the many "hoops" as being the parade surveyors, architects, soil readers, historical, environmental and duplication of benefit reviewers to their households. At this time, 3,500 people in New Jersey have received RREM grant approval but only around \$900,000 in funds had been allocated out by New Jersey. The demand has been steady in New Jersey as another 7,000 homeowners qualified for a grant yet have been placed on a waiting list.

While homeowners are placed on waiting lists and worries mount about the recovery, television commercials financed by Hurricane Sandy disaster aid were approved with lightning speed. In May 2013, I raised concerns regarding around \$65 million in disaster aid going towards television commercials in the states of New York and New Jersey. This disaster aid was spent on television commercials despite many businesses, homes, and lives still suffering from the storm. Your office justified the approval of disaster aid for commercials, based on past practices, citing the use of HUD disaster aid to pay for television commercials after Hurricanes Katrina and Rita hit the Gulf Coast. At this time, HUD cannot prove how effective the commercials were for tourism or business along the Gulf Coast as neither a study nor assessment was conducted. Recently, according to a Monmouth University/Asbury Park Press Poll, around 38 percent of New Jerseyans spent less time "down the shore" this summer than they normally would.<sup>14</sup> This despite the millions in disaster aid spent on the "stronger-than-the-storm" commercials. Simply put, these millions of critical disaster aid dollars should have been allocated for crucial repairs and recovery in New Jersey, New York and other localities.

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<sup>11</sup> *Id.*

<sup>12</sup> *Id.*

<sup>13</sup> Amy S. Rosenberg. "In Brigantine, Sandy recovery at a standstill for some." *The Philadelphia Inquirer*. October 20, 2013. Accessed at: [http://articles.philly.com/2013-10-20/news/43222509\\_1\\_haesers-sandy-recovery-cummings-place](http://articles.philly.com/2013-10-20/news/43222509_1_haesers-sandy-recovery-cummings-place)

<sup>14</sup> Linda Moss. "NJ shore tourism proves weaker than the storm." *The Record*. September 25, 2013. Accessed at: [http://www.northjersey.com/news/225249491\\_Shore\\_tourism\\_proves\\_weaker\\_than\\_the\\_storm.html?page=all](http://www.northjersey.com/news/225249491_Shore_tourism_proves_weaker_than_the_storm.html?page=all)

In February and March, I sent my staff to both New York and New Jersey to assess the status of recovery efforts. While there, they met with federal officials, but also with state and local government representatives, community organizations, businesses and individuals affected by the storm. While many people praised the initial response efforts, they also told my staff that it was often hard to get straight answers to their questions, and that they worried about whether they would get the help promised by the federal government quickly. Based on what I see today, they were right to be concerned.

President Obama appointed you to serve as the Chair of the Hurricane Sandy Rebuilding Task Force, and in that capacity, to lead federal efforts for the long term recovery. I was concerned about the Task Force's role, and whether it would duplicate other efforts to coordinate rebuilding activities and add another layer of federal bureaucracy. Following the March hearing, I asked you to provide me with data on the Task Force's expenditures. According to the information you provided to me, the Task Force's expenses included \$3.5 million on staff salaries, and \$3.3 million on contractor services.

The Task Force issued its final report in August.<sup>15</sup> The report included 69 recommendations to improve recovery efforts. Interestingly, the report also stated that 50 of those recommendations have already been adopted. While some of the recommendations are specific, many are also extremely broad. For example, recommendation number 17 in the report is to "expedite the flow of Sandy transportation funding to needed repairs."<sup>16</sup> The report says this recommendation has already been adopted, yet as of August 31, the Department of Transportation (DOT) had only obligated \$1.3 billion out of \$11.5 billion in available funding.<sup>17</sup>

Similarly, the Task Force recommended that the Small Business Administration "institute new and innovative process improvements to SBA's disaster loan program" and said this recommendation has also been adopted.<sup>18</sup> Of the \$513 million in funding made available to the SBA, only \$235 million has been obligated, and of that, only \$152 million has actually been fully spent.<sup>19</sup>

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<sup>15</sup> Hurricane Sandy Rebuilding Task Force, *Hurricane Sandy Rebuilding Strategy*, August 2013, Accessed at: <http://portal.hud.gov/hudportal/HUD?src=/sandyrebuilding>.

<sup>16</sup> *Id.*, pg. 70.

<sup>17</sup> Task Force PMO. Monthly Financial Update. Financial Report #21. September 16, 2013. United States Department of Housing and Urban Development.

<sup>18</sup> Hurricane Sandy Rebuilding Task Force, *Hurricane Sandy Rebuilding Strategy*, August 2013, pg. 106. Accessed at: <http://portal.hud.gov/hudportal/HUD?src=/sandyrebuilding>.

<sup>19</sup> Task Force PMO. Monthly Financial Update. Financial Report #21. September 16, 2013. United States Department of Housing and Urban Development.

Finally, the Task Force recommended that “HUD should expedite future allocations from the remaining Community Development Block Grant – Disaster Recovery funds for Sandy and other eligible disasters, as well as allocations (if appropriated) for future disasters.” As with the others, the report claims this recommendation has been adopted.<sup>20</sup> How is this the case when of the \$15.2 billion your department has available, only \$2.1 billion has been obligated, and of that, only \$134 million, less than 1%, has been fully spent?

In order to better understand how the federal government will speed up the recovery and disburse federal disaster aid to the people suffering from the storm please respond to the following questions. In your response, please provide specific answers to the following questions.

- 1) What work was contracted out by the Hurricane Sandy Rebuilding Task Force? Please provide a copy of each contract, and any modifications, that supported the Task Force’s efforts.
- 2) What criteria did you use to determine whether the recommendations made in the Task Force’s final report were adopted or not, given that so few of the recovery dollars have actually been spent?
- 3) As the overseer of the Hurricane Sandy Rebuilding Task Force has the recovery been successful?
- 4) As of August 31, only 11 percent of disaster aid had been paid out. Why such a low amount?
- 5) Please provide a detailed explanation, for each project currently planned to utilize CDBG-DR funding provided by the Disaster Relief Appropriations Act, of the project status, the amount of funding allocated, obligated, and expended associated with the project, and identify all required steps, reviews, or approvals that are required before funds can reach those who need them.
- 6) Do you believe that it was the correct decision to approve waivers to spend millions of dollars of disaster aid for television commercials while so many residents have yet to receive longer term rebuilding assistance?
- 7) How many individuals, families, and small businesses have applied for assistance? As of today, how many have received such aid?

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<sup>20</sup> Hurricane Sandy Rebuilding Task Force, *Hurricane Sandy Rebuilding Strategy*, August 2013, pg. 106. Accessed at: <http://portal.hud.gov/hudportal/HUD?src=/sandyrebuilding>.

Thank you for your attention to this letter. Please provide a written response by no later than November 15, 2013. If you have any questions regarding these issues, please contact Brian Downey or Kathryn Edelman of my Committee staff at (202) 224-4751.

Sincerely,

A handwritten signature in blue ink that reads "Tom Coburn". The signature is written in a cursive style with a prominent flourish at the end.

Tom A. Coburn, M.D.  
Ranking Member