

# Congress of the United States

Washington, DC 20515

April 22, 2003

The Honorable George W. Bush  
President  
The White House  
Washington, D.C. 20500

Dear Mr. President:

Residents living near Ground Zero are in danger of being punished by federal agencies, simply because they received disaster-related grants after the September 11<sup>th</sup> terrorist attacks. This news was difficult for us to believe, and we are sure you will find it appalling as well. The attached "Disaster Assistance-Presidentially Declared Disaster-Lower Manhattan Development Corporation (LMDC) Grants" notice from the Social Security Administration clearly threatens this action. Not only does this interpretation threaten recipients of Supplemental Security Income (SSI), the most needy in our country but, it has the real potential to affect the delivery of medicaid, food stamps, Section 8 housing grants, among other federal programs that recipients of Lower Manhattan Development Grants might have or will receive. This, in addition to the recent decision by the IRS to subject to taxation grants to business in lower Manhattan that were meant as incentives to stay in the area, really bring into question the Federal Government's commitment to rebuilding New York. If these policies take effect, the devastating impacts on low income residents in lower Manhattan could not be more clear or more unjust.

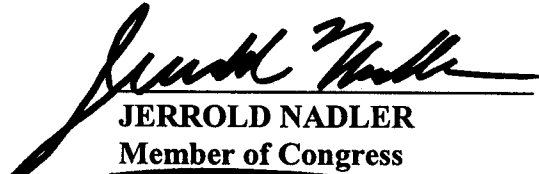
Specifically, the Social Security Administration (SSA) has determined that portions of disaster-related grants will be counted as "income" for low-income families and individuals in lower Manhattan receiving SSI. Nothing could be more illogical or harmful. SSI beneficiaries include senior citizens, blind and disabled residents, and children, all with limited income or resources. Grants provided to help people to overcome losses from 9/11 and to help lower Manhattan retain and attract residents should not come back to haunt those who already had the greatest needs. If any part of these 9/11 grants are treated as income, rather than as the disaster-related assistance that they obviously are, the SSI payments of the most vulnerable will be sharply reduced and in worst case scenarios, cut all together. Additionally, because other federal agencies rely on Social Security data to determine eligibility, lower Manhattan residents may also lose Medicaid benefits, portions of federal housing assistance, and aid through federal food stamp programs.

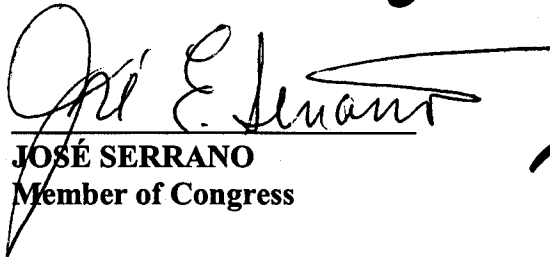
With implementation of these policies imminent, we write to urge your immediate intervention in this matter. We ask that you appoint a senior member of your Administration, to immediately review and amend all policies regarding 9/11 aid. If the law needs to be changed, we ask you that you share with us how we as legislators can fix this problem statutorily. With the quickly approaching deadline of May 31<sup>st</sup> for LMDC, there is considerable urgency to ensure that all who should be eligible for these grants to help revitalize lower Manhattan have access to them without fearing the loss of desperately needed supports.

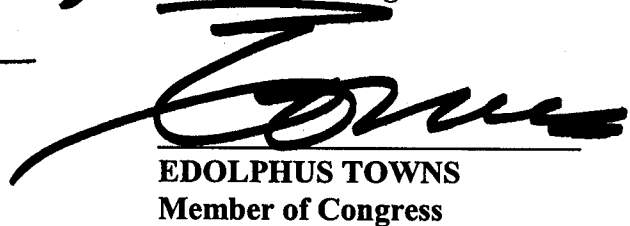
We trust that you will find the policies described above regarding 9/11 aid as directly against your expressed intention to have the federal government do "whatever it takes" to help New York after 9/11. Thank you in advance for taking immediate steps to ensure that lower Manhattan residents are not punished simply because they accepted aid to recover from the September 11<sup>th</sup> terrorist attacks

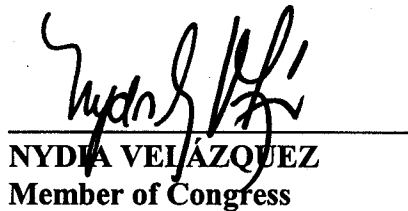
Sincerely,

  
CAROLYN B. MALONEY  
Member of Congress

  
JERROLD NADLER  
Member of Congress

  
JOSÉ SERRANO  
Member of Congress

  
EDOLPHUS TOWNS  
Member of Congress

  
NYDIA VELÁZQUEZ  
Member of Congress

SI NY00830.621 Disaster Assistance—Presidentially Declared Disaster—Lower Manhattan Development Corporation Grants

A. BACKGROUND

As a result of the September 11, 2001 disaster the United States Department of Housing and Urban Development (HUD) approved a Residential Grant Program administered by the Lower Manhattan Development Corporation (LMDC), a newly created public corporation. The funding was authorized by the 2002 Supplemental Appropriations Act for Further Recovery From and Response to Terrorist Attacks on the United States or Public Law No. 107-206. The LMDC residential grant program expects to provide up to \$290 million in financial assistance to affected residents who may have incurred extraordinary financial expenses as a result of the September 11, 2001 disaster, as well as financial incentives to offset the disadvantages of living in lower Manhattan near the site of the World Trade Center disaster. The affected area has been divided into Zones 1, 2, and 3 based on proximity to the site. The LMDC Residential Grant Program offers three types of grants. The amounts vary depending on whether the individual or family resided in one of the three zones on September 11, 2001 or subsequently moved there and the length of time the individual has committed to living in the zones.

B. POLICY

NOTE : Each grant is to be evaluated separately for income and resource purposes; do not combine money amounts received if the individual received more than one grant.

1. One-time \$1,000 Grant to Individuals Residing in Zones 1,2,or 3 on September 11, 2001

A one-time \$1,000 grant is available only to residents who occupied a housing unit in Zones 1, 2, or 3 before September 11, 2001 and continue to live there through the date of their application and the date of the award. These grants provide compensation for the substantial and extraordinary personal, family, and living expenses these residents may have incurred as a result of the disaster.

This payment is excludable as income and resources in accordance with the disaster relief provisions of SI 00830.620 and SI 01130.620.

2. Family Grants: One-time Grants to Families Making 1-Year Commitment to Reside in Zones 1, 2, or 3

A second grant is available to families with one or more children under the age of 18 making a 1-year commitment to occupy rental units or owner-occupied housing in Zones 1, 2, or 3. These "family grants" are available regardless of whether the grant recipient resided in the zones on September 11, 2001. The one-time grant amount is \$1,500 if the unit is in Zone 1 and \$750 if the unit is in Zones 2 or 3. The family grants are intended to compensate families for the extra reasonable and necessary personal, living and family expenses they incurred or will incur because of the continuing effects of the September 11, 2001 disaster. The family grants are expected to be reasonably equal to these expenses from the time the grant recipients began residing in Zones 1, 2, or 3 through the first anniversary after the grant is made, excluding personal, living, or family expenses that are reimbursed from other sources, including the Federal Emergency Management Agency ("FEMA") and private insurance.

This payment is excludable as income and resources in accordance with the disaster relief provisions of SI 00830.620 and SI 01130.620.

**3. 2-Year Commitment Grant Program: Grants to Individuals Making a 2-Year Commitment to Reside in Zones 1 or 2**

A third grant is for individuals making a 2-year commitment to occupy rental units or owner-occupied housing in Zones 1 or 2 ("2-year commitment grant program"). These grants are available regardless of whether the grant recipient resided in Zones 1 or 2 on September 11, 2001. In general, these grants equal 30 percent of monthly rent or, for owner-occupied units, 30 percent of mortgage payments, maintenance and real estate and related taxes. The maximum grant amount is \$12,000 for Zone 1 units, and \$6,000 over 2 years for Zone 2 units. The minimum amount is \$4,000 over 2 years for units in Zone 1 and \$2,000 over 2 years for units in Zone 2.

These payments are excludable from both income and resources to the extent that they do not exceed the minimum of \$4,000 per unit for individuals residing in zone 1 and \$2,000 for individuals residing in zone 2. The minimum grants are excludable as disaster relief; however, any amount beyond the minimum grant amount more closely resembles an incentive payment to remain in or relocate to lower Manhattan and cannot be readily excluded. Please see the NOTE below.

**NOTE:** Any cases involving payments above the minimum levels for the 2-year grants must be analyzed on a case-by-case basis to determine if there are other applicable exclusions. These cases should be referred to the Program Operations Center, Region II.