

Department of Housing and Urban Development  
Second Allocation, Waivers, and Alternative Requirements for Grantees Receiving CDBG-DR Funds in  
Response to Hurricane Sandy  
November 18, 2013

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**Summary:** This allocation provides \$5.1 billion to assist Hurricane Sandy recovery as well as recovery from Hurricane Irene and Tropical Storm Lee. This notice establishes requirements governing the use of these funds. The full notice can be found [here](#).

**Allocation and Related Information (Section I.):** The Disaster Relief Appropriations Act of 2013 made available \$16 billion in CDBG funds for disaster relief, long-term recovery, restoration of infrastructure and housing, and economic revitalization in the areas most impacted by Sandy and other eligible disasters. HUD computes allocations based on the best available data that cover all the eligible affected areas; in this allocation, data was used to determine unmet economic, housing, and infrastructure needs to determine the following allocations to eligible grantees:

New York City - \$1.447 billion  
New Jersey - \$1.463 billion  
New York State - \$2.097 billion  
Connecticut - \$66 million  
Maryland - \$20 million  
Rhode Island - \$16 million

Additionally, a certain percentage of the allocated funds must be spent within the Most Impacted or Distressed counties as determined by HUD (see table 2 in full report). This guidance is informed by the Hurricane Sandy Rebuilding Strategy developed by the Hurricane Sandy Rebuilding Task Force and the Rebuild by Design program.

**Use of Funds (Section II.):** This allocation provides additional funds to support investments in mitigation and resilience and directs grantees to undertake comprehensive planning to promote regional resilience as part of the recovery effort. Grantees are now directed to submit a substantial Amendment to the approved Action Plans submitted after the first allocation of funds in order to access funds provided in this notice. CDBG-DR funds can be combined with other federal match funds approved for an eligible CDBG-DR activity, but can not be used for expenses covered by FEMA or the US Army Corps of Engineers.

The State of New York must ensure that a portion of its allocation is used to address resiliency and local cost share requirements for the MTA and the Port Authority or must demonstrate that these needs have otherwise been met. New York City must review the methodology to inform an analysis to address recovery and resilience needs of NYCHA.

**Timely Expenditure of Funds (Section III.):** Funds must be expended within 2 years of the date HUD obligates the funds, and no later than September 30, 2017. In the Action Plan, grantee must demonstrate how all funds will be fully expended within 2 years. Any deadline extension requests must be described in a letter to HUD and submitted no less than 30 days in advance of original deadline.

**Grant Amendment Process (Section IV.):** To access funds allocated by this Notice, grantees must submit a substantial Action Plan Amendment to their approved Action Plan. Requirements for these amendments are:

- Grantee consults with affected citizens, stakeholders, local governments and public housing authorities to determine updates to its needs assessment; in addition, grantee must provide a comprehensive risk analysis
- Grantee publishes a substantial amendment on the grantee's official website for no less than 30 calendar days and holds at least one public hearing to solicit public comment
- Grantee responds to public comment and submits its Action Plan Amendment to HUD no more than 120 days after this Notice
- HUD reviews Action Plan Amendment within 60 days from date of receipt and approves according to criteria in prior notices
- HUD sends the approval letter, revised grant conditions, and an amended unsigned grant agreement; if the Amendment is not approved, HUD will send letter with deficiencies and grantee must resubmit within 45 days
- Grantee ensures that HUD approved Action Plan Amendment is posted on its official website

**Rules and Guidance (Section VI.):**

**Impact and Unmet Needs Assessment** – Grantees are required to update their needs assessments to address infrastructure projects or any other projects or activities not previously considered, but for which an unmet need has become apparent. An infrastructure project includes energy, communications, water and wastewater systems, and transportation, as well as other support measures such as flood control. A grantee must group together and evaluate as a single infrastructure project all individual activities which are related to one another.

**Comprehensive Risk Analysis** – At a minimum, the grantee's analysis must consider a forward-looking analysis of risk to infrastructure sectors from climate change and other hazards. Grantee must look at alternative investments, such as green infrastructure, and must also look at public health and safety impacts, direct and indirect economic impacts, social impacts, environmental impacts, etc.

**Action Plan for Disaster Recovery waiver and alternative requirement – Housing, Business Assistance, and General Requirements (Section VI., 3.)** - prior notices are amended as follows:

- Public and assisted multifamily housing – in addition to the continuing requirement that grantees describe how funds would be used to address the rehabilitation, mitigation and new construction needs of PHAs, grantees under this new notice must also describe how they will address the rehabilitation, mitigation and new construction needs of other assisted multifamily

housing developments impacted by the disaster, including HUD-assisted multifamily housing, LIHTC financed developments and other subsidized and tax-credit assisted affordable housing. Grantees should focus on protecting vulnerable residents and should consider measures to protect vital infrastructure (ie. Elevating critical systems)

- Liquid fuel supply chain assistance – if a grantee provides CDBG-DR assistance to small businesses in the fuel supply chain, the award agreement must include the adoption of measures to mitigate the impacts to the liquid fuel supply chain in future disasters
- Certification of proficient controls, processes, and procedures – Grantees must inform HUD of changes to their procedures from the original Action Plan, if applicable

**Mitigation and Resilience Methods, Policies, and Procedures (Section VII.)** – In response to the Hurricane Sandy Task Force Rebuilding Strategy, grantees are strongly encouraged to include the following in their Action Plan Amendments:

- Regional environmental review and permitting – create an interagency body (the Sandy Regional Infrastructure Permitting and Review Team) to incorporate best practices and align federal and state processes where appropriate
- Small business assistance – support groups that are in direct communication with small businesses, including CDFIs
- Energy Infrastructure – support resilience of electric and gas systems to avoid future disruptions in service
- Providing jobs to local workforce – grantees are encouraged to employ very-low and low-income individuals and award contracts to local businesses for rebuilding from Sandy and other disasters.
- Mitigating future risk – grantees should include programs to implement voluntary buyout programs or elevate or otherwise flood-proof all structures that were impacted by the disaster
- Leveraging funds and evidence-based strategies – grantees are encouraged to leverage grant funds with public and private funding sources and to make use of evidence-based strategies, including social impact bonds and other pay-for-success strategies

**Methodology for allocation (Appendix A)** – the second allocation of \$5.1 billion reflects updated housing and business unmet needs that have more complete information on insurance coverage, infrastructure data from FEMA, the Department of Transportation, and the Corps of Engineers. HUD calculates the cost to rebuild the most impacted and distressed homes, businesses, and infrastructure back to pre-disaster conditions. From this base calculation, HUD adds a “resiliency” amount, calculated at 30% of total back cost to rebuild back. “Unmet housing needs” are calculated by using FEMA’s Individual Assistance Program and supplemented by the SBA Disaster Loan Program – it is the number of housing units with unmet needs times the estimated cost to repair those units less repair funds already provided by FEMA.