

**COMMUNITY DEVELOPMENT BLOCK GRANT  
DISASTER RECOVERY (CDBG-DR) PROGRAM  
SUBSTANTIAL AMENDMENT  
NYS CDBG-DR 2013 ACTION PLAN  
PUBLIC COMMENT PERIOD ANNOUNCEMENT**

In 2011 and 2012, New York State was hit hard by several natural disasters including Hurricanes Sandy and Irene, and Tropical Storm Lee, which caused significant damage to homes, businesses, and infrastructure and placed a significant financial burden on local and state governments, residents, and businesses. In the FY 2012-13 Federal Budget, the U.S. Congress appropriated \$16 billion to the U.S. Department of Housing and Urban Development (HUD) for the Community Development Block Grant Disaster Recovery (CDBG-DR) program. In February 2013, it was announced that New York State would receive \$1.713 billion of an initial \$5.4 billion allocation to assist disaster recovery efforts in areas of the state that had received Presidential Disaster Declarations related to Hurricanes Sandy, Hurricane Irene and Tropical Storm Lee. In addition to the \$1.713 billion awarded to the State, New York City also received an allocation of \$1.77 billion. The funds awarded to the State will be administered by the New York State Office of Community Renewal (OCR), in coordination with the NYS Governor's Office, New York Empire State Development Corporation (ESDC), the NYS Division of Homeland Security and Emergency Services (DHSES), and units of general local government, among others, to address unmet housing, economic development, infrastructure and planning needs related to the disasters.

New York State formally submitted its Action Plan to HUD on Wednesday, April 3, 2013. As part of this Action Plan, New York State prepared a substantial amendment to allocate funds for program activities that were not originally allocated in the Action Plan posted for public comment in March, 2013. In response to comments received, New York State determined that resources should be allocated to provide assistance to affected local governments to aid them in preventing a decrease in the level of services that they can provide. At this time, New York State is submitting a substantial amendment to allocate up to \$50 million to aid local governments in continuing to provide basic services to their residents in light of the decreased revenue as a result of lost property tax revenue and property abandonment. More detailed information on this substantial amendment follows below.

**The required 7-day public comment period for this substantial amendment will begin on Saturday, April 6, 2013 and extend through close of business (5PM EST) on Friday, April 12, 2013. Beginning on Friday, April 5, 2013 the Substantial Amendment to the New York State CDBG-DR Action Plan may be viewed on and downloaded from the New York State Homes and Community Renewal (HCR) website at <http://www.nyshcr.org/Publications/>. In addition, copies can be requested by e-mail ([HCRConPln@nyshcr.org](mailto:HCRConPln@nyshcr.org)) or by calling 1-866-ASK-DHCR (275-3427).**

Comments should be written and mailed to:

New York State Homes and Community Renewal  
Attention: Alison Russell  
The Hampton Plaza, 2nd Floor  
38-40 State Street  
Albany, New York 12207-2804

Comments may also be e-mailed to [HCRConPln@nyshcr.org](mailto:HCRConPln@nyshcr.org).

**Comments must be received by close of business (5PM EST) on Friday, April 12, 2013.**

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**Local Government Support**

Local governments are experiencing financial distress as a result of Superstorm Sandy. Damaged homes and property loss have removed valuable assets from local tax rolls, resulting in a loss of revenue to localities.

In particular, communities across the devastated region are facing a flood of requests from residents and businesses for property assessment reductions due to damage from Hurricane Sandy. For example:

- To date, Nassau County has received approximately 3,870 requests for assessment reductions due to damage caused by Sandy. This represents approximately \$50 million in annual property tax revenue to the County, towns, villages, and school districts if reduced by 100%. Assuming only a 50% reduction in assessed value, the annual reduction in property tax revenue is estimated at \$25 million. Nassau County anticipates that such reductions will require lay-offs in critical service areas.
- Suffolk County has indicated based on preliminary canvassing of county and local jurisdictions that such reductions will produce a loss of at least \$24.5 million this year in property tax revenue alone.
- Rockland County is still estimating what its county and local governments' lost property tax revenues might be, and will provide this information to the State as soon as it is available.

This loss of revenue is concentrated in the most impacted communities at a time when these communities are already struggling to recover. Many of these communities have also suffered extensive losses in sales tax revenues, or anticipate losing such revenues during the coming tourism season. The additional burden on these communities will mean significant reductions not only to their already bare-boned discretionary programs that serve disadvantaged and at-risk populations but also core services such as police, fire, and educational services. This is on top of communities facing years of fiscal strain because of the impact brought on by the economic downturn and the decreased level of State assistance provided for local services each year.

Nassau and Suffolk County and their coastal cities, towns and villages are struggling to find the necessary funds to provide the basic services that their citizens need. While Section 570.201(e) of the CDBG regulations contains a general restriction on the use of CDBG to cover the cost of ongoing services that the county (or any unit of government) customarily provides, the State will seek approval from HUD pursuant to the same regulation to use these recovery funds to avoid what will otherwise be a clear "decrease in the level of a service [that] was the result of events not within the control of the unit of general local government." Specifically, the State expects that at least \$50 million will ultimately be required to cover this threat to critical services in the affected areas.

As an additional avenue of support, local governments are also encouraged to take advantage of the Traditional Community Disaster Loan Program, which is administered by FEMA, and

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applied for by New York State on the locality's behalf. To qualify jurisdictions must have suffered a loss in excess of 5% of tax or other revenues as a result of the major disaster and demonstrate the need for Federal assistance to perform its governmental functions. The amount of the loan shall not exceed 25% of the annual operating budget of the locality for the fiscal year of the disaster. Maximum amount of the loan is \$5,000,000; or 50% up to a maximum of \$5,000,000 when the loss of tax and other revenue amounts to 75% of the operating budget for the fiscal year of the disaster. Repayment terms are 5 years, although can in some circumstances be extended to 10 years. Loans can only be used to maintain existing governmental functions or to expand such functions to meet disaster needs. Loans may not be used for capital improvements, repair of disaster damaged facilities or payment of non-federal cost share of any Federal program. FEMA provides the staff to conduct a financial analysis of applicants, and works closely with the applicants in completing the process.

As described in the Needs Assessment section of this document, the FEMA Public Assistance database maintained by the New York State Division of Homeland Security and Emergency Services contains nearly 3,000 projects across 900 applicants, for a total overall New York State funding need (outside of New York City) of \$2.5B. While some projects in this database are likely to be deemed ineligible for FEMA assistance and/or CDBG assistance, the State has also determined that a substantial number of projects have not yet been added to the project database, and thus the total eligible need will continue to increase. The State's funding request of \$250 million represents its expectation that it will cover the non-federal match for identified FEMA Public Assistance projects within this database for local and county governments and State agencies, and that the list of eligible projects will grow over time such that the eventual need will be substantially greater than \$250 million. The State intends to provide further Public Assistance match funding from future allocations of CDBG-DR once specific needs are identified.