

New Jersey

Community Development Block Grant

Disaster Recovery Program Action

Plan

State Fiscal Year 2013

State of New Jersey
Chris Christie, *Governor*

Department of Community Affairs
Richard E. Constable, III, *Commissioner*

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**New Jersey
Community Development Block Grant
Disaster Recovery Program**

**Administered by the
New Jersey Department of Community Affairs**

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**State of New Jersey
CDBG Disaster Recovery Program
Department of Community Affairs
State Fiscal Year 2013
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Introduction

The State of New Jersey is required to publish an Action Plan for Disaster Recovery (Action Plan) that describes the proposed use of U.S. Department of Housing and Urban Development (HUD) Community Development Block Grant (CDBG) funding associated with the Department of Housing and Urban Development Appropriations Act, 2012 (Public Law 112-55, approved November 18, 2012). The Act provides for disaster relief for unmet needs, long-term recovery and restoration of infrastructure, housing, and economic revitalization resulting from Hurricane Irene that occurred in the summer of 2011, for which the President declared a major disaster under Title IV of the Stafford Disaster Relief and Emergency Assistance Act (42 U.S.C. 5121 et seq.). The HUD guidance for the funding was published April 16, 2012 in the *Federal Register* as Docket Number FR-5628-N-01.

This Action Plan identifies the County of Passaic as the eligible entity and recipient of 80% of the CDBG-DR funds as well as the entire State of New Jersey as an eligible “affected area”; the methodology to be used to distribute funds to those areas and applicants; activities for which funding may be used; the citizen participation procedures; and grant administration standards. The NJ Department of Community Affairs (DCA) is the recipient and state administrative agency for the use of CDBG Disaster Relief (CDBG-DR) funds for the State of New Jersey.

The New Jersey CDBG-DR Program is a subprogram of the State’s Small Cities CDBG Program and provides funds to only be used for specific disaster-related purposes for recovery efforts involving housing, economic development, and infrastructure, if such use does not duplicate funding available from Federal Emergency Management Agency (FEMA), the U.S. Army Corps of Engineers (USACE), or the Small Business Administration (SBA). The Federal Register Notice strongly encourages incorporating preparedness and mitigation measures into rebuilding activities in the affected areas. This Action Plan must be submitted to HUD on or before July 23, 2012. CDBG-DR activities can be entered into HUD’s Disaster Recover Grant Reporting system (DRGR) before and after submission of the Action Plan to HUD. Once activities are programmed or budgeted at a generalized level in the DRGR system and environmental reviews are completed, HUD will provide a release of funds. Disbursement of grant funds must begin no later than September 20, 2012, which can be for administration.

Impact of Hurricane Irene in New Jersey

The northern and central regions of New Jersey were most impacted by Hurricane Irene and the preceding storms in the summer of 2011. According to FEMA, Passaic County experienced the most significant damage and has received the fourth highest amount of significant repetitive loss claims in the Nation. While the northern part of the State was most impacted, the storm also caused extensive damage and flooding throughout the entire State. Floods in Cumberland County were prevalent, particularly in Bridgeton, which also received damage to infrastructure from a storm a one week earlier. Severe flooding also occurred at the Raritan, Millstone, Rockaway, Rahway, Delaware and Passaic Rivers due to record rainfall. Highest rainfall recorded in the state was in Freehold (11.27 inches), followed by Jefferson (10.54 inches) and Wayne (10 inches). Record flows were reported at the Musconetcong River in the rural northwest. Eleven rivers and major streams reached record levels, and a week after the storm all rivers in

the state reached "moderate flooding levels". The flooding affected roads, including the heavily used Interstate 287 in Boonton where the northbound shoulder collapsed from the force of the Rockaway River, and Garden State Parkway which flooded in Cranford from the Rahway River and in Toms River near exit 98. Along the Hudson River, in parts of Jersey City and Hoboken flood waters rose more than 5 feet and the north tube of the Holland Tunnel was briefly closed.

In addition to major flooding, the combination of saturated ground from a wet summer and heavy winds, made New Jersey especially vulnerable to wind damage. One of the hardest hit areas due to high winds was Union County in Central Jersey. Fallen trees, many pulled from the soaked ground with their roots attached, blocked vital roads from being accessed by local emergency services. This was not isolated to local streets, but also parts of vital arteries New Jersey Route 28 and U.S. Route 22. Numerous homes suffered structural damages from the winds, and limbs impacting their roofs. Perhaps the most critical damage however due to wind was fallen wires. Around Union County, fallen wires in combination with flooded electrical substations left parts of Union County, including Cranford, Garwood, and Westfield without power or phone service for nearly a week. Many areas with a high number of downed wires did not lose power, as wires on the ground remained live. This includes one documented case in Roselle Park where a 13kV (13,000 volt) primary power line remained down, tangled in trees for four days due to the lack of available PSE&G crews.

Aftermath

Flooding continued throughout much of the State for another three days. On August 29th, New Jersey Governor Chris Christie petitioned President Obama to expedite the release of emergency funds to the state. The President toured Paterson on September 4th to view damage to the area. Paterson City counted 6,000 displaced persons; three of four bridges crossing the Passaic River remained closed. Touring the state on August 31 with FEMA Administrator Craig Fugate, U.S. Homeland Security Secretary Janet Napolitano declared, "This is as bad as I've seen, and I've been in eight states that have been impacted by Irene." The President promptly declared the State a disaster area, making residents of Bergen, Essex, Morris, Passaic, and Somerset counties eligible for federal aid. Politicians and residents from other impacted areas claimed inconsistency in the designations, and as a result the area was later expanded to 16 counties. Soon after the President's visit, the declaration was expanded to include all 21 counties in the State making the entire State eligible for FEMA aid. President Obama vowed aid would be devoid of politics.

More than 31,000 residents filed assistance claims through FEMA. Within two weeks nearly \$38 million had been disbursed with others pending. Hardest-hit counties were Bergen and Passaic in the northeast, each with more than 4,000 claims. While the deadline for applications for disaster relief was set as October 31, as of September 28 more than 54,000 residents had shared in the \$116 million which had been distributed.

The Department of Community Affairs seeks to maximize CDBG-DR funding by coordinating and layering resources with FEMA, which approved the New Jersey's 2011 State Hazard Mitigation Plan. This approval (of the Plan) enables the State to continue its future eligibility to receive FEMA disaster and hazard mitigation assistance for the residents of the state through 2014. Phase I of the Accelerated Hazard Mitigation

Program was announced in December; eight communities were eligible for acquisition funding under Phase I.

FEMA's Phase II funding included additional communities that have experienced major flood events over a period of years for the purpose of property elevations and buyouts. Seventy-five percent of the cost of the acquisitions is funded by FEMA with a 25 percent match for each project funded by the New Jersey Department of Environmental Protection's (DEP) Blue Acres Program for the acquisition portion of the Phase II. The homeowner's participation in an acquisition or elevation measures is voluntary. Wayne, on the Passaic River, will receive the most funding from the voluntary program — \$6.3 million to buy approximately 56 homes. Pompton Lakes, Little Falls, Lincoln Park, Fairfield and Pequannock will each receive between \$2.9 million and \$4.1 million to buy out between 10 and 20 homes; Middlesex Borough will received \$1.9 million to purchase about seven homes. The homes will be demolished, returning the land to the floodplain and preserved as green space. In January 2012, the governor signed a bill introduced by the New Jersey Legislature in November 2011 allowing the use of state's open space funding for the purchase of homes in flood-prone areas.

Consultation with Affected Communities to meet Unmet Needs

The Federal Notice mandates that 80% for the CDBG-DR funds received by the State must be directed to Passaic County. Therefore, NJ DCA representatives conducted multiple forums with nine Passaic County communities (most impacted by the disaster) to assess their needs. Representatives from FEMA, the State's Office of Emergency Management (OEM) and the Department of Environmental Protection (NJ DEP) were also participants in these meetings. The nine communities evaluated their needs of recovery for housing, infrastructure, and the economy. FEMA data for New Jersey indicated that 35 percent of all severe and repetitive loses for housing in the State were from Passaic County and 15 percent for repetitive loses. Based on this information, the majority of the municipalities are seeking immediate relief and desire to quickly access the funds. Activities most expressed were housing buyouts and demolition/land acquisition for public use, housing rehabilitation and elevation, infrastructure repairs/improvements and business assistance. All municipalities expressed the desire to use the CDBG-DR funds as a supplement (matching) to the funds for flood insurance and FEMA payments. Since Passaic County's allocation is non-competitive, all towns (and Passaic County) were encouraged to submit a CDBG-DR "pre-application" to DCA to provide insight of the amount of funds requested and the type of activities they tend to undertake. The pre-application phase serves as a basis for this Plan. As a result of these meetings, NJDCA will allocate funds in the following categories:

1. Housing
2. Infrastructure
3. Economy

Funding and Method of Distribution

The State of New Jersey was allocated \$15,598,504 in CDBG-DR funds for the purpose of assisting the most impacted and distressed communities following flooding as a result of Hurricane Irene. These funds are mandated to address unmet needs in the areas of housing, economic recovery and municipal infrastructure.

New Jersey is required to dedicate 80% of its funding towards projects in Passaic County. Passaic County will prioritize the projects, based upon their needs assessment and supporting FEMA data, and will forward eligible proposals to DCA for review and authorization to submit the formal application in NJ SAGE. The application process for Passaic County is non-competitive and awards will be determined by need and feasibility.

The remaining 20% is available for recovery efforts in all other counties that received presidential disaster declarations. Those counties include: Atlantic, Bergen, Burlington, Camden, Cape May, Cumberland Essex, Gloucester, Hudson, Hunterdon, Mercer, Middlesex, Monmouth, Morris, Ocean, Salem, Somerset, Sussex, Union and Warren. Once the Action Plan is approved by HUD, DCA will announce a state-wide RFP for the available \$2,963,716. All potential applicants will be required to submit a pre-application, referenced in Action Plan Appendix, prior to completing an application in NJ SAGE.

Threshold Requirements

Pre-applications that fail to meet a threshold requirement may not move to a full SAGE Application.

Pre-application: A Unit of Local Government must first complete a pre-application and submit for review and approval before a full SAGE application can be started. The Department will invite applicants that have successfully completed the pre-application to submit a full SAGE application.

SAGE Full Application: Unit of Local Government must enter an eligible CDBG-DR project in the SAGE application to be considered for funding.

Distribution of Allocation

Contingent on the US HUD’s final approval of the State’s CDBG-DR Action Plan, the distribution of CDBG-DR funds will be as set forth below.

Administration & Technical Assistance

\$779,923

The State is afforded 5% of the overall allocation for administration to ensure the appropriate management staff is in place over the 5 to 7 year implementation period.

Benefit to People of Low and Moderate Income

Passaic County

\$5,927,433

Entire State of New Jersey

\$1,481,858

This fund provides assistance for eligible activities that meet this national objective. This fund must provide a direct benefit or an area wide benefit to people of low and moderate-income. Direct benefit would be rehabilitation of housing owned and occupied by people of low and moderate income. Area wide benefit would be the repair of public infrastructure (public facilities), reconstruction of a structure or the acquisition of land that would benefit the residents of the service area and where at least 51 percent of the beneficiaries are people of low and moderate income .

Housing - This fund will be used for activities that improve the condition of affordable housing that was damaged by the disaster. Activities can include elevation of utilities or

foundations and to rebuild safer and stronger structures. Only eligible units of local government may apply on behalf of the homeowner. Only households with incomes within the established HUD income for the county are eligible. The maximum grant award in this category will be \$1,000,000 (not applicable for Passaic County). However, the DCA will consider exceeding this ceiling if the applicant presents compelling reasons to do so. Single family and multiple dwellings are eligible. Note: Households with incomes up and equal to 120 percent of the established HUD income limits for the county may be rehabilitated with DR funds, but cannot be classified under the national objective of benefit to people of low and moderate income. Applicants will be required to follow standard grant agreement provisions that the Department uses for the State CDBG Program. All construction in the State of New Jersey must follow the State's Uniform Construction Code, which also contains the State's rehabilitation code.

Infrastructure (Public Facilities, Residential Buy Outs) - This fund will be used for activities that assist local government units with the repair or reconstruction and improvement of essential public infrastructure (public facilities) that were impacted by the disaster. This fund will also cover acquisition of properties in the flood plain for open space and public recreation or benefit. These activities must primarily benefit people of low and moderate-income. The maximum grant awarded in this category will be \$1,000,000(not applicable for Passaic County). However, this maximum may be exceeded if compelling reasons are presented to and accepted by the DCA.

Economy - This fund will be used for activities to assist local business that lost jobs resulting from impacts from the disaster. Funding will be used to make repairs to the building and/or facilities for the creation or restoration of jobs for people of low and moderate income. Only eligible local government units may apply on behalf of the business or nonprofit company. Grants may not exceed \$500,000 (not applicable for Passaic County) unless compelling reasons for exceeding that amount are set forth by the applicant and accepted by the DCA.

Urgent Need and Elimination of Slums and Blight

Passaic County	\$5,927,432
Entire State of New Jersey	\$1,481,858

This fund provides assistance for eligible activities that meet the above national objectives of the program, but do not primarily provide benefit to people of low and moderate income, i.e., the project cannot document at least 51 percent of the beneficiaries are people of low and moderate-income. This fund will also cover acquisition of properties in the flood plain for open space and public recreation or a public benefit.

Urgent Need

Under the Federal Register Notice for the CDBG-DR Program, the applicants are not required to issue formal certification statements. Instead, they must document how each project or activity funded under the urgent need national objective responds to the disaster related impact identified by the local community. In addition, since major disasters present unique challenges and recovery can take years, it is not necessary for an activity to begin within 18 months of the disaster in order to use the urgent need national objective.

Applicants should still be mindful of the low and moderate-income benefit national objective for all activities that qualify under such criteria. At least 50 percent of the entire CDBG-DR grant award must be used for activities that benefit low and moderate-income persons.

This fund provides assistance to applicants that purchase properties (buy outs) in the flood plain that were damaged by the disaster and have suffered severe and repetitive losses over many years. This activity will remove the household out of harms-way and allow the land to revert back to a natural state or use land for recreational purposes. Depending on the use of the property after acquisition and demolition/clearance this activity may meet the benefit to people of low and moderate income national objective.

Elimination of Slums and Blight

Applicants who claim that their activities meet the national objective of eliminating or preventing slums or blight rather than claiming benefit to low and moderate income people must document this claim by showing that the activities proposed will be carried out in an “area in need of rehabilitation” or a “redevelopment area” as set forth in the New Jersey Local Redevelopment and Housing Law (NJSA 40A:12A). There must be a substantial number of deteriorated buildings in the area. The boundaries of the redevelopment area and all proposed improvements must be clearly delineated, and the activities to be assisted with funds must be limited to those that address one or more of the conditions that contributed to the deterioration of the area. However, under disaster recovery, the disaster declaration will fulfill the requirement for the area in need of rehabilitation or redevelopment.

Note: Projects that remove slums and blight either through rehabilitation or by demolition, which when completed provides an area benefit, may be considered as meeting the national objective of benefit low and moderate-income, if at least 51 percent or HUD’s exception percent of the beneficiaries in the service area are people of low and moderate-income. Refer to the L/M Income requirements above.

Grants may not exceed \$1,000,000 (not applicable for Passaic County) unless compelling reasons for exceeding that amount are set forth by the applicant and accepted by the DCA.

Infrastructure (Public Facilities, including buy outs) - This fund will be used for activities that assist local government units with the repair or reconstruction and improvement of essential public infrastructure (public facilities) that were impacted by the disaster. This fund will also cover acquisition of properties in the flood plain for open space and public recreation or benefit. The maximum grant awarded in this category will be \$1,000,000 (not applicable for Passaic County). However, this maximum may be exceeded if compelling reasons are presented to and accepted by the DCA.

Other Sources of Funds

All applicants in Passaic County and Statewide will be required to list other sources of funds for their project. Inquiries will be made to FEMA, SBA, USEDA, US Army Corps of Engineers, USDA and NJDEP as part of the full application to the Department. Applicant will be referred to the appropriate funding agencies if it appears that a project is eligible to receive funding from these other sources.

Duplication of Benefits

Units of local government seeking assistance for CDBG-DR funding must assure that the use of disaster recovery funds does not duplicate funding available from individuals (estimated insurance), the Federal Emergency Management Agency (FEMA), the Small Business Administration, and the US Army Corps of Engineers.

Promote a sound, sustainable, long-term recovery plan

Passaic County - Communities will comply with the Passaic River Basin Plan to the extent possible. Refer to the webpage at <http://www.nj.gov/dep/passaicriver/>. Proposed project will be required to comply with the requirements in the Federal Register Notice, i.e., to rebuild safer and stronger as stated below.

Rest of New Jersey - Proposed projects will be required to incorporate in the design for their projects preparedness and mitigation (i.e., elevating homes over the flood stage or moving utilities to a level over flood stage) with the goal to rebuild safer and stronger housing. CDBG –DR funding will be used with individuals (estimated insurance), FEMA, the Small Business Administration, and the US Army Corps of Engineers to the extent possible.

Summary Table
The New Jersey Community Development Block Grant- Disaster Recovery
(CDBG-DR) Program
State Fiscal Year 2013
Federal Fiscal Year 2012

FFY 2012 Total Allocation:	\$15,598,504
State Administration & Technical Assistance:	\$ 779,923
Funds Available to Award:	\$14,818,581

*Passaic County Allocation (80% Countywide) **\$11,854,865***

Benefit to Low and Moderate-Income Fund*	\$5,927,433
Urgent Need & Elimination of Slums & Blight Fund	\$5,927,432

The Appendix includes a table of preliminary projects for communities in Passaic County.

*New Jersey Allocation (20% Statewide) **\$2,963,716***

Benefit to Low and Moderate-Income Fund*	\$1,481,858
Urgent Need & Elimination of Slums & Blight Fund	\$1,481,858

*Federal Register (77 FR 22583, April 16, 2012) stipulates that at least 50 percent of all Disaster Recovery funding must benefit people of low and moderate-income.

Application Submission Schedule

Passaic County	The initial application and any subsequent projects will be accepted throughout the year by invitation from the Department of Community Affairs (DCA) following pre-application approval. Pre-application forms are available on the Program's website. Funding will be considered as long as funds remain available.
Entire State of New Jersey	Pre-applications submitted on or before September 15, 2012 will be given priority by the Department of Community Affairs (DCA). Pre-application forms are available on the Program's website. After September 15, 2012 funding will be considered as long as funds remain available.

State Conformance to National Objectives

The State of New Jersey will be guided by applicable federal rules and regulations in carrying out the Community Development Block Grant Disaster Recovery (CDBG-DR) Program. All project activities must meet one of the three national program objectives set forth in the Housing and Community Development Act of 1974, as amended:

1. To undertake community development activities that principally *benefit persons of low and moderate income* (Federal regulations for disaster recovery require that at least 50 percent of the funds meet this national objective);
2. To prevent or *eliminate slums and blight*;
3. To meet *urgent community development needs* for which no other resources are available.

The State of New Jersey certifies that not less than 50 percent of the funds will be used for activities that benefit persons of low and moderate income. Low and moderate income is defined in the New Jersey CDBG Program as the income of “lower income” families as set forth in the Section 8 Assisted Housing Program of the US Department of Housing and Urban Development (US HUD). The US HUD provides applicable standards, and the standards are included in the appendix of this plan.

Disaster Recovery Objectives

1. Fifty percent of the funding must benefit people of low and moderate-income
2. Rebuild safer and stronger structures that will use construction methods that emphasize high quality, durability, energy efficiency, sustainability, and mold resistance. We will support adoption enforce of modern building codes and mitigation of hazard risk.
3. Avoid duplication of benefits
4. Prevent fraud and abuse of funds

State Program Objectives – These are the State’s standard CDBG objectives and will serve as a secondary guide for implementing disaster recovery.

1. Support housing rehabilitation programs that maintain the supply of safe, decent, and affordable housing.
2. Support and encourage efficient patterns of community development, redevelopment, and capital funding by giving priority to proposals that address documented health and safety concerns. Including adequate, flood resistant housing for all income groups supporting transitional housing needs of the homeless; prevention of low income individuals from becoming homeless and the special needs of persons who are not homeless but require supportive housing.
3. Encourage innovative proposals that improve housing, and other eligible activities to renew designated revitalization areas.
4. Support and encourage neighborhood revitalization efforts identified in locally developed plans and strategies.
5. Improve the availability and adequacy of essential public facilities, and remedy serious deficiencies in areas that principally serve people of low or moderate income.
6. Ensure that municipalities have the capacity to implement community development programs and maintain community development improvements.

7. To support community development projects of particular urgency where existing conditions pose a serious and immediate threat to the health or welfare of the community, and where other financial resources are unavailable.

Eligible Applicants

Eligible applicants are units of local government, municipalities and counties with disaster related impacts caused by Hurricane Irene on or about August 31, 2011 by declaration notice (FEMA-4021-DR).

Number of Applications

Applicants may apply for funding for more than one project. The applicant must prioritize projects and provide documentation based on demonstrated need. The Department retains the discretion to award only one grant per jurisdiction.

Reallocation of Funds

The Department may transfer funds (including those recaptured from cancellations or closeout balances and program income) among funding categories based on demand for assistance demonstrated by the number of applications received.

Evaluation Criteria - for funding consideration

Funding will take into consideration the following items and will be based on the applicant's demonstrated need and proposal to address disaster related impacts.

Priority consideration will be given to projects that address severe and repetitive losses.

1. *Compliance with a statutory national objective.*
2. *Proposed project addresses disaster related impacts and is an eligible activity*
3. *Documented needs and costs*
4. *Certification that other public or private funding sources are not available and funds requested do not duplicate benefits already received*
5. *Date of submission. Due to the limit of funds, funding will be considered as long as funds remain available.*

A pre-application must be submitted first, which can be downloaded from the Program's website. The Program will invite an applicant to submit a full application if the pre-application is fundable. The pre-application is in the appendix and available on the Program's website.

Needs and Costs Statement

Applicants are required to document the needs and costs for their proposed projects. Each of the following (a. through e.) must be addressed in the full SAGE application.

- a. The problem your proposed project will address. How long the problem has existed and how it developed. The specific problem the proposed project will address.
- b. The extent to which the proposed project provides a long-term solution to the problem you have identified.

c. Deficiencies with a certification from a qualified person or persons who is /are not employed in any manner by the applicant. This person must address the specific problem or problems that you have identified and intend to correct with the CDBG-DR funds requested. Projects that clearly address a severe situation affecting the health or safety of the residents of the service area must provide evidence in this section.

The certification of deficiencies must be included in this section. Do not include letters of support from local residents or others with this item.

d. Document costs with a certification from a person qualified in the field, such as an architect or engineer. The cost estimate must appear on the letterhead of the qualified person's firm and bear an original signature of the person. This documentation must be included in this section.

Federal Davis-Bacon and NJ Prevailing Wage Acts apply to projects assisted with CDBG-DR funds; applicants must certify that prevailing wage rates were used in developing the cost estimates.

e. Provide data before and after the disaster, including photographs that describe the proposed project.

Regulatory Requirements

Grantees must comply with fair housing, non-discrimination, labor standards and environmental requirements applicable to the CDBG program (except as provided-for in CDBG-DR notices and waivers; refer to the CDBG program webpage: <http://www.nj.gov/dca/divisions/dhcr/offices/cdbg.html>)

Additionally, grantees will be required to submit for review and approval a grants management plan, professional service agreements specific to the project, third party agreements for projects involving business or non-profits, and policy and procedures manual for housing rehabilitation projects.

All Housing Rehabilitation Applications: Housing programs must establish a revolving loan fund and include such provision in an adopted policies and procedures manual. As an option, 25 percent of the funds provided to homeowners can be in the form of zero interest loans payable upon sale or transfer of the properties and the remaining funds forgiven after a period of 5 years. Loan proceeds will remain with the recipient for one year. Funds that are not recycled within one year will be transferred to Passaic County's CDBG Program or may return to the Department for transfer to the State's CDBG Program.

All items above, except for the ERR, must be 100 percent complete and executed before submitting the SAGE application. Applicants that do not complete the above items and do not submit them with the SAGE application may not be eligible for funding. Please refer to the program's web page for the standard CDBG procedures for reporting, procurement and monitoring at <http://www.nj.gov/dca/divisions/dhcr/offices/cdbg.html> for more information.

Eligible Activities

Activities assisted under the CDBG-DR Program are limited to the following:

1. Acquisition of real property that is blighted, appropriate for rehabilitation, appropriate for preservation as a historic site, or used for provision of public works or other public purposes.
2. Acquisition, construction, reconstruction, or installation of public works or facilities (except buildings for the general conduct of government) and site and other improvements.
3. Code enforcement in deteriorated or deteriorating areas in which such enforcement may arrest the area's decline.
4. Clearance, demolition, removal, and rehabilitation of buildings.
5. Special projects directed to the removal of architectural barriers that restrict the accessibility of the elderly and handicapped.
6. Payments to housing owners for losses of rental income incurred in holding units for relocated individuals and families displaced by activities under the program.
7. Disposition of real property acquired pursuant to the program.
8. Provision of public services if the local government has not provided such services during the 12-month period immediately preceding implementation of the program.
9. Payment of the non-Federal share required in connection with a Federal grant-in-aid program undertaken as part of this program.
10. Payment of the cost of completing a project funded under Title I of the Housing Act of 1949.
11. Relocation payments for displaced individuals, families, businesses, and organizations as a result of activities under the program.
12. Activities necessary to develop a comprehensive community development plan and to develop a policy-planning-management capacity to enable the recipient to more effectively administer the program.
13. Payment of reasonable administrative costs.
14. Activities carried out by public or private non-profit organizations including:
 - a. Planning
 - b. Acquisition, construction, reconstruction, rehabilitation, or installation of public facilities (except for buildings for the general conduct of government), site improvements, and utilities and commercial or industrial buildings or structures.
15. Assistance to non-profit organizations serving non-entitlement areas, local development corporations or entities organized under the Small Business Investment Act of 1985 to carry out a neighborhood revitalization or community economic development or energy conservation projects, including the development of shared housing opportunities for the elderly (other than by construction of new facilities).

16. Activities necessary to the development of a comprehensive community-wide energy-use strategy.
17. Assistance to private, for-profit entities, when the assistance is appropriate to carry out an economic development project.
18. Rehabilitation or development of housing assisted under Section 17 of the United States Housing Act of 1937.
19. Assistance to facilitate the substantial reconstruction of housing owned and occupied by low- and moderate-income persons.
20. Technical assistance to increase the capacity of public or non-profit entities to carry out eligible neighborhood revitalization or economic development activities.
21. Housing services designed to assist homeowners, tenants, and others seeking to participate in eligible housing activities.
22. Assistance to institutions of higher education capable of implementing eligible activities.
23. Assistance to public and private organizations (for-profit as well as non-profit) to facilitate the development, stabilization, and expansion of micro-enterprises.
24. Assistance to facilitate and expand homeownership by subsidizing interest rates, financing acquisition, guaranteeing mortgages, paying up to 50% of down payments, or paying reasonable closing costs for income-eligible people.

Project Performance Measures

The CDBG-DR program estimates that all funds should be disbursed within the standard CDBG performance period of five years. However, project performance will be required to follow the schedule presented in the table below. All Pre-applications must be submitted by September 15, 2012 for priority consideration. All projects will be required to adhere to calendar quarterly reporting and submission of a final performance report before the final disbursement is made.

Activity Types	Grant Process	Estimated Completion from September 15, 2012
Housing	Application Submittal & Award	3 months
	Environmental Review	6 months
	Grant Preparation & Execution	6 months
	Subrecipient Obligation of Funds*	9 months
	All Funds Disbursed	24 months
Infrastructure (buy outs)	Application Submittal & Award	3 months
	Environmental Review	6 months
	Grant Preparation & Execution	6 months
	Subrecipient Obligation of Funds	12 months
	All Funds Disbursed	30 months
Economy	Application Submittal & Award	3 months
	Environmental Review	6 months
	Grant Preparation & Execution	6 months
	Subrecipient Obligation of Funds	9 months
	All Funds Disbursed	12 months
Administration	Start Disbursement to Completion	By 09/20/12 up to 60 months
Technical Assistance & Training	Start Disbursement to Completion	By 09/20/12 up to 60 months

* *Obligation of Funds* refers to the amounts of orders placed, contracts awarded, goods and services received, and similar transactions during a given period that will require payment by the subrecipient during the same or a future period. The obligation action must be related to a specific CDBG-DR activity, must be for a specific activity and can be linked to a specific address and/or household.

Monitoring Standards and Procedures

CDBG-DR projects will receive on-site monitoring to document local accountability and prevent inappropriate activities. Monitoring areas will include the standard CDBG programmatic areas including eligibility of activities, financial management, citizens' participation, environmental, procurement, and review of contract provisions,

acquisition, rehabilitation, clearance, and disposition of any properties. The areas will be expanded to include a “duplication of benefits” analysis which will be completed for each grant. At the minimum each activity will be monitored at least once on site. Program representatives will also check and verify reported outcomes during on-site monitoring visits. Should any findings occur, recipients will be required to correct the problem or else the ineligible expenditures will be disallowed and funds recaptured by the DCA.

Avoid or Mitigate Occurrences of Fraud, Abuse, or Mismanagement

1. Administration and Staffing

The DCA Division of Housing Community Resources (DHCR) staff has extensive experience in successfully managing the State’s CDBG program since Small Cities (State Program) inception in 1983; HOME since 1992; NSP 1 since 2008 and NSP 3 since 2011, and CDBG-R since 2009. With many years of experience in HUD-DPD programs and the systems in place to track performance and monitor compliance, the DCA DHCR staff can guarantee the CDBG-DR program will be fully compliant.

2. Increasing Capacity at the Local Level

The DCA DHCR staff will provide technical and grant management assistance to the grant recipients. The assistance will be in the form of workshops and training assistance specific to the CDBG-DR grant requirements. General CDBG requirements will also be covered for those individuals less familiar with CDBG rules and regulations. The DCA DHCR staff will be available to provide ongoing technical assistance by telephone, email, and on-site visits as needed.

3. Prevention of Misuse through Duplication of Benefits

The Department will ensure that assistance is provided only to the extent that the individual or entity has a disaster recovery need that has not been fully met through other sources of assistance.

4. National Objective

All activities must meet one of the national Objectives (LMI benefit, slum and blight, or urgent need). At least 50% of the funding will be used for activities that meet the LMI National Objective.

5. Administrative Cost

Grantees are encouraged to minimize administrative costs in order to maximize the funding available for program activities. The grantee administrative costs may be charged to the grant, but are capped at 6% per activity (project). Administrative cost shall only be applied toward the implementation of a project.

6. Contract Amendments

Grantees will be required to submit a request for an amendment to the Department’s Grant Agreement if there is a substantial change in the project scope or budget. Work initiated and/or expenditures incurred prior to Department approval of a revised scope or budget are at risk of being disallowed by the Department.

7. Reporting

A fiscal monitoring report including documentation of expenditures comparing the Grantee’s actual project expenditures with the approved project budget is required with

each request for payment. The Fiscal Monitoring Report must be certified by the Grantee's Chief Financial Officer and submitted with the State voucher requesting payment. Performance reports describing a project's progress in meeting the performance outcomes are required to be submitted quarterly. A final report must be submitted to the Department within 60 days after the expiration of the Grant Agreement. Ten percent (10%) of the total award is withheld and released upon the approval of the final report by the Department.

Program Income- Grant Funds Recaptured and Other Recaptured Funds

Grant funds recaptured will remain with the grantee when the grantee demonstrates, as determined by the Department, that recaptured funds can be distributed in a timely way to carry out the same activity for a specific project in accordance with a reuse plan that has been approved by the Department.

The Department interprets the phrase "the same eligible activity" to mean that the grantee must use the recaptured funds for the same activity for which it was originally funded, as taken from the list of eligible activities (see pages 12-13). For example, if the recaptured funds were derived from a loan to a private firm, it must be used again for loans to private firms. This does not mean that the income may only be used for an additional loan to the same firm. Nor can "continuing the activity" be so broadly defined as to mean use for the same general purpose, such as economic development.

The Department will consider exceptions to this policy on a case-by-case basis. However, in the event a grantee fails to demonstrate an acceptable reuse of recaptured funds, the Department will recapture program funds and distribute such funds in accordance with the provisions set forth in the Action Plan for **Distribution of Allocation**.

Recaptured Funds Statement

Applicants are required to submit a summary statement each year on the balance of the revolving loan funds. The funds must be in separate accounts that are based on the original activity of the local program. Refer to the CDBG Program Handbook, Grant Management Section, and Revolving Loan Fund Reporting Procedures for further guidance at <http://www.nj.gov/dca/divisions/dhcr/offices/cdbg.html> .

Displacement

The CDBG-DR Program will seek to minimize involuntary displacement of persons from their neighborhoods and homes and to mitigate the adverse effects of any such displacement on low-and moderate-income persons. The State will require applicants to assess all feasible alternatives to any activity resulting in involuntary displacement.

In the event that involuntary displacement is the only feasible alternative, the State will require that grantees comply with the requirements of the Housing and Community Development Act of 1974, as amended; the Uniform Relocation Assistance and Real Property Acquisition Policies Act of 1970, as amended; and the statutory amendments implementing regulations (CFR Part 24). In addition, the State will require that grantees comply with the requirements of the New Jersey Relocation Assistance Acts (P.L. 1971, c.362 and P.L. 1967, c. 79) and the New Jersey Regulations for Provision of Relocation Assistance (N.J.A.C. 5:40-1 et seq.).

Applicable Waivers

Summary of waivers granted to New Jersey's CDBG-DR Program. The following were waived:

- 70 percent overall benefit to people of low and moderate-income was reduced down to 50 percent
- the requirement to distribute funds to units of local government only
- require consistency with the consolidated plan
- action plan requirements; substituting an Action Plan for Disaster Recovery
- certain citizen participation requirements for a streamlined process
- administration cap to allow 5 percent
- annual reporting requirements; substituting quarterly reporting
- to allow new housing construction
- rehabilitation assistance to households with incomes up to 120 percent of the HUD median income limits
- anti-pirating provisions for business assistance
- to allow flexibility on requirements regarding program income
- standard certifications; substituting alternative certifications
- allowing reimbursement for pre-agreement costs
- allowing the use of the exception criteria (low and moderate-income area benefit requirement) for entitlement communities in Passaic, Bergen, Morris, Somerset, Essex, Middlesex and Monmouth Counties
- allowing the reviews and handling of noncompliance as may be appropriate to prevent continuance of the deficiency, mitigate any adverse effects or consequences, and prevent a recurrence
- allowing housing incentives to resettle in disaster-affected communities
- limitations on emergency grant payments to expend interim mortgage assistance up to 20 months
- allowing building for the general conduct of government
- one for one replacement housing, relocation, and real property acquisition requirements

Regardless of the waiver, CDBG-DR funds may not be used for activities reimbursable by, or for which funds are made available by, FEMA or the Army Corps of Engineers.

Public Comment Period

NJ DCA posted the draft Action Plan on its website, <http://www.nj.gov/dca/> on July 16, 2012 and will accept comments through July 23, 2012. Once approved by HUD, the Action Plan will remain posted on the NJ Small Cities CDBG/CDBG-DR webpage at <http://www.nj.gov/dca/divisions/dhcr/offices/cdbg.html> .

Public Comments

The Department of Community Affairs received comments from the County of Passaic on July 19, 2012. The following comments and responses are listed below:

Question 1: The dollar value of the Passaic County projects is not correctly referenced in the Action Plan. We submitted \$6,530,524 in low-mod income projects and \$5,324,340 under Urgent Need.

Response: The plan allocates funding based on the Federal Register Notice of April 16, 2012 and the CDBG-DR program requirements, which stipulates that at least 50 percent of the CDBG-DR funds benefit people of low and moderate income. In addition, the plan allows the Department to transfer funds among funding categories based on demand for assistance demonstrated by the number of applications received, see page 13 of the draft action plan.

Question 2: The application process continues to require a certification of project costs. However, as we noted in the draft Passaic County Pre-Application, the costs for residential buyouts will not be able to be documented for most projects when Passaic County completes the SAGE submission. There is a significant degree of uncertainty in confirming which owners will participate in the buyout program, the cost of their properties, the cost for appraisals, environmental evaluations, demolition and legal costs until these activities are procured in accordance with state and federal regulations. It would be highly inappropriate and impossible for Passaic County to expend funding for the above referenced costs without a grant commitment to buyout over 200 units. We have offered the best estimate in our Pre-Application based upon the experience of the communities who have been implementing FEMA buyouts for years.

Response: Pre-applications should contain good estimates and grantees are encouraged to document costs with a certification from a person qualified in the field, such as an appraiser, architect or engineer. The cost estimate must appear on the letterhead of the qualified person's firm and bear an original signature of the person. This documentation will be required for the full application. This is a standard application requirement and will be the basis of the award. In addition, since the Davis-Bacon and NJ Prevailing Wage Acts may apply to projects assisted with CDBG-DR funds, whoever provides the cost estimates must certify that prevailing wage rates were used in developing the estimates.

Question 3: Passaic County will hold one public hearing for the entire application in accordance with the intention of the NJDCA Commissioner.

Response: The Department initially considered using the standard CDBG Program's citizen participation requirement. However, the Department will follow the April 16, 2012 Federal Register notice, which waived the standard CDBG Citizen Participation requirements to permit a more streamlined process, and to ensure that disaster recovery grants are awarded in a timely manner for the grantee, State of New Jersey. The streamlined requirements do not mandate public hearings at a state, entitlement, or local government level, but do require providing a reasonable opportunity (at least 7 days) for citizen comment and ongoing citizen access to information about the use of the grant funds for the Action Plan. This process requires the State to publish the

proposed plan for the CDBG-DR grant or any substantial amendment on the Department's web site (homepage) and afford citizens, affected local governments, and other interested parties reasonable opportunity to examine the plan or amendment's contents. These same requirements will be required for recipients of CDBG-DR for application submittals, substantial amendments to awards and to the action plan affecting recipients' projects. The Department will use the minimum criteria stipulated in the April 16, 2012 *Federal Register* Notices that constitutes a substantial amendment to the plan.

Question 4: Part 1, We are requesting that you seek a waiver from HUD allowing rehabilitation under URGENT NEED to be completed on homes occupied by families with incomes over 120% of median income. The purpose of this program is to elevate homes over the flood stage, not make general property improvements. Homeowners with incomes over 120% of median income are at as much risk of flooding as those with lower incomes. We have not performed income surveys, but we believe that some owners may have higher incomes.

Part 2, on page 15, the Action Plan require that all housing rehabilitation programs must establish a revolving loan fund which requires a 25% repayment from the home owners. Passaic County's home elevation program requires that CDBG-DR funding is a grant to all homeowners. It is imperative that you remove this requirement for homes that are being elevated.

Response: Part 1, A waiver of the 120% of Median Income requirement is not necessary under the Urgent Need National Objective. The property to be assisted must have been directly impacted by the Hurricane. However, Passaic County must still meet the overall low-moderate income benefit – at least 50% of the total Disaster Recovery award must benefit people with incomes below 80% of Median Income.

Response: Part 2, Other funding sources may be in the form of a grant. However, as an option recipients may stipulate that a portion of the CDBG-DR funding for housing rehabilitation assistance will be in the form of a loan. The Department encourages communities to build capacity at the local level so that funds are available to deal with future emergency housing repairs and housing rehabilitation. The Department encourages recipients to stipulate that at least 25 percent be in the form of a deferred loan payable upon sale or transfer of the property. The local government may set a higher percent for the loan amount. These funds can revolve back to the community year after year as funds are paid back. However, if funds are not recycled within one year the funds must be transferred to the Passaic County's CDBG Program or returned to the Department for transfer to the State's CDBG Program.

Question 5: The Action Plan refers to a cap of \$1 million per project. This is not appropriate for the Passaic County application since four of our communities will require funding of over \$2,000,000 (Passaic City, Little Falls, Wayne and Paterson City). This requirement must be removed from the Action Plan.

Response: The maximum grant award per activity/category will be \$1,000,000; this is not applicable for Passaic County. However, the DCA will consider exceeding this ceiling if compelling reasons are presented to and accepted by the Department; see section on Distribution of the Allocation in the draft Action Plan.

Question 6: On page 13, the Action Plan references the number of applications. Passaic County has specifically requested that we submit one application for all nine participating municipalities. These municipalities have already established their priorities in the Pre-Application.

Response: The CDBG-DR Action Plan covers areas in Passaic County and the State of New Jersey that sustained disaster related impacts. Passaic County may submit one application on behalf of its local government units. However, local government units outside Passaic County will be required to submit one application for each specific project.

Question 7: Passaic County has already drafted their Pre-Application and will plan to submit an executed version by the end of July 2012.

Response: The Department looks forward to working with Passaic County and the communities impacted by the disaster.

Notice of Awards

The Department will announce the CDBG-DR SAGE awards on the CDBG-DR website at <http://www.nj.gov/dca/divisions/dhcr/offices/cdbg.html> .

CDBG-DR Action Plan Appendix

- I. I. Pre-application and table for projects
[sc_cdbg-dr_pre_app71312 Final.pdf](#)
[DR Table – Passaic Co 52212 Final.xls](#)
[DR Table – New Jersey Statewide.xls](#)
- II. Flood Insurance and Severe Repetitive Loss Data, Passaic County
[Table of Flood Ins & Severe Loss Passaic Co – data.xls](#)
- III. Table of Preliminary Passaic County Projects
[Table of Preliminary Passaic County Projects 71212 Final.xls](#)