



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

ASSISTANT SECRETARY FOR CONGRESSIONAL
AND INTERGOVERNMENTAL RELATIONS

JAN 24 2013

The Honorable Tom A. Coburn, M.D.
United States Senate
Washington, DC 20510-6250

Dear Senator Coburn:

I am writing in response to your letter to Housing and Urban Development (HUD) Secretary Donovan, of October 25, 2013, concerning Hurricane Sandy recovery efforts and the funds appropriated by Congress through the Disaster Relief Appropriations Act, 2013 (Public Law 113-2)(DRAA). The information below is from the Office of Community Planning and Development and other HUD staff who have worked on the Hurricane Sandy Rebuilding Task Force.

To update the information in your letter, more than \$12.33 billion appropriated by the DRAA has been obligated by Federal agencies as of November 30, 2013. Of this amount, \$6.56 billion has been disbursed. The increasing obligation and disbursement of these critical disaster recovery funds is a demonstration of the strong Federal, state and local partnership targeted to rapid recovery from the effects of Hurricane Sandy. The recent one year anniversary of Sandy's landfall is a reminder that coordinated efforts must be sustained over a long period to ensure that recovery is achieved and Federal investments in the region are made resilient against future severe weather events.

With regard to the Community Development Block Grant Disaster Recovery (CDBG-DR) funds appropriated by the DRAA, HUD has allocated almost \$11.2 billion of the \$15.2 billion available post-sequester. This includes \$10.5 billion allocated to states and New York City in response to Hurricane Sandy and an additional \$642 million to other qualifying major disasters that occurred in calendar years 2011, 2012 and 2013. This also includes an initial allocation of \$36.9 million to the city of Moore and the state of Oklahoma in response to tornadoes that occurred in May 2013.

In assessing performance to date, it is important to understand the post-Sandy timeline. The storm hit the East Coast on October 29, 2012, and the supplemental appropriation was signed into law 90 days later on January 29, 2013. HUD allocated the initial \$5.4 billion of CDBG-DR funds on February 8, 2013, representing the fastest ever allocation following the signing of a disaster appropriations bill, and issued program guidelines on March 5. Grantees then had to develop plans for using the funds. The three largest grantees submitted their plans to HUD by May 2 and HUD approved each of them not later than June 6. Grant agreements were immediately offered by HUD upon approval of the plans to enable grantees to access their funds. As of December 20, 2013, CDBG-DR grantees have expended \$662.8 million, primarily for housing recovery activities.

The second consideration in performance is grantee implementation. While preparing their recovery plans, grantees had to simultaneously build the “back of the house” infrastructure to implement programs on a scale and at a pace they had not previously experienced. An example would be a housing rehabilitation program for which grantees must develop policies and procedures, many of which are required by P.L 113-2 or other Federal laws to ensure integrity and accountability, in order to implement the program. Grantees must then advise the public of how to apply for the assistance, open the application window for an adequate period of time, and then move to evaluating those applications and making funding decisions. Only after these processes occur can the grantee proceed to closing and begin to distribute funds to homeowners. Similar issues arise in implementing housing buyout programs, business assistance programs, public service programs and other innovative initiatives undertaken by grantees.

Recovery will never be fast enough for affected families, homeowners, and other victims of Hurricane Sandy, and government at all levels is committed to helping provide assistance as expeditiously as possible. But because so much of the recovery from Sandy involves long-term construction and infrastructure projects, which require knowledge that funding will be available, the supplemental appropriation from Congress was critical for significant recovery projects to move forward and funds will need to continue to be spent over years to come. Furthermore, reports of impatience with the pace of certain recovery activities often underestimate the effort necessary to implement these programs, and the complexity of Federal statutory provisions that HUD must enforce in order to ensure accountability and other policy goals as determined by Congress. Nonetheless, the Department has and will continue to work with grantees to streamline implementation of provisions such as those relating to duplication of benefits and environmental reviews. To the extent that Congress wishes to consider modifying certain statutory provisions to accelerate recovery efforts, HUD would be pleased to provide expert advice and recommendations based on experience in administering long-term disaster recovery funds since 1992.

The Hurricane Sandy Rebuilding Task Force issued its final report (Hurricane Sandy Rebuilding Strategy) in August 2013 and sunset on September 30, 2013. The Task Force’s work was completed on time and significantly – about 25 percent – under budget. Secretary Donovan and Department of Homeland Security Secretary Johnson together are leading the inter-agency effort to implement the recommendations of the Rebuilding Strategy to enhance recovery from Hurricane Sandy, improve the Nation’s resilience to increasing threats, and to improve the Federal response to the next catastrophic disaster whenever and wherever it may strike. As the final report of the Task Force explains, some of the recommendations have already been adopted, based on changes made by federal agencies to improve the process of providing funding and other assistance. Secretary Donovan is honored to have led the Task Force and to have established a strong foundation for long-term recovery from Hurricane Sandy. While it will take several years for critical Federal investments in the Sandy-impacted area to be completed, the work of the Task Force and the Rebuilding Strategy recommendations will expedite this process in comparison to recovery efforts associated with other recent natural disaster such as Hurricane Katrina in 2005 and Hurricane Ike in 2008.

With respect to the remainder of the specific questions in your letter, the Task Force used contractor support in two areas: program support and technical expertise. The Task Force tasked an existing Department contractor to support the initial design and establishment of the Task Force and

help define policy goals and areas for process improvements to improve Federal recovery initiatives. We used only two-thirds of the budgeted amount for contracting. With respect to your question about approval of the use of CDBG-DR funds for tourism and economic development campaigns as requested by the state for areas in New Jersey impacted by Sandy, HUD addressed this question specifically in its letter to you of June 28, 2013, and as has been publicly announced, the HUD Office of Inspector General is conducting an audit in this area. With respect to your specific questions about particular projects for which grantees expect to use CDBG-DR funding and about individuals, families, and small businesses applying for and receiving aid, each CDBG-DR grantee receiving funds in response to Hurricane Sandy is statutorily mandated by P.L.113-2 to maintain a comprehensive website with regard to its CDBG-DR recovery efforts. These websites are updated on a continual basis and serve as the best source of information on programs, projects and activities being funded or proposed to be funded by grantees. Links to these websites for the three largest grantees are included below for your information:

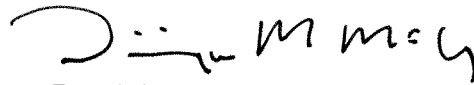
New Jersey - <https://www.newjerseyrebuild.org/>

New York City - <http://www.nyc.gov/html/recovery/html/home/home.shtml>

New York State - <http://www.nyshcr.org/Programs/NYS-CDBG-DR/>

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

Sincerely,



Dominique M. McCoy
General Deputy Assistant Secretary for
Congressional and Intergovernmental Relations