

March 2020

More Funds for Final Push to Wrap Up Hurricane Sandy’s Housing Recovery Programs

When Hurricane Sandy crashed into New York City in October 2012, many of the city’s coastal neighborhoods suffered flooding and severe damage. In June 2013, former Mayor Bloomberg announced the city’s signature housing recovery program, known as Build It Back.

Build It Back has two components—single family and multifamily—to address the differing needs of small houses versus large residential buildings. The program was established to help residential building owners rebuild homes that were destroyed, repair and elevate damaged houses, or buy out homeowners at pre-hurricane values for properties that could not be rebuilt or are at severe risk for future flooding. A separate housing recovery plan funds similar work at New York City Housing Authority (NYCHA) developments.

Now more than seven years after the hurricane and with roughly \$2.4 billion already spent on Build It Back, the de Blasio Administration’s latest financial plan adds \$106 million to the housing recovery program. This funding includes \$64 million in federal disaster relief funds, as well as \$42 million in city funds.

While federal funds were initially intended to cover the entirety of the Build It Back program, expenses for the single-family program have exceeded federal aid, requiring city funds to cover the program’s additional cost. With the additional funds, the de Blasio Administration intends to close out the single-family program. The multifamily program, however, is expected to continue into 2021 and more funds than currently budgeted may be needed. Along with the increase in Build It Back funds, the Mayor is also adding \$12 million in federal disaster relief funding for the NYCHA Sandy recovery program. NYCHA expects to wrap up its recovery projects in 2022.

Federal Disaster Recovery Funds. In response to Hurricane Sandy, the federal Department of Housing and Urban

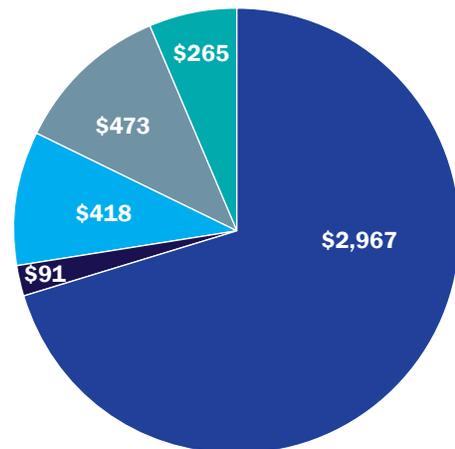
Development approved the city’s recovery action plan in May 2013, allowing the city to use federal Community Development Block Grant-Disaster Recovery (CDBG-DR) funds. Through three rounds of funding, the city was allocated a total of \$4.2 billion in CDBG-DR funds. Nearly three-quarters of block grant funds (\$3.0 billion) were planned for housing recovery, with \$2.2 billion slated for the Build It Back single-family program, \$426 million for the multifamily program, and \$317 million for NYCHA. The city expected the CDBG-DR grant to fully pay for these housing recovery efforts.

Delayed Recovery. Since its inception, the city’s housing recovery efforts have been marred by reports of red tape and stories of frustrated, displaced residents. Build It Back was originally expected to end in 2016, but with a slow roll out, spending for Build It Back actually peaked in calendar

Nearly Three-Quarters of \$4.2 Billion CDBG-DR Funding Allocated for Housing

Dollars in millions

■ Housing ■ Infrastructure ■ Resiliency
■ Administration ■ Business



SOURCE: NYC Recovery CDBG-DR Action Plan, January 2020
New York City Independent Budget Office



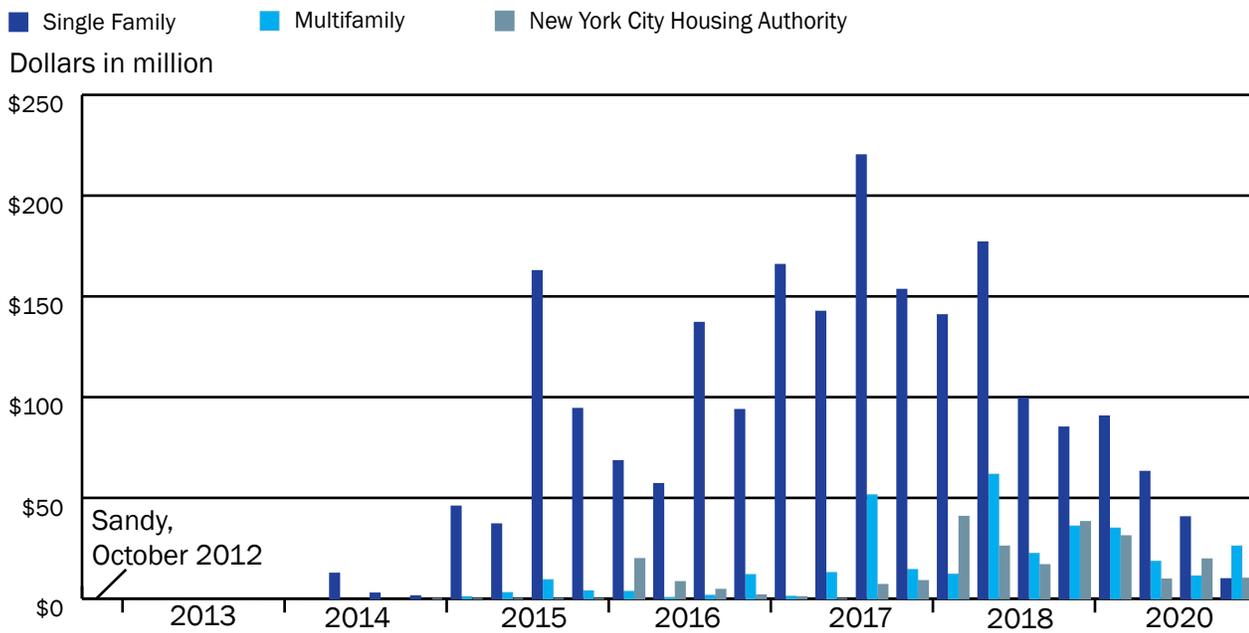
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Build It Back Spending Peaked in 2017 for Single-Family Program and 2018 for the Multifamily and New York City Housing Authority Programs



SOURCE: NYC Recovery CDBG-DR Action Plan, January 2020

New York City Independent Budget Office

year 2017 for the single-family program (\$682 million) and in 2018 for the multifamily program (\$132 million). For its part, NYCHA did not start spending CDBG-DR funding until 2016, with the highest level of funding seen in 2018 (\$122 million). To date, \$2.1 billion, \$337 million, and \$244 million in CDBG-DR funds have been spent on the Build It Back single-family, multifamily, and NYCHA programs, respectively.

Funding Added to Wrap Up Build It Back Single-Family Program. The Mayor’s latest budget adds CDBG-DR and city funds to this year’s budget with the express purpose of closing out the Build It Back single-family program. The single-family program serves one- to four-unit houses and owner-occupied condos and coops, providing assistance to a total of 11,800 units as of December 2019.

An additional \$92 million has been added to the single-family program and is divided among three agencies: the Department of Design and Construction (\$49 million), Department of Environmental Protection (\$25 million), and the Department of Housing Preservation and Development (\$18 million). Although Build It Back is budgeted across several agencies, the Mayor’s Office of Housing Recovery Operations administers the program. Nearly \$42 million of the new funding is city funds and the remaining \$50 million is from the federal CDBG-DR block grant. At this point, Build It Back expenses for the single-family program have exceeded the available block grant funding, requiring city funds to offset the program’s additional cost.

Multifamily Program Expected to Run Through 2021.

Under the umbrella of Build It Back, the multifamily program provides no-interest or low-interest loans or restricted grants to residential properties of five or more units. Participants in the program include a mix of market rate buildings, subsidized affordable housing, or apartment buildings tied to the Section 8 housing assistance. Funding can be used to reconstruct and repair properties damaged by Sandy, or to implement resiliency measures such as installing back-up power generators or relocating mechanical systems from basements to higher floors or building rooftops.

Build It Back Single-Family Program Expected to Finish Up With Funding Added for 2020

Dollars in thousands

| | City | Community Development Block Grant-Disaster Recovery |
|--|-----------------|---|
| Housing Preservation and Development | \$7,425 | \$10,600 |
| Department of Design and Construction | 17,583 | 31,658 |
| Department of Environmental Protection | 16,838 | 7,742 |
| Total | \$41,846 | \$50,000 |

SOURCE: Mayor’s Office of Management and Budget January 2020 Financial Plan

New York City Independent Budget Office

Unlike the single-family program, the de Blasio Administration does not expect the Build It Back multifamily program to be completed this year. An additional \$15 million in CDBG-DR funding was added to the Department of Housing Preservation and Development budget to cover the current year's expenses; the city's Recovery Action Plan estimates that the multifamily program will wrap up next year with funding added to the budget as needed. Overall, the program has served 18,500 units through December 2019.

Public Housing Recovery Efforts Continue. Beyond Build It Back, CDBG-DR funds have also helped address storm-related damage in an estimated 20,600 apartments across 33 NYCHA developments. The Mayor's current financial plan adds \$12 million in CDBG-DR funds spread over three years—from 2020 through 2022—to pay for the design,

construction, and oversight of a permanent flood barrier for the Baruch Houses complex in the Lower East Side.

NYCHA is mainly using CDBG-DR funds to meet the local-match requirement for Federal Emergency Management Agency grants for repair and resiliency measures. Started in 2018, the Sandy-related work at Baruch Houses includes the restoration of basements and ground floor spaces damaged by flooding, the elevation of building electrical systems, and the installation of standby generators, in conjunction with the floodwall to protect buildings against future storm surges. The total project cost for the work at the Baruch Houses is estimated at \$214 million.

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