

**Congress of the United States**  
**U.S. House of Representatives**  
**Committee on Small Business**  
2361 Rayburn House Office Building  
Washington, DC 20515-6315

September 28, 2017

The Honorable Ben Carson  
Secretary  
U.S. Department of Housing and Urban Development  
451 7<sup>th</sup> Street S.W.  
Washington, DC 20410

Dear Secretary Carson:

I am writing to you in my capacity as Ranking Member of the House Small Business Committee, which has jurisdiction over matters related to the Small Business Administration (SBA) Disaster Loan Program. In recent weeks our country has experienced unprecedented natural disasters in the form of Hurricanes Harvey, Irma, and Maria. The federal government must utilize all methods available to help our citizens recover. Specifically, we must ensure that disaster victims are not faced with additional, unfair financial burdens as a result of the Department of Housing and Urban Development's current Duplication of Benefits policy.

As you know, disaster assistance may be provided by multiple agencies including the Federal Emergency Management Agency (FEMA), Small Business Administration (SBA), and HUD, but this funding is provided in different forms and at different times after the disaster. SBA loans are often the only source of funds readily available to businesses and homeowners as they begin recovering. In fact, FEMA requests that all individuals seeking grant funds first apply for an SBA loan. Often, these individuals do not take the full amount of the SBA loan based on the determination that they could not afford to pay back the full amount.

As has happened in the past, weeks or even months after a disaster, HUD Community Development Block Grant Disaster Recovery (CDBG-DR) funds, which do not need to be paid back, become available through supplemental appropriations. HUD's Duplication of Benefits policy, however, requires that CDBG-DR funds be reduced by the amount of any approved SBA loan. Thus, as a result of this policy, disaster victims are penalized for grant assistance in the recovery process regardless of whether the loan was utilized in part or not at all. Pursuant to 42 U.S.C. §5155 (c), the agency providing the duplicative assistance is responsible for collecting it from the recipient when the head of the agency considers it to be in the best interest of the Federal Government. HUD has the authority to waive the mandate for recouping funds deemed a "duplication of benefits." In fact, HUD exercised such authority with flood insurance settlement funds after Superstorm Sandy. I strongly urge you to do so again to prevent loan amounts not being utilized from counting against disaster victims seeking CDBG-DR grant funds. Waiving this aspect of "duplication of benefits" would ensure a fair opportunity for recovery for all disaster victims.

It is my hope that all agencies responding to these disasters can work together over the coming months to ensure that affected homeowners and businesses are able to access funds that are critically needed to help the rebuilding process.

I look forward to your timely response.

Sincerely,

A handwritten signature in blue ink, appearing to read "Nydia M. Velázquez". The signature is stylized and cursive.

Nydia M. Velázquez  
Ranking Member

cc: The Honorable Linda McMahon, Administrator, Small Business Administration