

# SECURITY AFTER SANDY ACT



REP. ANDY KIM (NJ-03)  
SENATOR BOB MENENDEZ  
REP. FRANK PALLONE (NJ-06)

## BACKGROUND

While Superstorm Sandy hit landfall over seven years ago, survivors of the storm are still confronting the fallout of the disaster. Furthermore, the COVID-19 outbreak has worsened the financial distress placed on communities and families from the storm. At a time when unemployment has reached record highs and local budgets are stretched thin, federal agencies are asking municipalities and individual residents to pay back tens of millions of dollars in loans and grants issued for Sandy recovery efforts under disaster aid programs.

## SECTION 2: COMMUNITY DISASTER LOANS

The Community Disaster Loan (CDL) was created with the primary purpose of supporting local governments with significant tax and other major revenue losses after major disasters. While the program provided critical emergency support for many communities after Sandy, the loan recipients are being asked to pay back those loans at a time when localities are projecting extraordinarily steep revenue declines due to constricted economic activity as a result of COVID-19. To provide immediate relief to local governments, our bill would forgive all CDLs from January 1, 2016 to January 1, 2020, which includes all Sandy loans. Forgiveness of these loans would help prevent disruptions to essential local services critical to maintaining the health and welfare of our communities.

## SECTION 3: CLAWBACKS

Similar to the issue facing our municipalities, individual New Jersey homeowners and their families are facing the prospect of collectively owing millions of dollars to the federal government to pay back aid that was disbursed in the aftermath of Sandy, even if the assistance was spent on legitimate recovery efforts. These recoupment efforts (also known as "clawbacks") have blindsided many, because it was under the federal government's own recommendation that many New Jersey residents applied for loans and benefits offered by various federal programs without clear guidance on repayment terms and contingencies.

Our bill would stop any further recoupment efforts by the federal agencies for debt owed to the federal government in relation to Sandy and other major declared disasters between 2006 and 2020. The only exception would be in cases of provable fraud by the debtor. This would provide immense relief for homeowners who are currently struggling to keep up with mortgage and other payments in the wake of a global pandemic.