STATE OF NEW YORK

COMMUNITY DEVELOPMENT BLOCK GRANT

DISASTER RECOVERY (CDBG-DR) PROGRAM

SUBSTANTIAL AMENDMENT NO. 12

Approved by HUD March 30, 2016

List of additions to: ACTION PLAN AMENDMENTS No. 8, No. 9, No. 10 and No. 11

In sections: Proposed Distribution of Funds, Updated Impact and Unmet Needs Assessment, NY Rising Housing Recovery Programs, NY Rising Economic Development and Revitalization, NY Rising Infrastructure Program, and General Administration.

Summary:

Action Plan Amendment (APA) 12 will address the following items:

A. *Proposed Allocation of Funds:* Table updated to reflect the reallocation of funds between programs based on unmet needs and additional funding sources.

B. *NY Rising Economic Development and Revitalization:* The Small Business Grants allocation has decreased by $93.5 million. This program is closed to applicants, and the decrease in the allocation accounts for revised Program data and unmet need analysis based on data of Program applicants. These funds have been reallocated to the *NY Rising Homeowner Recovery, Condominium and Cooperative* and *Public Housing Assistance* Programs as described in this amendment.

C. *NY Rising Infrastructure Program:* Additional sources of State and Federal funds for the Suffolk County Coastal Resiliency and Water Quality Improvement Initiative have been identified. Therefore, the allocation of CDBG-DR funds in the Action Plan is being reduced by $253 million and reallocated to the *NY Rising Homeowner Recovery, Condominium and Cooperative,* and *Public Housing Assistance* Programs as described in this amendment.

D. *NY Rising Homeowner Recovery Program:* The allocation to this program is being increased by $344,965,900 in order to address the budgetary and unmet needs of the Program.

E. *NY Rising Condominium and Cooperative Program:* The allocation to this program increases by $69 million to $75 million in order to address the budgetary and unmet needs of the Program.

F. *NY Rising Public Housing Assistance Program:* The amount reflected in the *Proposed Allocation of Funds Table* has been updated to reflect the commitment of $10 million previously made to the Public Housing Assistance Program and identified in the text of APA 8.

G. *NY Rising Program Income:* The *Proposed Allocation of Funds Table* has been updated to include an estimate of $100 million of Program Income anticipated through the sale of Acquisition properties.

H. *NY Rising Administration & Planning:* Allocation increases by $30,034,100 to $220,844,100, which reflects the full 5% of New York State's $4.4 billion Superstorm Sandy allocation to which the State is entitled under the terms of the March 5, 2013 Federal Register Notice.

I. *Interim Mortgage Assistance Program (IMA)*: Program description updated to reflect the alternative requirement for New York State permitting extended time for interim mortgage assistance as allowed in the February 12, 2016 Federal Register Notice.

J. *Other:* Updates as needed.

A. *Proposed Allocation of Funds* (Note: All updates associated with Items B-H are reflected in the table below and have been made to the tables at page 5 and page 46 of APA8).

Program	APA 11 Allocation	APA 12 Changes	Program Income Estimate	Revised APA 12 Allocation
Total of All Programs	**$4,416,882,000**		**$100,000,000**	**$4,516,882,000**
Housing	**$1,959,019,206**		**$69,965,900**	**$2,375,485,106**
NY Rising Homeowner Recovery Program	**$1,053,311,524**	$275,000,000	$69,965,900	**$1,398,277,424**
NY Rising Condominium and Cooperative Program	**$6,000,000**	$69,000,000		**$75,000,000**
Interim Mortgage Assistance Program	**$48,000,000**			**$48,000,000**
NY Rising Buyout and Acquisition Program	**$620,207,682**			**$620,207,682**
NY Rising Rental Buildings Recovery Program	**$224,000,000**			**$224,000,000**
Public Housing Assistance Relief Program	**$7,500,000**	$2,500,000		**$10,000,000**
Economic Development	**$216,500,000**			**$123,000,000**
Small Business Grant Program	**$183,500,000**	($93,500,000)		**$90,000,000**
Business Mentoring Program	**$3,000,000**			**$3,000,000**
Tourism and Marketing	**$30,000,000**			**$30,000,000**
Community Reconstruction	**$728,432,794**			**$728,432,794**
NY Rising Community Reconstruction Program	**$728,432,794**			**$728,432,794**
Infrastructure and Match	**$1,137,120,000**			**$884,120,000**
Local Government & Critical Infrastructure Program	**$145,000,000**			**$145,000,000**
Non-Federal Share Match Program	**$480,920,000**			**$480,920,000**
Suffolk County Coastal Resiliency and Water Quality Improvement Initiative	**$300,000,000**	($253,000,000)		**$47,000,000**
Bay Park Waste Water Treatment	**$101,000,000**			**$101,000,000**
Long Island Power Authority	**$107,500,000**			**$107,500,000**
Resiliency Institute for Storms and Emergencies (RISE)	**$2,700,000**			**$2,700,000**
Rebuild by Design	**$185,000,000**			**$185,000,000**
Living with the Bay: Slow Streams	**$125,000,000**			**$125,000,000**
Living Breakwaters: Tottenville Pilot	**$60,000,000**			**$60,000,000**
Administration & Planning	**$190,810,000**		**$30,034,100**	**$220,844,100**

B. *NY Rising Economic Development and Revitalization*

Description of changes: The Small Business Grants allocation has decreased by $93.5 million. This program is closed to applicants, and the decrease in the allocation accounts for revised Program data and unmet need analysis based on data of Program applicants. These funds have been reallocated to the *NY Rising Homeowner Recovery*, *Condominium and Cooperative* and *Public Housing Assistance* Programs as described in this amendment. These changes will be made under the 'Economic Development' section (pages 23-32 of APA8).

From APA8, page 23, paragraph 1:

Economic Development

Hurricane Irene, Tropical Storm Lee, and Superstorm Sandy had widespread impacts on businesses throughout the Eastern Seaboard, affecting an area that produces 10% of America's economic output.[i] While damage to property and contents was concentrated along coasts and river communities, the effects of the storms caused business disruption for tens of thousands of small businesses throughout the State.[ii] Many businesses that did not incur physical damage but were closed as a result of loss of power or damaged roads did not receive assistance. The impacts were especially felt in the short-term.

As noted in APA8, most communities follow a typical pattern in post-disaster economies. Many recovery-related businesses, especially construction, experience a surge in business because of post-disaster rebuilding. Once rebuilding is underway, researchers and economists see clear economic benefits to storm recovery. Households and businesses spend their own money, grant money, and insurance proceeds on rebuilding their homes and workplaces as well as the replacing the contents within them. This spurs the economy, particularly for the construction industry and home-related retail.

At a macro-level, recovery spending has a positive impact on the regional economy. The Economic Impact study published by the Federal Department of Commerce in 2013 for Superstorm Sandy follows this same logic.[iii] It acknowledges that Superstorm Sandy caused tremendous damage to businesses throughout the region, but states that it is likely short-term and, through rebuilding efforts, the storm will bolster the regional economy. The public and private dollars used to fund recovery creates approximately 88,000 new jobs per year and increase economic output. Indeed, the analysis estimated that despite temporary business disruptions as a result of the storm, there is relatively little evidence that short-term losses were significant in either the travel or tourism sectors in New York or in other industries over the longer term. These findings are bolstered by data collected by the State (outlined in detail, below). In addition, many of the impacts were not immediately felt by businesses because the landfall of Superstorm Sandy occurred in the off-season for tourism. Furthermore, in the period immediately after the storm, the State invested significant sums in tourism campaigns to aid impacted businesses.

However, devastating effects of the event linger for businesses that experience direct physical damages or significant business interruption. In addition, the direct market for locally produced and sold items is disrupted, sometimes for months. The impact can be severe and long lasting for small and disadvantaged businesses excluded from rebuilding activity. Due to a lack of funds and limited resources, many businesses need assistance to simply maintain business operations and many take months to begin to rebuild. In particular, small businesses and seasonal businesses with limited incomes are less likely to recover without additional assistance. Further, many small businesses do not qualify for Small Business Administration (SBA) disaster loans or are not financially capable of taking on additional debt and are thus left to begin repairs and rebuilding with few resources.

In APA8, the State's analysis of the unmet economic development recovery needs provided an estimated dollar figure for unmet business needs using the following available data: SBA business loan information from December of 2014; an assessment of storm-related business damage and economic impact, using Dun and Bradstreet business data from 2012; FEMA Superstorm Sandy flood inundation maps and census data. In APA8, the State employed new data sources to augment its analysis of the remaining unmet business needs. These sources attempted to present the longer-term economic impact of the storms, particularly Superstorm Sandy, and to put the State's unmet business needs in the context of how the economy reacted to the storms and their aftermath.

Specifically, the State augmented the HUD allocation methodology with a lost profit analysis that classified all businesses located in a Census Tract affected by at least one foot of flooding as affected by the Superstorm Sandy. Using Flood data from the FEMA Modeling Task Force (MOTF)-Hurricane Sandy Impact Analysis, and exact business location (from the Dun and Bradstreet dataset used in APA6), the State refined its analysis to include:

- Any small businesses within Census *Blocks* that had over 1 foot of flooding during Sandy; and
- Businesses that were identified as within a flood zone inundated with more than one foot of water.

The State believes that these more geographically relevant data, along with other data sources presented a clearer picture of the true remaining unmet recovery needs.

In this update, the State uses programmatic data and insurance data gathered from the New York State Department of Financial Services (NYSDFS) to further refine its analysis of remaining unmet business needs.

Methodology for Calculating Unmet Business Needs

In APA8, the State calculated unmet business needs as follows: businesses that applied for an SBA business loan but were denied were deemed to have unmet business needs. This approach relied on the methodology outlined in the October 16, 2014 Federal Register Notice and based on the SBA commercial loan application data. To calculate unmet need, the average SBA loan amount within each county is multiplied by the number of denied loan applications. As of December 2014, SBA received 5,132 loan applications for New York businesses outside of New York City, and 3,568 of these businesses (70% of all applicants) were denied a loan. The resulting calculation of unmet needs for these businesses was estimated at $419.6 million. HUD also adjusted this number upward, using the formula (outlined in APA8), in order to account for the businesses that didn't apply for assistance for a variety of reasons (credit, income, interest rates, etc.). The final adjusted unmet need for these businesses is estimated at $711.31 million.

Additionally, the analysis factors in mitigation costs for substantially impacted businesses. Mitigation costs are estimated to be 30% of the damage costs. The estimated mitigation needs for businesses with major to severe damage is $114.8 million, including businesses that incurred physical damage from the storms and businesses negatively impacted by the storms in need of mitigation assistance. As outlined in Table 19, when combined, the unmet business needs is $826.1 million compared to $504.2 million in APA6.

TABLE 19: ESTIMATED UNMET BUSINESS NEEDS USING SBA DATA (EXCLUDING NEW YORK CITY) (IN MILLIONS)

Damaged Businesses	Total Damage	Minus SBA Loans Received	Adjusted Unmet Need – Repair	Mitigation Costs	Unmet Business Needs
5,132	$610.2	$ 190.6	$ 711.3	$ 114.8	$ 826.1

Source: U.S. SBA commercial loan applications, effective December 2014

HUD's allocation methodology has been updated to reflect a broader estimate of business damage. However, as stated in APA8, the State does not believe that the SBA data for unmet business needs fully reflects the number of businesses damaged by the storms and in need of assistance because many impacted businesses do not qualify for SBA loans or cannot afford additional loans. To qualify, businesses must have good credit and assets to guarantee the loan, excluding a majority of small businesses and micro-enterprises, often the businesses with limited resources and therefore greatest need. Many of these business owners were aware that they would not qualify and therefore did not apply to the Program. Thus, their needs may not be reflected in the calculation of unmet needs. In addition, per SBA Loan Guidelines, SBA interest rates could be as high as 8% for business that qualify for the Program and have a credit rating high enough to allow them to access other financing. These high interest rates have the effect of discouraging some small businesses from applying for SBA loans. As a result, the State augmented its analyses with additional data. In this update, the State further updates its analysis with programmatic and insurance data.

Additional Data to Assess Unmet Business Needs

In APA8 the State assessed interrupted business operations as an alternative measure of unmet recovery need with the goal of accounting for businesses that may not have applied for an SBA loan but have unmet needs due to business interruption and lack of infrastructure to support ongoing operations. This issue was particularly acute after Superstorm Sandy, where power outages were widespread and lasted for weeks. Communities expressed concern that small businesses may struggle and fail without additional support beyond commercial loans.[iv]

The State used lost profit due to interrupted business operations as a proxy for estimating unmet business needs beyond repair. In APA6 the State included any small business within a *Census Tract* that had at least one foot of flooding recorded anywhere in its boundaries. This resulted in a total of almost 78,000 businesses for lost-profit analysis. In recognizing HUD's broader assessment, APA8 restricted the sample of impacted small businesses to those within the same *Census Block* and those small businesses identified within flood zones inundated with at least a foot of water. Census Blocks are the smallest publicly available geographical Census area and in denser areas may cover areas as small as a city block or a large apartment building. As such, they are very localized estimates of the neighborhood that a business is in. Census Tracts, on the other hand, are larger areas designed to have between 2,500-8,000 residents each and an optimum size of 4,000 residents. After presenting these results, the analysis further restricted the number of small businesses to only those with geocoded business addresses within the flood zone. Both of these additions to the methodology allowed for a more nuanced and pinpointed analysis of whether a small business was directly impacted or in a neighborhood that was directly impacted.[v]

The analyses assumed that impacted small businesses were closed for two weeks and were in areas with at least one foot of flooding.[vi] The tables below present the estimated profit loss due to Superstorm Sandy and then the comparable profit loss for the more restricted geographical areas.

In census tracts with at least one foot of flooding, there were an estimated 77,902 small businesses suffering losses of an estimated $197.6 million.[vii] Approximately 75% of this loss occurred within Nassau and Suffolk counties (Table 20).

TABLE 20: ESTIMATED UNMET BUSINESS NEED BASED ON BUSINESS INTERRUPTION DUE TO SUPERSTORM SANDY (EXCLUDING NEW YORK CITY) (IN MILLIONS)

County	Small Businesses in Census Tracts with ≥ 1’ of Flooding	Annual Revenue	Estimated Profit Loss Due to Superstorm Sandy
Nassau	28,943	$ 21,097.2	$ 58.3
Suffolk	35,529	$ 32,667.2	$ 90.2
Westchester	10,265	$ 14,383.6	$ 39.7
Orange	1,588	$ 2,688.9	$ 7.4
Rockland	1,287	$ 549.1	$ 1.5
Ulster	290	$ 165.5	$ 0.5
Total	**77,902**	**$71,551.4**	**$ 197.6**

Source: GOSR using business data provided by Dun and Bradstreet and FEMA Inundation Files for Superstorm Sandy April 18, 2013[viii]

In APA8, the more geographically refined approaches substantially reduced the estimated lost-profit within each county and reduce the estimated overall lost-profit for businesses in the State. The State argued that this approach offered a more accurate way to classify impacted businesses. This analysis indicates that there were at least 9,370 businesses in the heavily impacted flood zones (any area with more than one foot of water). This is a conservative estimate as there were additional businesses disrupted and/or were in flood zones with less than one foot of flooding. The Census Block analysis indicates that there were just over 60,000 businesses in the immediate vicinity of the flood zones, accounting for an estimated $155 million in lost profit (Table 21). The update to HUD’s allocation methodology and the likelihood that many businesses utilized business interruption insurance[ix] supports the State's conservative estimate of $14.28 million in lost profit to augment the estimated unmet need arising from HUD allocation methodology (Table 22).

TABLE 21: ESTIMATED UNMET BUSINESS NEED BASED ON BUSINESS INTERRUPTION DUE TO SUPERSTORM SANDY (EXCLUDING NEW YORK CITY) (IN MILLIONS) –CENSUS BLOCK ANALYSIS

County	Small Businesses in Census Blocks with ≥ 1' of Flooding	Annual Revenue	Estimated Profit Loss Due to Superstorm Sandy
Nassau	23,004	$16,856.6	$46.6
Suffolk	992	$2,510.9	$6.9
Westchester	1,774	$2,769.4	$7.6
Orange	26,388	$26,171.8	$72.3
Rockland	291	$164.5	$0.5
Ulster	7746	$7,587.8	$20.9
Total	**60,195**	**$56,061.0**	**$154.8**

Source: GOSR using business data provided by Dun and Bradstreet and FEMA Inundation Files for Superstorm Sandy April 18, 2013

TABLE 22: ESTIMATED UNMET BUSINESS NEED BASED ON BUSINESS INTERRUPTION DUE TO SUPERSTORM SANDY (EXCLUDING NEW YORK CITY) –FLOOD ZONE ANALYSIS

County	Small Businesses in Census Blocks with ≥ 1' of Flooding	Annual Revenue	Estimated Profit Loss Due to Superstorm Sandy
Nassau	6,752	$4,251.5	$11.74
Suffolk	15	$12.4	$0.03
Westchester	132	$32.5	$0.09
Orange	2,244	$670.2	$1.85
Rockland	1	$1.0	< $0.01
Ulster	226	$184.1	$0.51
Total	**9,370**	**$5,151.7**	**$14.3**

Source: GOSR using business data provided by Dun and Bradstreet and FEMA Inundation Files for Superstorm Sandy April 18, 2013

Insurance Data for Five Most Impacted Counties:

Since APA8, the State has gathered insurance information for five of the most impacted counties outside of New York City (Nassau, Orange, Rockland, Suffolk, and Westchester Counties) using data from NYSDFS. It indicates that, in these five counties, over 5,800 insurance claims were opened for business interruptions and that over $49.95 million was paid to claimants ($28.5 million in Nassau County, and $10.88 million in Suffolk County). There were over 13,400 total insurance claims received for damage to commercial property in those five counties, resulting in $178.19 million in payment to businesses (79.28 million in Nassau County and $54.86 million in

Suffolk County). In addition, there were over 1,500 insurance claims for commercial auto damage, worth a total of $22.67 million ($17.67 million in Nassau County, and $3.57 million in Suffolk County). The State now believes that the remaining unmet business needs should be updated to reflect these new data. As such, the State is reducing its estimated remaining unmet business need by the totals of these three categories ($250.81 million dollars). This likely underestimates the insurance payouts to businesses as a result of Hurricane Irene, Tropical Storm Lee, and Superstorm Sandy. Primarily because data was only collected and collated for five of the most impacted counties (excluding New York City).

The Economic Environment in Impacted Communities

Many of these businesses recouped a portion of these losses once power was returned and business operations resumed. Some businesses exceeded sales revenue post-storm due to storm-related business activities, particularly within the construction industry. Other businesses were more vulnerable to storm-related revenue loss, particularly small retail establishments, the fishing industry, and service-oriented micro-businesses outside of the construction industry.[x] In order to analyze whether there were any noticeable trends in small business establishments in the most impacted areas, the State used data from the U.S. Census Bureau on County Business Patterns (CBP). Specifically, the State identified whether Superstorm Sandy's had any impact on the number of small businesses with less than 100 employees in five of the most impacted counties (Orange, Nassau, Suffolk, Rockland, and Westchester counties). The State analyzed CBP data for 2011-2013 to identify pre- and post-storm establishment levels. Based on the CBP data at the county level, the number of small businesses increased from 2011 to 2013 in all five counties. These counties added 531 small businesses from 2011 to 2012, and another 1,121 from 2012 to 2013. This is consistent with the national recovery from the Great Recession, in spite of the devastating impacts of Superstorm Sandy and indicates that there was no discernable trend related to Superstorm Sandy in these areas.

The State also presents evidence (below) that while there was a spike in new unemployment claims in impacted areas, it was temporary and new claims returned to previously reported trends. However, while the macro-analysis portrays a recovering economy, it does not account for the individual business perspective. Many businesses were unable to fully restore their operations or rebuild due to depleted resources, limited access to capital, and insufficient insurance. The details of the State's recovery efforts for small businesses are also outlined in detail. In this section, the State presents its analysis of the macroeconomic impacts of the storms using sales tax revenue and unemployment insurance data.

1. Sales Tax Revenue

APA6 used lost profits during a two-week period as a proxy for estimating business needs beyond repair, using average weekly revenues and an estimated ratio of profit to revenues. This was augmented in APA8 with an analysis that used sales tax revenue data from the New York State Department of Taxation and Finance (NYSDTF) to understand the decrease in revenues for businesses collecting sales tax both in terms of the magnitude and duration in the period immediately after Superstorm Sandy.

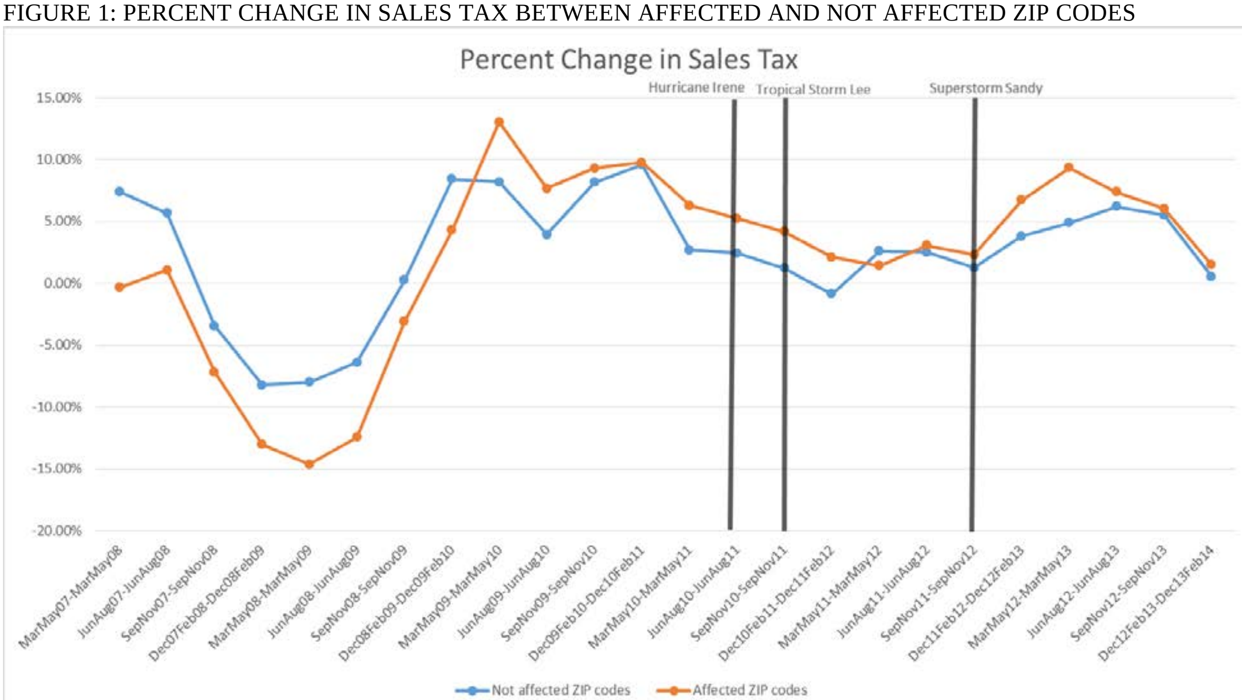
The analysis utilized four data sources:

1. SBA Business Assistance Universe;
2. New York State Department of Taxation and Finance Sales Tax Data;
3. FEMA's Affected Areas shapefile for Hurricane Irene and Superstorm Sandy;
4. NYS' ZIP codes shapefile from NYS Data Clearinghouse.

Sales tax data was available for 1,306 ZIP codes across the State (out of a total of 1,800), 466 of which were affected by at least one of the three disasters. For this purpose, the "affected" and "unaffected" groups are constructed using FEMA maps overlaid with New York State's ZIP codes map. The analysis focused on the storm impact on sales tax revenue from two perspectives: (1) for businesses of different size (identified by the size of their revenue), and (2) for businesses in different industries (identified by their North American Industry Classification System (NAICS) industry code). [xi]

After identifying the affected and unaffected ZIP codes, Figure 1 shows changes in sales tax revenue from each group graphed over time.

FIGURE 1: PERCENT CHANGE IN SALES TAX BETWEEN AFFECTED AND NOT AFFECTED ZIP CODES



Sources: New York Department of Taxation and Finance—Quarterly Sales Tax Revenue by ZIP Code (August 2014)

All the industry- and revenue-specific graphs, along with detailed data tables, are available in Appendix B of APA8. However, the analysis indicates that, in general, there was not a significant effect on sales tax in the time period following Hurricane Irene, Tropical Storm Lee, and Superstorm Sandy. Some more important findings are outlined below:

- Businesses in the affected areas, although smaller in number, generated about 3.27 times the tax generated by the unaffected areas. These findings are mainly a result of the location of affected businesses in wealthier ZIP codes generating more activity and revenue.
- For businesses with revenues between $10,000 and $100,000 (groups 4 and 5), the drop in sales tax revenue in the quarters after the storms was generally steeper than the similar quarters in the previous years.
- The transportation and warehousing industry showed a large drop in sales tax right after Superstorm Sandy, more than 200% over two quarters, unprecedented in the previous years.
- The healthcare and social assistance industry revealed an 80 percent drop compared to the preceding quarter right after Superstorm Sandy.

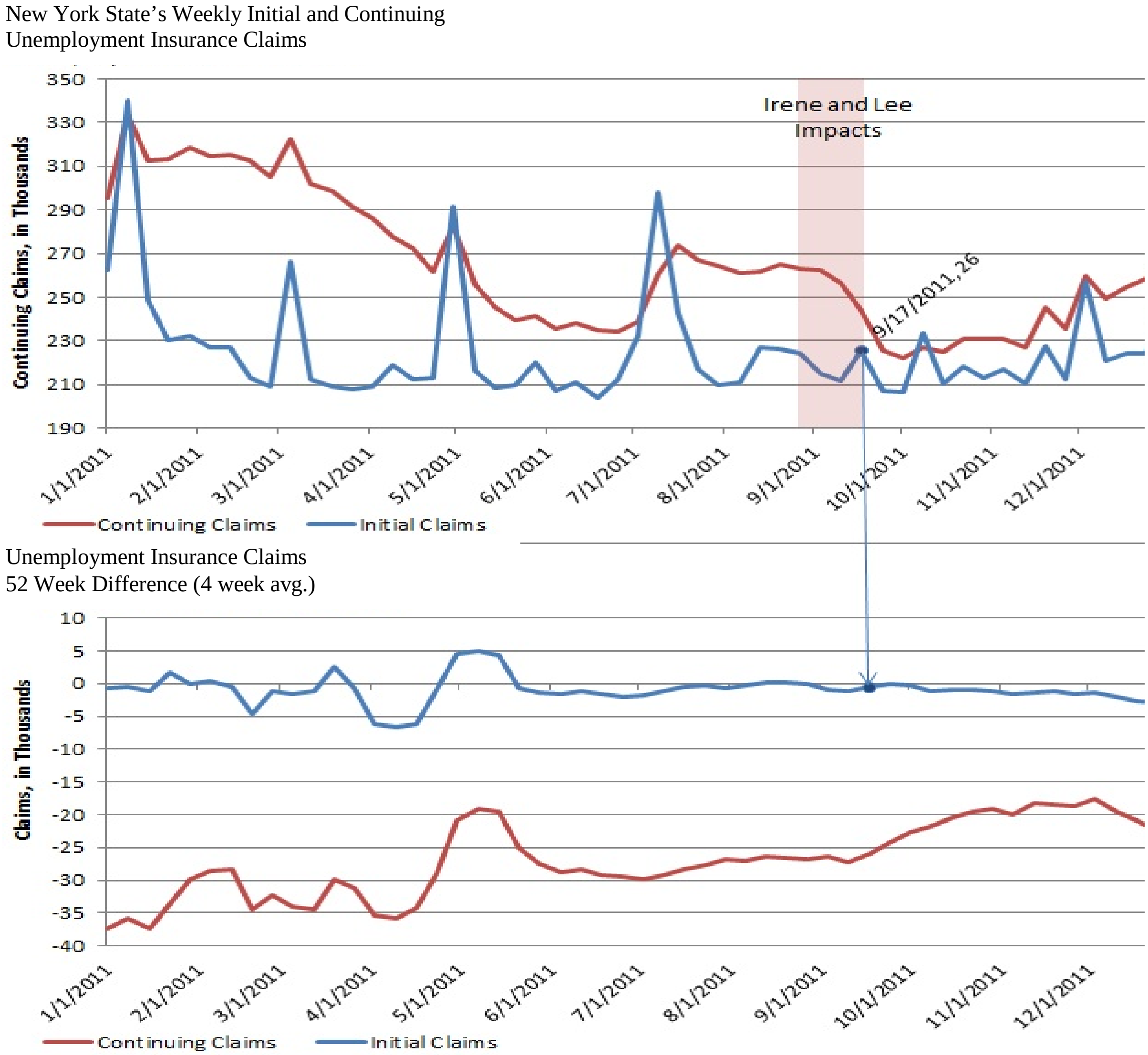
2. Unemployment Insurance Claims as a Proxy to Business Disruption

APA6 analysis assumed a business disruption period of two weeks and used an estimate of lost-profit as a proxy for its effect. APA8 augmented this analysis with New York State's unemployment insurance claims data for the periods of Hurricane Irene, Tropical Storm Lee, and Superstorm Sandy to assess their impacts on New York State's small business labor. It can be reasonably assumed that spikes in the initial unemployment insurance claims and sustained growth in continuing claims are an indication of employment disruption. Although not all unemployed file for unemployment benefits, spikes in the unemployment claims are considered a good proxy for disruptions in the broader business cycle.

Initial claims are requests for weekly unemployment payments, whether or not benefits are actually paid. This analysis reviewed changes in the unemployment claims on a year over year basis because weekly unemployment claims are volatile and can often reflect seasonal shifts in employment (layoffs for seasonal purposes along shore areas, etc.). This includes analyzing the changes in the 52 week time span and then smoothing the changes with a moving monthly (four week) average.

The impacts of Hurricane Irene and Tropical Storm Lee are illustrated in Figure 2. The initial unemployment claims following the storm events were very low, showing that the overall labor market was not negatively impacted from the storms. On a year over year change basis, the initial claims showed no increase while the continuing claims decreased. This is partly due to the growth of the economy during this period.

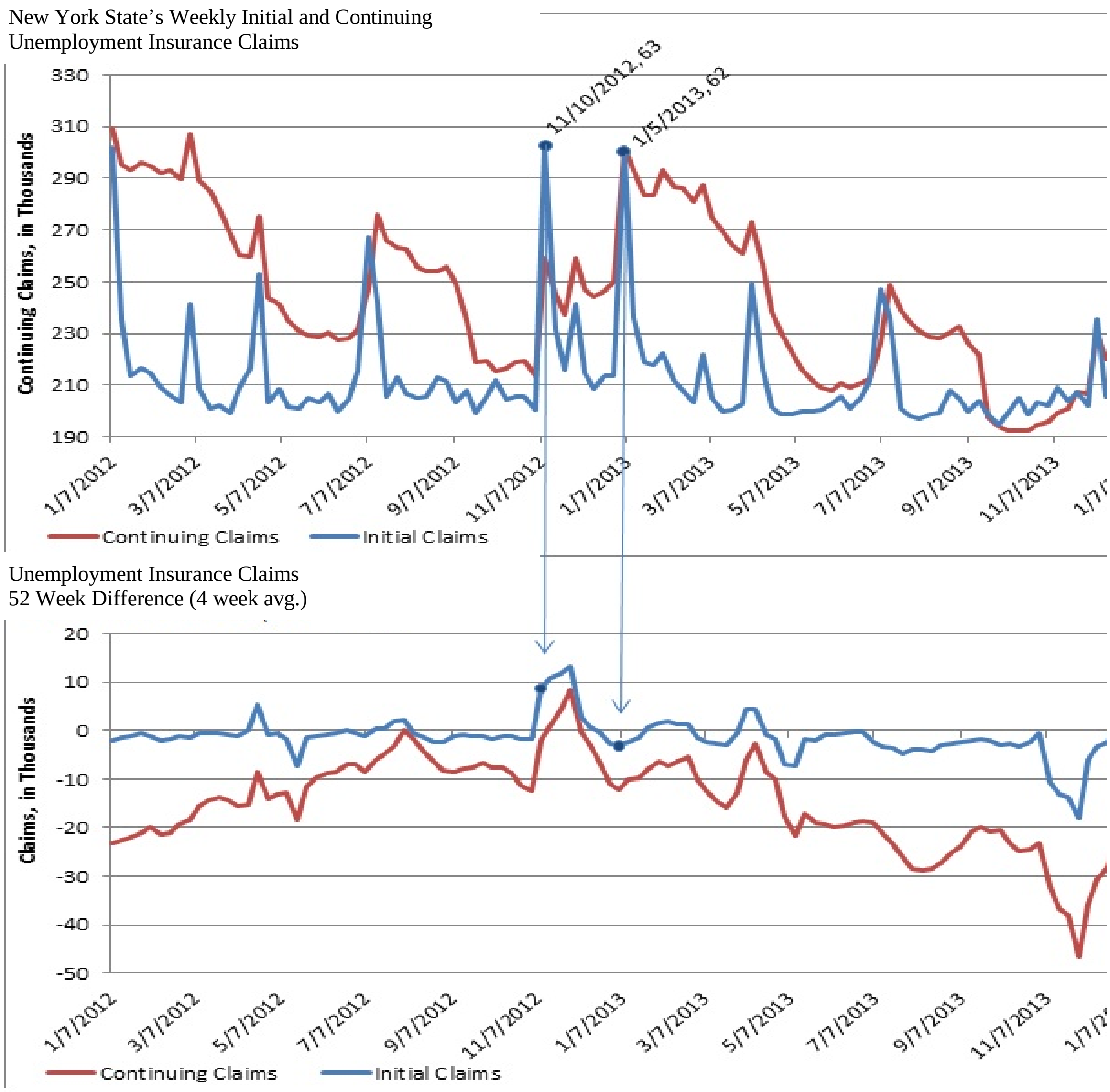
FIGURE 2: NEW YORK STATE UNEMPLOYMENT INSURANCE CLAIMS (HURRICANE IRENE AND TROPICAL STORM LEE)



The amount of damage wrought by Superstorm Sandy was the second largest in history. Therefore, it had a stronger impact on the economy compared to Hurricane Irene and Tropical Storm Lee. Figure 3 presents the weekly unemployment claims during Superstorm Sandy and periods before and after for comparison.

There is a noticeable spike within one week after Superstorm Sandy. It is assumed that there was a delay in unemployment insurance filings during this period because people may have been unable to apply for unemployment benefits for various reasons. Unlike the first week of January, which often sees "Post-Christmas Layoffs," the Sandy claims were out-of-character for the season. This is shown in the year-over-year comparison. The comparison displays a significant and sustained spike that lasts nearly one month, accounted for by the additional, but smaller, second spike in the weekly claims beginning in December.

FIGURE 3: NEW YORK STATE UNEMPLOYMENT INSURANCE CLAIMS (SUPERSTORM SANDY)



Some claims are denied or people find work immediately after filing a claim. Therefore, although the initial claim spikes occur, they do not readily translate into continuing claims. During Sandy, initial claims seem to translate into continuing claims reflecting the fact that a good portion of the initial claims were accepted into the system. The spike in the continuing claims in the year-over-year comparison show that the storm did have a temporary impact on the labor market, but it was brief and roughly the same duration of the initial claims sustained peak.

Findings: The unemployment insurance claims data indicates that not all of the storm events had an equal impact on the labor market. Job losses were not significant after Hurricane Irene and Tropical Storm Lee. Superstorm Sandy had a slight impact on the labor market, but remained relatively low compared to seasonal labor patterns such as the January and July claims. In addition, the duration and translation of the initial claims into longer-term unemployment (continuing claims) is not apparent. The impact of Sandy on unemployment lasts approximately four weeks. This is due to the additional, second round, of claims that occurred early in December. This may reflect that some establishments may have waited to lay off employees after they fully appraised their damage and feasibility of re-opening.

Overall, the results seem to indicate that while there was evidence of negative impacts arising from Superstorm Sandy, those impacts were reasonably short-lived, at least at the macro-level.

How New York State Has Addressed Unmet Needs to Date

The Small Business Recovery Program was launched in April of 2013. In its original design, the Program proposed to offer both grant and/or loan assistance to businesses that were directly impacted by Hurricane Irene, Tropical Storm Lee and/or Superstorm Sandy. The Program's underwriting criteria and review processes were designed in the most prudent and effective manner at the time. Since the initial launch of the program, GOSR revised the Program policies and procedures. The estimated budget for these activities was established at $158.5 million dollars with the first allocation of CDBG-DR funds, increased by $25 million to $183.5 million with the second allocation of CDBG-DR funds. This increase was made up of funds redirected from the Seasonal Tourism Industry and Coastal Fishing Industry Programs which were rolled into the Small Business Recovery Program. Since the third allocation of CDBG-DR funds, the State has undertaken a review of the Program and has determined that the total drawdown of CDBG-DR funds for this program will not exceed $90 million. This analysis is based upon a reassessment of the unmet recovery needs of small businesses in the State (outlined above), and a detailed analysis of program activities and projected beneficiaries. The State has conducted an extensive and multi-pronged outreach effort to small businesses, lasting more than two years, and it has determined that it has facilitated the recovery for potentially eligible business owners. As noted, SBA loan application data suggests that over 5,000 businesses outside of New York City applied for a loan to repair their operations, and roughly two thirds of those who applied were denied. The State engaged with businesses that were identified through this SBA database and through multiple other avenues. Over 3,200 application identification numbers were generated for the Program, of which approximately 1,500 are expected to result in an application determination. The remainder are a combination of duplicate entries and/or entries that never pursued assistance, which could have occurred for a variety of reasons (fully assisted through other sources, business closed/moved, change of ownership, etc.).

Small Business Recovery Program

The Small Business Recovery Program began accepting applications from businesses in the first quarter of 2013. The program adopted an extensive and prolonged outreach effort to identify all potentially eligible business owners, with an emphasis placed on conducting outreach to the following groups:

- LMI Business Owners;
- Businesses that provide economic opportunities to LMI persons;
- Businesses that have not re-opened due to damage or impact from the storm;

- Coastal Fishing Industry Businesses; and,
- Seasonal Businesses.

Outreach efforts were guided by the State and accomplished through a variety of resources and activities:

- Online: Promotion of recovery resources, including program summaries, fact sheets, brochures, Frequently Asked Questions (FAQs), Action Plan and information on the eighteen Small Business Development Center (SBDC) locations and hours at http://www.stormrecovery.ny.gov/.
- In Person: Door-to-door communication by Program staff and partner organizations, availability of trained Business Advisors to assist potentially eligible Business Owners with the completion and submission of an application.
- By Phone:
  - Outbound phone calls to potentially eligible Business Owners, including those who registered with the State to express an interest in receiving assistance, as well as to those known to have registered for disaster aid with FEMA, the SBA, and other sources.
  - GOSR provided access to a State-supported NY Rising Recovery hotline, 1-855-NYS-SANDY, provided trained representatives able to answer questions about the Programs, guide potentially eligible Business Owners through the application process, and provide updates on the status of applications.
- By Television: Paid television advertising campaigns to promote the availability of recovery resources.
- Through Partner Organizations: Partnership and coordination, both formally through sub-recipient arrangements and other more informal arrangements, with not-for-profit community-based organizations involved in disaster recovery efforts in the impacted regions.
- Through Events: Coordinated engagement and participation by Program staff and partner organizations at community forums, town halls, Chamber of Commerce, Business Associations meetings and other locally-supported community-based events. The State created professional signage, documentation, advertisements and other such material to support and enhance the operation of the Program. Outreach leveraged alternative language delivery, including, but not limited to, Spanish, Russian, and Chinese.
- Persons with disabilities, those with limited English proficiency or others who may need Program documents presented in a different format were encouraged to contact the NY Rising Recovery hotline at 1-855-NYS-SANDY for assistance with obtaining information in an accessible format.

In addition, the State utilized any and all currently available web-based and other electronic resources, including social networking media, to promote the Program and provide timely dissemination of information and notifications to affected small businesses. Program-related materials, are readily available for download at http://www.stormrecovery.ny.gov/, and also are distributed by the State and its Program partners to public officials, municipalities, relevant non-profit organizations, and others as necessary or upon request. Direct mailings, calls and emails were also used to notify Business Owners of their application status, appointment notifications, missing information, grant closing, information regarding the disbursement process and timelines, and other program-related information as necessary.

As of March 2015, the program had awarded more than $30 million to more than 750 impacted businesses. The Program informed all active applicants that the Program was closing to new applicants on May 1st, 2015. During the month of April, new and existing applicants were required to complete and return a Confirmation of Interest Form and an Opt-In Form and send it to their nearest Small business Development Center. There was an additional deadline of July 1st, 2015 for associated application documents. The outreach for these deadlines included the following:

- Email to approximately 1,600 applicants and list of elected officials and associations;
- On website;
- SBDCs notified to reach out to applicants;
- Preliminary award recipients contacted via phone.

As noted, approximately 1,500 applications will likely result in an award determination. The remainder are a combination of duplicate entries and/or entries that never pursued assistance, which could have occurred for a variety of reasons (fully assisted through other sources, business closed/moved, change of ownership, etc.).

Of the 1,501 applications that are expected to receive a determination, as of January 2016, there are 1,088 eligible applicants and 413 ineligible applicants. Applicants are deemed ineligible if they fail to meet Program requirements and/or fail to provide requested documentation by Program-mandated deadlines. In each case where there was a Program-mandated deadline, businesses with outstanding steps were contacted. The state is currently reviewing 228 of the 1,501 applications. With the continuation of this review, the Program anticipates an increased amount of ineligible files. It is estimated that it will take approximately 6 months to process the remaining files. As of January 2016, the average award amount is estimated at $51,412.19.

In total, the State is proposing to use $123 million of allocated CDBG-DR funds for economic development. The Small Business Recovery Program accounts for $90 million of this. The remaining funds are for the Business Mentoring Program and for Tourism and Marketing.

It is expected that the $90 million remaining for the Small Business Recovery Program will be sufficient to provide awards to eligible applicants.

After CDBG-DR allocations, the remaining unmet need in Small Business is estimated at $466.5 million (Table 23).

TABLE 23: UNMET BUSINESS NEEDS (IN MILLIONS)

Damaged Businesses	Total Damage	Minus SBA Loans Received	Adjusted Unmet Need-Repair	Mitigation Costs	Unmet Business Needs
Damaged Businesses (HUD Methodology)	$ 610.2	$ 190.6	$ 711.3	$ 114.8	$ 826.1
+ Estimated Loss in Profits in Flood Zones					$14.2
Less Insurance Payouts for Business Interruptions, Commercial Property and Commercial Auto Damage					$250.8
Less New York State Rising Program Allocation					$123.0
Remaining Unmet Need					**$466.5**

Source: U.S. SBA commercial loan applications, effective December 2014, Program Data, US Census Data, FEMA Inundation Maps.

Impacted Communities

The State anticipates that heavily impacted communities will have long-term economic impacts to their tax base as a result of depreciated property values, hence ad valorem tax revenue, due to the storms. FEMA is still in the process of adjusting their Advisory Base Flood Elevation maps and/or their Preliminary Flood Insurance Rate Maps for many communities that determine flood zones, and ultimately determine insurance requirements and implied flood risk. These changes, coupled with evidence of prior flooding, will lower property values in many coastal areas.

Additionally, many businesses within heavily impacted communities still struggle to rebuild. Based on an analysis of Dun and Bradstreet data and SBA loan information, small businesses in Long Island, Staten Island, the Rockaways, Red Hook, and Catskill communities like Prattsville and Windham were significantly impacted and have not secured the funding necessary to rebuild or recover to pre-storm levels. The State will continue to monitor these communities closely.

Economic Revitalization Needs

Superstorm Sandy, Hurricane Irene, and Tropical Storm Lee caused widespread damage across New York. Tens of thousands of businesses were located in or near inundated areas. These businesses suffered physical damage to their business operations, or at minimum, were closed for extended periods of time due to power outages and limited transportation networks.

As noted, even those businesses that did not flood were impacted in a variety of ways, including damage to structures and contents, wind damage and business interruptions due to power loss, closed roads, and flooding in the vicinity of the business. The damages incurred by businesses cannot be fully captured as not all businesses applied for federal assistance; however, SBA loan application data suggests that over 5,000 businesses outside of New York City applied for a loan to repair their operations, and roughly two thirds of those who applied were denied.

The businesses denied assistance from the SBA, located outside of New York City, are determined to have unmet needs of $826 million (including the estimated cost of mitigation). This figure represents the unmet need as outlined in HUD allocation methodology. The analysis also includes an update on the estimate of unmet need due to lost business operations for small businesses located in heavily impacted areas that were without power for an extended period of time, resulting in lost operations, revenue, and profit. Using the more conservative assumptions outlined above, the State identifies at least another $14 million in lost profit from heavily impacted small businesses in the flood zone. The State recognizes that many businesses received insurance payments for damages related to the storms. To operationalize this fact, the State is applying the conservative assumption that businesses received some $250.8 million in payments. This is highly conservative as it relates to insurance payout for only three categories of damage and disruption in five counties. Overall, the State notes that industries were able to recoup many losses during the reconstruction period, and overall the economy grew as part of the rebuilding process. Many small businesses were negatively impacted by business interruption and physical damages, some even closing operations permanently due to this loss.[xii] Once, the allocated CDBG-DR funds are accounted for, the State estimates that the remaining unmet need is in the region of $466.5 million.

C. *NY Rising Infrastructure Program*

Description of changes: The Suffolk County Coastal Resiliency and Water Quality Improvement Initiative is a covered project that was approved by HUD in APA 8. APA 8 was published when this project was in the early planning phases and funding sources were being finalized. Since the publication of APA 8, the project design and funding sources have advanced and further planning has been done on the project, resulting in the following changes. The total project cost is now estimated to be $388.5 million, and combines Federal and State funding sources. With increased funding identified, the amount of CDBG-DR funds needed for the project is being reduced. The project will still sewer the same watersheds identified in APA 8 and provide direct benefits to approximately 8,000 homes. The design engineering process will further refine the project cost and scope. Work is being conducted in each watershed with coordinated Federal review and working partnerships with Suffolk County, New York State Division of Homeland Security & Emergency Services (DHSES), NYS Department of Environmental Conservation (DEC), the Federal Emergency Management Agency (FEMA), and HUD.

The Suffolk County Coastal Resiliency Initiative proposes to address an identified recovery need for the county and its residents and mitigate rainfall, coastal flooding, and storm surge which contribute to septic system failure and cause adverse environmental impacts following Superstorm Sandy. As described above, further planning has been completed since the publication of APA8 and, while the unmet need remains the same, the amount of CDBG-DR funding for the Initiative has changed to reflect the identification of additional funding sources. These changes are reflected in the following updates to APA8, which replaces the language under ‘Wastewater Systems’ (pages 37 and 38 of APA8) and under ‘Covered Infrastructure Project’ (pages 72-74 of APA8).

From APA8, page 37, paragraph 5:

Wastewater Systems

In Suffolk County, over 70% of the wastewater is managed through on-site disposal systems. Many homes in the county have on-site systems which are located only a short depth to groundwater, and are compromised during flood events. This allows effluent to enter groundwater and surface waters. Even under normal conditions, on-site septic systems do not treat nitrogen effectively, leading large quantities of nitrogen-enriched effluent to flow into the county’s groundwater, which then travels to surface waters or infiltrates drinking water aquifers.[xiii] In January 2014, Suffolk County released an executive summary of its Comprehensive Water Resources Management Plan Report.[xiv] The State has identified a project cost of $388.5 million for the Suffolk County Coastal Resiliency and Water Quality Improvement Initiative which proposes to extend sewers in Suffolk County in four areas, advanced by the county. The State initially identified up to $300 million in CBDG-DR funding and $83 million to be financed through low-interest loans from the Clean Water State Revolving Fund administered by the New York State Environmental Facilities Corporation (EFC) and the DEC. Subsequently, the amount of CDBG-DR funding for the Initiative changed to account for new sources including using FEMA Hazard Mitigation Grant Program (HMGP), New York State Empire State Development (ESD) and New York State Environmental Facilities Corporation (EFC) Clean Water State Revolving Funds. With these additional resources identified, the total amount of CDBG-DR funds associated with the Initiative is now $47 million and it remains a covered project.

The Suffolk County Coastal Resiliency and Water Quality Improvement Initiative is a major step forward in addressing an unmet recovery need for the county. The Initiative will provide sewage systems that will lead to improvements to public health and water quality, and over time will allow wetland and marshland areas to be restored along the south shore of Suffolk County, leading to more natural storm resilient measures that will assist communities. There are over 53,000 unsewered parcels in the Great South Bay watershed; the Initiative proposes to sewer over 8,000 of these parcels. In unsewered areas, flooding from Superstorm Sandy caused significant but unquantifiable damages. For instance, sewage overflows from residential cesspools introduced untreated materials into drinking water systems and water bodies, causing harm to public health and environmental assets. In addition, infiltration of seawater damaged residential septic tanks and cesspools and will cause corrosion and increasing risk of failure of septic systems and cesspools over time.

From APA8, page 72, paragraph 2:

Covered Infrastructure Project

GOSR, in coordination with DHSES, DEC and the County, proposes to extend sewers to communities along four priority watersheds along the Great South Bay. The project combines $47 million in CDBG-DR funding with funding from other sources including FEMA HMGP, ESD and the EFC Clean Water State Revolving Fund. The initiative will help Suffolk County recover from Superstorm Sandy by installing sewer and wastewater infrastructure in areas where septic systems were compromised during Superstorm Sandy. These interventions will prevent future septic system flooding, sewage backups and groundwater pollution, and will reduce nitrogen pollution that adversely affects natural coastal protection systems.

In Suffolk County, over 70% of the wastewater is managed through on-site disposal systems such as the cesspools and septic tanks, for wastewater treatment. Many of these on-site systems are located only a short depth to groundwater, and are compromised during flood events. This allows effluent to enter groundwater and surface waters. Additionally, even under normal conditions, on-site septic systems do not treat nitrogen effectively, leading large quantities of nitrogen-enriched effluent to flow into the County's groundwater, which then travels to surface waters or infiltrates drinking water aquifers.[xv]

The extension of the sewer system is a crucial factor in rebuilding and recovery for these communities. Properties along all four watersheds experienced flooding during Sandy, and project boundaries have been determined based on area characteristics including inundation history, depth to groundwater, and travel time to surface waters. The design phase of the Initiative will further refine parcel locations based on geography and other factors. As sewer extensions are created, homes will be connected to the new sewer main by means of a sewer lateral.

[The text in paragraphs 4-5 of this section remains the same]

Geographic Eligibility: The Great South Bay sits between Fire Island (a barrier island) and the mainland of Long Island. These areas were selected because of the combination of substandard septic systems, dense populations, a short depth to groundwater, and short travel times for nitrogen-enriched groundwater to enter surface waters.

The project area includes four watersheds:

1. *Forge River Watershed centered on Mastic:* This project will address impacts from Superstorm Sandy and reduce extensive nitrogen pollution to the Forge River and Great South Bay. The proposed project will connect parcels in the area to a new sewer collection system that will flow to a new wastewater treatment plant (that would include advanced nitrogen treatment) located on municipal property. Additionally, groundwater levels of nitrogen in this area are already at the maximum contaminant level for drinking water, and nitrogen levels are projected to continue to increase without an upgrade to the wastewater infrastructure. The community would be left vulnerable and at risk of contaminated drinking water.

2. *Carlls River Watershed centered on North Babylon and West Babylon:* This project will address storm impacts and reduce nitrogen and pathogen pollution in the Carlls River and Great South Bay. Currently over 60% of the nitrogen load from the Carlls River is from septic systems. The proposed project will connect parcels within the current Sewer District No. 3—Southwest Sewer District, and expand the sewer district to include a number of parcels in the North Babylon and West Babylon areas.

3. *Connetquot River Watershed centered on Great River:* After Superstorm Sandy, wastewater flooding caused surface water impairments, resulting in 15 days of emergency closures of shellfish beds by DEC. Actual water quality impacts persisted much longer. This project will address nitrogen pollution and pathogens in Connetquot

River, Nicoll Bay, and Great South Bay. The proposed project will connect parcels in the Great River area to the Sewer District No. 3—Southwest Sewer District. The Connetquot River contributes 15% of the total nitrogen in the Great South Bay; it is the single largest source of nitrogen. 63% of the nitrogen load from the Connetquot River is from septic systems.

4. *Patchogue River Watershed centered on Patchogue:* As a result of significant flooding from Sandy, the onsite sanitary disposal systems in the watershed contributed to poor water quality and elevated nitrogen levels that exceed limitations set by the Suffolk County Department of Health Services. This project will address storm impacts and nitrogen and pathogen pollution in Patchogue River and Great South Bay. The proposed project will connect parcels to the Patchogue sewer system.

Use of Impact and Unmet Needs Assessment: As indicated in the Impact and Unmet Needs Assessment, over 70% of the wastewater in Suffolk County wastewater is managed through on-site disposal systems. Many of these on-site systems are located only a short depth to groundwater, and are compromised during flood events. This introduces untreated materials into drinking water systems and water bodies, causing harm to public health and environmental assets. Nitrogen and other pollutants remain a constant concern across Long Island as the drinking water for almost 3 million residents is drawn from sensitive groundwater aquifers recharged from the surface. Governor Cuomo directed DEC to undertake an intensive consultation process with key scientists and stakeholders concerning storm resiliency and water quality on Long Island in the context of nitrogen pollution, and the findings support the work of this project in Suffolk County.

In 2014, Suffolk County was awarded an IBM Smarter Cities Challenge grant. A team of six IBM experts spent three weeks in the County working to help solve the challenge of promoting a resilient community and water quality pollution, resulting in the publication of a Smarter Cities Challenge report. The report identified a $7 billion gap for wastewater infrastructure and treatment upgrades for the 360,000 properties in Suffolk County which currently use on-site septic systems.

There are over 53,000 unsewered parcels in the Great South Bay watershed. This initiative proposes to sewer over 8,000 of these parcels, relieving pressure on on-site systems at increasing risk of failure due to seawater infiltration and corrosion. The frequency and magnitude of severe weather events and subsequent flooding is expected to increase due to climate change. Suffolk County's Comprehensive Water Resources Management Plan Executive Summary (2014) and the State's "Coastal Resiliency and Water Quality in Nassau and Suffolk Counties Recommended Actions and a Proposed Path Forward" (2014) highlight the severe risk of reliance on these vulnerable systems.

[The text in paragraph 4 of this section remains the same]

Transparent and Inclusive Decision Process: Since Superstorm Sandy, GOSR and State agencies have engaged the public and elected officials through the Action Plan development process, the NY Rising Community Reconstruction Program, and participation in events and discussions organized by DEC and other entities. Utilizing this three pronged approach, GOSR conducted an inclusive decision process. Through APA8 the State also engaged the public about this project.

[The text in paragraphs 3-5 of this section remains the same]

Long Term Efficacy and Fiscal Sustainability:

[The text in paragraphs 1-4 of this section remains the same]

As part of the project's planning process, GOSR works daily with staff at FEMA's Superstorm Sandy SRO (Sandy Recovery Office), state agencies and County government on the project. Technical staff continue to assess how this project's long term viability could be impacted by environmental conditions, such as rise in sea level, flooding, heat waves, and other climate changes likely to affect Suffolk County. The environmental review process is being coordinated by GOSR who is working in close consultation with FEMA, HUD, DEC and Federal permitting bodies.

For some project areas, GOSR expects to see immediate environmental benefits and recovery goals obtained for homeowners. These include homes where a tie into the lateral program will result in the removal of septic systems and cesspools, arresting discharges and stop losses and providing immediate benefits to water quality. To assess long-term sustainability and efficacy, GOSR is working in coordination with Suffolk County, DHSES and federal partners including FEMA and other partners in the SRIRC to address the following:

- Reviewing and identifying studies and monitoring protocols that will be needed to address long term environmental resiliency components of the project;
- Developing and looking at surge models and impacts that hurricanes and frequent nor'easters may have on the great south bay and how climate change and more frequent could slow demonstrated measure of success;
- Examining how rain and snow events could result in impacts to the sole source drinking water aquifer as Suffolk septic systems and cesspools become comprised, they increase the risk off polluting the drinking water system and;

Identifying measures and methods that need to be put in place before construction to show that net positive environmental and economic benefits which will result from this project, specifically that as homes and businesses are tied in to the sewer that wetlands marshes will be able to rebound and provide increased natural resiliency measures for these communities. Also, that as water quality increases, historically important industries that were impacted by Superstorm Sandy in the impacted area such as fishing, agriculture and tourism can be restored more quickly in future disasters.

GOSR will continue to fully utilize the SRIRC for future coordination of any Suffolk County sewage projects. This includes using the SRIRC meeting process to provide updates on the planning and development of the projects as the primary means to coordinate federal and State environmental reviews processes, following the environmental review, and bringing the results of the public process back to the SRIRC for an update. GOSR has already brought this project to the SRIRC in March 2015 and again in May 2015, and will continue to do so at key project development points.

D. *NY Rising Homeowner Recovery Program*

Description of changes: The allocation to this program is being increased by $344,965,900 in order to address the budgetary and unmet needs of the Program. All references to the program budget have been updated to reflect the revised figures, including in the Proposed Allocation of Funds and Table 10 (APA 8, page 15). The changes to the Proposed Allocation of Funds Table are identified in section A of this amendment and the changes to Table 10 are reflected below.

TABLE 10: TOTAL CDBG-DR PROPOSED ALLOCATION OF FUNDS BY NEW YORK STATE IN MILLIONS (EXCLUDING NEW YORK CITY) – HOMEOWNER PROGRAMS

Program	Total Proposed Allocation of Funds
NY Rising Homeowner Recovery Program	$1,398.28
Interim Mortgage Assistance Program	$48.00
NY Rising Buyout & Acquisition Program	$620.21
Total	**$2,066.49**

Source: GOSR Programmatic Data and effective December 2015

E. *NY Rising Condominium and Cooperative Program*

Description of changes: The allocation to this program increases by $69 million to $75 million in order to address the budgetary and unmet needs of the Program. All references to the program budget have been updated to reflect the revised figures.

F. *NY Rising Public Housing Assistance Program*

Description of changes: The amount reflected in the *Proposed Allocation of Funds Table* has been updated to reflect the commitment of $10 million previously made to the Public Housing Assistance Program and identified in the text of APA 8.

From APA8, page 59, paragraph 2:

Public Housing Assistance Relief Program (PHARP)

The State has committed $10 million dollars to assist storm-damaged housing authorities through the NY Rising Housing Programs. As remaining needs are identified, the State will determine the most appropriate means of meeting these needs. Additional assistance to Public Housing Authorities may be provided through the NY Rising Infrastructure Program's Non-Federal Share Match Program or NY Rising Community Reconstruction (NYRCR) Program as appropriate.

G. *NY Rising Program Income*

Description of changes: The *Proposed Allocation of Funds* Table has been updated to include an estimated $100 million in income from the NY Rising Buyout & Acquisition program. As stated in the State's Action Plan, "the State follows the requirements of 24 CFR 570.489 in regards to Program Income. All Program Income goes back to the State."

H. *NY Rising Administration & Planning*

*Description of changes***:** The State's allocation increases by $30,034,100 to $220,844,100, which reflects the full 5% of New York State's $4.4 billion Superstorm Sandy allocation to which the State is entitled under the terms of the March 5, 2013 Federal Register Notice. The text of APA8 has been amended on page 45 under 'Overview of Method of Distribution and Allocation of Funds' and on page 95 – 96 under 'General Administration Expenditures'.

From APA8, page 45, paragraph 5:

HUD allows that a grantee may expend up to 5% of the total CDBG-DR grant on general administration costs.

From APA8, page 95, paragraph 11:

The State is allocating $220,844,100 million from CDBG-DR funds to General Administration. This may include efforts to provide technical assistance and public education, working within existing administrative infrastructure and expanding on already existing programs to create the greatest efficiency for minimizing administrative costs.

The March 5, 2013 Federal Register Notice places a cap on general administration costs (at 5% of the cost of the total CDBG-DR grant). In APA12 the State has chosen to allocate the full amount of funds to which it is entitled to administration. Recipients (i.e. sub-grantees and sub-recipients) will be strongly encouraged to minimize their administrative costs so that the amount available for program activities will be maximized.

I. *Interim Mortgage Assistance Program (IMA)*

*Description of changes***:** Program description updated to reflect the alternative requirement for New York State permitting extended time for interim mortgage assistance as allowed in the February 12, 2016 Federal Register Notice.

From APA8, pages 51-52:

Program Description: A substantial number of households remain unable to inhabit their primary residences as a result of Hurricane Irene, Tropical Storm Lee and/or Superstorm Sandy. Many of these displaced families are struggling to pay mortgages on damaged homes and simultaneously pay interim housing costs. Many have expended FEMA resources, exhausted available mortgage forbearances, and utilized any rental assistance provided by insurance companies. New York State developed this Program to assist homeowners with short-term mortgage costs or equivalent housing costs so that homeowners do not lose their home.

In November 2013, as a result of HUD approved APA4, the State developed the Interim Mortgage Assistance Program to meet the needs of displaced homeowners. Based upon analysis of current applicants, it is anticipated that there will be approximately 850 households that have been or will be both displaced and forced to pay the costs of their primary mortgage, or an equivalent housing cost such as property taxes, and simultaneously pay the costs for their temporary living residences that will receive IMA payments.

The formulas for determining IMA payments are as follows:

- [Rental housing expenses incurred while displaced, including utilities] minus [Rental assistance from insurance or government agencies] is the formula for calculating the IMA partial payment award amount.
- [Mortgage costs incurred while displaced, capped at $3,000 a month] is the formula for calculating the monthly reimbursement award amount.
- Applicants may be eligible for the IMA partial payment award amount plus the monthly reimbursement award amount as long as the total is less than or equal to 36 months of their mortgage amount capped at $3,000 a month or $108,000.
- Per the alternative requirement permitting the extension of interim mortgage assistance to 36 months, applicants will be eligible for IMA assistance beyond 20 months if either substantial construction progress has been made or if substantial progress has not been made, the applicant agrees to participate in the construction program within the NY Rising Housing Recovery Program.
- A property owner participating in the Rental Property Program may be eligible for IMA payments if the owner is displaced from his or her storm-damaged owner-occupied primary residence in a multi-family building and pays rent to occupy temporary housing while displaced.

J. *Other:* Updates as needed.

Description of changes: Table 30 on page 47 has been updated. The table now presents the Unmet Recovery Need (URN) as calculated for APA8, but without the program allocations subtracted from URN (Housing is 51% of URN, pre-intervention). The table also shows for APA12 an updated URN to show a reduction in Economic Development URN. Housing URN remains the same and Infrastructure URN remains the same in absolute terms. It also shows the latest proposed distribution of funds and they closely tie into the pre-CDBG-DR estimate of allocated funds.

From APA8, page 47, paragraph 1:

Proposed Use of Funds

This section details the Programs that are currently in place as well as new Programs implemented by GOSR. Programs and budgets are adjusted herein based on the State's revised impact and unmet needs assessment for Housing, Economic Development, and Infrastructure Programs. Additionally, this APA includes the Rebuild by Design projects. Overall, the allocations are largely reflective of the estimated unmet needs.

The third allocation of CDBG-DR funds was focused on the Infrastructure Program (including both the NYRCR program and RBD, outlined in APA8). With the third allocation, the budget allocated approximately 49% of CDBG-DR funds to this sector. Housing programs accounted for approximately 51% of the unmet need in the State, pre-allocation of CDBG-DR funds; increasing to 52% with the latest APA12 estimates. Therefore, the State is proposing to increase the budget allocation of CDBG-DR funds dedicated towards housing programs from 46% to 55% of total allocated funds (excluding administration and planning funds). In absolute terms, Economic Development has the smallest remaining unmet needs. This is reflected in the proposed use of fund where approximately 3%of funds are allocated to these Programs. Unmet needs and program implementation will continue to be assessed as Programs continue to be implemented. The State remains committed to both homeowners and renters and is working diligently in both Programs to address the needs of the community as they recover. The State will continue to make adjustments as needed in further APAs, to ensure that, to the extent feasible, unmet needs of these communities are addressed.

While the State continues to have outstanding unmet needs, its current resources are allocated to address the priorities of the State's communities in repairing and hardening storm-damaged residential units, creating additional affordable housing, reviving businesses, and rebuilding critical infrastructure throughout the State.

TABLE 30: PERCENTAGE OF FUNDS ALLOCATED BY ACTIVITY RELATIVE TO UNMET NEED IN MILLIONS (APA8 AND APA12)

	APA8 (HUD Allocation Methodology)				APA12 (HUD Allocation Methodology)			
	Unmet Need*	% of Unmet Need	Distribution of Funds	% of Proposed Allocation	Unmet Need*	% of Unmet Need	Distribution of Funds	% of Proposed Allocation
Housing	**$3,969.30**	**51%**	**$1,959.02**	**46%**	**$3,969.30**	**52%**	**$2,375.49**	**55%**
Economic Development	**$840.30**	**11%**	**$216.50**	**5%**	**$589.50**	**8%**	**$123.00**	**3%**
Infrastructure	**$3,041.47**	**39%**	**$2,050.55**	**49%**	**$3,041.47**	**40%**	**$1,797.55**	**42%**
Total	**$7,851.07**	**100%**	**$4,226.07**	**100%**	**$7,600.27**	**100%**	**$4,296.04**	**100%**

Note: The total above does not include Administration of $220,844,000. For the purpose of this analysis, the Community Reconstruction Program and Rebuild by Design allocation is included with the Infrastructure program. While the Distribution of CDBG-DR funds for Infrastructure is reduced here, this is because these funds have been replaced by other funds identified by the State of New York.
* Unmet Needs estimates exclude allocations of CDBG-DR funding and Program Income

Public Comment

The Governor's Office of Storm Recovery (GOSR) posted Action Plan Amendment 12 (APA 12) for public comment on January 13, 2016. At that time, GOSR began accepting comments on the website www.stormrecovery.ny.gov, as well as through the mail. A public hearing was also held in Suffolk County on January 25, 2016. The comment period officially ended at 5pm on February 12, 2016.

The legal notices of these hearings and the comment period were publicized in the three main non-English newspapers, El Diario (Spanish), Russian Bazaar (Russian) and Epoch Times (Chinese), as well as the Long Island Herald Papers including, East Rockaway Herald, Oceanside Herald and Rockville Centre Herald.

This Amendment was made accessible to persons with disabilities upon request (by telephone or in writing). Translations of APA 12 were made in Chinese, Russian and Spanish, the three most commonly used languages in the storm affected areas of New York State based on an analysis of Census data for households with members five years or older with limited English proficiency.

GOSR did not receive any comments related to APA 12 at the public hearing or via US Mail; however there is one comment, received through www.stormrecovery.ny.gov, which is set out below along with the GOSR response.

Comment

The Health and Welfare Council of Long Island provided a comment with a questions and suggestions relating to the State's Interim Mortgage Assistance (IMA) program. They sought assurance that sufficient funds had been budgeted to meet the needs of eligible applicants in the IMA program.

They also ask that GOSR "include in Action Plan Amendment 12 a request to HUD that the IMA cap per household be expanded beyond the current caps." The Health and Welfare Council of Long Island made a similar request during the comment period for APA 10. Their comment on APA 10 requested that the IMA Program be extended beyond 20 months.

Response

Federal regulations limited interim mortgage assistance to only up to 20 months. Recognizing that homeowners in the NY Rising Program may be displaced for longer than 20 months and incurring rental housing expenses as well as paying mortgage costs, GOSR submitted a waiver request to HUD in August 2015 requesting that interim mortgage assistance is extended to 36 months.

During the public comment period for APA 12, HUD granted GOSR's waiver request and published a Federal Register Notice providing an alternative requirement for New York State permitting extended time for interim mortgage assistance (FR-5696-N-18).

For eligible applicants, GOSR's can now provide up to 36 months of IMA assistance. The current allocation for the IMA Program is appropriate for the level of participation including providing assistance for up to 36 months to applicants.

It is in response to this comment and HUD's alternative requirement, that GOSR has updated the IMA Program description as part of APA 12 to reflect that assistance may be provided for up to 36 months and the requirements to receive the extension.

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[i] Guy Carpenter, *Post-Sandy: Damage Survey*, October 2013, retrieved January 15, 2014, http://www.guycarp.com/content/dam/guycarp/en/documents/dynamic-content/2013%20Oct%20Post-Sandy%20Damage%20Survey%20Publish.pdf

[ii] APA 6 used a broad measure of business impact by estimating the number of businesses in flooded census tracts determined to be impacted (Based on Dun and Bradstreet 2012 business data overlaid with FEMA Flood Inundation Files April 23, 2013). In this analysis, the State uses more nuanced measures to more accurately reflect the estimated business impact.

[iii] *Economic Impact of Hurricane Sandy – Potential Economic Activity Lost and Gained in New Jersey and New York.* Prepared by the U.S. Department of Commerce, Economics and Statistics Administration, Office of the Chief Economist, September, 2013. Available online at: http://www.esa.doc.gov/sites/default/files/reports/documents/sandyfinal101713.pdf. Analysis includes 13 counties (including all five in New York City).

[iv] Senate Bipartisan Task Force on Hurricane Sandy Recovery, *Preliminary Response and Recovery Report*, February 2013.

[v] A Census Block smallest geographic Census area; as an example, there are over 350,000 Census Blocks as of the 2010 Census. For more see: https://www.census.gov/geo/maps-data/data/tallies/census_block_tally.html. Census Tracts are larger areas, designed to have between 2,500-8,000 residents each. For more see: *Census Tracts and Block Numbering Areas*, available at: https://www.census.gov/geo/maps-data/data/tallies/census_block_tally.html

[vi] FEMA Sandy Flood Inundation File April 18, 2013.

[vii] Business locations, revenue and employees from Dun and Bradstreet 2013. Profit is assumed at 7.2% of revenue during two-week duration. For the purposes of this calculation, the definition of a small business is one with fewer than 100 employees.

[viii] The only change in Table 17 is replacing the "Annual Revenue" with annual revenue for small businesses. APA 6 used the annual revenue for ALL businesses.

[ix] Utilizing data collected by the New York State Department of Financial Services from private insurers making up over 95% of insurance market in areas affected by Superstorm Sandy. These data, current as of October 2013 indicates that in State's most impacted counties (outside of New York City) 5,806 business interruption claims were received by insurers.

[x] U.S. Department of Commerce, Economics and Statistics Administration, Office of the Chief Economist, *Economic Impact of Hurricane Sandy*, September 2013. Available online at http://www.esa.doc.gov/sites/default/files/reports/documents/sandyfinal101713.pdf.

[xi] Identified by their NAICS industry code.

[xii] Brian Patrick Eha, "Six Months after Hurricane Sandy, Many Businesses Still Struggle to recover," *Entrepreneur* online, April 29, 2013, retrieved January 27, 2014, http://www.entrepreneur.com/article/226520.

[xiii] *Coastal Resiliency and Water Quality in Nassau and Suffolk Counties: Recommended Actions and a Proposed Path Forward*. New York State Department of Environmental Conservation and other New York State Agencies and Governments. October 28, 2014. Available at: http://www.lisser.us/lireportoct14.pdf.

[xiv] *Suffolk County Comprehensive Water Resources Management Plan*. Suffolk County Government. January 2014. Available at: http://suffolkcountyny.gov/Portals/17/Reports/SC%20Comprehensive%20Water%20Resources%20Management%20Plan%20Executive_Summary.pdf.

[xv] *Coastal Resiliency and Water Quality in Nassau and Suffolk Counties: Recommended Actions and a Proposed Path Forward.* New York State Department of Environmental Conservation and other New York State Agencies and Governments. October 28, 2014. Available at: http://www.lisser.us/lireportoct14.pdf.