

New Jersey Department of Community Affairs

SUPERSTORM SANDY COMMUNITY DEVELOPMENT BLOCK GRANT - DISASTER
RECOVERY

Public Law 113-2; January 29, 2013
FR-5696-N-01; March 5, 2013
FR-5696-N-06; November 18, 2013
FR-5696-N-11; October 16, 2014



ACTION PLAN AMENDMENT NUMBER 42 SUBSTANTIAL AMENDMENT DRAFT

- **Clarifying Potential Uses of CDBG-DR Program Income**

PUBLIC COMMENT PERIOD: January 21 – February 21, 2022

DATE SUBMITTED TO HUD:

DATE APPROVED BY HUD:

Philip D. Murphy
Governor

Lt. Governor Sheila Y. Oliver
Commissioner



SECTION 1: OVERVIEW

New Jersey (State) received approval from the U.S. Department of Housing and Urban Development (HUD) for the State's Community Development Block Grant-Disaster Recovery (CDBG-DR) Action Plan on April 29, 2013. The Action Plan described the State's allocation of \$1,829,520,000 of first round CDBG-DR funds allocated by HUD to support New Jersey recovery efforts. As Grantee, the Department of Community Affairs (DCA) was chosen to administer the CDBG-DR grant. Since that time, HUD has approved forty-one amendments to the Action Plan, including Substantial Amendment Number 7, which detailed the allocation of \$1,463,000,000 of second round CDBG-DR funds across the recovery programs, and Substantial Amendment Number 11, which described the allocation of \$501,909,000 of the third (and final) round of CDBG-DR funds intended to address unmet recovery needs.

This **Action Plan Amendment Number 42 (APA 42)** is considered a substantial amendment according to the definition stipulated in the March 5, 2013 HUD [Federal Register Notice 5696-N-01](#) and in accord with the State's Citizen Participation Plan because it changes the eligibility criteria as it relates to the State's expenditure of program income.

This Amendment is available in English and Spanish through DCA's website <https://www.nj.gov/dca/ddrm/>, and can be obtained by email to DisasterRecoveryandMitigation@dca.nj.gov (Subject: Action Plan Amendment 42) or by contacting Division of Disaster Recovery and Mitigation Constituent Services at 609-292-3750. To obtain a translated copy in a language other than Spanish, please contact Neda Hartman, the language access plan coordinator, at (609) 633-2787 or neda.hartman@dca.nj.gov.

The public comment period for Action Plan Amendment 42 is open from 9:00 a.m. on January 21, 2022 to 5:00 p.m. on February 21, 2022. Per HUD requirements, a public hearing will be held during the comment period on February 4, 2022 from 2:30 p.m. to 3:30 p.m. The public hearing will be held virtually on the Microsoft Teams platform. To access the link for the public hearing, please visit <https://www.nj.gov/dca/ddrm/>. The State will make all possible accommodations to ensure that the hearing is accessible for those with visual or hearing disabilities. The hearing will include an option for closed captioning to provide effective communication and the recording will be posted to the DCA website. To request a specific accommodation or a link to the recording, please contact Lisa Ryan at lisa.ryan@dca.nj.gov.

Comments on this proposed amendment can be submitted at the public hearing, or via email to lisa.ryan@dca.nj.gov or to the attention of Lisa Ryan, New Jersey Department of Community Affairs, Division of Disaster Recovery and Mitigation, 101 South Broad Street, Post Office Box 823, Trenton, New Jersey 08625-0823. All comments are given the same consideration regardless of the method of submission.

SECTION 2: CLARIFICATION

This Amendment clarifies the State's use of program income.

Clarification of Potential Uses of CDBG-DR Program Income

Program income is the gross income received by the CDBG-DR Grantee (here, DCA) or any of its subrecipients (e.g., the Economic Development Authority, Housing and Mortgage Finance Agency, Department of Environmental Protection) that is directly generated from the use of CDBG-DR funds. While program income can be generated various ways, perhaps the most common example is payments of principal and interest on loans that were made using CDBG-DR funds. Additional information regarding how program income may be generated and used is available at 24 C.F.R. §570.489 and 24 C.F.R. §570.504, as well as on [HUD's website](#).

In APA 40, New Jersey qualified three options for the use of program income: (1) program income is maintained by the state agency administering the program (DCA or a subrecipient) to pay the agency's next CDBG-DR eligible expense; (2) program income is transferred from a subrecipient to DCA to pay the next CDBG-DR eligible expense; (3) program income is used as a revolving loan fund for CDBG-DR eligible purposes.

Through this amendment, the State now allows program income to be used for all eligible purposes under federal requirements. Consistent with HUD Federal Register Notice FR-5696-N-01, this includes the option to transfer unbudgeted program income to the State's annual CDBG program. Collectively, these options ensure rapid expenditure of program income and minimize any impact on the timely obligation and expenditure of CDBG-DR funds.

SECTION 3: PUBLIC COMMENTS/RESPONSES

As required by HUD, this proposed Substantial Amendment will be made available for public comment over a period of at least thirty days. Also, per HUD requirements, the State will hold a public hearing to solicit comments in connection with this proposed amendment. The date and location of the public hearing are as follows:

Friday, February 4, 2022 (2:30 p.m. to 3:30 p.m.)

The public hearing will be held virtually on the Microsoft Teams platform. To access the link for the public hearing, please visit <https://www.nj.gov/dca/ddrm/>.

Commenters may submit comments to this proposed amendment (i) via email to: lisa.ryan@dca.nj.gov (Subject: ACTION PLAN AMENDMENT 42); (ii) via U.S. mail; or (iii) via oral comments at the virtual public hearing. All comments are given the same amount of consideration regardless of the method of submission.

The State will review all public comments provided during the comment period and, per HUD guidelines, will synthesize public comments submitted regarding this proposed amendment. The State will then include written responses to those comments as part of the final amendment submitted to HUD for review and approval.