

64.6 affordable rental units were available per 100 very low income renters in 2011. The shortage of affordable housing and prevalence of severe rent burdens increased rapidly during 2009 to 2011, building on record increases during 2007 to 2009. This unmet demand for affordable housing puts pressure on waiting lists for public and assisted housing, fair market rents, and HUD's subsidy costs.

Shortages of affordable housing also contribute to doubling up and homelessness, especially for families. Homeless veterans are overrepresented in the homeless population and account for a substantial proportion of chronically homeless individuals. Causes of homelessness among Veterans are similar to causes of homelessness among non-veterans. The Administration has set an aggressive goal of eliminating veteran homelessness by 2015 and family homelessness by 2020, but a number of external factors including those listed above will affect HUD's ability to meet these goals.

## Hurricane Sandy

### ***OVERVIEW***

On October 29, 2012 multiple weather systems – including Hurricane Sandy – collided over the most densely populated region in the nation, with devastating and tragic results. At least 159 people in the United States were killed as either a direct or indirect result of Sandy. More than 650,000 homes were damaged or destroyed and hundreds of thousands of businesses were damaged or forced to close at least temporarily. The power of nature was set loose on our nation's largest city and some of our smallest coastal towns, with results that would have previously seemed unimaginable. Lives were lost, millions of homes were upended, families were made homeless in a single night, and entire communities were in shock at the scale of the loss.

### ***Rebuilding Challenges and the Creation of the Hurricane Sandy Rebuilding Task Force***

In recognition of the size and magnitude of the storm and the rebuilding challenges facing the region, President Obama signed an Executive Order on December 7, 2012 creating the Hurricane Sandy Rebuilding Task Force and designating Secretary Donovan of HUD, as Chair. The Federal Government's experience from previous disasters taught that it was vital to have a team focused exclusively on long-term rebuilding immediately after the storm hit; working in tandem with the elements of the National Disaster Recovery Framework (NDRF), the Task Force was established to ensure the recovery benefitted from cabinet level focus and coordination. The President charged the Task Force with identifying and working to remove obstacles to resilient rebuilding while taking into account existing and future risks and promoting the long-term sustainability of communities and ecosystems in the Sandy-affected region.

In January 2013, Congress passed and the President signed the Disaster Relief Appropriations Act 2013 (Sandy Supplemental), which provided about \$50 billion in funding to support rebuilding in the region.

### STRATEGIES

This Rebuilding Strategy establishes guidelines for the investment of the Federal funds made available for recovery and sets the region on the path to being built back smarter and stronger with several outcomes in mind:

- Aligning this funding with local rebuilding visions.
- Cutting red tape and getting assistance to families, businesses, and communities efficiently and effectively, with maximum accountability.
- Coordinating the efforts of the Federal, State, and local governments and ensuring a region wide approach to rebuilding.
- Ensuring the region is rebuilt in a way that makes it more resilient – that is, better able to withstand future storms and other risks posed by a changing climate.

The Task Force identified direct areas of assistance to more areas that needed rebuilding priorities for Infrastructure, Housing, Small Business, and Insurance.



### Infrastructure

The damage from Hurricane Sandy to physical infrastructure in New York, New Jersey, and other impacted states is measured in tens of billions of dollars. Separate from physical damage, EQECAT, a catastrophe risk modeling company, estimates the region lost between \$30 billion and \$50 billion in economic activity due to extensive power outages, liquid fuel shortages, and near-total shutdown of the region's transportation system<sup>6</sup>.

### Energy

Following Hurricane Sandy, power outages impacted approximately 8.5 million customers, including businesses and services, affecting millions more people<sup>7</sup> & <sup>8</sup>. Additionally, breaks in natural gas lines caused fires in some locations, resulting in the destruction of many residences. Access to gasoline and diesel fuel in New York City and northern New Jersey was severely impaired following Sandy. This was largely caused by flooding damage to major terminals and docks in the Arthur Kill area of New Jersey. These fuel shortages delayed first responders and other response and recovery officials. As a result, portable generators sat unused and lines at fueling stations were long and problematic while consumers struggled to identify which gas stations had power and were operational.

<sup>6</sup> EQECAT, "Billion-Dollar U.S. Weather/Climate Disaster 1980-2012," accessed July 11, 2012, <http://www.ncdc.noaa.gov/billions/events.pdf>

<sup>7</sup> Department of Energy "Comparing the Impacts of Northeast Hurricanes on Energy Infrastructure," April 2013, [http://energy.gov/sites/prod/files/2013/04/f0/Northeast%20Storm%20Comparison\\_FINAL\\_041513c.pdf](http://energy.gov/sites/prod/files/2013/04/f0/Northeast%20Storm%20Comparison_FINAL_041513c.pdf)

<sup>8</sup> National Hurricane Center, "Tropical Cyclone Report: Hurricane Sandy," February 12, 2013, [http://www.nhc.noaa.gov/data/tcr/AL182012\\_Sandy.pdf](http://www.nhc.noaa.gov/data/tcr/AL182012_Sandy.pdf)

### *Communications*

The storm disrupted telecommunications and data access to millions of people and hundreds of thousands of businesses, paralyzing the greater New York Metropolitan economy. At the peak of the storm, tracking by the Federal Communications Commission (FCC) revealed that approximately 25% of cell sites across all or part of 10 states and Washington, D.C. were out of service<sup>9</sup>.

### *Green Infrastructure*

Storm surge associated with Hurricane Sandy caused dune and beach erosion, island breaching, and transport and deposition of sediment inland (i.e., over wash) in coastal communities from New England to Florida. Coastal flooding also caused significant erosion to existing natural infrastructure, inundation of wetland habitats, removal of or erosion to coastal dunes, destruction of coastal lakes, and new inlet creation.

### *Transportation*

Hurricane Sandy was the worst disaster for public transit systems (e.g., bus, subway, commuter rail) in the nation's history. On October 30, 2012, the morning after the storm made landfall, more than half of the nation's daily transit riders were without service. New York City's subway system was shut down on October 28, in advance of the storm, and remained closed through November 1. During that time, the City experienced traffic gridlock, and those who were able to get to work experienced commutes of up to several hours. Seawater breached many critical infrastructure systems, flowing into the Hugh L. Carey (Brooklyn-Battery) Tunnel, flooding eight of the New York City Subway tunnels, and damaging a variety of other transportation systems in the region.

### *Storm water Management and Drinking Water and Wastewater Treatment Systems*

Floodwaters, massive storm runoff, wind damage, and loss of electricity combined to cause wastewater treatment plants up and down the mid-Atlantic coast to fail. These failures sent billions of gallons of raw and partially treated sewage into the region's waterways, impacting public health, aquatic habitats, and resources.

### *Public Medical Facilities and Schools*

New York City-area hospitals and medical facilities, including the New York City Health and Hospitals Corporation facilities, were severely impacted by Hurricane Sandy; Bellevue Medical Center and Coney Island Hospitals, for example, were all flooded and eventually shut down due to the storm. In many places, there was extensive damage to mechanical, electrical, research, and medical equipment, much of which was located on lower floors or below grade to allow easier servicing and delivery of large equipment.

In New Jersey, many health care facilities were severely impacted by Hurricane Sandy, including hospitals, Emergency Medical Service providers, Federally Qualified Health Centers, local health departments, vital statistics offices, home healthcare agencies, rehabilitation hospitals, dialysis centers, and long-term care facilities. Hospitals alone reported an initial estimated \$68 million in damages;

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<sup>9</sup> David Turetsky, Chief, Public Safety & Homeland Security Bureau, Federal Communications Commission, Remarks NENA 2013 Conference & Expo Charlotte, NC June 18, 2013, [http://www.transition.fcc.gov/Daily\\_Releases/Daily\\_Business/2013/db0621/DOC-321744A1.pdf](http://www.transition.fcc.gov/Daily_Releases/Daily_Business/2013/db0621/DOC-321744A1.pdf)

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### Section 1

Hudson County was hit hardest and closed some of its hospitals. Schools were also impacted, forcing many to close for more than a week following the storm.

#### *Housing*

In communities across New York, New Jersey, and Connecticut, workers could not return to their jobs, children were separated from their schools, elderly and disabled residents were unable to receive essential care, vulnerable populations experienced environmental and public health challenges, and neighbors were torn from their communities and deprived of their support networks.

#### *Small Business*

Flooding damaged inventories, machinery, and other structures; high winds and falling trees caused structural damage; and failure of power, water, telecommunications, and fuel infrastructure shut businesses down for days, if not weeks. Some small businesses still remain closed today and may never reopen. Supply chains, including small business suppliers<sup>10</sup>, were disrupted as well. Some sectors were disproportionately impacted, according to findings in a Department of Commerce study, particularly the travel and tourism industry in New Jersey.

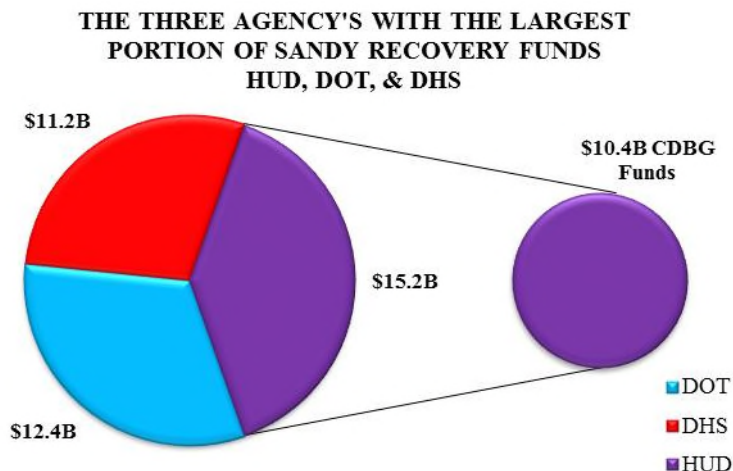
### **MEASURING OUR PROGRESS**

The three departments with the largest portion of recovery funds are HUD, the Department of Transportation (DOT), and Department of Homeland Security (DHS), with \$15.2 billion, \$12.4 billion, and \$11.5 billion in funding authority, respectively. DHS has outlayed \$3.9 billion, approximately 34 percent of the agency's total appropriation, for Sandy recovery, amounting to the largest proportion of funds outlayed by any agency.

The largest portion of HUD's allocation is for the CDBG-DR program, a critical post-disaster funding source that provides grantees the discretion to address unmet housing, infrastructure, economic development, and other needs after other Federal, State, local, and Tribal resources have been exhausted.

The Community Development Block Grants (CDBG) comprised the most funding allocation

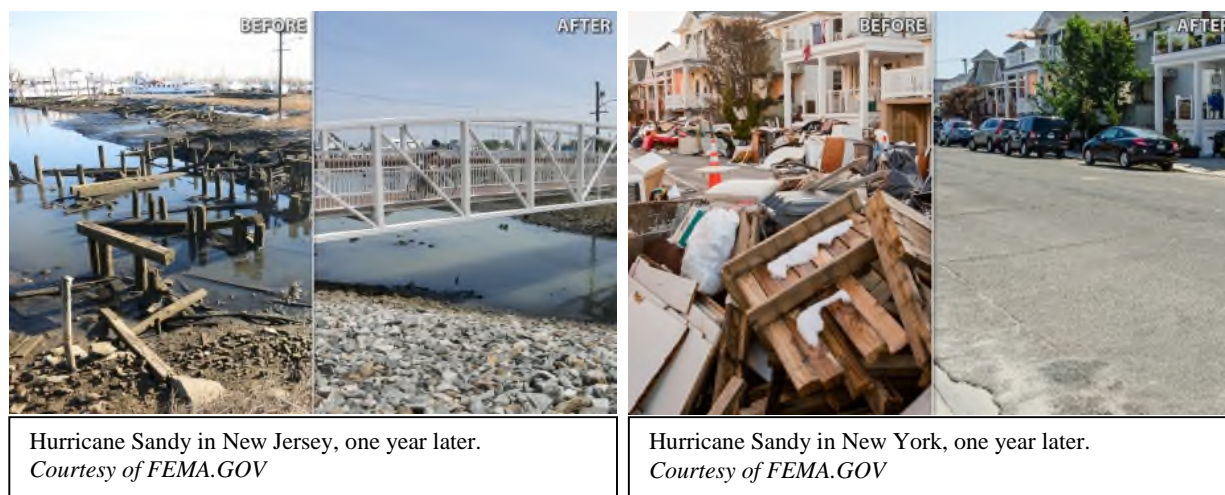
within HUD, including \$5.4 billion of CDBG-DR funds allocated within 8 days of the signing of the Sandy-supplemental into law. This represented the fastest ever allocation following the signing of an appropriations bill. More than 26,000 households have already been assisted through CDBG housing programs across the region, with more than \$157 million paid out to these beneficiaries. HUD also



<sup>10</sup> NJMEP Ongoing Post Sandy Outreach, *Data on Calls Made November 2-16, 2012*.

recently announced the allocation of \$5 billion for a second portion of the CDBG-DR funds, bringing the total to over \$10.4B.

Already more than \$2 billion in infrastructure funds are at work in dozens of projects across the region.



## Analysis of Financial Condition and Results

In order to help the reader to understand the Department's financial results, position, and condition, the following analysis addresses the relevance of particular balances and amounts as well as major changes in types and/or amounts of assets, liabilities, costs, revenues, obligations, and outlays.

The principal financial statements have been prepared from the Department's accounting records in order to report the financial position and results of HUD's operations, pursuant to the requirements of 31 U.S.C. 3515 (b). While the statements have been prepared from the books and records of the Department in accordance with generally accepted accounting principles for Federal entities and the formats prescribed by OMB, the statements are provided in addition to the financial reports used to monitor and control budgetary resources, which are prepared from the same books and records.

The statements should be read with the realization that they are for a component of the United States Government, a sovereign entity.

This part provides a summary of HUD's:

- Financial Data
- Analysis of Financial Position
- Analysis of Off-Balance Sheet Risk