

Congress of the United States
Washington, DC 20515

August 10, 2015

The Honorable Julián Castro
Secretary
U.S. Department of Housing & Urban Development
451 7th Street S.W.
Washington, D.C. 20410

Dear Secretary Castro:

We are writing today to urge you to exercise your authority under Section 312(c) of the Stafford Act to find that enforcing duplication of benefits requirements—as they would apply to Community Development Block Grant-Disaster Relief (CDBG-DR) awards to victims of Superstorm Sandy as a result of additional payouts through the Federal Emergency Management Agency's (FEMA) Sandy Claims Review Process—is not in the best interests of the federal government. FEMA has already exercised this authority to the extent that the payouts create a duplication of benefits with FEMA Individual Assistance.

Nearly three years after the storm struck, thousands of Sandy survivors still find themselves stuck in a battle with FEMA as they try to get the flood insurance proceeds they deserve. They did nothing wrong, nothing to deserve this treatment, but were nonetheless victimized by the unconscionable misconduct by certain insurance companies and engineering firms who defrauded them, all of which was enabled by FEMA's inadequate control and oversight. After suffering through the largest natural disaster in our state's history only to then have to contend with a fundamentally broken insurance program, these families simply cannot deal with additional delays or burdens that a complex, bureaucratic duplication of benefits analysis would entail.

Further, without exercising 312(c) authority, considerable CDBG-DR funds would be spent identifying the interests of all other parties. Because CDBG-DR is an unsecured interest, subordinate to all other interests including all secured creditors—such as mortgages and the Small Business Administration (SBA)—there is likely to be no CDBG-DR duplication of benefits in the overwhelming majority of cases.

As you know, given these considerations, the State of New Jersey has already made clear that it will not consider the additional NFIP payouts as a duplication of benefits with any CDBG-DR award. While the State did so understanding that it could create a de-obligation risk, it could not have foreseen these issues and should not be punished for doing the right thing. Distributing critical recovery funds to victims must remain the top priority, and expending significant time and resources identifying duplicative assistance will only undermine this goal.

Nearly three years after the storm, it is clear that identifying and collecting duplicative assistance would further slow the recovery process, would be costly and provide little return, and would not be in the best interests of Sandy victims or the federal government.

We look forward to working with you to resolve this issue, and thank you for your time and consideration.

Sincerely,



CHRISTOPHER H. SMITH
Member of Congress



ROBERT MENENDEZ
United States Senator



CORY A. BOOKER
United States Senator



FRANK LOBIONDO
Member of Congress



BILL PASCRELL, JR.
Member of Congress



TOM MACARTHUR
Member of Congress



FRANK PALLONE, JR.
Member of Congress



RODNEY FRELINGHUYSEN
Member of Congress



DONALD NORCROSS
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ALBIO SIRES
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BONNIE WATSON COLEMEN
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SCOTT GARRETT
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LEONARD LANCE
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DONALD M. PAYNE JR.
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