provided are based on the 2011 QC survey. The proposed surveys will continue to make use of Computer Assisted Interviewing (CAI) questionnaires and equipment, which are being used in part because they reduce interview times. The software also provides for consistency check and ensures that all needed data have been collected, thereby reducing the need for the follow-up contacts.

B. Solicitation of Public Comment

This notice is soliciting comments from members of the public and affected parties concerning the collection of information described in Section A on the following:

1. Whether the proposed collection of information is necessary for the proper performance of the functions of the agency, including whether the information will have practical utility;
2. The accuracy of the agency’s estimate of the burden of the proposed collection of information; and
3. Ways to enhance the quality, utility, and clarity of the information to be collected; and
4. Ways to minimize the burden of the collection of information on those who are to respond; including through the use of appropriate automated collection techniques or other forms of information technology, e.g., permitting electronic submission of responses. HUD encourages interested parties to submit comment in response to these questions.


Dated: November 6, 2013.

Colette Pollard,
Department Reports Management Officer, Office of the Chief Information Officer.

[FR Doc. 2013–27504 Filed 11–15–13; 8:45 am]
BILLING CODE 4210–87–P

DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT

[Docket No. FR–5696–N–06]

Second Allocation, Waivers, and Alternative Requirements for Grantees Receiving Community Development Block Grant (CDBG) Disaster Recovery Funds in Response to Hurricane Sandy

AGENCY: Office of the Assistant Secretary for Community Planning and Development, HUD.

ACTION: Notice.

SUMMARY: This Notice advises the public of a second allocation of Community Development Block Grant disaster recovery (CDBG–DR) funds appropriated by the Disaster Relief Appropriations Act, 2013 (Pub. L. 113–2) for the purpose of assisting recovery in the most impacted and distressed areas identified in major disaster declarations due to Hurricane Sandy and other eligible events in calendar years 2011, 2012 and 2013. This allocation provides $5.1 billion primarily to assist Hurricane Sandy recovery as well as recovery from Hurricane Irene and Tropical Storm Lee. The Notice also establishes requirements governing the use of these funds.

DATES: Effective Date: November 25, 2013.

FOR FURTHER INFORMATION CONTACT: Stan Gimont, Director, Office of Block Grant Assistance, Department of Housing and Urban Development, 451 7th Street SW., Room 7286, Washington, DC 20410, telephone number 202–708–3587. Persons with hearing or speech impairments may access this number via TTY by calling the Federal Relay Service at 800–877–8339. Facsimile inquiries may be sent to Mr. Gimont at 202–401–2044. (Except for the “800” number, these telephone numbers are not toll-free.) Email inquiries may be sent to disaster_recovery@hud.gov.

SUPPLEMENTARY INFORMATION:

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I. Allocation and Related Information
II. Use of Funds
III. Timely Expenditure
IV. Grant Amendment Process
V. Authority To Grant Waivers
VI. Applicable Rules, Statutes, Waivers, and Alternative Requirements
VII. Mitigation and Resilience Methods, Policies, and Procedures
VIII. Catalog of Federal Domestic Assistance IX. Finding of No Significant Impact
Appendix A: Allocation Methodology

I. Allocation and Related Information

The Disaster Relief Appropriations Act, 2013 (Pub. L. 113–2, approved January 29, 2013) (Appropriations Act) made available $16 billion in Community Development Block Grant (CDBG) funds for necessary expenses related to disaster relief, long-term recovery, restoration of infrastructure and housing, and economic revitalization in the most impacted and distressed areas resulting from a major disaster declared pursuant to the Robert T. Stafford Disaster Relief and Emergency Assistance Act of 1974 (42 U.S.C. 5121 et seg.) (Stafford Act), due to Hurricane Sandy and other eligible events in calendar years 2011, 2012, and 2013. The law provides that funds shall be awarded directly to a State or unit of general local government (UGLG) (hereafter local government) at the discretion of the Secretary. Unless noted otherwise, the term “grantee” refers to any jurisdiction receiving a direct award from HUD under this Notice.

On March 1, 2013, the President issued a sequester order pursuant to section 251A of the Balanced Budget and Emergency Deficit Control Act, as amended (2 U.S.C. 901a), and reduced funding for CDBG–DR grants under the Appropriations Act to $15.18 billion. Through a Federal Register Notice published March 5, 2013, the Department allocated $5.4 billion for the areas most impacted by Hurricane Sandy (78 FR 14329). Subsequent notices allocated funds for major disasters occurring in 2011 and 2012 (excluding Hurricane Sandy) and a future notice will address funding for qualifying major disasters occurring in 2013.

To comply with statutory direction that funds be used for disaster-related expenses in the most impacted and distressed areas, HUD computes allocations based on the best available data that cover all the eligible affected areas. The initial allocation to Hurricane Sandy grantees was based on unmet housing and economic revitalization needs. The data used to calculate the allocation did not include unmet infrastructure restoration needs as damage estimates were preliminary at that time. As more data regarding unmet infrastructure needs are now available, this Notice provides the following Round 2 awards totaling $5.1 billion:

<table>
<thead>
<tr>
<th>Grantee</th>
<th>Second allocation</th>
<th>First allocation</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>New York City</td>
<td>$1,447,000,000</td>
<td>$1,772,820,000</td>
<td>$3,219,820,000</td>
</tr>
<tr>
<td>New Jersey</td>
<td>1,463,000,000</td>
<td>1,829,520,000</td>
<td>3,292,520,000</td>
</tr>
<tr>
<td>New York State</td>
<td>2,097,000,000</td>
<td>1,713,960,000</td>
<td>3,810,960,000</td>
</tr>
</tbody>
</table>
TABLE 1—HURRICANE SANDY ALLOCATIONS—Continued

<table>
<thead>
<tr>
<th>Grantee</th>
<th>Second allocation</th>
<th>First allocation</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Connecticut</td>
<td>66,000,000</td>
<td>71,820,000</td>
<td>137,820,000</td>
</tr>
<tr>
<td>Maryland</td>
<td>20,000,000</td>
<td>8,640,000</td>
<td>28,640,000</td>
</tr>
<tr>
<td>Rhode Island</td>
<td>16,000,000</td>
<td>3,240,000</td>
<td>19,240,000</td>
</tr>
<tr>
<td>Total</td>
<td>5,109,000,000</td>
<td>5,400,000,000</td>
<td>10,509,000,000</td>
</tr>
</tbody>
</table>

To ensure funds provided under this Notice address unmet needs within the “most impacted and distressed” counties, each local government receiving a direct award under this Notice must expend its entire CDBG–DR award within its jurisdiction (e.g., New York City must expend all funds within New York City). State grantees may expend funds in any county that received a Presidential disaster declaration in 2011, 2012, or 2013 subject to the limitations described in Table 2.

Table 2 identifies a minimum percentage that must be spent in the HUD-identified Hurricane Sandy affected Most Impacted and Distressed counties. The opportunity for certain grantees to expend 20 percent of their allocations outside the most impacted and distressed counties identified by HUD enables those grantees to respond to highly localized distress identified via their own data.

TABLE 2—MOST IMPACTED AND DISTRESSED COUNTIES WITHIN WHICH FUNDS MAY BE EXPENDED

<table>
<thead>
<tr>
<th>Grantee</th>
<th>Counties from the following major declared disasters are eligible for CDBG–DR funds (FEMA declaration No.)</th>
<th>Hurricane Sandy most impacted and distressed counties</th>
<th>Minimum percentage that must be expended in Hurricane Sandy most impacted and distressed counties</th>
</tr>
</thead>
<tbody>
<tr>
<td>New York City</td>
<td>All Counties .......................................................... 1957, 1993, 4020, 4031, 4085, 4111, 4129.</td>
<td>Nassau, Rockland, Suffolk, Westchester, and all Counties in New York City (Bronx, Kings, New York, Queens, Richmond).</td>
<td>100</td>
</tr>
<tr>
<td>New York</td>
<td>All Counties .......................................................... 1954, 4021, 4033, 4039, 4048, 4070, 4086.</td>
<td>Atlantic, Bergen, Cape May, Essex, Hudson, Middlesex, Monmouth, Ocean, Union.</td>
<td>80</td>
</tr>
<tr>
<td>New Jersey</td>
<td>1958, 4023, 4046, 4087, 4106 ..................</td>
<td>Fairfield, New Haven ..................................................</td>
<td>80</td>
</tr>
<tr>
<td>Connecticut</td>
<td>4027, 4089, 4107 ..................................................</td>
<td>Washington ...........................................................</td>
<td>80</td>
</tr>
<tr>
<td>Rhode Island</td>
<td>4034, 4038, 4075, 4091 ........................................</td>
<td>Somerset ..............................................................</td>
<td>80</td>
</tr>
</tbody>
</table>

This Notice builds upon the requirements of the Federal Register Notices published by the Department on March 5, 2013 (78 FR 14329), April 19, 2013 (78 FR 23578) and August 2, 2013 (78 FR 46999), referred to collectively in this Notice as the “Prior Notices.” The Prior Notices are available at:


Executive Order 13632, published at 77 FR 74341, established the Hurricane Sandy Rebuilding Task Force, to ensure government-wide and region-wide coordination to help communities as they are making decisions about long-term rebuilding and to develop a comprehensive rebuilding strategy. Section 5(b) of Executive Order 13632 requires that HUD, “as appropriate and to the extent permitted by law, align [the Department’s] relevant programs and authorities” with the Hurricane Sandy Rebuilding Strategy (the Rebuilding Strategy). Accordingly, this Notice is further informed by both the Rebuilding Strategy released by the Task Force on August 19, 2013 and Rebuild by Design (RBD), an initiative of the Hurricane Sandy Rebuilding Task Force and HUD. RBD is aimed at addressing structural and environmental vulnerabilities that Hurricane Sandy exposed in communities throughout the region and developing fundable solutions to better protect residents from future disasters. The Rebuilding Strategy and information about RBD can be found, respectively, at:


http://www.rebuildbydesign.org/what-is-rebuild-by-design/

II. Use of Funds

The Appropriations Act requires funds to be used only for specific disaster recovery related purposes. Consistent with the Rebuilding Strategy, it is essential to build back stronger and more resilient. This allocation provides additional funds to Sandy-impacted grantees to support investments in mitigation and resilience and directs grantees to undertake comprehensive planning to promote regional resilience as part of the recovery effort.

The Appropriations Act requires that prior to the obligation of CDBG–DR funds, a grantee shall submit a plan detailing the proposed use of funds, including criteria for eligibility and how the use of these funds will address disaster relief, long-term recovery, restoration of infrastructure and housing and economic revitalization in the most impacted and distressed areas. In an Action Plan for Disaster Recovery (Action Plan), grantees must describe uses and activities that: (1) Are authorized under title I of the Housing and Community Development Act of 1974 (42 U.S.C. 5301 et seq.) (HCD Act) or allowed by a waiver or alternative requirement published in this Notice and the prior Notices; and (2) respond to a disaster-related impact. HUD has previously approved an Action Plan for each grantee receiving an allocation of funds in this Notice. Grantees are now directed to submit a substantial Action Plan Amendment in order to access funds provided in this Notice. For more guidance on requirements for substantial Action Plan Amendments,
III. Timely Expenditure of Funds

The Appropriations Act requires that funds be expended within two years of the date HUD obligates funds to a grantee and funds are obligated to a grantee upon HUD’s signing of a grantee’s CDBG–DR grant agreement. In its Action Plan, a grantee must demonstrate how funds will be fully expended within two years of obligation and HUD must obligate all funds not later than September 30, 2017. For any funds that the grantee believes will not be expended by the deadline and that it desires to retain, the grantee must submit a letter to HUD not less than 30 days in advance justifying why it is necessary to extend the deadline for a specific portion of funds. The letter must detail the compelling legal, policy, or operational challenges for any such waiver, and must also identify the date by which the specified portion of funds will be expended. The Office of Management and Budget has provided HUD with authority to act on grantee waiver requests, but grantees are cautioned that such waivers may not be approved. Approved waivers will be published in the Federal Register. Funds remaining in the grantee’s line of credit at the time of its expenditure deadline will be returned to the U.S. Treasury, or if before September 30, 2017, will be recaptured by HUD.

IV. Grant Amendment Process

To access funds allocated by this Notice, grantees must submit a substantial Action Plan Amendment to their approved Action Plan. Any substantial Action Plan Amendment submitted after the effective date of this Notice is subject to the following requirements:
- Grantee consults with affected citizens, stakeholders, local governments and public housing authorities to determine updates to its needs assessment; in addition, grantee prepares a comprehensive risk analysis (see section VII(2)(d) of this Notice);
- Grantee amends its citizen participation plan to reflect the requirements of this Notice (e.g., new requirement for a public hearing);
- Grantee publishes a substantial amendment to its previously approved Action Plan for Disaster Recovery on the grantee’s official Web site for no less than 30 calendar days and holds at least one public hearing to solicit public comment;
- Grantee responds to public comment and submits its substantial Action Plan Amendment to HUD (with any additional certifications required by this Notice) no later than 120 days after the effective date of this Notice;
- HUD reviews the substantial Action Plan Amendment within 60 days from the date of receipt and approves the Amendment according to criteria identified in the Prior Notices and this Notice;
- HUD sends an Action Plan Amendment approval letter, revised grant conditions (may not be applicable to all grantees), and an amended unsigned grant agreement to the grantee. If the substantial Amendment is not approved, a letter will be sent identifying its deficiencies; the grantee must then re-submit the Amendment within 45 days of the notification letter;
- Grantee ensures that the HUD-approved substantial Action Plan Amendment (and updated Action Plan) is posted on its official Web site;
- Grantee signs and returns the grant agreement;
- HUD signs the grant agreement and revises the grantee’s line of credit amount (this triggers the two year expenditure deadline for any funds obligated by this grant agreement);
- If it has not already done so, grantee enters the activities from its published Action Plan Amendment into the Disaster Recovery Grant Reporting (DRGR) system and submits it to HUD within the system;
- The grantee may draw down funds from the line of credit after the Responsible Entity completes applicable environmental review(s) pursuant to 24 CFR part 58 (or paragraph A.20 under section VI of the March 5, 2013 Notice) and, as applicable, receives from HUD or the state an approved Request for Release of Funds and certification;
- Grantee amends its published Action Plan to include its projection of expenditures and outcomes within 90 days of the Action Plan Amendment approval as provided for in paragraph (3)(g) of Section VI of this Notice; and
- Grantee updates its full consolidated plan to reflect disaster-related needs no later than its Fiscal Year 2015 consolidated plan update.

V. Authority To Grant Waivers

The Appropriations Act authorizes the Secretary to waive, or specify alternative requirements for, any provision of any statute or regulation that the Secretary administers in connection with HUD’s obligation or use by the recipient of these funds (except for requirements related to fair housing, nondiscrimination, labor standards, and the environment). Waivers and alternative requirements are based upon a determination by the Secretary that good cause exists and that the waiver or alternative requirement is not inconsistent with the overall purposes of title I of the HCD Act. Regulatory waiver authority is also provided by 24 CFR 5.110, 91.600, and 570.5.

VI. Applicable Rules, Statutes, Waivers, and Alternative Requirements

This section of the Notice describes requirements imposed by the Appropriations Act, as well as applicable waivers and alternative requirements. For each waiver and alternative requirement described in this Notice, the Secretary has determined that good cause exists and the action is not inconsistent with the overall purpose of the HCD Act. The following requirements apply only to the CDBG–DR funds appropriated in the Appropriations Act.

Grantees may request additional waivers and alternative requirements to address specific needs related to their recovery activities. Except where noted, waivers and alternative requirements described below apply to all grantees under this Notice. Under the requirements of the Appropriations Act, regulatory waivers are effective five days after publication in the Federal Register.

1. Incorporation of general requirements, waivers, alternative
requirements, and statutory changes previously described. Grantees are advised that general requirements, waivers and alternative requirements provided for and subsequently clarified or modified in the Prior Notices, apply to all funds under this Notice, except as modified herein. These waivers and alternative requirements provide additional flexibility in program design and implementation to support resilient recovery following Hurricane Sandy, while also ensuring that statutory requirements unique to the Appropriations Act are met. Waivers or alternative requirements previously issued pursuant to specific grantee requests remain in effect under their initial terms.

2. Action Plan for Disaster Recovery waiver and alternative requirement—Infrastructure Programs and Projects. Grantees are advised that HUD will assess the adequacy of a grantee’s response to each of the elements outlined in this subsection as a basis for the approval of a substantial Action Plan Amendment that includes infrastructure programs and projects. However, grantees need not resubmit responses to elements approved by HUD unless warranted by changing conditions or if project-specific analysis is required.

Section VI[A](1) of the March 5, 2013 Notice (“Action Plan for Disaster Recovery waiver and alternative requirement”), as amended by the April 19, 2013 Notice, is modified to require:

a. Applicability. The following guidance and criteria are applicable to all infrastructure programs and projects in an Action Plan Amendment submitted to HUD after the effective date of this Notice. Infrastructure programs and projects funded pursuant to the Prior Notices and submitted in an Action Plan Amendment after the effective date of this Notice are also subject to these requirements. The following guidance and criteria are based on recommendations of the Rebuilding Strategy.

b. Definition of an Infrastructure Project and Related Infrastructure Projects.

(1) Infrastructure Project: For purposes of this Notice, an infrastructure project is defined as an activity, or a group of related activities, designed by the grantee to accomplish, in whole or in part, a specific objective related to critical infrastructure sectors such as energy, communications, water and wastewater systems, and transportation, as well as other support measures such as flood control. This definition is rooted in the implementing regulations of the National Environmental Policy Act (NEPA) at 40 CFR part 1508 and 24 CFR Part 58. Further, consistent with HUD’s NEPA implementing requirements at 24 CFR 58.32(a), in responding to the requirements of this Notice, a grantee must group together and evaluate as a single infrastructure project all individual activities which are related to one another, either on a geographical or functional basis, or are logical parts of a composite of contemplated infrastructure-related actions.

(2) Related Infrastructure Project: Consistent with 40 CFR part 1508, infrastructure projects are “related” if they automatically trigger other projects or actions, cannot or will not proceed unless other projects or actions are taken previously or simultaneously, or are interdependent parts of a larger action and depend on the larger action for their justification.

c. Impact and Unmet Needs Assessment. The March 5, 2013 Notice required grantees to consult with affected citizens, local governments and public housing authorities to determine the impact of Hurricane Sandy and any unmet disaster recovery needs. Grantees are required to update their impact and unmet needs assessments to address infrastructure projects, or any other projects or activities not previously considered, but for which an unmet need has become apparent.

d. Comprehensive Risk Analysis. Each grantee must describe the science-based risk analysis it has or will employ to select, prioritize, implement, and maintain infrastructure projects or activities. At a minimum, the grantee’s analysis must consider a broad range of information and best available data, including forward-looking analyses of risks to infrastructure sectors from climate change and other hazards, such as the Northeast United States Regional Climate Trends and Scenarios from the U.S. National Climate Assessment, the Sea Level Rise Tool for Sandy Recovery, or comparable peer-reviewed information, as well as the regional analysis developed in Phase 2 of the Rebuild by Design competition. The grantee should also consider costs and benefits of alternative investment strategies, including green infrastructure options. In addition, the grantee should include, to the extent feasible and appropriate, public health and safety impacts; direct and indirect economic impacts; social impacts; environmental impacts; cascading impacts and interdependencies within and across infrastructure sectors; changes to climate and development patterns that could affect the project or surrounding communities; and impacts on and from other infrastructure systems. The analyses should, wherever possible, include both quantitative and qualitative measures and recognize the inherent uncertainty in predictive analysis. Grantees should work with other grantees to undertake regional risk baseline analyses, to improve consistency and cost-effectiveness.

The description of the comprehensive risk analysis must be sufficient for HUD to determine if the analysis meets the requirements of this Notice.

e. Resilience Performance Standards. Using the guidelines in the Rebuilding Strategy, grantees are required to identify and implement resilience performance standards that can be applied to each infrastructure project. The grantee must describe its plans for the development and application of resilience performance standards in any Action Plan Amendment submitted pursuant to this Notice.

f. Green Infrastructure Projects or Activities. In any Action Plan Amendment submitted pursuant to this Notice, each grantee must describe its process for the selection and design of green infrastructure projects or activities, and/or how selected projects or activities will incorporate green infrastructure components. For the purposes of this Notice, green infrastructure is defined as the integration of natural systems and processes, or engineered systems that mimic natural systems and processes, into investments in resilient infrastructure. Green infrastructure takes advantage of the services and natural defenses provided by land and water systems such as wetlands, natural areas, vegetation, sand dunes, and forests, while contributing to the health and quality of life of those in recovering communities.

In addition, the HCD Act authorizes public facilities activities that may include green infrastructure approaches that restore degraded or lost natural systems (e.g., wetlands and sand dunes ecosystems) and other shoreline areas to enhance storm protection and reap the many benefits that are provided by these systems. Protecting, retaining, and enhancing natural defenses should be considered as part of any coastal resilience strategy.

g. Additional Requirements for Major Infrastructure Projects. Action Plan Amendments that propose a major infrastructure project will not be approved unless the project meets the criteria of this Notice. HUD approval is required for each major infrastructure project with such projects defined as having a total cost of $50 million or
more (including at least $10 million of CDBG–DR funds), or benefits multiple counties. Additionally, two or more related infrastructure projects that have a combined total cost of $50 million or more (including at least $10 million of CDBG–DR funds) must be designated as major infrastructure projects. Projects encompassed by this paragraph are herein referred to as “Covered Projects.” Prior to funding a Covered Project, the grantee must incorporate each of the following elements into its Action Plan (i.e., via a substantial Action Plan Amendment):

(1) Identification/Description. A description of the Covered Project, including: Total project cost (illustrating both the CDBG–DR award as well as other federal resources for the project, such as funding provided by the Department of Transportation or FEMA), CDBG eligibility (i.e., a citation to the HCD Act, applicable Federal Register notice, or a CDBG regulation), how it will meet a national objective, and the project’s connection to Hurricane Sandy or other disasters cited in this Notice.

(2) Use of Impact and Unmet Needs Assessment, the Comprehensive Risk Analysis and the Rebuild by Design Collaborative Risk Analysis. A description of how the Covered Project is supported by the grantee’s updated impact and unmet needs assessment, as well as the grantee’s comprehensive risk analysis.

The grantee must describe how Covered Projects address the risks, gaps, and vulnerabilities in the region as identified by the comprehensive risk analysis. Grantees must also describe how the collaborative risk analysis developed through the Rebuild by Design initiative has been or will be used for the evaluation of Covered Projects.

(3) Transparent and Inclusive Decision Processes. A description of the transparent and inclusive processes that have been or will be used in the selection of a Covered Project(s), including accessible public hearings and other processes to advance the engagement of vulnerable populations. Grantees should demonstrate the sharing of decision criteria, the method of evaluating a project(s), and how all project stakeholders and interested parties were or are to be included to ensure transparency including, as appropriate, stakeholders and parties with an interest in environmental justice or accessibility.

(4) Long-Term Efficacy and Fiscal Sustainability. A description of how the grantee plans to monitor and evaluate the efficacy and sustainability of Covered Projects, including how it will reflect changing environmental conditions (such as sea level rise or development patterns) with risk management tools, and/or alter funding sources if necessary.

(5) Environmentally Sustainable and Innovative Investments. A description of how the Covered Project(s) will align with the commitment expressed in the President’s Climate Action Plan to “identify and evaluate additional approaches to improve our natural defenses against extreme weather, protect biodiversity, and conserve natural resources in the face of a changing climate . . .”

h. HUD Review of Covered Projects. HUD may disapprove any Action Plan Amendment that proposes a Covered Project that does not meet the above criteria. In the course of reviewing an Action Plan Amendment, HUD will advise grantees of the deficiency of a Covered Project, and grantees must revise their plans accordingly to secure HUD approval. In making its decision, HUD will consider input from other relevant federal agencies. Each grantee is encouraged to consult with the Regional Coordination Working Group prior to the inclusion of a Covered Project in its Action Plan. HUD will also submit any Covered Project(s) identified in an Action Plan to the Regional Coordination Working Group for comment, and will consider the group’s views prior to approval or disapproval of the project(s). Consistent with the Rebuilding Strategy Infrastructure Resilience Guidelines, the goal of this coordination effort is to promote a regional and cross-jurisdictional approach to resilience in which neighboring communities and states come together to: identify interdependencies among and across geography and infrastructure systems; compound individual investments towards shared goals; foster leadership; build capacity; and share information and best practices on infrastructure resilience.

3. Action Plan for Disaster Recovery waiver and alternative requirement—Housing, Business Assistance, and General Requirements. The Prior Notices are modified as follows:

a. Public and assisted multifamily housing. In the March 5, 2013 Notice, paragraph 1[a](6) at 78 FR 14334, grantees were required to describe how funds would be used to address the rehabilitation, mitigation and new construction needs of each impacted Public Housing Authority (PHA) within its jurisdiction. In addition to this continuing requirement for PHAs, grantees under this Notice must now describe how they will address the rehabilitation, mitigation and new construction needs of other assisted multifamily housing developments impacted by the disaster, including HUD-assisted multifamily housing, low income housing tax credit (LIHTC) financed developments and other subsidized and tax credit-assisted affordable housing. For CDBG DR purposes, HUD-assisted multifamily housing continues to be defined by paragraph VI.A.1.a. (1) of the March 5, 2013 Notice at 78 FR 14332. Grantees should focus on protecting vulnerable residents and should consider measures to protect vital infrastructure (e.g., HVAC and electrical equipment) from flooding. Grantees are strongly encouraged to provide assistance to PHAs and other assisted and subsidized multifamily housing to help them elevate critical infrastructure and rebuild to model resilient building standards. Examples of such standards include the I-Codes developed by the International Code Council (ICC), the Insurance Institute for Business and Home Safety (IBHS) FORTIFIED home programs, and standards under development by the American National Standards Institute (ANSI) and the American Society of Civil Engineers (ASCE).

b. Liquid Fuel Supply Chain Assistance. The March 5, 2013 Notice, paragraph (d)(3) at 78 FR 14335, and paragraph 41 at 78 FR 14347, are amended, as necessary, to require the following: If a grantee provides CDBG–DR assistance to a small business in the liquid fuel supply chain, the award agreement must require the adoption of measures to mitigate impacts to the liquid fuel supply chain during future disasters. Risk mitigation measures should include processes or methods to ensure that fueling stations along critical evacuation routes remain functional, or quickly restore functionality, during power outages. This requirement applies to any small business in the liquid fuel supply chain that applies for CDBG–DR assistance after the effective date of this Notice. Grantees are reminded that pursuant to the March 5, 2013 Notice, grantees are prohibited from assisting businesses, including private utilities, that do not meet the definition of a small business as defined by SBA at 13 CFR part 121 and as further modified by this Notice. Please review the modified definition of a small business in paragraph 10 of this section of the Notice, particularly with regard to businesses covered by this section.

c. Certification of proficient controls, processes and procedures. The
Appropriations Act requires the Secretary to certify, in advance of signing a grant agreement, that the grantee has in place proficient financial controls and procurement processes and has established adequate procedures to prevent any duplication of benefits as defined by section 312 of the Stafford Act, ensure timely expenditure of funds, maintain comprehensive Web sites regarding all disaster recovery activities assisted with these funds, and detect and prevent waste, fraud, and abuse of funds. Grantees submitted this certification pursuant to paragraph VI.E.42(q) of the March 5, 2013 Notice. In any Action Plan Amendment submitted after the effective date of this Notice, grantees are required to identify any material changes in its processes or procedures that could potentially impact the Secretary’s or the grantee’s prior certification. Grantees are advised that HUD may revisit any prior certification based on a review of an Action Plan Amendment submitted for this allocation of funds, as well as monitoring reports, audits by HUD’s Office of the Inspector General, citizen complaints or other sources of information. As a result of HUD’s review, the grantee’s Action Plan Amendment submitted after the effective date of this Notice must be prepared in accordance with the Prior Notices, as modified by this Notice. In addition, they must budget all, or a portion, of the funds allocated under this Notice. Grantees are reminded that an Action Plan may be amended one or more times until it is amended or certified. The Alternative Requirement allows HUD’s federal partners to view the Amendment and provide feedback. The Secretary may disapprove an Amendment if it is determined that it does not meet the requirements of the Prior Notices, as amended by this Notice. Once an Amendment is approved, HUD will issue a revised grant agreement to the grantee.

f. HUD Review/Approval. Consistent with the requirements of section 105(c) of the Cranston-Gonzalez National Affordable Housing Act, HUD will review each grantee’s substantial Action Plan Amendment within 60 days from the date of receipt. This timeframe allows HUD’s federal partners to view the Amendment and provide feedback. The Secretary may disapprove an Amendment if it is determined that it does not meet the requirements of the Prior Notices, as amended by this Notice. Once an Amendment is approved, HUD will issue a revised grant agreement to the grantee.

g. Projection of expenditures and outcomes. Paragraph 1(l) at 78 FR 14337 of the March 5, 2013 Notice is amended, as necessary, to require each grantee to amend its Action Plan to update its projection of expenditures and outcomes within 90 days of its Action Plan Amendment approval. The projections must be based on each quarter’s expected performance—beginning the quarter funds are available to the grantee and continuing each quarter until all funds are expended. Projections should include the entire amount allocated by this Notice. Amending the Action Plan to accommodate these changes is not considered a substantial amendment. Guidance on preparing the projections is available on HUD’s Web site at: http://portal.hud.gov/hudportal/HUD?src=program/offices/commplanning/communitydevelopment/programs/dssi/ofwa.

4. Citizen participation waiver and alternative requirement. Paragraph 3 at 78 FR 14338 of the March 5, 2013 Notice is modified to require grantees to publish substantial Action Plan Amendments for comment for 30 days prior to submission to HUD. Grantees are reminded of both the citizen participation requirements of that Notice and that HUD will monitor grantees’ compliance with those requirements and the alternative requirements of this Notice. In addition, this Notice establishes the requirement that at least one public hearing must be held regarding any substantial Action Plan Amendment submitted after the effective date of this Notice, including any subsequent substantial amendment proposing or amending a Covered Project. Citizens and other stakeholders must have reasonable and timely access to these public hearings. Grantees are encouraged to conduct outreach to community groups, including those that serve minority populations, persons with disabilities and persons of limited English proficiency, and persons with disabilities, to encourage public attendance at the hearings and the submission of written comments concerning the Action Plan Amendment.

The grantee must continue to make the Action Plan, any amendments, and all performance reports available to the public on its Web site and on request and the grantee must make these documents available in a form accessible to persons with disabilities and persons of limited English proficiency, in accordance with the requirements of the Appropriations Act.


7. Eligibility of needs assessment and comprehensive risk analysis costs. Grantees may use CDBG–DR funds to update their impact and unmet needs assessments and to develop the comprehensive risk analysis for infrastructure projects required by this Notice, consistent with the overall 20 percent limitation on the use of funds for planning, management and administrative costs.
8. Eligibility of mold remediation costs. Mold remediation is an eligible CDBG–DR rehabilitation activity (see the HCD Act, e.g., 42 U.S.C. 5305(a)(4)). Like other eligible activities, however, the activity encompassing mold remediation must address a direct or indirect impact caused by the disaster.

9. Eligibility of public services and assistance to impacted households. Grantees are reminded that households impacted by Hurricane Sandy and other qualifying events in 2011, 2012 and 2013, may be assisted as part of an eligible public service activity, subject to applicable CDBG regulations. Public service activities often address needs such as employment and training, child care, health, etc. Income payments, defined as a series of subsistence-type grant payments are made to an individual or family for items such as food, clothing, housing, or utilities, are generally ineligible for CDBG–DR assistance. However, per the CDBG regulations, grantees may make emergency grant payments for up to three consecutive months, to the provider of such items or services on behalf of an individual or family.

Additionally, as provided by the HCD Act, funds for public services activities may be used as a matching requirement, share, or contribution for any other federal program when used to carry out an eligible CDBG–DR activity. However, the activity must still meet a national objective and address all applicable CDBG cross-cutting requirements.

10. Small business assistance—Modification of the alternative requirement to allow use of the Employer Identification Number (EIN). In the March 5, 2013 Notice, the Department instituted an alternative requirement to the provisions at 42 U.S.C. 5305(a) prohibiting grantees from assisting businesses, including privately owned utilities, that do not meet the definition of a small business as defined by Small Business Administration (SBA) at 13 CFR part 121 in order to target assistance to the businesses most responsible for driving local and regional economies. To determine whether an entity is a small business under the SBA definition, the grantee must take into account all of its affiliations. Typically, companies that have common ownership or management are considered affiliated. Per the SBA regulations, if businesses are affiliated, the number of jobs and revenue for those businesses must be aggregated. However, this could preclude a number of small businesses from receiving assistance—particularly in cases where one or more persons have control (i.e., ownership or management) of multiple small businesses that each have separate employer identification numbers (EIN), file separate tax returns, or even operate in different industries. Thus, HUD is modifying its definition of a small business: Businesses must continue to meet the SBA requirements at 13 CFR part 121 to be eligible for CDBG–DR assistance, except that the size standards will only apply to each EIN. Businesses that share common ownership or management may be eligible for CDBG–DR assistance, as long as each business with a unique EIN meets the applicable SBA size standards.

11. Eligibility of Local Disaster Recovery Manager costs. Consistent with the recommendation of the Rebuilding Strategy, grantees may use CDBG–DR funds to fill Local Disaster Recovery Manager (LDRM) positions, which are recommended by the National Disaster Recovery Framework. Additional information about the National Disaster Recovery Framework can be found at http://www.fema.gov/long-term-recovery. A LDRM may coordinate and manage the overall long-term recovery and redevelopment of a community, which includes the local administration and leveraging of multiple federally-funded projects and programs. A LDRM may also ensure that federal funds are used properly, and can help local governments address the need for long-term recovery coordination. For additional guidance, grantees should consult the CPD Notice “Allocating Staff Costs between Program Administration Costs vs. Activity Delivery Costs in the Community Development Block Grant (CDBG) Program for Entitlement Grantees, Insular Areas, Non-Entitlement Counties in Hawai‘i, and Disaster Recovery Grants,” at: http://portal.hud.gov/hudoc/13-07cpdn.pdf.

VII. Mitigation and Resilience Methods, Policies, and Procedures

Executive Order 13632 established the Hurricane Sandy Rebuilding Task Force. The Task Force was charged 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. The Task Force was further tasked with the development of a rebuilding strategy, which was released on August 19, 2013. The Executive Order directs HUD and other federal agencies, to the extent permitted by law, to align its relevant programs and authorities with the Rebuilding Strategy. The requirements set forth elsewhere in this Notice related to the selection of infrastructure projects and assistance to public and assisted multifamily housing reflect recommendations in the Rebuilding Strategy. To further address these recommendations, each grantee is strongly encouraged to incorporate the following components into its long term strategy for recovery from Hurricane Sandy, and to reflect the incorporation of these components, to the extent appropriate, in Action Plan Amendments.

1. Regional environmental review and permitting: opportunities to expedite environmental review. To expedite environmental review and permitting for critical infrastructure projects in the Sandy-affected region, and ensure that the most complex projects are delivered as efficiently as possible, the Rebuilding Strategy recommended and federal agencies have created the Sandy Regional Infrastructure Permitting and Review Team. This interagency body will help to ensure that projects or activities funded by the Appropriations Act, including CDBG–DR funds, will incorporate best practices and align federal and state processes where appropriate. It is expected that this coordination will lead to considerable savings in time and cost. Where appropriate, grantees should identify opportunities to expedite and improve other types of review processes, including historic review and other environmental analyses, through programmatic agreements or consultation, and through participation in the Regional Coordination Working group referenced in Section VI (2) of this Notice. HUD will be providing additional guidance on the operation of both the Permitting and Review Team and the Regional Coordination Working Group.

2. Small business assistance. To support small business recovery, grantees are encouraged to work with, and/or fund, small business assistance organizations that provide direct and consistent communication about disaster recovery resources to affected businesses. Selected organizations should have close relationships with local businesses and knowledge of their communities’ needs and assets. In addition, grantees may support outreach efforts by a Community Development Finance Institution (CDFI) to small businesses in vulnerable communities.

3. Energy Infrastructure. Where necessary for recovery, CDBG–DR funds may be used to support programs, projects and activities to enhance the resiliency of energy infrastructure. Energy infrastructure includes...
electricity transmission and distribution systems, including customer-owned generation where a significant portion of the generation is provided to the grid; and liquid and gaseous fuel distribution systems, both fixed and mobile. CDBG–DR recipients may use funds from this allocation for recovery investments that enhance the resiliency of energy infrastructure so as to limit potential damages and future disturbance and thus reduce the need for any future federal assistance under such an event. CDBG–DR funds may be used to support public-private partnerships to enhance the resiliency of privately-owned energy infrastructure, if the CDBG–DR assisted activities meet a national objective and can be demonstrated to relate to recovery from the direct or indirect effects of Hurricane Sandy or other eligible disasters under this Notice. Such projects may include microgrids or energy banks that may provide funds to entities consistent with all applicable requirements. Grantees should review DOE’s report, “U.S. Energy Sector Vulnerabilities to Climate Change and Extreme Weather,” available at: http://energy.gov/sites/prod/files/2013/07/f2/20130716-Energy%20Sector%20Vulnerabilities%20Report.pdf. This report assesses vulnerabilities and provides guidance on developing a new approach for electric grid operations. In developing this component of its long term recovery plan, grantees are reminded that pursuant to the March 5, 2013 Notice, grantees are prohibited from assisting businesses that do not meet the definition of a small business as defined at 13 CFR part 121 and as further modified by this Notice. The March 5, 2013 Notice also prohibits assistance to private utilities.

4. Providing jobs to local workforce. In complying with Section 3 of the Housing and Urban Development Act of 1968, grantees are encouraged to continue efforts, through specialized skills training programs and other initiatives, to: (a) Employ very-low and low-income individuals; and (2) award contracts to local businesses, for Hurricane Sandy rebuilding and rebuilding from other eligible disasters under this Notice (e.g., mold remediation and construction (including elevation), ecosystem and habitat restoration, green infrastructure and coastal engineering).

5. Project labor agreements. Executive Order 13502 (Use of Project Labor Agreements for Federal Construction Projects) governs the use of project labor agreements for large-scale construction projects procured by the federal government. Similarly, grantees are encouraged to make use of Project Labor Agreements (PLAs) on large-scale construction projects in areas responding to disasters. Public housing authorities receiving CDBG–DR funds are governed by PLA requirements established by the Department’s Office of Public and Indian Housing. Executive Order 13502 can be found at: http://www.whitehouse.gov/the-press-office/executive-order-use-project-labor-agreementsfederal-construction-projects.

6. Mitigating future risk. Grantees should include programs to implement voluntary buyout programs or elevate or otherwise flood-proof all structures that were impacted by the disaster (whether they are homes, businesses or utilities) to mitigate flood or sea level rise risk as indicated by relevant data sources. Reducing risk is essential to the economic well-being of communities and business and is therefore an essential part of any disaster recovery. Elevating at least one foot higher than the latest FEMA-issued base flood elevation or best available data (which includes advisory base flood elevation data), as required by the April 19, 2013 Notice has the added benefit of making flood insurance more affordable, particularly for economically disadvantaged home and business owners. The relevant data source and best available data under Executive Order 11988 is the latest FEMA data or guidance, which includes advisory data (such as Advisory Base Flood Elevations) or preliminary and final Flood Insurance Rate Maps. Thus, in addition to the elevation requirements of the April 19, 2013 Notice, the Department strongly encourages grantees to elevate all structures impacted by the disaster (including housing), even those requiring repairs of low or moderate damage, in addition to those requiring substantial rehabilitation in response to Hurricane Sandy. FEMA maps are available here: https://msc.fema.gov/webapp/wcs/stores/servlet/FemaWelcomeView?storeId=10001&catalogId=10001&langId=-1. Additional Hurricane Sandy-specific information can be found here: http://www.region2coastal.com/sandy/table. In addition, all rehabilitation projects should apply appropriate construction standards to mitigate risk, which may include: (a) Raising utilities or other mechanical devices above expected flood level; (b) wet flood proofing in a basement or other areas below ABFE/ best available data + 1 foot; (c) using water resistant paints or other materials; or (d) dry flood proofing non-residential structures by strengthening walls, sealing openings, or using waterproof compounds or plastic sheeting on walls to keep water out.

Grantees are reminded of the mandatory mitigation requirements described in the April 19, 2013 Notice. That is, reconstruction and substantial improvement projects located in a floodplain, according to the best available data as defined above, must be designed using the base flood elevation plus one foot as the baseline standard for lowest floor elevation. If higher elevations are required by locally adopted code or standards, those higher standards apply. In addition to the mandatory requirements of the April 19, 2013 Notice, grantees may also engage in voluntary risk mitigation measures. For example, instead of elevating non-residential structures that are not critical actions, as defined at 24 CFR 55.2(b)(2), grantees may design and construct the project such that below the floor level, the structure is flood proofed to the level of the best available base flood data plus one foot. Flood proofing requires structures to be water tight with walls substantially impermeable to the passage of water and with structural components having the capability of resisting hydrostatic loads, hydrodynamic loads, the effects of buoyancy, or higher standards required by the FEMA National Flood Insurance Program as well as state and locally adopted codes.

In undertaking mitigation activities, grantees are also encouraged to include projects identified that are ultimately identified through the Rebuild by Design initiative referenced in Section I of this Notice.

7. Leveraging funds and evidence-based strategies. Grantees are encouraged, where appropriate, to leverage grant funds with public and private funding sources—including through infrastructure banks, Community Development Finance Institutions, and other intermediaries—and to make use of evidence-based strategies, including social impact bonds and other pay-for-success strategies.

VIII. Catalog of Federal Domestic Assistance

The Catalog of Federal Domestic Assistance number for the disaster recovery grants under this Notice is as follows: 14.269.

Finding of No Significant Impact

A Finding of No Significant Impact (FONSI) with respect to the environment has been made in accordance with HUD regulations at 24 CFR part 50, which implement section
Appendix A—Allocation Methodology

The first allocation of $5.4 billion for Disaster Recovery needs associated with Sandy was based on preliminary data associated with unmet housing and business needs. The second allocation of $5.1 billion reflects updated housing and business unmet needs that have more complete information on insurance coverage, infrastructure data from FEMA, the Department of Transportation, and the Corps of Engineers. This allocation is calculated based on relative share of needs HUD has estimated are required to rebuild to a higher standard consistent with CDBG program requirements and the goals set forth in the Hurricane Sandy Rebuilding Strategy.

HUD calculates the cost to rebuild the most impacted and distressed homes, businesses, and infrastructure back to pre-disaster conditions. From this base calculation, HUD calculates both the amount not covered by insurance and other federal sources to rebuild back to pre-disaster conditions as well as a “resiliency” amount which is calculated at 30 percent of the total basic cost to rebuild the most distressed homes, businesses, and infrastructure to pre-storm conditions. The repair unmet needs are combined with the resiliency needs to calculate the total severe unmet needs estimated to achieve long-term recovery. The formula allocation is made proportional to those calculated severe unmet needs.

Available Data

The “best available” data HUD staff have identified as being available to calculate unmet needs at this time for the targeted disasters come from the following data sources:

- FEMA Individual Assistance program data on housing unit damage;
- SBA for management of its disaster assistance loan program for housing repair and replacement;
- SBA for management of its disaster assistance loan program for business real estate repair and replacement as well as content loss;
- FEMA, Department of Transportation, and Corps of Engineers data on infrastructure; and
- Action Plans and supplemental data submitted by Sandy CDBG Grantees.

Calculating Unmet Housing Needs

The core data on housing damage for both the unmet housing needs calculation and the concentrated damage are based on home inspection data for FEMA’s Individual Assistance program. For unmet housing needs, the data comes supplemented by Small Business Administration data from its Disaster Loan Program. HUD calculates “unmet housing needs” as the number of housing units with unmet needs times the estimated cost to repair those units less repair funds already provided by FEMA, where:

- Each of the FEMA inspected owner units are categorized by HUD into one of five categories:
  - Minor-Low: Less than $3,000 of FEMA inspected real property damage.
  - Minor-High: $3,000 to $7,999 of FEMA inspected real property damage.
  - Major-Low: $8,000 to $14,999 of FEMA inspected real property damage (if basement flooding only, damage categorization is capped at major-low).
  - Major-High: $15,000 to $28,800 of FEMA inspected real property damage and/or 4 to 6 feet of flooding on the first floor.
  - Severe: Greater than $28,800 of FEMA inspected real property damage or determined destroyed and/or 6 or more feet of flooded on the first floor.

To meet the statutory requirement of “most impacted” in this legislative language, homes are determined to have a high level of damage if they have damage of “major-low” or higher. That is, they have a real property FEMA inspected damage of $8,000 or flooding over 4 foot. Furthermore, a homeowner is determined to have unmet needs if they have received a FEMA grant to make home repairs. For homeowners with a FEMA grant and insurance for the covered event, HUD assumes that the unmet need for repair is the estimated damage amount in the category for that disaster has a cap applied at the 75th percentile of all damaged units for that category for all disasters and has a floor applied at the 25th percentile.

Calculating Unmet Infrastructure Needs

- To proxy unmet infrastructure needs, HUD uses data from FEMA’s Public Assistance program on the state match requirement. This allocation uses only a subset of the Public Assistance damage estimates reflecting the categories of activities most likely to require CDBG funding above the Public Assistance and state match requirement. Those activities are categories: C-Roads and Bridges; D-Water Control Facilities; E-Public Buildings; F-Public Utilities; and G-Recreational-Other.
- Categories A (Debris Removal) and B (Protective Measures) are largely expended immediately after a disaster and reflect interim recovery measures rather than the long-term recovery measures for which CDBG funds are generally used. Because Public Assistance damage estimates are available only statewide (and not county), CDBG funding allocated by the estimate of unmet infrastructure needs are sub-allocated to New York City from the New York State total based on the distribution of initial project-level estimates obtained from FEMA.

For the second round of CDBG–DR funding for Sandy recovery, HUD included three additional sources of information:

1. US Army Corps of Engineers (USACE) Infrastructure Resilience Coordination. Many USACE Sandy projects require very high local cost shares. However, Federal requirements only allow grants to no more than $250,000 of CDBG–DR funding towards local match requirements for these projects. As such, this calculation only includes $250,000 per USACE project where local match is higher than that amount.
2. DOT, Federal Highway Administration (FHWA) Sandy Recovery Grants—Emergency
Calculated Economic Revitalization Needs

- Based on SBA disaster loans to businesses, HUD used the sum of real property and real content loss of small businesses not receiving an SBA disaster loan. This is adjusted upward by the proportion of applications that were received for a disaster that content and real property loss were not calculated because the applicant had inadequate credit or income. For example, if a state had 160 applications for assistance, 150 had calculated needs and 10 were denied in the pre-processing stage for not enough income or poor credit, the estimated unmet need calculation would be increased as \((1 + 10/160) \times \text{calculated unmet real content loss.}

- Because applications denied for poor credit or income are the most likely measure of needs requiring the type of assistance available with CDBG–DR funds, the calculated unmet business needs for each state are adjusted upwards by the proportion of total applications that were denied at the pre-process stage because of poor credit or inability to show repayment ability. Similar to housing, estimated damage is used to determine what unmet needs will be counted as severe unmet needs. Only properties with total real estate and content loss in excess of $30,000 are considered severe damage for purposes of identifying the most impacted areas.

  - Category 1: real estate + content loss = below 12,000
  - Category 2: real estate + content loss = 12,000 – 30,000
  - Category 3: real estate + content loss = 30,000 – 65,000
  - Category 4: real estate + content loss = 65,000 – 150,000
  - Category 5: real estate + content loss = above 150,000

- To obtain unmet business needs, the amount for approved SBA loans is subtracted out of the total estimated damage Resiliency Needs.

CDBG Disaster Recovery Funds are often used to not only support rebuilding to pre-storm conditions, but also to build back much stronger. For Sandy, HUD has required that grantees use their funds in a way that results in rebuilding back stronger so that future storms do less damage and recovery can happen faster. To calculate these resiliency costs, HUD multiplied its estimates of total repair costs for seriously damaged homes, small businesses, and infrastructure by 30 percent. Total repair costs are the repair costs including costs covered by insurance, SBA, FEMA, and other federal agencies. The resiliency estimate at 30 percent of damage is intended to reflect some of the unmet need associated with building to higher standards such as elevating homes, voluntary buyouts, hardening, and other costs in excess of normal repair costs. Data on damage to public housing for purpose of calculating resiliency need was based on damage estimates from both FEMA and HUD’s Office of Public and Indian Housing.

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DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT

[Docket No. FR–5738–N–01]

Statutorily Mandated Designation of Difficult Development Areas for 2014

AGENCY: Office of the Secretary, HUD.

ACTION: Notice.

SUMMARY: This notice designates “Difficult Development Areas” (DDAs) for purposes of the Low-Income Housing Tax Credit (LIHTC) under Section 42 of the Internal Revenue Code of 1986 (IRC). The United States Department of Housing and Urban Development (HUD) makes new DDA designations annually. In addition to announcing the 2014 DDA designations, this notice announces a change in the designation methodology for metropolitan DDAs, beginning with the 2016 designations. The revised methodology will use Small Area Fair Market Rents (SAFMRs), rather than metropolitan-area Fair Market Rents (FMRs), for designating metropolitan DDAs and was originally described in a notice published in the Federal Register on Thursday, October 27, 2011.

The designations of “Qualified Census Tracts” (QCTs) under IRC Section 42, published on April 20, 2012, remain in effect.

FOR FURTHER INFORMATION CONTACT: For questions on how areas are designated and on geographic definitions, contact Michael K. Hollar, Senior Economist, Economic Development and Public Finance Division, Office of Policy Development and Research, U.S. Department of Housing and Urban Development, at 451 Seventh Street SW., Room 8234, Washington, DC 20410–6000; telephone number 202–402–5876 or email address Michael.K.Hollar@hud.gov. For specific legal questions pertaining to Section 42, contact Brittany S. Little, Office of the Associate Chief Counsel, PassThroughs and Special Industries, Internal Revenue Service, 1111 Constitution Avenue NW., Washington, DC 20224; telephone number 202–622–3040, fax number 202–622–4753.

For questions about the “HUB Zones” program, contact Mariana Pardo, Assistant Administrator for Procurement Policy, Office of Government Contracting, U.S. Small Business Administration, at 409 Third Street SW., Suite 8800, Washington, DC 20416; telephone number 202–205–8885, fax number 202–205–7167, or send an email to hubzone@sba.gov. A text telephone is available for persons with hearing or speech impairments, at 202–708–8339. (The previous are not toll-free telephone numbers.) Additional copies of this notice are available through HUD User at 800–245–2691 (this is a toll-free number) for a small fee to cover duplication and mailing costs.

Copies Available Electronically: This notice and additional information about DDAs and QCTs are available on the Internet at: http://www.huduser.org/datasets/qct.html.

SUPPLEMENTARY INFORMATION: This notice designates DDAs for each of the 50 states, the District of Columbia, Puerto Rico, American Samoa, Guam, the Northern Mariana Islands, and the U.S. Virgin Islands. The designations of DDAs in this notice are based on final Fiscal Year (FY) 2013 Fair Market Rents (FMRs), FY2013 income limits, and 2010 Census population counts.

This notice also announces the adoption of a revised methodology, beginning with the 2016 metropolitan DDA designations, which will be the first to rely on the use of Small Area Fair Market Rents (SAFMRs), rather than metropolitan-area Fair Market Rents (FMRs), for designating metropolitan DDAs and was originally described in a notice published in the Federal Register on October 27, 2011 (76 FR 66741), entitled “Statutorily Mandated Designation of Difficult Development Areas and Qualified Census Tracts for 2012.”

2010 Census, 2000 Census, and Metropolitan Area Definitions

Data from the 2010 Census on total population of metropolitan areas and nonmetropolitan areas are used in the designation of DDAs. The Office of Management and Budget (OMB) first published new metropolitan area definitions incorporating 2000 Census data in OMB Bulletin No. 03–04 on June 6, 2003, and updated them periodically through OMB Bulletin No. 10–02 on December 1, 2009. FY2013 income limits used to designate DDAs are based on these Metropolitan...