

August 13, 2013

Non-substantial Amendment #3

List of changes to:

STATE OF NEW YORK
ACTION PLAN FOR
COMMUNITY DEVELOPMENT BLOCK GRANT PROGRAM
DISASTER RECOVERY

- In section: **3. Proposed Use of Funds**
 - A. **Housing**
Clarified the contracting structure for the housing programs
- In section: **Housing Assistance Programs**
 - **Recreate NY Home Buyout Program**
Updated the buyout section per the document Approved by HUD
- In section: **Business Assistance Programs**
 - **Small Business Grant Program**
Updated section to clarify the type of loans given and reason for them
 - **Coastal Fishing Industry Program**
Updated section to clarify the type of loans given and reason for them
 - **Seasonal Tourism Industry Program**
Updated section to clarify the type of loans given and reason for them
 - **Business Assistance Program and Tourism Promotion Marketing**
Updated tourism section to clarify that localities will be given funds
- In Section: **Funds Provided for Housing Related Activities**
Provided definition of “not suitable for rehabilitation”
- In Section: **Projected Expenditures and Accomplishments**
Added projected expenditures and accomplishments
- *Added an appendix for the excel spreadsheet that will be updated quarterly for expenditures and accomplishments*

3. Proposed Use of Funds

B. Housing

In consultation with FEMA, the State has identified approximately 10,000 housing units that were substantially damaged by Hurricane Sandy (i.e. more than 50% damaged), and it has identified properties that suffered extensive damage under Hurricane Irene and Tropical Storm Lee. In addition, many thousands of properties were damaged to a lesser degree, and still pose a risk to health and safety of their owners or tenants and demand additional financial assistance to repair, replace, or mitigate the homes. To assist property owners in their recovery efforts, the State has developed supplemental programs that target a wide variety of housing types.

The State anticipates that over time it will allocate approximately \$838 million from its first allocation of CDBG-DR funds to programs in this category. However, depending on the eligible activities identified and the total costs committed to projects under all eligible categories, additional funds may be provided to eligible housing activities. The exact allocation will be dependent upon the total number of all eligible activities identified and the total amount of funding approved for all other eligible activities.

As identified in the needs description, New York State has identified more than \$6 billion in damage to residential structures in the areas most impacted by Hurricane Sandy. Once other forms of assisted are deducted from this amount, a balance of approximately \$3 billion still remains in unmet needs. Since this anticipated amount of unmet needs exceed the entire amount allocated to the State, New York State has allocated the greatest amount of funding to address unmet housing related needs. It is anticipated that future tranches of CDBG-DR funds will be used to continue the efforts of addressing unmet housing needs in the greatest impacted areas.

New York State will subgrant funds to Rockland County and contract with a combination of consultants and/or non-profit partners to assist in the administration of funds in Nassau and Suffolk counties, and others with identified needs, to undertake the housing repair, resiliency and mitigation programs within their respective areas. New York State anticipates directly undertaking the buyout/acquisition activities from its central recovery team and HCR. Of the initial incremental funding request, New York State anticipates allocating \$263 million for housing activities undertaken within Nassau County (\$215 million) and Suffolk County (\$48 million) with \$1 million being allocated to Rockland County. An additional amount of \$1 million has been set aside to expend within Westchester County with the method of distribution to be determined in consultation with HUD. The amounts allocated to these areas was determined based upon the proportion of damage identified through FEMA estimates within each of the respective counties, but will be increased as actual need is identified and these starting allocations are expended.

Housing Assistance Programs

➤ Recreate NY Home Buyout Program

□ Voluntary buyout for one- and two-unit homes

The Recreate NY Home Buyout Program will include the purchase of eligible substantially damaged properties (>50% of the pre-storm value of the property) inside the floodplain in storm-impacted areas.

Certain highest risk areas in the floodplains, determined to be among the most susceptible to future disasters and that therefore present a greater risk to people and property, will be identified by the State and its local partners for the purposes of this program as enhanced buyout areas (see below). The State will conduct purchases inside of the enhanced buyout areas as “buyouts”, as defined by HUD, whereby they will be eligible for purchase starting at 100% of the property’s pre-storm fair market value (FMV), plus available incentive(s) as outlined below.

The State intends to conduct most purchases outside of the enhanced buyout areas as “acquisitions”, as defined by HUD, whereby purchase offers must begin with the post-storm fair market value of the property. In these instances, however, the State proposes to supplement this post-storm FMV with an added homeowner resettlement incentive equal to a maximum of the difference between the post-storm and pre-storm values of the property. Such an incentive is necessary to allow homeowners inside flood-prone areas that have sustained damage to their primary residence and are otherwise unable or unwilling to repair their home, and seek to relocate to a safer, less flood-prone area, the ability to do so. Furthermore, this resettlement incentive recognizes the uncertainty of post-storm values of storm-damaged homes, relative to the high costs associated with relocation, therefore affording homeowners the maximum amount of assistance necessary to make this life-altering change. At the same, this resettlement incentive will help homeowners to remain in the community and contribute to its overall recovery from the disaster, while also ensuring that acquired land will be redeveloped in a safer, more resilient manner for the future occupants of the area.

In accordance with the Notice governing the use of these funds, properties purchased as a “buyout” will be maintained in perpetuity as coastal buffer zones, while properties purchased as “acquisitions” will be eligible for redevelopment in the future in a resilient manner to protect future occupants of this property. The post-purchase fate of most acquired properties will be determined by the State in consultation with local officials to ensure that the properties best serve the future goals of the community. In some cases, the properties will remain undeveloped and be transformed into parks or other non-residential uses, while in most cases they will be redeveloped in a resilient manner.

The State will use the 2013 FHA loan limits as the ceiling for the purchase price for properties that participate in this program.

• Enhanced Buyout Areas

Enhanced Buyouts in select pre-defined targeted buyout areas, which will be determined in consultation with county and local governments will include an incentive(s) ranging from 5%-15% on top of the pre-storm FMV of property

acquired through the buyout program. Reconstruction may not occur on lots in these areas. Lots will be maintained as coastal buffer zones or other non-residential/commercial uses, and may also include acquisition of vacant or undeveloped land in these targeted areas.

- **Incentives**

5% -Relocation Incentive: The State will provide this incentive to residents who participate in a buyout inside an Enhanced Buyout Area if they permanently relocate and provide evidence of the purchase a new primary residence within the same county in which their storm-damaged property is located; residents of New York City will be eligible for this incentive if they permanently relocate and purchase a new primary residence anywhere within the five boroughs of the City. The rationale for such an incentive is to protect and preserve the community while, at the same time, facilitating the reclamation of land in high risk areas for natural protection against future damage.

10% Enhanced Buyout Incentive: In an effort to relocate homeowners out of the high risk enhanced buyout areas - to protect as many as possible from future disasters - the State will seek the maximum level of homeowner participation by offering this individual incentive so that as much land as possible within these areas can be returned to and reclaimed by nature, land that will be maintained in perpetuity as coastal buffer zones. This level of incentive was selected in order to ensure that a sufficient incentive is available, as the number of properties involved will need to be significant in these areas to produce the intended outcome.

10% Group Buyout Incentive: In the rare areas in which the purchase of a group of properties together makes sense in order to re-purpose that area, the State believes that graduated incentives are an essential component to induce homeowners to sell their properties. Outside of the enhanced buyout areas, the State may, in rare circumstances, provide a 10% Group Buyout Incentive to certain very limited clusters of homeowners (i.e., 2-10 consecutively located properties) whose properties are located inside the floodplain but not inside an identified enhanced buyout area. This incentive may be necessary in certain rare cases to facilitate the reclamation of a concentrated area of high risk and to avoid the patchwork effect of purchasing all but one or two properties inside such a cluster of properties.

- Assistance shall be for property purchased after accounting for all Federal, State, local and/or private sources of disaster-related assistance, including, but not limited to, homeowners and/or flood insurance proceeds.
- All customary costs associated with the acquisition of private property, including appraisal, legal, survey, title preparation and insurance, may be paid for using this source of funds.
- Demolition costs may also be paid using this source of funds.

- Site work and property maintenance costs, including environmental remediation, grading and security, may also be paid for using this source of funds.

- Households earning less than 80% of the area median income will be prioritized in the order of processing applications for assistance.

Business Assistance Programs

- Small Business Grant Program
 - Grants, which may be in the form of up to 7 year forgivable loan to assure appropriate CDBG-DR fund use and to offer greatest possible flexibility to recipient to address state and federal tax consequences, will be provided to eligible businesses to help purchase or repair needed equipment, renovate facilities that were damaged or destroyed, to support mitigation efforts to protect the business from future storms, or to cover any of the eligible activities listed in Section 4 of this document.

- Coastal Fishing Industry Program
 - Grants, which may be in the form of up to 7 year forgivable loan to assure appropriate CDBG-DR fund use and to offer greatest possible flexibility to recipient to address state and federal tax consequences, of up to \$50,000 will be made available to affected businesses or individuals qualified as a Coastal Fishing Industry. Exceptions to this cap may be considered if the business owner can demonstrate significant economic hardship.

- Seasonal Tourism Industry Program
 - Grants, which may be in the form of up to 7 year forgivable loan to assure appropriate CDBG-DR fund use and to offer greatest possible flexibility to recipient to address state and federal tax consequences, of up to \$50,000 will be provided to eligible seasonal tourism businesses. Exceptions to this cap may be considered if the business owner can demonstrate significant economic hardship.

- Business Assistance Program and Tourism Promotion Marketing
 - In addition to direct grant assistance to businesses in the Coastal Fishing and Tourism Industries, New York proposes to allocate funds to the State and localities to undertake industry-wide marketing efforts for these two industries, as well as general marketing efforts to promote the availability of assistance under these programs.
 - Marketing will also be used for a tourism promotion effort to encourage visitors to return to the areas that are dependent upon tourism for their economic livelihood, ensuring a minimal impact on the economic benefit provided to communities and businesses during the upcoming summer season.

Funds Provided for Housing Related Activities

- Replacement of units that are in substandard condition and not suitable for rehabilitation which is defined as: By local definition, dwelling units that are in such poor condition as to be neither financially nor structurally feasible for rehabilitation.

Projected Expenditures and Accomplishments

New York State has reviewed information collected through various sources, including submitted applications for assistance to determine an estimate on the expenditure of funds and the projected accomplishments to be achieved through the CDBG-DR programs. The following is a summary of the State's analysis. A full copy of the projected expenditures and accomplishments can be found in Appendix A.

C. Financial Projections:

It is anticipated that in order for New York to meet the two-year expenditure deadline, New York will expend the following amounts over the course of the four quarters:

Total Expenditures	7/2013	10/2013	1/2014	4/2014
Projected Expenditures	\$64,500,000	\$246,000,000	\$624,000,000	\$1,160,000,000
Quarterly Projection	\$64,500,000	\$181,500,000	\$378,000,000	\$536,000,000

Of the above expenditures it is anticipated that for each of the major categories, the expenditures will be as follows:

Housing	7/2013	10/2013	1/2014	4/2014
Projected Expenditures	\$20,000,000	\$120,000,000	\$360,000,000	\$600,000,000
Quarterly Projection	\$20,000,000	\$100,000,000	\$240,000,000	\$240,000,000

Non-Housing	7/2013	10/2013	1/2014	4/2014
Projected Expenditures	\$22,500,000	\$60,000,000	\$165,000,000	\$450,000,000
Quarterly Projection	\$22,500,000	\$37,500,000	\$105,000,000	\$285,000,000

D. Projected Accomplishments

Based upon the total projected accomplishments of 5,000 housing units for rehabilitation and reconstruction, 500 housing unit for buyouts, 1,500 businesses assisted, and 750 jobs created and/or retained, New York State expects the following quarterly accomplishments.

Residential Rehab and Reconstruction	7/2013	10/2013	1/2014	4/2014
Projected Units	125	1,000	3,000	5,000
# of Housing Units (Quarterly Projection)	125	875	2000	2000

Buyout	7/2013	10/2013	1/2014	4/2014
Projected Units	25	100	300	500
# of Housing Units (Quarterly Projection)	25	75	200	200

Economic Development	7/2013	10/2013	1/2014	4/2014
Projected Jobs	113	450	1,350	2,250
# of Jobs Created/Retained (Quarterly Projection)	113	338	900	900