

THOMAS R. CARPER, DELAWARE, CHAIRMAN

CARL LEVIN, MICHIGAN
MARK L. PRYOR, ARKANSAS
MARY L. LANDRIEU, LOUISIANA
CLAIRE McCASKILL, MISSOURI
JON TESTER, MONTANA
MARK BEGICH, ALASKA
TAMMY BALDWIN, WISCONSIN
HEIDI HEITKAMP, NORTH DAKOTA

TOM COBURN, OKLAHOMA
JOHN McCain, ARIZONA
RON JOHNSON, WISCONSIN
ROB PORTMAN, OHIO
RAND PAUL, KENTUCKY
MICHAEL B. ENZI, WYOMING
KELLY AYOTTE, NEW HAMPSHIRE

United States Senate

COMMITTEE ON
HOMELAND SECURITY AND GOVERNMENTAL AFFAIRS
WASHINGTON, DC 20510-6250

RICHARD J. KESSLER, STAFF DIRECTOR
KEITH B. ASHDOWN, MINORITY STAFF DIRECTOR

May 20, 2013

Via Electronic Transmission

The Honorable Shaun Donovan
Secretary
U.S. Department of Housing and Urban Development
Robert C. Weaver Building
451 Seventh Street, SW
Washington, DC 20410

Dear Secretary Donovan:

Nearly two months ago you testified in front of the Homeland Security and Governmental Affairs Committee (HSGAC) about the ongoing Hurricane Sandy recovery efforts. During the hearing you emphasized the importance of learning from past disasters and supporting local community rebuilding efforts. Getting aid to the people and communities impacted by this disaster in a responsible, but expedited manner must be the top priority for the federal government. That is why I am troubled by the recent *New York Times* report showing a number of states setting aside millions of dollars of critical federal disaster aid to buy television ads.¹

According to the report, the State of New York plans to spend \$140 million, of which \$40 million will come from federal disaster aid, for an advertising campaign called "New York State Open for Business." These television ads were approved by the New York State Legislature and receive heavy airtime on CNN, CNBC and NBC. Likewise, the State of New Jersey is also tapping into federal disaster aid to pay for a marketing campaign to support impacted areas, and will use up to \$25 million in Community Development Block Grant-Disaster Recovery funds to launch commercials to remind people that the Jersey Shore and other parts of the state are open for business.

My staff confirmed through the Hurricane Sandy Rebuilding Task Force, which you oversee, that federal funding for these ad campaigns will come from HUD's CDBG-DR. According to the Task Force, funds for ad campaigns are not typically allowed. However, HUD has issued waivers to both New York and New Jersey to use funds for this purpose. I understand this is not the first time federal disaster aid has been used for television ads, and that disaster aid was used after Hurricanes Katrina and Rita hit the Gulf coast for a similar purpose.

¹ Danny Hakim. "Ad Effort Selling State as a Business Haven is Criticized." May 3, 2013. *The New York Times*. Accessed at: <http://wap.nytimes.com/2013/05/04/nyregion/new-york-states-ads-to-attract-business-also-draw-complaints.html>

At a time when so many New York and New Jersey residents are trying to recover from Hurricane Sandy, it is not immediately clear why federal disaster funds are financing ad campaigns. Many municipalities are borrowing tens of millions of dollars to keep the necessities of a community running as they wait for reimbursement from the federal government.² In New Jersey, it is estimated over 39,000 families remain displaced, while in New York more than 250 families continue to live in hotel rooms paid for by FEMA.³ The federal government and states should be putting disaster aid funds to work helping people who were directly affected by the storm.

To gain a better understanding on how and why HUD approved federal disaster aid to be used for television commercials please respond to the following requests:

- 1) Provide copies of the HUD-approved waivers for the States of New York and New Jersey related to CDBG-DR funding for Hurricane Sandy; and copies of all HUD-approved waivers issued to the Gulf States following Hurricanes Katrina and Rita.
- 2) Please provide a copy of any HUD policies or guidance that identify the criteria by which HUD judges waiver requests related to CDBG-DR funding.
- 3) Provide all emails and communications that discuss the decision process of these waivers.
- 4) Who at HUD approved these waivers? Were you briefed and/or made aware of these requests and approvals?
- 5) Has HUD conducted any assessments on whether the television ads along the Gulf Coast impacted tourism and business? If so, please provide the results of those assessments. If not, why not?

Please provide a response to this letter by no later than June 10, 2013. If you have any questions regarding this letter, please contact Brian Downey of my Committee staff at (202) 224-4751 or brian_downey@hsgac.senate.gov.

Sincerely,



Tom A. Coburn, M.D.
Ranking Member

² Meghan Barr, Deepti Hajela, David Porter. "6 months after Sandy, thousands homeless in NY, NJ." *The Associated Press*. April 27, 2013. Accessed at:

<http://online.wsj.com/article/AP045a45bc219f4eeb9ae37af9b33a2144.html>

³ *Id.*