Blue Acres

CDBG-DR Requirements

2.10.2023

DIVISION OF Disaster Recovery & Mitigation

NJ DEPARTMENT OF Community Affairs

EQUAL HOUSING OPPORTUNITY

CONTENTS

1 PURPOSE OF CDBG-DR FUNDS

The purpose of this Blue Acres Community Development Block Grant–Disaster Recovery (CDBG-DR) Requirements is to provide the specific requirements for using the U.S. Department of Housing and Urban Development (HUD) CDBG-DR funds for the purpose of acquiring property in high-risk, flood-prone areas and providing incentive funding to assist in relocating households to permanent housing in lower risk areas of the community. These requirements pertain specifically to the use of CDBG-DR funds to voluntarily purchase properties and provide incentives to eligible households.

1.1 Authorization and Funding

HUD announced that the State of New Jersey will receive $228,346,000 in funding to support long-term recovery and mitigation efforts following Tropical Storm Ida (DR-4614) through the New Jersey Department of Community Affairs (NJDCA).

To meet disaster recovery needs, the statutes making CDBG-DR funds available have imposed additional requirements and authorized HUD to modify the rules that apply to the annual CDBG Program to enhance flexibility and allow for a quicker recovery.
HUD has allocated $228,346,000 in CDBG-DR funds to the State of New Jersey in response to Hurricane Ida (DR-4614) through FR-6326-N-01 (Allocation Notice).

This allocation was made available through the Disaster Relief Supplemental Appropriations Act of 2022 for major disasters occurring in 2020 and 2021 (Public Law 117-43), approved on September 30, 2021 (the Appropriations Act). These CDBG-DR funds are for necessary expenses for activities authorized under Title I of the Housing and Community Development Act of 1974 (42 United States Code 5301 et seq.) related to disaster relief, long-term recovery, restoration of infrastructure and housing, economic revitalization, and mitigation in the “most impacted and distressed” (MID) areas resulting from a qualifying major disaster in 2020 or 2021.

The Appropriations Act also authorizes grantees who receive an award under this Allocation Notice and under prior or future appropriations to use these funds interchangeably and without limitation under certain conditions. This applies to the same activities related to unmet recovery needs in the MID areas resulting from a major disaster under the Appropriations Act or in prior or future appropriation acts when the MID areas overlap and when the use of funds will address the unmet recovery needs of major disasters in the Appropriations Act or in any prior or future appropriation acts. Where permitted by HUD, the State of New Jersey will be using the CDBG-DR funds interchangeably with Superstorm Sandy recovery in these designated areas.

2 BLUE ACRES CDBG-DR PROGRAM DESIGN OVERVIEW

2.1 Buyout

The Blue Acres Buyout Program is a voluntary buyout and incentive program that will be administered by the New Jersey Department of Environmental Protection (NJDEP). Buyouts are acquisitions of properties located in a floodway, floodplain, or other Disaster Risk Reduction Area, which when purchased and the structures demolished, reduce the risk from future flooding. Under the Blue Acres Program, buyout properties will be voluntarily sold to NJDEP or their designee for current fair market value (post-storm value) and the buyout property must be converted to and maintained as open space, recreational or wetlands management, or other disaster risk reduction practices. The Program also makes incentives available to eligible homeowners to help them afford the costs related to relocating to a lower risk area. Incentives may not be provided to compensate for a loss.

After properties are acquired, CDBG-DR funds also may be used to conduct demolition and debris removal activities; restore land as wetlands, floodplains, and so forth; and serve a defined climate resilience purpose. Properties purchased under this Program will be owned by the State, units of general local government, or other eligible nonprofits and will be maintained in a manner consistent with risk reduction and State floodplain management goals. Property owners’ participation in the Program is entirely voluntary.

The Program will be managed by NJDEP in coordination with NJDCA, which administers the CDBG-DR funds for HUD. NJDEP, which has a long and successful history of voluntary acquisition of real estate for open space, recreation, and natural resource restoration, will lead Program implementation. For the past two decades, the State, through the Blue Acres Program, has been purchasing flood-prone properties and restoring the natural landscape. Recent improvements have been made to Blue Acres, including the addition of proactive climate resilience planning. This resilience planning will influence the buyout decision-making process and inform policy improvements that will encourage greater overall effectiveness.

Recognized by the Federal Emergency Management Agency (FEMA) as a “National Best Practice,” the goal of the Blue Acres Buyout Program is to dramatically reduce the risk of future catastrophic flood damage for remaining communities and residents, and to help New Jersey families move to lower risk areas.

2.2 Safe Housing Initiatives

To further support disaster-impacted residents to recover, the Program will offer incentives to eligible applicants in addition to the buyout award. Incentives are available to owners who were primary residents at the time of the disaster. Note: NJDCA intends to amend the Ida CDBG-DR Action Plan to allow current homeowners whose primary residence is in the buyout area to participate in the Blue Acres incentive program even if they did not occupy the property as their primary residence at the time of the disaster. Once this amendment is approved by HUD, the Blue Acres’ policy will be revised.

NJDEP and NJDCA will establish valuations of estimated costs to move to a lower risk area in the HUD and grantee MID areas based on a countywide average cost per square foot for replacement housing. Incentives will be calculated as the difference between the value of a comparable replacement unit in a lower risk area and the home's current fair market value. Homeowners who agree to move within the jurisdiction where the buyout occurred may be eligible for an additional incentive.

The total maximum Program award is $461,375, which includes both the purchase of the buyout property and the incentive award needed to acquire replacement housing. Individual awards will be capped based on the lesser of the maximum Program award or the award calculation based on the buyout and housing incentive parameters described above.

Exceptions to these maximum awards will be determined following the Blue Acres' Exception Policy process. Based on previous experience, the Program understands that additional incentives may be needed to help homeowners relocate when they face circumstances such as the following:

- Multiplex housing.
- The outstanding mortgage value is greater than the buyout and incentive award.
- The homeowner faces other demonstrated financial or personal/medical hardships.
- When necessary, to comply with federal accessibility standards or to reasonably accommodate a person with disabilities.
- Othe\ications for good cause or hardship.

2.3 Displaced Tenants

Buyout property tenants who are permanently displaced are eligible for assistance in accordance with the Uniform Relocation Assistance and Real Property Acquisition Policies Act of 1970 (URA), as amended.

The Blue Acres Program is entirely voluntary. Until a written agreement on the purchase price of the home has been reached, NJDEP, at its discretion, may decide not to move forward with the purchase of any home being considered for a buyout (likewise, the homeowner has the same option to remove their property from the Program before acceptance of the purchase offer).

The Program also will fund demolition and clearance activities to convert purchased property to open space. State or local governments will manage and/or competitively procure contractors to provide these services. All costs must be necessary and reasonable and based on developing site-specific or community-specific scopes of work.

2.4 Eligible Activities and National Objectives for Blue Acres

2.4.1 Eligible Activities

Blue Acres Program activities are eligible under the Housing and Community Development Act (HCDA), as amended, and applicable waivers and alternative requirements located in the Consolidated Notice allocating the funds for this Program. See the table below for specific eligible activities per the HCDA.

ELIGIBLE CDBG-DR ACTIVITIES	Acquisition and clearance; Safe Housing Incentives; HCDA Section 105(a)1, 4, and 11; applicable waivers identified in the Allocation Announcement Notice and Consolidated Notice (87 Federal Register 31636); and other applicable waivers or alternative requirements

The Blue Acres Program will voluntarily purchase high-risk properties under the acquisition activity for the purpose of acquiring the property to clear the site of all structures through the demolition activity, which is necessary to meet the buyout requirements in the Consolidated Notice. Eligible applicants also may receive a Safe Housing Incentive to assist the owner of the buyout property to obtain permanent replacement housing following the sale of their property to the Blue Acres Program.

2.4.2 Buyout National Objectives

Properties purchased using the CDBG-DR funds must meet a HUD national objective. The Blue Acres Buyout and Safe Housing Incentives programs will be using the following national objectives for these activities.

Activity	National Objective	HUD Implementation Requirements	Blue Acres Implementation Strategy
Purchase Buyout Property at Post-Storm Fair Market Value (FMV)	(LMH)	▸ Any assisted activity that involves the acquisition of properties with another direct benefit (LMH activity) that results in occupancy and meets LMH national objective criteria. • Grantee must verify that the household secures new housing and provides additional assistance to secure it (must be permanent housing). • An example of a direct benefit might be providing down payment assistance.	▸ The Blue Acres Program will purchase the buyout property at the post-disaster current FMV. ▸ The Blue Acres Program will provide additional assistance to secure permanent housing through the Safe Housing

Activity	National Objective	HUD Implementation Requirements	Blue Acres Implementation Strategy
			Incentive Program to meet the LMH national objective.
	(LMA)	• If the buyout area and subsequent green space benefit all residents of an area that is primarily residential and 51% or more low- to moderate-income (LMI) persons. • Grantee must define the service area based on the end use of the property.	• Blue Acres will purchase the buyout property at the post-disaster current FMV. • Properties purchased within the qualified LMI service area will meet the LMA national objective.
	(UN)	Buyout for households that are above 80% of the average median income (AMI).	• Blue Acres will purchase the buyout property at the post-disaster current FMV. • Buyout activities that do not meet the national objective criteria for LMH or LMA will be a UN.

2.4.3 Incentive National Objectives

The Blue Acres Safe Housing Incentives (LMHI) activity also must meet a national objective as the incentives are a separate activity from the purchase of the buyout property. See the table below for the national objectives that will be met.

Activity	National Objective	HUD Implementation Requirements	Blue Acres Implementation Strategy
Safe Housing Incentive	(LMHI)	The activity is tied to the voluntary acquisition of housing (including buyouts) owned by a qualifying LMI household for which the incentive is made to induce a move outside of the affected floodplain or disaster risk reduction area to a lower risk area or structure.	Blue Acres Safe Housing Incentives will require the owner of the buyout property to provide evidence of permanent housing replacement before receiving the Safe Housing Incentive.
	(UN)	Incentive to households that are not at or below 80% of the AMI up to 150% of the AMI.	Blue Acres Safe Housing Incentives will require the owner of the buyout property to provide evidence of permanent housing replacement before receiving the Safe Housing Incentive.

2.5 Buyout Priorities

2.5.1 How the Program Will Promote Housing for Vulnerable Populations

Numerous riverine and coastal communities have a long-standing history of repeated flooding and storm-related losses. Many residents have experienced the cycle of damage and loss so many times that they are desperate for a permanent solution, such as a buyout. These homeowners hope that selling to the State will allow them to relocate to a safer, less flood-prone area so that they can recover emotionally, financially, and physically. The decision to pursue a buyout is a complex, personal choice unique to every household, and the State of New Jersey is committed to an expedited, voluntary buyout process to assist those households who want to relocate and present them with an opportunity to do so.

Many of the households pursuing this assistance include vulnerable populations who require additional considerations as they move from their current high-risk housing to lower risk areas. The manner in which the Blue Acres Program promotes housing for vulnerable populations includes, but is not limited to, the following:

- **Prioritizing low- to moderate-income (LMI) persons.** Consistent with the State of New Jersey's environmental justice goals and to maximize the use of CDBG-DR funds for buyouts, Blue Acres buyouts initially will be directed toward socially vulnerable populations and homeowners who are identified as LMI persons.
- **Lowering flood insurance premiums for the surrounding community.** Buying out flood-prone properties not only reasonably compensates people for moving out of harm's way, it also reduces the number of homes in floodplains, and therefore fewer homeowners are required to purchase flood insurance policies through the National Flood Insurance

Program (NFIP), leading to reduced flood risk ratings and reductions in insurance premiums for entire communities.

- **Working closely with local governments to understand high-risk areas, social vulnerabilities, and community or public services that depend on residents.** NJDEP will work closely with the local governments where buyouts will occur. This close coordination will help NJDEP understand the specific needs of residents living in high-risk areas. It also will help the State understand the community, social, and public supports and systems that are dependent upon the residents and upon which the residents rely. This information is critical to understanding the impact that buyouts have on community identity, as well as on existing systems—including ratables and publicly provided infrastructure, transportation, public services, utilities, and so forth—that comes with removing residents from an area and identifying ways to continue services or supports for relocating households.
- **Working closely with community-based organizations to conduct outreach and engagement and using the NJDCA Ida registration portal to reach vulnerable populations.** NJDCA created a survey specifically for feedback from Ida-impacted homeowners and renters. The survey gathered information on residents' funding needs. NJDCA partnered with community-based organizations and other State agencies to advertise the survey and solicit feedback. Outreach efforts have been made and will continue to be made to reach racially and ethnically concentrated areas of poverty.
- **Leveraging Racial and Ethnically Concentrated Areas of Poverty (RECAP) mapping and data to perform additional targeted outreach and engagement.** Using HUD's Affirmatively Furthering Fair Housing mapping tool, the State will generate maps and reports to identify segregation trends, areas of concentrated poverty, disparity in housing needs and access to opportunity, and the location and tenant characteristics of publicly supported housing within the HUD and State MID areas. This information and mapping will help the State and its outreach partners further target program engagement and encourage participation in these areas. Buyout Program proposals might be the only and highest offer an at-risk property receives. Coupling a Buyout Program and a relocation incentive might allow RECAP residents their only opportunity to build equity outside of at-risk areas. The new property is more likely to increase in value with time instead of decrease as their current assets may have done due to the area's risk.
- **Funding and facilitating access to housing counseling services for all Program applicants through the supportive services (Housing Counseling and Legal Services Program) described below.** These services will provide the application, documentation, and long-term housing planning wraparound and referral services that may be needed for vulnerable populations—including survivors who are not experiencing homelessness but require supportive housing (e.g., elderly, frail elderly, persons with disabilities [mental, physical, developmental, formerly incarcerated persons, and so forth]), victims of domestic violence, persons with alcohol or other substance-use disorders, persons with HIV/AIDS and their families, and public housing residents—as they move through the Program. Families that include persons with disabilities will be handled on a case-by-case basis to ensure that the specific needs of the family can be addressed and accommodations are appropriate for

their transition to a new safer housing environment. Applicants also may receive financial counseling to understand the changes in monthly and annual expenses associated with moving from their high-risk property to their new home. This will help ensure that homeowners are relocating to safer housing that is affordable for their household.

- **Supporting equitable relocation for Blue Acres participants.** NJDEP will be developing mapping tools that clearly designate areas outside of the 100- and 500-year floodplains and utilizing HUD's RECAP mapping to clearly define the different housing options in the participants' buyout community. The State wants to be completely transparent regarding areas of concentrated poverty or segregation trends so that the decision to purchase a home in a safer part of the community looks at more than just its location in a floodplain. Participants will be able to utilize the mapping tools to target their prospective homes. The NJDCA Smart Move Program may be able to offer low-income buyout participants the option of relocating to a newly established housing development in an area that is not vulnerable to flooding. This NJDEP and NJDCA recovery program synergy is an attempt to help communities retain residents when it is geographically possible. The incentive option has been designed to fill the gap between the purchase price of the buyout property and the cost for a comparable home replacement in a lower risk housing area. The State will offer LMI households voluntarily selling property to the Blue Acres Program temporary rental and moving assistance to ensure that lower income households do not find themselves without a place to go after the sale of their property. Once a replacement property is located, the Blue Acres Program will calculate an incentive amount to cover the higher costs of the replacement housing and ensure its affordability. Displaced tenants also will receive relocation benefits through URA and will have the ability to stay within the community.

LMI households voluntarily selling property to the Blue Acres Program may qualify for rental and moving assistance through the Safe Housing Incentives options to ensure that lower income households do not find themselves without a place to go after the sale of their property. Once a replacement property is located, the Blue Acres Program will calculate an incentive amount to cover the higher costs of the replacement housing and ensure its affordability. Displaced tenants also will receive relocation benefits through URA and will have the ability to stay within the community.

2.5.2 Targeted Outreach

To provide equitable opportunities for all residents in high-risk areas to apply for the Blue Acres Buyout Program, NJDEP will follow New Jersey's Citizen Participation Plan and Language Access Plan to ensure that residents have access to Program materials that they can understand. NJDEP and NJDCA will coordinate to map all Blue Acres applicants and overlay the buyout areas with demographic information regarding income and language needs. Particularly vulnerable communities will be targeted for outreach.

The Blue Acres Program has developed a weighted ranking to evaluate both buyout properties and buyout project areas. Various criteria have been identified and will be used to inform a statewide analysis to determine which communities or areas have the greatest flood vulnerability/risk, social vulnerability capacity concerns (at the individual and community levels), and where historic flooding/storm damage and mounting climate change-threatened areas need to be mitigated in accordance with other State flood mitigation strategies (Substantial Structural Damages/Severe Repetitive Loss/Repetitive Loss). Post-buyout land use restoration potential will also be a buyout project area evaluative consideration.

For additional information regarding Blue Acres' planning and outreach efforts, see the Master Blue Acres sections regarding outreach, application development, submission, and open house events.

2.5.3 Priority Geographic Areas for Voluntary Buyout

The properties prioritized for purchase are located in any of the following MID areas:

- **HUD-identified MID counties:** Bergen, Essex, Hudson, Middlesex, Passaic, Somerset, and Union
- **State-identified MID counties:** Gloucester, Hunterdon, Mercer, Morris, and Warren

Sandy CDBG-DR funding will be made for Ida-impacted communities that overlap with Sandy MID areas, which include Bergen, Essex, Hudson, Middlesex, and Union.

2.5.4 Disaster Risk Reduction Areas

NJDEP may develop Disaster Risk Reduction Areas (DRRAs) as part of the overall buyout strategy for Blue Acres. When establishing a DRRA, NJDEP will follow the requirements in the Ida Consolidated Notice (87 Federal Register [FR] 6364, February 3, 2022). NJDEP will establish criteria for properties in a DRRA pursuant to the following requirements:

1. The area has been impacted by the hazard that has been caused or exacerbated by the disaster for which the grantee received his or her CDBG-DR allocation.
2. The hazard identified must be a predictable environmental threat to the safety and well-being of Program beneficiaries, including members of protected classes, vulnerable populations, and underserved communities, as evidenced by the best available data (e.g., FEMA Repetitive Loss Data, U.S. Environmental Protection Agency's Environmental Justice Screening and Mapping Tool, U.S. Department of Health and Human Services' climate change-related guidance and data) and science (e.g., engineering and structural solutions put forth by FEMA, the U.S. Army Corps of Engineers, other federal agencies).
3. The area must be clearly delineated so that HUD and the public may easily determine which properties are located within the designated area.

HUD recognizes that States and units of general local government are best positioned to determine what constitutes an unacceptable risk to their communities. In exercising this additional authority, NJDEP and NJDCA will coordinate to finalize the criteria to be used once the need for a specific DRRA is determined. Any developed criteria will be added to the procedures.

2.6 Voluntary Buyout Program Eligibility

2.6.1 General Eligibility

NJDEP will voluntarily acquire properties located in a floodway, floodplain, or other DRRA. Buyouts will be purchased for post-storm fair market value and the property maintained as open space, recreational or wetlands management, or other disaster risk reduction practices. The Program will provide incentives to eligible homeowners to help them afford the costs related to relocating to a lower risk area and obtaining new safer permanent housing. Incentives may not be provided to compensate for a loss.

After properties are acquired, CDBG-DR funds also may be used to conduct demolition and debris removal activities; restore land as wetlands, floodplains, and so forth; and serve a defined climate resilience purpose.

Safe Housing Incentives are limited to primary residents at the time of the disaster. *Note: NJDCA intends to amend the Ida CDBG-DR Action Plan to allow current homeowners whose primary residence is in the buyout area to participate in the Blue Acres Incentive Program even if they did not occupy the property as their primary residence at the time of the disaster. Once this amendment is approved by HUD, the Blue Acres policy will be revised.*

In exchange for receiving a Safe Housing Incentive, applicants must agree to move to a lower risk area. For this Program, a lower risk area is an area outside the Special Flood Hazard Area, or the 100-year floodplain, as defined by FEMA, NFIP, and/or NJDEP's Inland Flood Rule.

2.6.2 Eligible Properties

Eligible homes will be purchased at 100% of their current (post-storm) fair market value as determined through the Program's established valuation process. The Green Acres State Land Acquisition Program will have an appraisal performed for each Blue Acres buyout property by a qualified New Jersey State Certified General Real Estate Appraiser (SCGREA). Appraisal services are provided to NJDEP via New Jersey State contract. The SCGREA is required to follow a detailed scope of work and submit a general-purpose appraisal report.

The appraiser is required to notify the property owner that an appraisal shall be prepared. A phone call to the property owner to schedule the site inspection is acceptable; however, a certified letter on the appraiser's letterhead is to be sent to the property owner confirming the notification and subsequent inspection. Copies of the notice must be included in the body of the appraisal report. If the appraiser is unable to contact the property owner, he/she must notify the Green Acres State Land Acquisition Program prior to making the site inspection. A complete inspection of the property (both interior and exterior) must be conducted. The appraiser is required to complete and sign an appraiser inspection form and also obtain the property owner's signature. Under limited circumstances and as agreed upon by Blue Acres and Green Acres staff, a drive-by appraisal may be commissioned if a homeowner becomes unresponsive. If a property owner affirmatively refuses an appraisal, Green Acres must document this in writing via a memorandum to the digital file for that property, which may subsequently be substituted out for an alternate property.

The appraisal is based on the established date of value. The date of value may differ depending on the federal funds involved in the buyout. The Green Acres State Land Acquisition Program requires the property owner or designee to sign an appraisal release form. If the property owner believes that there are errors in the appraisal, he/she can request that Green Acres review and rectify them, if applicable. Apart from the correction of errors, the property owner may appeal the Green Acres' appraisal, in which case the property owner must pay for a commissioned appraisal to be done by a qualified New Jersey State licensed appraiser (second appraisal).

Once the property owner's self-commissioned appraisal (i.e., the second appraisal) is completed, the property owner has two options:

1. If the second appraisal value is less than or equal to the first appraisal value, the property owner can elect not to submit the second appraisal to the Green Acres State Land Acquisition Program and consequently would continue his/her decision process to accept or reject the purchase offer based on the first appraisal value;
   or
2. If the second appraisal value is greater than the first appraisal value, the property owner will submit the second appraisal to the Green Acres State Land Acquisition Program; it will be reviewed by a licensed Green Acres staff appraiser to ensure that it was completed according to the requirements in the scope of work.

After receiving a second appraisal from a property owner and reviewing it for proper completion, the Green Acres State Land Acquisition Program will commission a third appraisal for the property, using a State-contracted appraiser other than the firm that conducted the first appraisal or the second appraisal. NJDEP will provide the first appraisal and the second appraisal to the selected third independent appraiser. The third appraiser will complete a third appraisal of the property, taking into consideration the first and second appraisal reports. All three appraisals must be completed in accordance with the same methodology and assumptions and same date of value (or current market value, whichever is applicable). The third appraisal will be reviewed and certified by Green Acres licensed staff appraisers.

The Green Acres State Land Acquisition Program pays for the first and third appraisals. The third appraisal is the basis for the final value determination, which shall constitute Green Acres' final monetary offer to purchase the property, subject to any adjustment required to avoid duplication of benefits (DOB). Green Acres will cooperate with all parties involved to resolve any appeals.

The average replacement value of a comparable home in the community and county, as well as the current market rent values, are not appealable and will only be determined during the first appraisal.

When the property owner receives the final offer letter from the Green Acres State Land Acquisition Program, he/she must choose either to accept the offer or to reject the offer, the latter of which would effectively terminate purchase negotiations with the State. If the property owner formally terminates purchase negotiations, neither Green Acres nor Blue Acres will pursue the acquisition of the property any further.

NJDEP may voluntarily acquire properties located in a floodway, floodplain, or other DRRA. After purchase, all structures must be demolished and the property maintained as open space, recreational use, wetlands management, or other disaster risk reduction practices.

CDBG-DR funds may be used to conduct demolition and debris removal activities; restore land as wetlands, floodplains, and so forth; and serve a defined climate resilience purpose.

Eligible properties include homes that:

- Are vulnerable to climate change as determined by resilience planning.
- Are located in the floodway or floodplain, have another quantifiable flood risk, or are located in another high-risk area designated by NJDEP.
- Are in an area that has sustained, repetitive flood- or storm-related losses.
- Have a documented flood or loss from Tropical Storm Ida.
- Served as a primary residence as either a full-time rental or owner-occupied home. Commercial properties and second homes are not eligible.

Blue Acres works with various datasets to identify properties for inclusion in buyout grant applications. Ranking criteria, federal funding requirements, funding allocations, and restoration potential cumulatively drive grant application creation and buyout decision making.

The data analyzed includes:

- Property-specific details, such as the location of properties in the floodway, 1% annual flood risk area, or 2% annual flood risk area
- NFIP participation, Repetive Loss/Severe Repetitive Loss designation
- Substantial damage determination
- Expression of willing seller status
- Local government recommendation
- Proximity to existing open space
- Increased vulnerability to sea level rise or inland flooding due to climate change
  - Location in an overburdened community
  - Use or ownership by a member of a socially vulnerable population
  - Location in an area identified as LMI or socially vulnerable according to federal indices

2.6.3 Property Owner Eligibility

The Program will acquire storm-damaged or flood-vulnerable properties from resident homeowners and property owners whose properties serve as an owner-occupied permanent residence or that serve as a year-round residence for a tenant or tenants.

Ownership is defined as holding a fee simple marketable title as evidenced by a warranty deed, which has the individual or entity claiming ownership of the property listed as the grantee. A quit claim deed or a limited warranty deed can be used if, and only if, they are accompanied by written proof that the grantor of the quit claim deed had legal ownership at the date and time of execution of the quit claim deed (proof can be in the form of prior deeds and/or a court's final order of heir's determination).

The Program is limited to acquiring residential properties that contain one to four rental units. Anything larger than four units is precluded from participation. Tenant relocation assistance will be provided to eligible tenants in conformance with the Relocation Assistance Act, New Jersey Statutes Annotated (N.J.S.A.) 20:4-1, and its implementing regulations, New Jersey Administrative Code (N.J.A.C.) 5:11-3.1. In accordance with the URA, tenants who are not verified legal citizens of the United States are not eligible for URA benefits.

2.6.4 Owner Occupied

Homeowners participating in the CDBG-DR Blue Acres Buyout Program are responsible for adhering to Program requirements as stated in the contract agreements, as well as any applicable local, State, and federal requirements. Participating homeowners will agree to the following requirements in order to receive Program benefits and participate in a buyout:

- The sale of their property is voluntary (meaning that neither the State nor local government will use eminent domain).
- The homeowner may be required to be represented by an attorney at their cost.
- Compliance with URA requirements for tenants.
- The property will be broom clean upon transfer unless otherwise agreed to by NJDEP.
- Any environmental areas of concern will be remediated if directed by the Program.

2.6.5 Owner Unoccupied

In the aftermath of Hurricane Ida, several properties have been declared substantially damaged and remain vacant. This declaration is based on local floodplain manager determinations that the cost of repairing or improving a structure located in a Special Flood Hazard Area is equal to or exceeds 50% of the building's market value (excluding land value). In these instances, many properties remain uninhabited and untouched since the storm. Property owners who own substantially damaged properties are often forced to demolish the properties and then choose either buyout or including elevation measures in reconstructed homes that will safely remove the property from future flood vulnerability. Dangerous or hazardous properties may be demolished in advance of a buyout if deemed reasonably unsafe by local officials. Under these circumstances, other State or FEMA funds may be used to ensure that **these homes remain eligible for a buyout despite being cleared of the structure**.

Properties that have fallen into foreclosure and are owned by banks and lending institutions are not eligible for a buyout under the Blue Acres Buyout Program. In many instances, foreclosed properties are severely damaged and vacant; however, ownership by a financial institution would preclude them from being eligible for the Buyout Program. If a previously foreclosed property is sold to a private owner by a bank or lending institution, the new owner may be eligible for a buyout as a post-storm owner if it is their primary residence or a year-round rental property.

2.6.6 Section 582 of the National Flood Insurance Reform Act of 1994 Requirement

The Program understands that Section 582 of the National Flood Insurance Reform Act of 1994 obliges a person who has secured repair, replacement, or restoration assistance under a prior federal disaster, and who was mandated by the acceptance of that assistance to obtain and maintain flood insurance on that property and if they failed to comply with that requirement then they can and should be disqualified from future forms of federal assistance for repairs, replacement, or restoration for damaged personal, residential, and commercial property.

This requirement is not limited to FEMA or NFIP, it extends to assistance provided within CDBG-DR repair and construction-based recovery programs as well. Because the Program is neither a repair nor a re-construction program, the determination was made that this requirement does not apply to the buyout activities. The buyout of flood-damaged or flood-susceptible properties is a permeant mitigation measure that effectively ends the cycle of damage and repair to properties in flood-vulnerable areas. A critical element of a buyout is that it removes people and property from flood-exposed areas indefinitely and it provides a measurable cost savings to NFIP. There is no condition of a Blue Acres Buyout Program offer to purchase that requires the property owner to purchase replacement housing with the federal assistance monies used to purchase their storm damaged or flood-vulnerable property. However, if a property owner requests a Safe Housing Incentive, proof of replacement housing will be required.

2.7 Safe Housing Incentives

The Blue Acres Safe Housing Incentives are voluntary grants that purchase properties prone to repeated flooding and other disasters. All properties purchased by the Program are cleared of any structures and returned to green space to improve community resilience. In addition to the buyout award, Program participants may be eligible to receive additional incentives, which can help homeowners obtain newer, safer, and more resilient permanent replacement housing in lower risk areas. The Program will work with homeowners in advance of purchasing the buyout property to help them select the best Safe Housing Incentive option for their needs once the home is purchased. Every effort will be made to coordinate the distribution of the incentive funds at the time the buyout property is purchased. However, buyout participants will have up to 1 year after purchase of their buyout property to request an incentive and provide proof of new replacement property.

The maximum Program award is $461,375, although individual awards will be capped based on the lesser of the maximum Program award or the award calculation based on the buyout and housing incentive unmet need. The maximum Program award will be updated annually based on the Federal Housing Administration's maximum award amount.

Exceptions to the maximum award amount will be made, when necessary, to comply with federal accessibility standards, reasonably accommodate a person with disabilities, or for other good cause.

Incentive Type	Purpose
Safe Housing Incentive for Home Purchase	Provide gap funding between the purchase price of the buyout property and the replacement home.
Safe Housing Incentive for Permanent Rental	Provide up to 24 months of rental payments for buyout participants who do not want to (or may not qualify for) a home purchase. The award cap is $50,000.
Safe Housing Community Retention Incentive	Buyout property owners, who have already purchased another home in a lower risk area of the same county or intend to purchase a replacement home in a lower risk area of the same county, will qualify for this Community Retention Incentive, which would be a one-time, lump sum payment of $10,000 for an LMI household and a $5,000 incentive for a non-LMI household (up to 150% of the AMI).

2.7.1 Safe Housing Incentive for Home Purchase

The Safe Housing Incentive for Home Purchase helps eligible homeowners move to a lower risk area. To receive the incentive, the applicant's new home must be located in eligible HUD or State MID counties. To be eligible, applicants must have a total household income at or below150% of the area median income (AMI). To receive this incentive, applicants must submit proof that they have or are in the process of establishing a new primary residence, such as an executed Offer to Purchase contract or a mortgage commitment. This incentive can be used in the purchase of a Smart Moves new housing unit when units become available.

Housing Counseling and Safe Housing Incentive

To ensure housing affordability and to determine the incentive amount, eligible applicants will have the option of meeting with a Housing Counselor, who will analyze the household's finances and help determine how much the participant can afford to spend on the home.

National Objective

The incentive expenditure for households with an annual income of 80% or below of the AMI will meet the national objective for the Low/Mod Housing Incentive (LMHI). In non-LMI household (80% to 150% of the AMI), Safe Housing Incentives will meet an urgent need (UN) national objective. Note: NJDEP will follow its Exception Policy process, as needed, and may decide to fund a household that exceeds 150% of the AMI for good cause. (See Section 4.3 for more details.)

Requirement	Example of Incentive Calculation
Homeowners purchase a lower risk replacement home in eligible HUD or State MID counties.	The cost of the replacement property is $400,000 minus the funds received for the buyout property ($200,000) up to the $200,000 replacement housing incentive.

2.7.2 Safe Housing Incentive for Permanent Rental

The Safe Housing Incentive for Permanent Rental is available to eligible households who choose to rent after the buyout of their storm-impacted property. The incentive amount is based on the size of their rented apartment or the number of bedrooms they need and HUD's fair market rents, whichever is smaller. To be eligible, applicants must have a total household income at or below 80% of the AMI, and their rented apartment must be located in eligible HUD or State MID counties. To receive this incentive, applicants must submit a valid and current 1-year lease proving that they have established a new primary residence.

Eligible applicants will receive three incentive payments throughout each 12-month period for up to 24 months.

Housing Counseling and Permanent Rental Safe Housing Incentive

Eligible LMI applicants will have the option of meeting with a Housing Counselor, who will go review available Safe Housing Incentives to help determine which incentives provide the maximum benefits for the applicant's post-buyout situation.

National Objective

The rental incentive is only eligible for LMI households, and the expenditure will meet the national objective for LMHI. Note: NJDEP will follow its Exception Policy process, as needed, and may decide to fund a household that exceeds 80% of the AMI for good cause. (See Section 4.3 for more details.)

Requirement	Potential Incentive Amount
New rented home located in eligible HUD or MID counties	Maximum of $50,000 over 24 months
For example, in 2022 in Bergen County, the affordable rental incentive amount awarded for a three-bedroom rental was $2,159 per month or $25,908 for year 1.	

2.7.3 Rental Incentive Conversion to Home Purchase Incentive

Eligible applicants can choose to rent for up to 2 years but have the option of converting to a home purchase incentive within the first 12 months or receiving a second year of rental payments. The amount of funds used for the rental incentives will be deducted from the available home purchase incentives if converting to a home purchase.

Housing Counseling and Conversion from Rental Incentive to Home Purchase Incentive

Eligible LMI applicants will have the option of meeting with a Housing Counselor, who will review the available Safe Housing Incentives to help determine which incentives provide the maximum benefits for the applicant's current situation.

National Objective

The incentive expenditure will meet the national objective for LMHI.

Conversion Requirement	Example of Incentive Calculation
Within the first 12 months, the applicant finds a property to purchase and requests to convert the rental incentive to a Safe Housing Purchase Incentive.	▸ Cost of the replacement property is $400,000 minus the funds received for the buyout property ($200,000), which equals a $200,000 replacement housing incentive. ▸ The funds expended for rental purposes is $24,000. ▸ The award available to the applicant is the $200,000 gap replacement cost minus the $24,000 lease expenditure, which equals a $176,000 eligible award.

2.7.4 Safe Housing Community Retention Incentive

The Safe Housing Community Retention Incentive helps encourage participants to obtain replacement housing in the same community where the buyout property is located.
This incentive is available to participants who are still living in the buyout property at the time of purchase and to those who moved prior to the purchase of the buyout property if the new housing is in an eligible lower risk area. To receive the maximum incentive amount, the eligible applicant's new home must be located in the same county as their buyout property. To qualify for this incentive, participants must submit a valid and current 1-year lease, proof of home purchase, or proof that they have established a new primary residence.

This incentive can be given **in addition** to the home purchase or rental incentives above as it is an extra incentive for staying in a safer location within the same buyout county. This incentive is to help retain population and investment in the same county and does not have to be paid toward replacement housing.

To be eligible, applicants must have a total household income at or below 150% of the AMI. Eligible participants will receive their incentive payment at the time of submitting proof of a new permanent residence in an eligible low-risk area within the same county.

National Objective

The incentive expenditure for households with an annual income of 80% or below of the AMI will meet the national objective for LMHI. In non-LMI household (80% to 150% of the AMI), Safe Housing Incentive will meet a UN national objective.

Requirement	Example of Incentive Calculation
New home located in the same county as the buyout property	$10,000 for less than 80% of the AMI
	$5,000 for 80% to 150% of the AMI

2.7.5 Housing Incentive Overview

The table below summarizes the key criteria for receiving a Safe Housing Incentive.

Blue Acres Buyout Program Smart Housing Incentives Overview

Incentive Type	Maximum Amount	Eligible Income Level****	Purpose	General Stipulations***
Safe Housing Incentive for Home Purchase*	Based on the county caps listed, which account for median and average costs in county groups**	Less than 150% of the AMI	To move to a home in an area of reduced flood risk and located in a HUD or State MID county.	▸ Incentives for the purchase of a primary residence. ▸ Provides gap funding for up to the sales price or mortgage amount, not to exceed $461,375. ▸ Recipients will have the option of meeting with a Housing Counselor.
Safe Housing Incentive for Permanent Rental	Up to $50,000**	LMI, 0% to80% of the AMI	To move somewhere with affordable rent in the same county as the buyout property for up to 2 years.	▸ Based on the average fair market rents (determined by HUD) on a county and unit size basis. ▸ Primary residence documentation must be submitted (i.e., 1-year

Incentive Type	Maximum Amount	Eligible Income Level****	Purpose	General Stipulations***
				executed lease). ▸ Recipients will have the option of meeting with a Housing Counselor.
Safe Housing Community Retention Incentive*	$5,000 or $10,000*	Less than 80% of the AMI Less than 150% of the AMI	To move to an area with less risk of flooding.	▸ The incentive is available as a stand-alone or in addition to other incentives for permanent housing. ▸ $5,000 for 80% to 150% of the AMI, or $10,000 for less than 80% of the AMI for an in-county move to areas that are less at-risk.

* May be available retroactively for participants meeting eligibility criteria.

** County caps will be updated annually based on average and median real estate value and sales data.

*** Exceptions may be considered based on need.

**** Based on annual adjusted gross household income.

Note: NJDEP will follow its Exception Policy process, as needed, and may decide to fund a household that exceeds 150% of the AMI for good cause. (See Section 4.3 for more details.)

2.8 Section 104(d): One-for-One Replacement Requirements

NJDCA/NJDEP will draw on existing Residential Antidisplacement and Relocation Assistance Plans (RARAPs) and have adapted them to meet URA Section 104(d) and related waivers, and the alternative requirements specified in the Consolidated Notice. The adapted RARAP will be updated, as needed, prior to implementing any activity with CDBG-DR funds.

NJDCA/NJDEP is adopting the waiver provided through 87 FR 31636, Section IV.F.1, of the Consolidated Notice. The Notice waives the one-for-one replacement requirements for owner-occupied lower income dwelling units that are damaged by the disaster and are not suitable for rehabilitation.

For the purpose of complying with this alternative requirement, NJDCA/NJDEP is defining a property as “not suitable for rehabilitation” for the one-for-one replacement housing requirements of 24 Code of Federal Regulations (CFR) 42.375 if any of the following conditions apply:

- The property is declared to be a total loss.
- Repairs would exceed 50% of the cost of reconstruction.
- Repairs would exceed 50% of the pre-disaster fair market value.
- Repairs exceed a dollar threshold specified by NJDCA in its policies and procedures.
- Homes cannot be rehabilitated or reconstructed under existing agency policies and award caps due to legal, engineering, or environmental constraints, such as permitting, extraordinary site conditions, or historic preservation.

Tenant-occupied and vacant occupiable lower income dwelling units demolished or converted to another use other than lower income housing in conjunction with a CDBG-DR-assisted activity are generally subject to the one-for-one replacement requirements at 24 CFR 42.375 and those particular provisions are not waived.

2.9 Housing Counseling Services

The Housing Counseling and Legal Services Program, offered by NJDCA, is available at no cost to impacted residents, vulnerable populations, and members of underserved communities to expedite their recovery. These services will provide the application, documentation, and long-term housing planning wraparound and referral services that may be needed for vulnerable populations as they continue their recovery, including survivors who are not experiencing homelessness but require supportive housing (e.g., elderly, frail elderly, persons with disabilities [mental, physical, developmental], formerly incarcerated persons), victims of domestic violence, persons with alcohol or other substance-use disorders, persons with HIV/AIDS and their families, and public housing residents.

Housing counseling organizations may provide supportive services, including, but not limited to, foreclosure prevention, homebuyer financial counseling, relocation advisory services, debt management, and assistance with application intake for CDBG-DR-funded programs.
The services also may provide support to navigate insurance requirements, State programs, application submittal, and any technology gaps.

Legal services will be carried out through qualified legal services providers to deliver recovery-related legal counseling, such as working through insurance claims; clearing property titles; working through heirship and probate; fighting unlawful evictions and foreclosures; combating contractor scams, disputes, and fraud; assistance with school transfers; and other legal services needed for applicants to complete their recovery.

Participation in the Housing Counseling and Legal Services Program is required for applicants to multiple recovery, elevation, or buyout programs. Some CDBG-DR, State, and federal recovery or mitigation programs do not allow applicants to receive assistance from other recovery or mitigation programs. This provision typically relates to a cost reasonableness determination, rather than a DOB analysis (e.g., an applicant may not receive Homeowner Assistance and Recovery Program (HARP) assistance to rehabilitate their home and participate in a buyout program that will demolish the rehabilitated home). In such cases, applicants may have to choose one program over another. Applicants will receive housing counseling services to ensure that they understand their options and potential benefits under each of the programs. This will allow them to make an informed decision that is best for their household prior to withdrawing from one of the programs.

The Housing Counseling and Legal Services Program is optional for eligible applicants solely participating in the Blue Acres Buyout Program and associated Safe Housing Incentives. The Housing Counseling and Legal Services Program would aid in determining the incentive amount, analyze the household's finances, and help determine how much the participant can afford to spend on the home.

2.10 Properties Enrolled in More Than One Disaster Assistance Program

Applicants to multiple recovery, elevation, or buyout programs. Some CDBG-DR, State, and federal recovery or mitigation programs do not allow applicants to receive assistance from other recovery or mitigation programs. This provision typically relates to a cost reasonableness determination, rather than a DOB analysis (e.g., an applicant may not receive HARP assistance to rehabilitate their home and participate in a buyout program that will demolish the rehabilitated home). In such cases, applicants will have to choose one program over another. Applicants will receive housing counseling services to ensure that they understand their options and potential benefits under each of the programs. This will allow them to make an informed decision that is best for their household prior to withdrawing from one of the programs.

3 PROGRAM IMPLEMENTATION AND WORKFLOW

Several important steps, including coordination between State agencies and municipalities, are required to implement the Blue Acres Buyout Program. The process starts with outreach and engagement of the eligible buyout communities. This initial process is carried out by NJDEP, the Office of Climate Resilience, and Blue Acres.

Blue Acres is an enduring State program, therefore, Blue Acres applications from willing sellers are accepted on an ongoing basis. When federal buyout funds become available, Blue Acres evaluates the offers received and also encourages impacted homeowners interested in a voluntary buyout to submit a Blue Acres application. All Blue Acres offers and other data sources that identify buyout properties impacted by flooding are added to our buyout planning database. All properties in the Blue Acres Buyout Planning Database are evaluated based on federal grant eligibility and ranking criteria to determine the most appropriate properties to pursue and to align properties with the appropriate buyout funding source.

After buyout areas are established or properties identified, NJDEP will launch an online portal for the Blue Acres Program. Applicants and their property will be reviewed for eligibility for the Program. Eligibility may include, but is not limited to, establishing ownership, residency, income, location of the DRRA, community preference, phased review by NJDEP and NJDCA, and Tier 1 Environmental Review. Once an applicant is determined to be eligible to move forward, the State Land Acquisition Bureau under the Green Acres Program will begin the land acquisition process. Eligible applicants will have their property appraised for the post-disaster current fair market value. A title review will be conducted to identify any issues with transfer of the property upon sale. If properties to be purchased house eligible tenants, the tenants will be assisted with relocation to a comparable housing unit in accordance URA. Each property will undergo an environmental inspection for hazards and must be environmentally cleared before the property can be purchased.

Property owners may be provided with services through the Housing Counseling and Legal Services Program while the buyout property is being appraised and completing title work. The incentives are additional assistance for any gap that may be experienced between the purchase price of the buyout property and funds needed to ensure that the seller's household can secure permanent housing in a lower risk area up to the program maximum award. Once the previous actions take place, an Offer to Purchase will be made to the property owner(s). Upon acceptance of the offer, the initial steps of the closing process will be initiated.

Prior to closing, NJDEP will ensure that tenants have been relocated in compliance with URA and that the property is vacant. Once the purchase is final, all structures must be removed and the property converted to open space or flood control purposes.

The Safe Housing Incentive will be made available to the seller once permanent replacement housing has been confirmed in accordance with the incentive requirements.

3.1 Overview of Buyout Award Determinations

HUD requires that all CDBG-DR funds be used for eligible activities that provide a benefit to disaster-impacted residents. When a household applies to the Blue Acres Buyout Program, their information is reviewed to determine eligibility for CDBG-DR assistance. Once a homeowner is determined to be eligible for a buyout, it is often stated that these households are "awarded" CDBG-DR grant funds. The following terms—award, award plus assistance, and buyout offer—may be used interchangeably. For the Blue Acres Buyout Program, funds will be awarded to purchase the buyout property, and, in many instances, additional funds may be awarded through the incentive options.

The State of New Jersey will prioritize low-income households for CDBG-DR-funded buyouts in accordance with the HUD requirement to expend 70% of Ida CDBG-DR funds for low-income households, which are defined as households whose annual gross income is 80% or below the area medium income. The level of a household's income does not affect the offer amount for the buyout property; however, it can affect Safe Housing Incentive amounts.

All residential properties that are to be bought by the Green Acres State Land Acquisition Program will be based on a fair and reasonable offer determination, in large part, by a qualified New Jersey State licensed appraiser who prepares a property-specific, professional real estate appraisal report. Green Acres' offers are based on a general-purpose appraisal report. For HUD CDBG-DR-funded buyouts, that valuation of the property will be based on the post-disaster current fair market value. Property owners who purchased their property after Hurricane Ida may be eligible to participate in the buyout program if their property is within or adjacent to a buyout cluster, and if they meet CDBG-DR funding pre-requisites.

The use of appraisals is intended to ensure a consistent valuation protocol across all Green Acres State Land Acquisition Program buyouts regardless of the federal funding being applied. The appraisal is the basis, but not the sole determining factor, of the amount offered for the property.

All purchase offers are made verbally (in person) and then followed up in writing.
The written offer will constitute NJDEP's appraised value of the property, any required DOB deduction, and it will include Certification of Compensation and a settlement sheet to be signed by the property owner. Notwithstanding any appeals relative to the appraisal or DOB determination, the property owner shall have, at most, 30 days to respond in writing to the written offer.

3.2 Determining Household Income

HUD requires that recipients of CDBG-DR funds provide income information to determine whether the household is *low- to moderate-income* (LMI), defined by HUD as 80% of or below the AMI. The Blue Acres Program will use the HUD Form 1040 methodology to determine household income.

3.3 Calculating the Purchase Offer

Buyout purchase offers using CDBG-DR funds will be based on the post-disaster current fair market value of the property minus any DOB. Purchase offers are made verbally (in person, virtually via Teams appointment, or by phone) and then followed up in writing. The written offer will include NJDEP's appraised value of the property, accounting for any required duplicative deduction and/or incentives awards. The purchase offer amount will be shown on a Certification of Compensation and a Property Settlement Sheet to be signed by the property owner to indicate acceptance of the purchase offer. Notwithstanding any appeals relative to the appraisal or DOB determinations, the property owner shall have no more than 14 days to respond in writing to the written offer. Unresponsiveness will be interpreted as a rejection of the written offer and will result in NJDEP ceasing to pursue acquisition of the property any further.

Offer Formulation

Blue Acres' buyout purchase offers will be based on pre-event or post-event fair market values. In the case of pre-event value-based offers, these will require an accounting of all federal, State, nonprofit, and personal structural flood insurance received to ensure that there is no DOB. Under certain funding sources, and if the homeowners acquired the property after the storm, they will be presented with a purchase offer based on a post-event value.

NJDEP buyout offers will reflect any DOB identified via an assistance review. In addition, NJDEP may approve the use of buyout offer supplements and incentives to assist homeowners in relocating to decent, safe, and sanitary replacement housing outside known areas of flood vulnerability. The use of incentives will be applied by the Green Acres State Land Acquisition Program as reasonable and appropriate. Homeowners may be eligible for the following types of financial supplements and assistance:

- Relocation housing supplement, which may be necessary to make up the difference between the purchase price of the landowner's property and a comparable property available today.
- Reimbursement for paid NFIP flood insurance premiums, also known as a Flood Risk Awareness Incentive.
- Closing costs and moving costs.
- Fair Housing Relocation Assistance to address hardships and/or housing inequities. This applies to properties in NJDEP overburdened community areas or in areas in a Centers for Disease Control and Prevention social vulnerability index layer.

3.4 Calculating Safe Housing Incentives

3.4.1 All Assistance for the Blue Acres Program

The Blue Acres Program can provide assistance for replacement housing, incentivize community retention, and moving costs. The total of all CDBG-DR Blue Acres assistance received cannot exceed the $461,375 maximum award. Therefore, the following expenditures must be factored into the overall total award amount.

Total Costs Factored into the Maximum Award Amount for Blue Acres

Maximum Award Amount for the Blue Acres CDBG-DR Program	$461,375

Costs factored into the Blue Acres award amount:

- Current fair market value purchase price of the buyout property
- Safe Housing Incentive for either the Rental or Purchase Replacement Incentive
- Community Retention Incentive
- Moving costs based on the current version of the Fixed Residential Moving Cost Schedule available on the Federal Highway Administration's website at

2021 Fixed Residential Moving Cost Schedule - Relocation - Uniform Act - Real Estate - FHWA (dot.gov)

Blue Acres Incentive Types

Incentive Type	Purpose
Safe Housing Incentive for Home Purchase	Provide gap funding between the purchase price of the buyout property and the cost of the replacement home.
Safe Housing Incentive for Permanent Rental	Provide up to 24 months of rent payments for buyout participants who do not want to (or may not qualify for) a home purchase.
Safe Housing Community Retention Incentive	Buyout property owners who have already purchased another home in a lower risk area of the same county or intend to purchase a replacement home in a lower risk area of the same county will qualify for this Community Retention Incentive, which would be a one-time payment.

The Safe Housing Incentives for replacement housing (whether purchase or rental) will be determined based on either the average price of purchasing a replacement home in an eligible HUD or State MID county or the average cost to lease a unit of housing in an eligible HUD or State MID county.

The Community Retention Incentive is eligible when buyout participants choose to occupy safer housing in the same community as the buyout property. The reference to "community" can be applied to either the town or county. This incentive can be awarded in addition to a housing purchase or permanent rental incentive as the purpose of this incentive is to encourage buyout property participants to invest in the community where their buyout property is located. LMI households are eligible for $10,000 and UN households are eligible for $5,000.

3.4.2 Determining the Replacement Housing Purchase Incentive in a HUD or State MID

Using data from regional multiple listing services and other sales data from each HUD and State MID, the State will establish countywide comparable prices per square foot for each of the counties where homes are located in a floodway or high-risk DRRA.

In order to develop the countywide comparable price per square foot, the State will review home sales prices for the previous 12-month period before the Program is launched. Once the entire dataset is reviewed, the State will narrow down the data to homes with 1,000 to 2,000 square feet of heated living space that were constructed in the past 20 years, and then exclude the top 5% and the bottom 5% (outliers) of homes sold, based on the sales price. An analysis of the remaining data will determine the average price per square foot of homes sold in the past 12 months and are most representative of current market trends as they exclude sales that occurred before Hurricane Ida passed through New Jersey from September 1 through September 3, 2021. Once a county average is determined, the Program will adopt these values as the countywide comparable prices per square foot. As new data become available or at least annually, the Program will update the housing market analysis to reflect the current cost of replacement housing.

When a buyout property is purchased, the Program will determine the price per square foot for the purchased buyout property by dividing the amount of appraised livable space by square feet into the price paid for the buyout property. For example, if the buyout property is purchased for $300,000 and has 1,800 square feet of appraised livable space, then the price per square foot is $300,000 divided by 1,800 square feet, which equals $167 per square foot. Based on the necessary and reasonable federal expenditure, the incentive will be based on the square footage of the purchased property and not the replacement property. If the property to be purchased has smaller square footage, the incentive amount may be reduced.

The Blue Acres Program is limited to a maximum award of $461,375 for all CDBG-DR assistance related to the purchase of the buyout property and incentives unless an exception to this limit is warranted. To determine the maximum incentive amount that the homeowner may qualify to receive after the purchase of their buyout property, deduct the buyout purchase amount from the maximum award amount.

Activity	Amount
Maximum Blue Acres Award	$461,375
Buyout Purchase Amount	$300,000
Maximum Potential Incentive Award (maximum Program award – purchase price)	$161,375

The eligible replacement housing square footage for calculating the incentive amount will be based on the appraised livable square footage of the buyout property. In this instance, the buyout property was 1,800 square feet, therefore the replacement housing square footage will be based on 1,800 square feet.

To determine the specific amount of Safe Housing Incentive the buyout property owner is eligible to receive, the buyout property owner must identify the HUD or State MID where they intend to purchase a property. Once the HUD or State MID county is determined, the Program will use the average price per square foot determined through the previous Housing Market Study for that county to calculate the eligible award. For example, Bergen County is a HUD MID. After the housing market analysis is completed, it is anticipated that the average cost per square foot may equal approximately $328 per square foot for an 1,800-square-foot replacement property.

The amount of the potential Safe Housing Incentive is calculated by subtracting the purchase price of the buyout property from the maximum award of $461,375. This leaves $161,375 of potential incentive amount ($461,375 – $300,000). In this scenario, the actual "proceeds" to the homeowner is $200,000 after liens, taxes, or obligations are deducted from the purchase price. It is anticipated that the property owner will use all of the proceeds from the sale of the buyout property toward the replacement housing costs plus any eligible incentive amount.

Based on this example, the Blue Acres Buyout Program participant has chosen to purchase an 1,800-square-foot replacement home in Bergen County. The housing market analysis determined that the average cost per square foot in Bergen County is $328 per square foot and an 1,800-square-foot home will cost $590,400. The buyout purchase price is $300,000, which leaves potentially $161,375 in Safe Housing Incentive for a total of $461,375 CDBG-DR assistance. The homeowner has $200,000 in net proceeds after the sale and will need to cover any remaining costs for purchasing the home that exceed the maximum award amount. In this example, the difference between the average estimated replacement cost and the maximum buyout award leaves $229,025 that the homeowner will be responsible for financing or securing to purchase the replacement housing.

Example Calculation #1 (Bergan County)

Activity	Amount
Buyout Property Purchase Price (1,800-square-foot home)	$300,000
Property Owner Proceeds After Sale (remainder after liens, taxes, and any other obligations paid)	$200,000
Maximum Blue Acres Assistance per Program	$461,375

Activity	Amount
Possible Incentive Amount ($461,375 maximum award – $300,000 buyout purchase price)	$161,375
Replacement Housing Average Price per Square Foot in Bergen County	$328
Estimated Replacement Housing Cost (1,800 x $328)	$590,400
CDBG-DR Total Award Amount ($300,000 buyout + $161,375 incentive)	$461,375
Remaining Property Owners CDBG-DR Funds for Replacement Purchase ($200,000 proceeds + 161,375 incentive)	$361,375
Property Owners Responsibility ($590,400 replacement cost – $361,375 CDBG-DR funds)	$229,025

A second example is based on a 1,200-square-foot buyout property in Passaic County. The replacement property also is located in Passaic County, which is estimated to have an average cost per square foot of approximately $264; therefore, the cost to acquire a 1,200-square-foot replacement home in Passaic County is $316,800. The property owner will have $200,000 in proceeds from the sale of the buyout property after liens and taxes are subtracted from the sales price. The purchase incentive is intended to bridge any gap between the price paid for the buyout property and the cost of the replacement home. In this example, the gap is $116,800, which will be the maximum award toward the purchase of the replacement property. However, since the incentive amount plus the cost of the buyout property does not exceed the Program cap of $461,375, this homeowner also can request that moving expenses be added to the incentive amount. Additionally, the homeowner can receive the Community Retention Incentive if purchasing the replacement property in the same county. See example calculation #2 below.

Example Calculation #2 (Passaic County)

Activity	Amount
Buyout Property Purchase Price (1,200-square-foot home in Passaic County)	$300,000
Buyout Property Cost per Square Foot	$250
Property Owner Proceeds After Sale (remainder after liens and taxes paid)	$200,000
Replacement Housing Average Price per Square Foot in Passaic County	$264
Estimated Replacement Housing Cost (1,200 x $264)	$316,800
Safe Housing Incentive Amount Needed to Cover the Gap ($316,800 – $200,000)	$116,800
Safe Housing Incentive Amount Needed for Moving Costs	$1,100
Community Retention Incentive for LMI	$10,000
Total Blue Acres CDBG-DR Assistance (purchase amount + purchase incentive + moving costs + retention incentive)	$427,900
Maximum Blue Acres Assistance per Program (cannot exceed this amount)	$461,375

It is important to note that the Program will pay the lesser of the actual unmet need for replacement property or up to the Program cap. In example #1, the replacement property cost exceeds the Program cap, therefore the homeowner can receive only the eligible incentive amount up to the Program cap of $461,375. The homeowner is responsible for the additional funds needed to reach the purchase price for the replacement property. In example #2, the gap amount between the price of the buyout property and the cost of the replacement home is $116,800, which does not exceed the Program cap. Because the Program cap has not been exceeded, the homeowner can receive additional CDBG-DR assistance up to, but not to exceed, the Program cap.

3.4.3 Determining the Replacement Housing Rental Incentive in a HUD or State MID

The permanent rental incentive is only available to LMI households. The LMI buyout property owners who cannot or do not want to purchase a replacement home can opt for the permanent rental incentive, which will pay up to 24 months of rental costs in an eligible HUD or State MID county. To determine the eligible amount of rental incentive, the Program will annually obtain the HUD fair market rent averages for each county and use that cost as the basis for the incentive award. The buyout participant will have 12 months after closing on their buyout property to request converting the rental incentive to a purchase incentive. If, after 12 months, the homeowner does not want to purchase a property, the Program will provide 12 more months of rental payments.

If the buyout property participant chooses to purchase a property within the first 12 months after closing on the buyout property, any rental incentive funds paid out will be subtracted from the replacement housing incentive amount. See examples of these two options below.

Example Calculation for the Rental Incentive

Fair market rental for Bergen County is approximately $2,275 a month. The buyout participant has closed on the sale of their buyout property and secured a 1-year lease in Bergen County. The Program will calculate the amount of funds required to provide 12 months of rent. In this example, the incentive amount for the first year is $27,300. The incentive funds will be paid to the buyout participant in three equal payments of $9,100. Prior to the end of 12 months after purchase of the buyout property, the Program will contact the buyout participant to determine whether they want to receive the second year of rental incentive or if they want to convert to a purchase incentive. If they choose to continue to receive their rental incentive, the Program will calculate the remaining rental incentive amount and issue those funds in three equal payments. The rental incentive is capped at a maximum award of $50,000. In this example, the first year of incentives totaled $27,300. Therefore, the remaining amount of incentive for the second year is $22,700. This will result in three payments of $7,567.

Activity	Amount
First Year Rental Incentive Payment ($2,275 x 12 months)	$27,300
Distributed in three payments ($27,300 / 3 = $9,100)	
Second Year Rental Incentive Payment (maximum rental incentive of $50,000 – $27,300)	$22,700
Distributed in three payments ($22,700 / 3 = $7,567)	
Maximum Rental Incentive	$50,000

The buyout program participant has the option of converting the rental incentive to a purchase incentive within the first 12 months after purchase of the buyout property. If the buyout participant chooses to convert to the purchase incentive, the amount of any funds received as a rental incentive will be deducted from the eligible purchase incentive. For example, using the example above, the buyout participant received $27,300 for their first year rental incentive. Once a purchase property is identified, the Program will calculate the eligible purchase incentive based on the methodology in Section 3.2.1 above. Once the purchase incentive is determined, the amount of funds received for the rental incentive will be deducted from the purchase incentive amount.

Example:

Activity	Amount
Purchase Incentive Unmet Need	$150,000
Amount of Rental Incentive Received	$ 27,300
Total Purchase Incentive Remaining ($150,000 – $27,300)	$122,700

NJDCA will post rent and income limits annually based on the AMI posted annually by HUD. This schedule will show current qualified household incomes and affordable rent levels.

3.4.4 Community Retention Incentive

The Community Retention Incentive objective is to encourage buyout participants to continue to live and invest in the community where their buyout property is located. Buyout participants are eligible for this incentive if they lived in the buyout property at the time of the disaster or purchased it after the disaster. The only criteria required for receiving this incentive is proof that the household has relocated to lower risk housing in the same community as the buyout property. LMI households are eligible for $10,000 and UN households are eligible for $5,000. This incentive can be awarded as a stand-alone incentive or as an additional incentive to a purchase or rental incentive. The amount of this incentive will count toward the maximum award of $461,375.

Example:

Activity	Amount
Buyout Property Purchase Amount	$275,000
LMI Household Community Retention Incentive (replacement in the same county)	$ 10,000
Housing Purchase Incentive (needed for the gap between the purchase price and the replacement price)	$125,000
Total CDBG-DR Assistance (purchase price + retention incentive + home purchase incentive)	$410,000
Blue Acres Maximum Award	$461,375

3.4.5 Eligible Moving Cost

Once the buyout participant is awarded a Safe Housing Incentive, they can request that the incentive funds cover the cost of moving from the buyout property to the replacement housing unit. Eligible moving costs will be based on the Uniform Relocation Assistance and Real Property Acquisition Policies Act of 1970, as amended, and the Fixed Residential Moving Cost Schedule published annually in the Federal Register Notices. Eligible moving costs will be added to the Safe Housing Incentive amount. The total of all CDBG-DR assistance cannot exceed $461,375 for the Blue Acres Program given the HUD required maximum award limit.

Example:

Activity	Amount
Buyout Property Purchase Amount	$275,000
LMI Household Community Retention Incentive (replacement in the same county)	$10,000
Housing Purchase Incentive (needed for the gap between the purchase price and the replacement price)	$125,000
Moving Expenses	$1,100
Total CDBG-DR Assistance (purchase price + retention incentive + home purchase incentive)	$421,000
Blue Acres Maximum Award	$461,375

3.4.6 Process for Claiming the Safe Housing Incentive Concurrent with or After Property Purchase

Blue Acres buyout participants are eligible for various Safe Housing Incentives, which can vary based on whether the household is LMI or UN.

Program Activity	LMI Eligible	UN Eligible
Purchase Buyout Property	Yes	Yes
Purchase Incentive Award	Yes	Yes
Rental Incentive Award	Yes	No

Program Activity	LMI Eligible	UN Eligible
Community Retention Award	Yes	Yes
Moving Expenses	Yes	Yes

The Program will work closely with each applicant to the Blue Acres Buyout Program prior to the purchase of their buyout property to determine the household needs after the sale of their buyout property to the Program. A separate request form will be completed by the applicant to request Safe Housing Incentives and moving expenses. The timeframe for requesting the incentives or moving expenses will likely coincide with the buyout offer process; however, these incentives can be revisited any time after the applicant has been determined eligible to move forward with the buyout program up until 1 year from the date of the closing of the buyout property. Once more than a year has passed since closing, the buyout participant is no longer eligible for the incentives or moving expenses.

3.5 Blue Acres and Smart Move Coordination

The Blue Acres Buyout Program will coordinate with the Smart Move Program to inform buyout participants about available Smart Move housing when units are available. Smart Move is a State-led program designed to provide new, safe, and resilient affordable housing. The Smart Move Program will prioritize socially vulnerable populations. Blue Acres and Smart Move are designed to work together in communities where both buyouts and the Smart Move developments are implemented. This allows relocating residents to stay in or near their communities after selling their high-risk properties.

3.6 Municipal Management Coordination

Local government partnerships are important to the success of the Blue Acres Program. NJDEP will work closely with these partners to identify areas that are feasible for buyouts. If there is not a municipal partner involved, then NJDEP will work with other State partners to determine the feasibility of buyouts and the final use of the land.

Land ownership options include, but are not limited to, the following:

- NJDEP to retain as State-owned land
- Land transfer to another entity (nonprofit or local government)
- Joint title for restoration and future conservation

3.7 Service Area Determinations

NJDEP determines CDBG-DR buyout funding eligibility in accordance with an established national objective by stating the funded activities service area. According to HUD guidance, service area decisions are based on the location, use, and accessibility of the area to those served by the CDBG-DR-funded activity. NJDEP must demonstrate that the population of the service area where they propose to undertake CDBG-DR activities is at least 51% LMI.

HUD’s regulatory requirements for conducting a survey to determine the percentage of LMI persons in the service area of a CDBG-DR activity are located at 24 CFR 570.483(b)(1)(i) for the State program. HUD has recently updated its guidance for conducting a survey to determine a service area’s LMI percentage in their CPD Notice 19-02, issued February 14, 2019.

The NJDEP CDBG-DR-funded activities are buyout acquisitions, which include demolition/clearance, and housing incentives for relocation. The end benefit of the activity is the public open space created once a buyout occurs and the demolition is complete. The former buyout properties, once converted to open space, function as small pocket parks or, in some areas, a small neighborhood park.

At the Program level, every effort is made to assess the service areas of a buyout activity objectively and consistently. NJDEP strives to ensure that CDBG-DR funds are used in the spirit and intention under which they are made available. Environmental justice and flood vulnerability are overarching NJDEP concerns; therefore, Blue Acres and the Green Acres State Land Acquisition Program strives to assist socially and economically disadvantaged populations whenever possible.

Demographically speaking, the users of these newly created open space areas consist of directly adjacent residents or the residents of nearby neighborhoods. Creating large parks or big expanses of open space is unlikely, given the limited funding and voluntary nature of the State-led buyout process. It has been the Green Acres State Land Acquisition Program’s experience that voluntary buyout programs often yield smaller and semi-contiguous or non-contiguous clusters of open space within the floodway or floodplain. Most Blue Acres buyout properties are small in size (less than 1 acre). The scope or total number of properties acquired in a service area is ultimately difficult to predict since each individual buyout requires a voluntary seller to accept a State purchase offer. Condemnation is not part of the State-led buyout process.

When the buyout service area or service areas for a buyout are conceived, NJDEP affirms the determinations visually with mapping and in writing. Geographic information system (GIS) mapping is employed to illustrate the service area or areas to be served by the buyout activity. Census data at the Tract and Block Group level is overlaid with parcel data and aerial photography to depict the features of the area where the buyouts will occur and to illustrate the area being served. In most cases, the service area for buyouts is consistent with Census Block Group boundaries and it often respects the natural features of the area, such as bodies of water, significant changes in topography (mountains/valleys), or major transit impediments (major highways/railroad lines). A written narrative or justification summarizes and explains how the service area was established and how it contributes to the HUD CDBG-DR Low/Mod Area (LMA)/LMI national objective or, by default, it meets the UN national objective. Service area descriptions for buyout projects that occur in various subsections of a town where both the LMA/LMI and UN national objectives apply will be demarcated separately for clarity. NJDEP finds that GIS mapping is a highly effective way to visually represent the service area and the narrative/justification is able to summarize and re-enforce the conclusions drawn to establish the service area and its associated national objective.

All buyout service area mapping and its accompanying narrative are shared with NJDCA prior to buyout work beginning in a community, DDRA, or project area. Copies of the service area mapping and justification are uploaded with soft cost reimbursement requests in SIROMS, the electronic records system.

3.8 Duplication of Benefits

The Blue Acres Program must comply with Section 312 of the Robert T. Stafford Disaster Relief and Emergency Assistance Act (Stafford Act), as amended, which prohibits any person, business concern, or other entity from receiving financial assistance with respect to any part of a loss resulting from a major disaster for which such person, business concern, or other entity has received financial assistance under any other program or from insurance or any other source. To comply with Section 312, a person or entity may receive financial assistance only to the extent that the person or entity has a disaster recovery need that has not been fully met (i.e., an unmet need).

The Ida CDBG-DR Blue Acres' method for determining DOB has been revised since implementing the DOB requirements after the Hurricane Sandy allocation. Based on HUD's updated procedures for determining DOB (issued in a Federal Register Notice on June 20, 2019, titled Updates to Duplication of Benefits Requirements Under the Stafford Act for CDBG-DR Grantees), 84 FR 28836 revised the DOB requirements that apply to CDBG-DR grants for disasters declared between January 1, 2015, and December 31, 2021.

Additionally, the Ida CDBG-DR Blue Acres Program will be using the current post-disaster fair market value (FMV) for the purchase of the buyout property. Based on the Consolidated Notice guidance, this will not produce a benefit for the seller. Therefore, the purchase of the property cannot duplicate a benefit because there has been no "benefit." The seller will not receive a benefit until they are able to obtain the Safe Housing Incentive option. All incentives are a direct benefit and can duplicate assistance from other federal/State/local sources or provide sources if the assistance is for the same purpose as the incentive funds.

Summary of Key DOB Changes:

- HUD's DOB requirements for Sandy Blue Acres were based on the 2011 DOB Federal Register Notice (76 FR 71060).
- The DOB requirements for Ida Blue Acres are based on HUD's revised DOB guidance published in 2019 (84 FR 28836).
- The new guidance significantly changed how declined or cancelled Small Business Administration (SBA) loans are treated when determining DOB.
- Determination of a DOB when purchasing a property is based on the amount of "benefit" provided when purchasing the buyout property.
  - Sandy Blue Acres purchased buyout property at the pre-disaster FMV, which did provide a benefit for the seller (i.e., any amount over the current FMV is a benefit).

- Ida Blue Acres will purchase properties at the current post-disaster FMV, which HUD has determined does not provide a benefit and therefore there is not a benefit to duplicate when the property is purchased.

- Ida Blue Acres also will provide Safe Housing Incentives, which **do provide** a direct housing benefit and **may duplicate** other assistance received for the same purpose.

Due to the difference in applicability of DOB for the purchase of the property (which does not provide a benefit when purchased at the post-disaster current FMV) versus the incentive awards (which do provide a benefit as this is in addition to the purchase price), a two-phase process will need to be used for Blue Acres applicants who receive **both** types of funds. At a high level, the process will include the following:

1. Require all applicants to provide information about any assistance received for their recovery from the disaster (i.e., the source of the assistance, the purpose of the assistance, and the amount of the assistance).
2. Use an award calculator to total the amount of assistance received, identify the purpose of the funds, and compare the amount of unmet need.
   a. Unmet need for the purchase of the buyout property is equivalent to the current appraised FMV.
   b. The current appraised FMV does not provide a benefit to the seller.
   c. Therefore, there is no benefit to duplicate when purchasing the property.
3. Once an applicant is determined to qualify for a Safe Housing Incentive, the DOB review will need to be completed again based on the previous assistance received and the purpose of the assistance. If other assistance is received for the same purpose as the incentive funds, then a DOB may exist. If there is a DOB, it will be deducted from the incentive award amount.

3.8.1 DOB Implementation

In order to determine whether there is a DOB, 84 FR 28836 (June 20, 2019) requires that NJDEP, as the recipient of federal disaster recovery funds, identify “total assistance” to an applicant of its Blue Acres Program (the Program). ***Total assistance*** includes all reasonably identifiable financial assistance available to an applicant. Therefore, program applicants are required to disclose all financial disaster assistance that is received, committed to, or anticipated by the applicant. Total assistance includes “available assistance.” ***Available assistance*** includes assistance that would have been received by an applicant “acting in a reasonable manner,” or if the applicant “has received the assistance and has legal control over it.”

An individual analysis of each applicant’s DOB will be performed. Total assistance to the applicant will be reviewed and verified. Assistance considered to be non-DOB, including assistance provided for a different purpose or the same purpose but a different allowable use, will not be counted in the final calculation of DOB. The remaining DOB will be subtracted from the incentive amount(s). Note that the incentive amount minus the DOB cannot be below zero.

Unmet Need. The unmet need for the Blue Acres Program is defined in two parts. First, there is the unmet need equal to the post-disaster FMV to purchase the property and the subsequent demolition and clearance of the property. Second, there is the unmet need to ensure that safer replacement housing is found in areas not prone to flooding and related storm damage for the buyout participants. The incentive unmet need equates to the amount of funds needed to bridge the gap between the purchase price of the buyout property and the cost of replacement housing.

3.8.2 Duplication of Benefits Analysis: Total Assistance

In order to determine **Total Assistance**, the Program will collect disaster assistance information from those applicants eligible for incentives. When requesting an incentive, such applicants must disclose **all** financial disaster assistance awarded and/or received in response to their storm-related damage, including the following sources:

- FEMA
- National Flood Insurance Program and Increased Cost of Compliance
- SBA and other subsidized loans
- CDBG-DR- or CDBG–Mitigation-funded NJDCA/NJDEP program(s) such as the Homeowner Recovery Program
- Private insurance
- Private or nonprofit organizations or donations
- Disaster Recovery Act funding
- Other State, local, or federal programs

The following sources of funding assistance are described further below and will be verified.

FEMA Individual Assistance

The FEMA Individual Assistance (IA) amount and purpose will be determined and verified by the Program through the FEMA National Emergency Management Information System (NEMIS) database. If the Program is unable to verify the FEMA IA amount through the FEMA NEMIS database, it will use the payment amount disclosed by the applicant at the time of application, supported by FEMA award documentation. If an applicant can provide FEMA award documentation demonstrating that the FEMA IA amount and/or purpose provided by the FEMA NEMIS database differs from the amount and/or purpose in their FEMA award documentation, the Program will accept the applicant's copy of the FEMA award documentation when completing its DOB analysis.

FEMA National Flood Insurance Program and Increased Cost of Compliance

The Program will collect NFIP flood insurance and Increased Cost of Compliance payment information from the applicant through the application process. In addition, the Program will work directly with NFIP to verify the information provided by the applicant.

Exception: Insurance proceeds taken by a mortgage company as a forced mortgage payoff will not be counted as a DOB as long as documentation from the mortgage company shows that the payoff was involuntary. The applicant will need to provide supporting documentation demonstrating that the mortgage payment was involuntary, and the Program will attempt to verify this information with the applicant's mortgage company.

Small Business Administration and Other Subsidized Loans

Applicants may have a loan from the SBA or other entity that is guaranteed and subsidized by the government. Subsidized home, personal property, relocation, and business loans may be obtained by those persons or businesses recovering from a disaster. The Program will review the status of the subsidized loans obtained by the applicant during the DOB analysis process.

The Program will continue to collect subsidized loan information, including SBA information, provided by the applicant. In addition, the Program has a data feed provided by SBA to verify all approved amounts for SBA loans. The Program will collect specific information from SBA that breaks out the approved SBA loan amounts into the different categories of assistance (e.g., real property, personal property, vehicles).

Declined Subsidized Loans

Declined SBA loans are loan amounts that were offered by the lender in response to a loan application but were turned down by the applicant, meaning that the applicant never signed loan documents to receive the loan proceeds. The Program will not treat declined loans as DOB.

The Program will request documentation for the declined loan only if the information received from the third party (SBA database) indicates that the applicant received an offer for the subsidized loan and the Program is unable to determine from the available information that the applicant declined the loan.

Cancelled Loans

Cancelled loans are loans (or portions of loans) that were initially accepted; however, for a variety of reasons, were cancelled (such reasons may include the loan commitment terms have expired, the loan has been withdrawn, all or a portion of the loan was not disbursed and is no longer available to the applicant or cancellation was requested by the borrower). NJDEP will verify that any undispersed portion of an accepted subsidized loan is cancelled through the SBA database. Without verification from the SBA database, any approved but undisbursed portion of a subsidized loan will be included in the DOB calculation of the total assistance unless another exception applies.

In cases of cancelled loans where partial disbursements were made prior to the cancellation of the loan, the disbursed funds will be treated as funds disbursed for the active loans below. As with declined loans, incentive awards made to applicants with cancelled subsidized loans will have the DOB re-verified at project closeout.

Active Loans with Disbursed and Undisbursed Funds

During the DOB analysis, the Program will consider active subsidized loans as a duplication. However, accepted but undispersed loan amounts will not be considered a DOB as long as the undispersed portion of the loan is verified as cancelled in the SBA database. Without a verification from the SBA database, any approved but undisbursed portion of a subsidized loan shall be included in the DOB calculation of total assistance. In addition, disbursed loan amounts will be considered as non-duplicative provided that the funds were:

- Used properly for the same purpose.
- Provided for a different purpose.
- Provided for the same purpose as the Program's activities but used for a different allowable use.

Private Insurance

All property or casualty insurance, including flood and settlement amounts for loss to dwellings, must be disclosed. Private insurance payments for contents or other expenses will not be deducted from the applicant's incentive award as this would generally be considered a non-DOB. Insurance proceeds are initially determined by the Program through applicant-provided information. Applicants also must authorize the Program to contact third-party private insurance providers to verify the information provided by the applicants. All homeowner's policies and any assistance provided under the policy in response to storm damage will be verified by a third party. If the purpose, connection to a storm, and/or the amount of assistance provided by an insurance company cannot be verified, the amount will be counted as a DOB.

Exception: Insurance proceeds taken by a mortgage company as a forced mortgage payoff will not be counted as a DOB as long as the applicant provides adequate documentation.
The applicant will need to provide supporting documentation demonstrating that the mortgage payment was involuntary, and the Program will attempt to verify this information with the applicant's mortgage company. Voluntary mortgage payoff using insurance proceeds is a DOB that will be counted against an applicant's award.

Non-Duplicative Assistance (Non-DOB)

Funds that were received from other sources may not always be determined to be a DOB. Non-DOB amounts will be subtracted from total assistance to determine the DOB amount. Non-DOB will be assessed for those impacted applicants individually on a case-by-case basis.

Examples of non-duplicative assistance are as follows:

- Funds provided for a different purpose. *Potential* examples of non-DOB could include the following:
  - Insurance proceeds for loss of contents as this cost will not be covered under the Strategic Buyout Program, thus it is a non-DOB.

- Temporary rental assistance. Even though the strategic buyout risk reduction incentive may provide an incentive to move to a safer area, the risk reduction incentive differs from temporary rental assistance as it is for permanent relocation to an area of reduced risk only. Therefore, the incentive is for a different purpose than temporary rental assistance or assistance that does not require relocating out of the DRRA or at-risk areas.
- In the case of incentives, any other assistance received that was not for the purpose of the incentive (such as permanent relocation or housing affordability).

- Funds provided for the same purpose but used for a different allowable use.
- Funds received for a different disaster declaration than the qualifying event. The qualifying event is the storm to which the applicant is tied back to (Hurricane Ida or Hurricane Sandy).
- Funds that are not available to the applicant. For example, when insurance funds received must be used for a forced mortgage payoff based on the terms of the mortgage.
- Funds of the deceased owner unless the current owner also was a co-recipient of the disaster assistance funds.
- Funds received from a private loan and not guaranteed by SBA. Note: If such funds are related to the repair of the property, the lending institution may require that the loans are satisfied at the property closing.
- Assets or a line of credit available to the applicant. For example, checking or savings accounts and stocks are not duplicative.

3.8.3 DOB Examples

Example 1: Assume that an applicant requests a Safe Housing Incentive from the Blue Acres Program and after an analysis by the housing counselor, it was determined that a Program incentive of $45,000 is needed for the purchase of the applicant's next home. However, the applicant has already received $5,000 in closing cost assistance under a different program. In this example, the DOB to be subtracted from the Safe Housing Incentive of $45,000 would be $5,000 as the $5,000 for closing cost assistance would be a DOB of the Safe Housing Incentive. Therefore, the applicant would receive a $40,000 Affordable Homeownership Incentive from the Program.

Example 2: Assume that an applicant received $20,000 in insurance funds to repair their storm-damaged home, then the applicant participating in a buyout requests a permanent rental incentive when they sell their buyout property. Before the incentive can be provided, the Program performs a DOB analysis. In this case, the $20,000 received by the applicant will not reduce the amount of the incentive as it is a non-DOB because it was for a different purpose than the incentive.

3.8.4 Verification of Benefits

To meet HUD requirements and verify all potentially duplicative funding, the Program will attempt to obtain the best and most recently available DOB information before providing federal funds to an applicant. Applicants eligible for incentives will be required to disclose all disaster assistance received and provide all documentation related to that assistance. Applicants will sign a **Consent to Release** form as part of their application packet submission, which will allow the Program to conduct third-party verification of applicant-provided information and documentation.

Once applicant-provided information is collected, all DOB will be verified and uploaded into the Program's system of record. Verification of benefits (VOB) from all sources will be used in determining any incentive amount, which will be based on unmet need.

The first goal of the VOB process is to compare the property owner's reporting of the amounts and purposes of the benefits received with the benefit amounts and purposes reported by third-party verified sources. The second goal is to detect DOB errors and make corrections prior to determining an incentive amount for an applicant.

To comply with the federal prohibition against the duplication of disaster benefits, the Program will verify all disaster assistance received or anticipated by an applicant as follows:

1. Verify all sources of disaster assistance received by the applicant by conducting third-party verification, as applicable. Data feeds from SBA, FEMA NEMIS, and NFIP will be used to verify those sources of assistance.
2. Obtain documentation indicating the source of the award/funds and the purpose of the assistance funds/monies. The Program will want to view original copies of letters, claim awards, checks, receipts, and so forth, if possible; however, copies of original documents also may be accepted to verify those forms of assistance unavailable from a formal data feed, such as insurance claims and other assistance.
3. If there are questions about the amount or type of funding provided, DOB staff will perform **due diligence** to verify the amount and the purpose of the assistance provided. Staff will send the funding entity a request for information along with the applicant's Consent to Release form. If the entity does not respond after three attempts are made by the Program staff within 30 calendar days, the Program will accept an applicant's certification as long as available insurance documentation indicates the connection to the qualifying event, the address of the storm-damaged property, the purpose and amount of the funds, and is in the applicant/owner's name.

3.8.5 Subsequent Disaster Event

In the event a subsequent disaster event occurs and the property has already been appraised and an Offer to Purchase sent to the property owner, NJDEP will not re-appraise the property and will move forward with the Offer amount. The following options will be available for completing the purchase.

Option 1: If the Offer to Purchase has been accepted, but the closing has not taken place, NJDEP will suggest that the property owner not file any insurance claim on the structure. However, filing a claim for personal property is fine and it does not count as a DOB.

Option 2: If the Offer to Purchase has been received by the property owner but has not been formally accepted, NJDEP will contact the property owner to determine if they intend to accept the Offer. If they intend to accept the Offer, they will be advised to not file a claim on the structure. They can file for personal property damage as this will not count as a DOB.

Option 3: If the Offer to Purchase has been received by the property owner but has not been formally accepted and the property owner has not decided to accept the Offer and wants to file for damages to the structure, then the purchase of the property will not move forward until the all funds are received and a new DOB review can be completed to see if there will be any DOB subtracted from the Offer amount.

All property owners will be handled on a case-by-case approach if they have received an Offer to Purchase and have not closed on the purchase. NJDEP will contact the property owners immediately after a subsequent disaster event to determine their best option.

3.9 Environmental Review and Clearance

All HUD-assisted projects require an environmental review record to ensure that the proposed project does not negatively impact the surrounding environment and that the property itself will not have an adverse environmental or health effect on the end user. Every project must be in compliance with the National Environmental Policy Act and other related federal and State environmental laws. NJDCA, as the HUD grant recipient, is the responsible entity. NJDEP's Sandy Recovery Environmental and Historic Review Program is the lead contact.

3.9.1 Categorical Exclusion Not Subject to 58.5 (CENST) (58.35(b))

The Blue Acres Smart Housing Incentives meet the definition of Categorical Exclusion Not Subject to 58.5 (CENST) as they do not alter any conditions requiring a review of compliance determination under federal laws and authorities cited in 58.5. Specifically, the incentive activities meet the activities conforming to 58.35(b)(5) in which the activities assist homebuyers in purchasing existing dwelling units or dwelling units under construction, including closing costs and down payment assistance, interest buy-downs, and *similar activities that result in the transfer of the title*.

3.9.2 Tiering Environmental Reviews (HUD Guidelines)

The majority of the Blue Acres Program activities will undergo a Tiered Environmental Review in accordance with 24 CFR 51.15, which allows the State to tier their environmental reviews and assessments to eliminate repetitive discussions of the same issues at subsequent levels of review. The first tier "broad" review will identify and evaluate any issues requiring further review or special conditions to ensure that no environmental impacts are created in the implementation of the Blue Acres activities. The project description should include all activities that are geographically or functionally related or which are logical parts of composite actions.

- Section 58.15 states that responsible entities may tier their environmental reviews and assessments to eliminate repetitive discussions of the same issues at subsequent levels of review.

- Tiering is appropriate when there is a requirement to evaluate a policy or proposal in the early stages of development or when site-specific analysis or mitigation is not currently feasible and a more narrow or focused analysis is better done at a later date.
- The broad review, or Tier 1, should identify and evaluate those issues ripe for decision and exclude those issues not relevant to the policy, program, or project under consideration. The Tier 1 review should also establish the policy, standard, or process to be followed in the Tier 2 site-specific review.
- The tiering plan should include site selection criteria to ensure that selected sites are consistent with the project description. It also should specify the factors to be addressed in the site-specific reviews. It shall also specify the site standards and mitigations that will apply to all selected projects. This must be clearly defined in the Request for Release of Funds (RROF) as well.
- The Tier 2 site-specific review need only reference or summarize the issues addressed in the broader review.
- Subsequent site-specific reviews will not require notices or an RROF unless the Certifying Officer determines that there are unanticipated impacts or impacts not adequately addressed in the prior review.

3.9.3 Categorical Exclusion Subject to 58.5 (CEST) (58.35(a))

There may be situations in which a Tiered Environmental Review may not be an appropriate environmental review method or the activities have not been covered within an existing tiered review of a specific location.

Blue Acres activities, such as acquisition, resiliency improvements (replacement of water or sewer lines) retained in the same size or capacity of no more than 20%, and demolition, conform to 58.35(a)(1) and (4). If during the environmental review process it is determined that the project may have an impact, an environmental assessment may be appropriate. If questions arise or need guidance that the HUD Exchange does not address, contact Region II Environmental staff for further guidance.

3.10 Uniform Relocation Act Assistance for Tenants – Appendix

The Blue Acres Program will purchase eligible rental properties within the buyout areas. The Blue Acres Program will provide URA benefits to all displaced persons. Rental and other properties that include tenants will be required to receive permanent relocation assistance in accordance with the Uniform Relocation Act (49 CFR Part 24, Subpart C), CDBG HUD-Administered Small Cities Program (24 CFR 570.420(b)(2)(iv) and 570.606), and HUD Handbook 1378: Tenant Assistance, Relocation and Real Property Acquisition.

Verified tenants who will be permanently displaced upon the purchase of the buyout property are eligible for the following:

- All advisory services to ensure that tenants understand their rights and responsibilities
- 42 months of housing replacement payments
- Moving and storage payments

As a component of the verification process DCA will verify lawful presence of all displaced persons. In order to receive URA assistance tenants must be able to verify lawful presence. Exceptions will only be made in the event of extreme unusual hardships as defined in 24 CFR 24.208(a).

Furthermore, NJDEP will comply with all applicable components of the Relocation Assistance Act, N.J.S.A. 20:4-1, and its implementing regulations, N.J.A.C. 5:11- 3.1 (the Act). Under this Act, a displaced tenant may be entitled to compensation for both moving expenses and relocation assistance (N.J.S.A. 20:2-4, 2-6).

4 COMPLIANCE AND REPORTING

4.1 CDBG-DR Citizen Participation Plan

Over time, recovery needs will change. Thus, NJDCA will amend the Disaster Recovery Action Plan as often as necessary to best address long-term recovery needs and goals. This Action Plan describes proposed programs and activities. As programs and activities develop, an amendment may not be triggered if the program or activity is consistent with the descriptions provided in this plan.

4.1.1 Substantial Amendment

Substantial amendments to the Action Plan will require at least 30 days of public notice. The State has defined *substantial amendments* to the Action Plan as those proposed changes that require the following decisions:

- A change in Program benefit or eligibility criteria
- Addition or deletion of any allowable activity described in the approved application
- The allocation or re-allocation of more than $10 million
- A proposed reduction in the overall benefit requirement

Those amendments that meet the definition of a substantial amendment are subject to public notification and public comment procedures. Citizens and units of local government will be provided with reasonable notice and an opportunity to comment on proposed substantial amendments to the Action Plan. A notice and copy of the proposed substantial amendment will be posted on NJDCA's official website. Copies will be provided upon request at NJDCA if otherwise not accessible for review by any residents. Citizens will be provided with no less than 30 days to review and comment on the proposed substantial amendment. Written comments may be submitted to NJDCA via email at DisasterRecoveryandMitigation@dca.nj.gov or to P.O. Box 800, Trenton, NJ 08625-0800. A summary of all comments received and responses will be included in the substantial amendment that is submitted to HUD for approval and posted to NJDCA's official website.

4.1.2 Non-Substantial Amendment

Non-substantial amendments are amendments that do not meet the threshold for a substantial amendment and do not require a public comment period. Non-substantial amendments to the Action Plan will be posted on NJDCA's official website after notification is sent to HUD and the amendment becomes effective. Every amendment to the Action Plan (substantial and non-substantial) will be numbered sequentially and posted on the website.

4.2 CDBG-DR Complaints, Referrals, and Open Public Records Act Requests

Formal complaints are written statements of grievance, including email, comments posted on the NJDCA website, and handwritten complaints. NJDCA shall detail the process and contact information (through the website and email address) for submitting complaints within Program guidelines, application documents, and on the NJDCA website. NJDCA shall maintain a tracker for collecting and categorizing complaints through resolution.

Verbal complaints are informal complaints. NJDCA and its subrecipients will attempt to resolve informal complaints; however, they are not subject to the written response process described above.

The State will accept written citizen complaints related to CDBG-DR-funded programs, the Action Plan, substantial amendments, or quarterly performance reports. Written complaints should be submitted via email to DisasterRecoveryandMitigation@dca.nj.gov or be mailed to:

New Jersey Department of Community Affairs
P.O. Box 800
Trenton, NJ 08625-0800
Attention: Commissioner

The State will make every effort to provide a timely written response to every citizen complaint within 15 working days of receipt of the complaint, where practicable.

The State will require that its subrecipients follow a citizen complaint procedure reflective of the goals of the Citizen Participation Plan. A copy and/or summary of citizen complaints received by subrecipients will be forwarded to NJDCA. The complainant must be made aware by the subrecipient that if she or he is not satisfied with the response, a written complaint may be filed with NJDCA.

All citizen complaints related to fair housing/equal opportunity violations involving discrimination will be forwarded to the New Jersey Department of Law and Public Safety, Office of the Attorney General, Division on Civil Rights. To file a fair housing complaint in New Jersey, call:

Atlantic City Office: 609-441-3100

TTY: 609-441-7648

Camden Office: 856-614-2550

TTY: 856-614-2574

Newark Office: 973-648-2700

TTY: 973-648-4678

Trenton Regional Office: 609-292-4605

TTY: 609-292-1785

Additionally, complaints can be submitted to HUD's Office of Fair Housing and Equal Opportunity (FHEO). To file a complaint, contact the Region 2 FHEO: 1-800-496-4294, fax: 202-485-5737, and email: complaintsoffice02@hud.gov.

4.3 Fair Housing, Support to Non-English Speakers

Program activities will comply with all applicable federal and local fair housing requirements, including the following:

- Fair Housing Act (Title VIII of the Civil Rights Act of 1964)
- Title VI of the Civil Rights Act of 1964
- Section 504 of the Rehabilitation Act of 1973
- Section 109, Title 1, of the Housing and Community Development Act of 1974
- Title II of the Americans with Disabilities Act of 1990
- Architectural Barriers Act of 1968
- Age Discrimination Act of 1975
- Title 6 of the Education Amendments Act of 1974

To further fair housing goals and ensure that all potentially eligible applicants are aware of the opportunity to participate in the Program, NJDCA will engage in an aggressive outreach program. The multimedia outreach program includes special outreach to LMI households, minority households, and others identified as “least likely to apply” for assistance. In accordance with the requirements of Section 504 of the Rehabilitation Act of 1973, contractor administrators will make reasonable accommodations to ensure access to the Program for persons with disabilities. These accommodations may include providing alternative methods of compliance with Program requirements, such as conducting home visits for individuals unable to travel to a Housing Recovery Center and/or providing additional assistance in the completion of the application and Program forms.

4.4 Exceptions

When working with applicants, there may be situations that were not anticipated within the Blue Acres policy. An exception may be granted to assist an applicant who is not eligible per the written policy but may be eligible with some modification to the requirement, as long as any modification does not alter local, State, or federal regulations. A policy exception is different from an appeal. An appeal is based on disagreement with a final award or eligibility decision.

Examples of exceptions may include, but are not limited to, the following:

- Multiplex housing
- Outstanding mortgage value is greater than the buyout and incentive award
- Homeowner facing other demonstrated financial or personal/medical hardships
- When necessary to comply with federal accessibility standards or to reasonably accommodate a person with disabilities
- Other justifications for good cause or hardship

Scenario 1: An applicant is eligible to receive moving costs as part of the Safe Housing Incentive options. The applicant has medical equipment that requires hiring outside specialized help to move the equipment. The cost to move the medical equipment is above and beyond what a typical household would incur as part of relocating. An exception to the current policy may be made to allow the additional costs as the existing Blue Acres policy does not adequately account for this specific situation.

Scenario 2: A homeowner applicant has reported that after selling their property, they anticipate moving to an assisted living facility. An assisted living facility is typically not considered permanent housing; however, in this case, the homeowner reports that due to their age and condition they do not have the ability to own or rent. An exception to the incentive may be made as the homeowner has determined the best option for housing based on their situation.

Scenario 3: An elderly homeowner applied to sell their property. The homeowner passes prior to award determination or formally closing on the property. The adult-child heir plans on moving into the property full time. The property is located in a high-risk area and would likely be flooded in future events. An exception to the incentives may be made for the adult child to receive the monetary benefits.

4.4.1 Implementation

A policy exception occurs when an applicant is not eligible in accordance with the Blue Acres policy, or an award amount must be exceeded for good cause. For example, the applicant may not be able to produce all prescribed documentation per the policy but may still be determined to be eligible based on other types of documentation, or there may be circumstances not anticipated by the current policy that without an exception would deem the applicant ineligible or provide an insufficient benefit for recovery.

When determining whether a policy exception is to be granted, the Program must first identify that the exception will not alter local, State, or federal regulations. NJDEP will identify an applicant's exception needs during the eligibility and award phase of the Program. Once the exception is identified, NJDEP will write up the exception request and gather the supporting documents. NJDEP will send the request to NJDCA for their review and approval. All exceptions will be tracked for the Program.

4.5 Appeals

An appeal is defined by a formal written request by a buyout homeowner seeking a reversal or revision of a buyout program determination that may affect their eligibility for the award that they may receive. An appeal also can be issued by tenants seeking a reversal or revision of a buyout program determination that may displace them.

Appeals that oppose federal program directives or statutory requirements may be declined. In such cases, a letter will be sent informing the applicant or tenant that the Program has neither the authority nor the jurisdiction to overturn a federally regulated matter and these appeals will be administratively closed upon sending the letter.

Appeals are primarily applicable for process issues or determinations that are policy-based. NJDEP will address two types of buyout appeals: First, appeals may arise within the scope of the buyout program's offer formulation (e.g., appraisal values or deductions for DOB). Second, appeals also may arise within the context of an eligibility determination (e.g., tenant relocation assistance or incentive eligibility).

NJDEP will rely on an Appeals Committee to review programmatic and eligibility appeal requests, and to analyze the data and decision-making factors identified within the appeal. A written decision will be issued to the homeowner or tenant within 90 days of the appeals submission. All appeals determinations made by the Appeals Committee are final. The Green Acres Bureau Chief of State Land Acquisition and an NJDEP Green Acres buyout project manager will compile the background information pertinent to the appeal request and formulate an appeals package containing all relevant documents and decision details. The appeals package will be forwarded to the NJDEP Buyout Appeals Committee for review and a decision. The NJDEP Buyout Appeals Committee will include the NJDEP Blue Acres Program Manager or the Chief Climate Resilience Officer, a manager from NJDEP's Office of Land Transaction and Public Land Administration, and an NJDCA Disaster Recovery and Mitigation representative.

If at the conclusion of the appeals process the homeowner or tenant is not satisfied with the appeal determination, further recourse can be sought through New Jersey's Office of Administrative Law review.

Appeals are most likely to be encountered during the following parts of the buyout process:

4.5.1 Appeals of DOB Determination by Property Owners

During the offer calculation process, the owner is asked to verify DOB data and to provide any proof of expenditures since the most recent flood event. If the DOB information from the owner differs from the DOB information provided by the New Jersey Office of Emergency Management (NJOEM) and FEMA, the owner must provide proof of loss and/or grant letters showing what they actually received. In the case of significant DOB discrepancies, NJDEP case managers refer the matter to the project manager who will resolve the issue with Blue Acres, NJOEM, and FEMA. Once the issue is resolved, the case manager is advised to finalize the offer, and if there is a change to the DOB, all relevant documents and forms are revised.

4.5.2 Appeals of the Buyout Property Value

The valuation of the buyout property to be acquired usually is determined by a current market value appraisal. There is an appeals process if owners disagree with the fundamental value.

It is not considered an appraisal appeal if the property owner believes that the appraisal report contains an error or if there are factual inaccuracies in the appraisal report. Appraisal corrections, especially those that could impact value, are addressed through an appraisal review request. To activate an appraisal review, homeowners must furnish a written explanation of what items the appraiser may have missed or inaccurately attributed. If these items impact the value, then a revised appraisal report and offer value may be warranted.

If there is no tangible error in the appraisal report but the homeowner simply believes the appraisal value is not accurate, then they can challenge the value under the appraisal appeals process. To do so, the homeowner must, at their own expense, obtain a second appraisal. Homeowners must request an appraisal appeal in writing and the NJDEP case manager provides appraisal guidance to ensure that the homeowner-commissioned appraisal is similar in scope and content to be applicable under the Blue Acres appeals process. If the homeowner's commissioned appraisal is higher than NJDEP's first appraised value, the homeowner submits the full appraisal report to their case manager, which then triggers NJDEP to obtain a third and final appraisal to value the buyout property in question. The value in the third appraisal of the buyout property is the final property value. NJDEP's first appraisal value cannot be reconsidered or accepted once the homeowner's appeal appraisal has been submitted to NJDEP.
The State's final buyout appraised value cannot be appealed further.

4.5.3 Appeals of the Award Determination Amount and/or Eligibility for the Safe Housing Incentive

Homeowners may appeal their Safe Housing Incentive determination amount(s) as presented to them during the buyout offer process. Homeowners must describe, in writing, the concerns that they have with the issuance of award before they accept a buyout offer that includes the addition of incentive funds. Because award determinations are based on housing market analyses and fair market rents data, homeowners may wish to appeal award determinations to ensure consideration of the most up-to-date data. That is, if closing on a buyout occurs a significant length of time after incentive determinations have been presented, a homeowner might appeal if they know that home values have risen and they need more money to secure safe replacement housing.

General eligibility appeals under this category are not anticipated because eligibility will be based on defined requirements. Nevertheless, because incentives eligibility is closely tied to homeowner income levels and income levels can vary from year to year for homeowners without fixed salaries, it is possible that a homeowner may be ineligible in a given year; however, in the following year, the homeowner may appeal that eligibility status by providing more recent income documentation.

4.5.4 Appeals of Tenant Relocation Assistance Determinations

Tenants involuntarily displaced by a buyout may file a written appeal to their tenant relocation specialist in response to a relocation assistance determination made by NJDEP. Tenants submitting a URA determination appeal have 60 calendar days from the date they receive written notification of relocation assistance determination from NJDEP for URA or relocation service eligibility, benefits, services, program performance, amounts or payments, or determination of the person's claim. Tenants requesting an appeal have the right to be represented by legal counsel or other representation in connection with his or her appeal, but solely at the tenant's own expense.

Any appeal regarding relocation services policies that are determined by federal administrative regulation or statute, such as HUD regulations/policy, or the Uniform Relocation Act (URA) 49 CFR § 24.10 cannot be addressed by NJDEP or NJDCA. Voluntary Compliance Agreement.

As a HUD CDBG-funded program performing Superstorm Sandy-related disaster recovery activities under the Disaster Relief Appropriations Act of 2013, the Green Acres State Land Acquisition Program is subject to the requirements of a voluntary compliance agreement (VCA) entered into by the State of New Jersey in response to discriminatory complaints filed with HUD's Office of Fair Housing and Equal Opportunity. VCA covers several specific programs and areas; however, for the purposes of the Green Acres State Land Acquisition Program, steps must be taken to ensure that adequate access to and information about the buyout program and buyout processes and related services are available to non-English proficient individuals on a fair and reasonable basis. VCA further stipulates that Section 3 compliance for construction-related projects and recovery efforts will be closely administered and enforced.

4.6 Limited English Proficiency

NJDEP and NJDCA will ensure that the Green Acres State Land Acquisition Program complies with all federal and State requirements for accommodating participation and information access among property owners and tenants who are limited English proficiency persons as required by the VCA, including providing the eligibility criteria and application materials in appropriate languages, the translation of vital documents, providing information on websites, and communicating with individuals in appropriate languages. Non-English language services will be available, as needed, throughout the buyout process for any non-English-speaking persons requesting assistance.

4.7 Section 504 Coordinator, Complaints and Grievances

Section 504 prohibits discrimination on the basis of disability in programs conducted by federal agencies, programs receiving federal financial assistance, federal employment, and the employment practices of federal contractors. Complaints regarding accessibility can be reported to the State's Section 504 Coordinator. Plan publication efforts must meet the effective communications requirements of 24 CFR 8.6 and other fair housing and civil rights requirements, such as the effective communications requirements under the Americans with Disabilities Act.

State Section 504 Coordinator:
DisasterRecoveryandMitigation@dca.nj.gov

4.8 Fraud, Waste, and Abuse

NJDCA describes the process for applicants to report fraud, waste, or abuse in NJDCA Policy No. 2.10.4, Investigation Protocol Policy (March 2013), specifically the Avoid Home Repair Scams tip sheet that is distributed to all beneficiaries. NJDCA has an established process for determining whether fraud, waste, or abuse has occurred and it is discussed in NJDCA Policy No. 2.10.88, Policy Addressing Contractor Performance Issues: Fraud, Poor Workmanship, and Failure to Perform in a Timely Manner (April 2018). This policy discusses the role of NJDCA in investigating and acting when fraud occurs within Program's construction activities and/or programs. This policy will be updated to include Ida programs once they are fully developed. NJDCA Policy No. 2.10.13, Internal Audits and Recipients Audits Policy, discusses the process of the Office of Auditing to provide both programmatic and financial oversight of grantee activities. When the grantee has determined that instances of fraud, waste, or abuse have occurred, these will be referred to the HUD Office of the Inspector General Fraud Hotline (phone: 1-800-347-3735 or email: hotline@hudoig.gov) by the Office of Auditing.

It is the affirmative responsibility of any NJDCA or NJDEP employee and any Program Representative that has reasonable suspicion that any form of fraud is occurring to notify the appropriate State or federal agency or department. Notification of suspected fraud can be made to the Office of the State Comptroller. The toll-free telephone number for the hotline is 1-855-OSC-TIPS (1-855-672-8477). The email address is ComptrollerTips@osc.nj.gov. All communications will be kept confidential. The hotline and email address are maintained by the State of New Jersey, Office of the State Comptroller.

4.9 Confidentiality and the Protection of Personally Identifiable Information

All records and documents referenced in these policies are confidential. They will not be made available as public information unless required by applicable law. Only authorized staff of the Program, NJDCA, or HUD shall have access to them to carry out their duties and are subject to applicable law. Upon the written request of an affected person, the Program shall give the person or the person's designated representative the opportunity to inspect and copy, during normal business hours, all records pertinent to his/her case, except materials that are classified as confidential by the Green Acres State Land Acquisition Program. Green Acres may impose reasonable conditions on the person's right to inspect these records, consistent with applicable laws.

Personally identifiable information (PII) includes, but is not limited to, name(s), address(es), social security number(s), FEMA registration number(s), financial account number(s), citizenship or immigration status, and any other personally identifying symbol(s) or data. PII is protected from unauthorized and unlawful disclosure under the Federal Privacy Act, 5 United States Code (U.S.C.) § 552a.

All Green Acres staff involved in the administrative processes that allow the program to acquire flood-prone or storm-damaged residential property can or do come into contact with PII. Green Acres staff have agreed to protect and maintain the confidentiality of all PII. This obligation is a condition of signing the Green Acres State Land Acquisition Program's Non-Disclosure Agreement. The Non-Disclosure Agreement ensures that staff acknowledge and understand that the PII information is for Program use only and that the unauthorized and/or unlawful disclosure of PII could result in significant civil and criminal penalties.

4.10 Section 3: Compliance and Reporting

Section 3 of the Housing and Urban Development Act of 1992 requires recipients of HUD funding to direct employment, training, and contracting opportunities for housing rehabilitation, housing construction, and other public construction projects to low-income individuals and the businesses that employ these persons within their community.

4.10.1 Section 3: Requirements Overview

The regulation, provided by the Section 3 Final Rule, became effective on November 30, 2020, and is codified at 24 CFR Part 75. Section 3 requirements apply to the following:

- Housing rehabilitation, housing construction, and other public construction projects assisted under HUD programs
- The total amount of assistance to the project exceeds $200,000

4.10.2 Definition of a Section 3 Project

According to the Notice, HUD defines a *project* as the site or sites, together with any building(s) and improvements that are under common ownership, management, and financing.

Section 3 applies to the entire project, not just the HUD-financed portion:

- Requirements apply based on the amount of HUD funding combined with different programs.
- The State will need to make all recipients, contractors, and subcontractors aware of the need to comply with Section 3 requirements.

The table in Section 4.12.3 demonstrates a high-level review of a project that identifies activities associated with the Blue Acres Buyout Program's design and potential policy considerations. This table helps illustrate what is to be included when determining whether or when the project triggers Section 3 requirements.

4.10.3 Documenting Compliance

The State or subgrantee must maintain or ensure that the contractor or subcontractor maintains adequate records demonstrating Section 3 compliance. The HUD Exchange website offers resources and tools for meeting the Section 3 requirements.

Project	Activity	Blue Acres Program Description	Policy Considerations
Site or sites, together with any building(s) and improvements, which are under common ownership, management, and financing	Acquisition of Buyout Property	Voluntary acquisition of property(ies) located in high-risk flood areas or other disaster risk reduction areas purchased at post-disaster value.	Purchasing the residential property will likely exceed the Section 3 threshold. According to Realtor.com, as of September 2022, the median sale price of a New Jersey residential property is

Project	Activity	Blue Acres Program Description	Policy Considerations
			$469,900 (Gloucester County has lowest median sale price of $280,000).
	Safe Housing Incentives	Incentives provided to owners to induce a move outside of the affected floodplain or disaster risk reduction area to a lower risk area or structure.	Even though an incentive is not a construction activity, the funds for the incentive still apply to total project costs and are counted toward the $200,000 threshold as it is tied to the project site.
	Demolition of Buyout Property	Removal of building and/or structures. Converting the property to open space.	When bidding and awarding, the construction contract will need to make all contractors and subcontractors aware of the Section 3 requirements.
	Resilience Infrastructure Improvements on Buyout Property	Infrastructure improvements for recreational, wetlands management, or other disaster risk reduction practices.	This activity may still be connected to the original project site if the buyout project has yet to be closed; therefore, any resilient construction activities would be included with the Section 3 threshold. The contract will need to make all contractors and subcontractors aware of the Section 3 requirements.

4.11 Record Retention

The State Comptroller, HUD, the Comptroller General of the United States, and any of their duly authorized representatives or agents shall have access to any books, documents, papers, and records of NJDEP that are directly pertinent to the HUD CDBG-DR 4086 funds for the purpose of audits, examinations, and making excerpts and transcriptions. NJDEP will be responsible for maintaining records in accordance with N.J.A.C. 17:44-2.2(b), 2 CFR 200.333, and 24 CFR 570.502 and 570.506. Records shall be maintained for a period of 7 years from the date of final payment. If any litigation, claim, or audit pertaining to the contract has been started before the expiration of the 7-year record retention period, records must be retained until completion of the action and resolution of all issues that arise from it, or until the end of the required 7-year period, whichever is later.

4.12 Recapture

NJDEP and NJDCA grants are awarded and disbursed in accordance with the State of New Jersey's Action Plan and subsequent amendments, as well as the grant agreement(s) executed by and between HUD and the State of New Jersey, along with all applicable State and federal regulations.

Homeowners are awarded funding pursuant to the policies and procedures outlined by the specific program from which funding was sought. CDBG regulations (24 CFR 570.502) governing grant administration and U.S. Office of Management and Budget cost principles (2 CFR 200.403(a)) require that the payment of CDBG-DR funds to beneficiaries be necessary and reasonable; these regulations also prohibit beneficiaries from retaining excess funds not used for eligible, approved costs. The provision of CDBG-DR funds in excess of what is needed for immediate use also is prohibited
(2 CFR 200.305(b)(1)).

However, circumstances may arise where an applicant needs to return part of the awarded funding to the respective program. Under a voluntary buyout, the following conditions denote where the recapture of CDBG-DR funds could apply.

Duplication of Benefits: If a homeowner received additional benefits (e.g., FEMA, NFIP, SBA, Increased Cost of Compliance, private insurance, assistance from nonprofit or other disaster assistance provider) that are duplicative of CDBG-DR funds, the homeowner or tenants' award will receive a negative award adjustment to reflect the DOB.

The Robert T. Stafford Disaster Relief and Emergency Assistance Act (42 U.S.C. 5121–5207), as amended, and all applicable Federal Register Notices dictate that CDBG-DR funding may only be provided to the extent that it does not duplicate funding provided to a beneficiary for the same purpose.

While buyouts are not explicitly duplicative, there are a few common examples of where duplicative funding could occur. These include, but are not limited to, the following:

- Payments under the National Flood Insurance Program or payments from private insurance
- FEMA funding to individuals or households
- SBA loans
- Charitable donations or work performed by nonprofit organizations

Fraud: Applicants who receive awards based on fraudulent information must repay these funds to the Program. These cases also will be referred to the appropriate law enforcement agencies for criminal investigation.

Voluntary Change or Withdrawals: If, after receiving incentive funds tied to Safe Housing for Home Purchase or Rental, applicants make the decision to relocate to a disqualifying area or make the decision to withdraw from the buyout program, they may be required to repay any funds received before the State of New Jersey was aware of the applicant's change in relocation plans or their withdrawal.

If the recapture of CDBG-DR funds is needed, NJDEP and NJDCA will issue a joint Repayment Letter. The Repayment Letter will define the full scope of the review and evaluation of the project file, and the amount identified as an ineligible payment or the overpayment, as well as outline the procedures for repaying the funds or appealing the repayment determination. If the applicant disagrees with the amount owed or the basis for repayment, the applicant will be afforded an opportunity to submit a written appeal of the repayment determination. Appeals must be submitted in writing within 60 days of the initial date of the Repayment Letter.

All repayments shall be repaid in full as one lump sum.

All funds recovered because of this policy will be tracked in the Disaster Recovery Grant Reporting System and returned to the State's CDBG-DR account or the U.S. Treasury in the event that the CDBG-DR grant has been closed out.

NJDCA and NJDEP, in its discretion, shall institute the measures necessary to effectuate repayment from individual Program applicants to the extent that amounts are collectable. It is understood that collection proceedings may be warranted under certain situations.

4.13 Monitoring, Compliance, and Records Management

4.13.1 Monitoring

The Disaster Recovery and Mitigation Division oversees activities and expenditures of authorized federal funds. NJDCA will perform monitoring and provide technical assistance on all Program areas and files. The frequency of the monitoring is dependent upon Program progress, policy manual changes, and the spending schedule.

The DRM Monitoring Unit conducts a risk analysis of programs and activities, then uses a combination of desk reviews, site visits, and monitoring checklists to monitor program activities. To determine the appropriate monitoring of grants, NJDCA's risk assessment will consider prior grant administration and performance, audit findings, and the complexity of the project, among other factors, in its monitoring efforts.

The primary purpose of the State's monitoring strategy is to ensure that all projects comply with applicable federal regulations and are effectively meeting their stated goals. Subsequently, the frequency and Program components monitored will be determined by the risk analysis. All projects will be monitored at least once during the life of the activity. The results of monitoring and audit activities will be reported to the Deputy Commissioner of NJDCA overseeing the DRM.

Monitoring will address program compliance with contract provisions, which may include, but are not limited to, environmental reviews, procurement, fair housing, Section 3, the Davis-Bacon Act and other prevailing wage provisions, URA, equal opportunity and civil rights requirements, Uniform Guidance, program income, and other applicable financial requirements. All necessary environmental reviews shall be performed on each project prior to funding.

Procedures for the verification of the accuracy of information provided by applicants for assistance are provided in the individual program policies and procedures. NJDCA's oversight and monitoring shall include procedures to ensure that the respective programs have sufficient documentation to verify the information being provided by applicants. NJDCA will test the Program staff's adherence to the required procedures by testing applicant files using the appropriate sampling techniques. Furthermore, NJDCA may embed quality assurance monitors into the intake process who will be charged with ensuring adherence to prescribed applicant verification procedures.

NJDCA will maintain a comprehensive monitoring manual and compliance and monitoring procedures for all funding sources, including the CDBG-DR Program.

4.13.2 Compliance

NJDEP is responsible for implementing the Blue Acres Program in compliance with the Federal Register Notice allocating the funds to the State, the Ida Action Plan, and Blue Acres' policies and procedures. NJDCA is responsible for oversight of all programs in the Ida Action Plan, including Blue Acres.

Having a compliance plan in place that will detect and prevent fraud, waste, and abuse is required by State and federal law, the HUD Federal Register Notice, and the Action Plan. NJDCA has adopted a policy that it will conduct a risk analysis of programs within the Ida Action Plan. Periodically, based on the risk analysis, NJDCA will monitor the Blue Acres Program for its key areas. Monitoring will be performed by NJDCA Compliance and Monitoring staff.
The policies and procedures written into this manual will meet the standards set out in State and federal law, the HUD Federal Register Notice, the HUD CDBG Regulations, and the Action Plan to effectively provide the required proficient financial controls and procurement processes.
Each Program Representative will develop a written comprehensive compliance plan consistent with the requirements in State and federal law, the HUD Federal Register Notice, the HUD CDBG Rules, and the Action Plan. At a minimum, the compliance plan should include the following:

1. The system for monitoring a general contractor's process for debarment verifications for subcontractors.
2. The system for monitoring a general contractor's process for verification of Section 3 status and the required record keeping. Certified payrolls are not required but will be accepted for this purpose.
3. Third-party (or non-Program staff) consistency reviews for all monitoring processes for the Program Representatives' oversight inspection and monitoring functions.
4. An internal review of the draw approval process, with the first not coming later than 60 days after the first draw approvals.
5. A review of information system access and protections for Program activities, including password protection by staff.

6. Other functions where errors could create inappropriate payments. Key areas identified include the following:

- Duplication of benefits
- Section 3
- Davis-Bacon Act and other labor standards (if applicable)
- Uniform Relocation Act
- U.S. Equal Employment Opportunity Commission requirements
- U.S.Office of Management and Budget Circular A-87
- 2 CFR Part 200 et al.
- Accessibility requirements
- Program income (if any)
- CDBG financial requirements

Each Program Representative will cooperate fully with NJDCA, HUD, or HUD Office of the Inspector General monitors/auditors and assist them by providing all necessary access to the databases and documents requested. Any Compliance Plan will include the frequency and distribution of any reporting of the ongoing activities. NJDEP will report to NJDCA on a regular basis or as defined by NJDCA. At a minimum, these reports should be made available to NJDCA and its monitors.

4.14 Conflict of Interest

In accordance with federal requirements, the Program will adhere to the following conflict-of-interest provisions established for the CDBG-DR Program and as fully described in NJDCA Conflict of Interest Policy No. 2.10.9. For the Program, the following areas have been identified as potential areas of conflict:

- Program staff and property owner applicant or staff and general contractor relationships
- Property owner applicant and general contractor relationships
- Evaluation and approval processes

4.14.1 Applicability

In the procurement of supplies, equipment, construction, and services by recipients and subrecipients, the conflict-of-interest provisions in 2 CFR 200.317-2, CFR 200.326, and the provisions of 24 CFR 570.611 apply. Such cases include the acquisition and disposition of real property and the provision of assistance by the recipient; by its subrecipients; or to individuals, businesses, or other private entities under eligible activities that authorize such assistance (e.g., rehabilitation, preservation, and other improvements of private properties or facilities pursuant to § 570.202, or grants, loans, and other assistance to businesses, individuals, and other private entities pursuant to § 570.203, § 570.204, or § 570.455).

4.14.2 Conflicts Prohibited

No person who is an employee, agent, consultant, officer, or elected official or appointed official of the recipient, or of any designated public agencies, or of subrecipients that are receiving funds under this part who exercise or have exercised any functions or responsibilities with respect to CDBG activities assisted under this part, or who are in a position to participate in a decision-making process or gain inside information with regard to such activities may obtain a financial interest or benefit from a CDBG-assisted activity, or have a financial interest in any contract, subcontract, or agreement with respect to a CDBG-assisted activity, or with respect to the proceeds of the CDBG-assisted activity, either for themselves or those with whom they have business or immediate family ties, during their tenure or for 1 year thereafter.

4.15 Files, Records, and Reports

This section is intended to provide the protocols, guidance, and general framework for the files, records, and reports used and stored by DRM Housing Recovery Team members. The process is composed of three key tasks:

- Maintain compliance with all applicable file retention guidelines as described in Policy No. 2.10.19, File Management and Record Keeping, and audits in accordance with NJDCA's CDBG-DR Program.
- Define a standard operating procedure (SOP) to identify the specific steps, as well as customer and contractor interaction safeguarding PII.
- Establish needed records, maintenance, and retention requirements.

NJDCA/DRM Housing Recovery staff will comply with 24 CFR Part 5.2, Compliance with the Privacy Act, which requires the safeguarding of PII by:

- Minimizing the use of PII on Program documents and records.
- Providing access to PII only to those who require it for official business.
- Securing PII appropriately, whether on paper or in electronic form.

4.16 Procedures for the Performance of Key Tasks

SIROMS is the electronic records system. The Program will maintain reliability to ensure that records are accurate and available, preserve authenticity to protect against unauthorized access, and provide usability to staff so that records can be easily found and updated. Pertinent documents that are created elsewhere will be uploaded to SIROMS at key points throughout the Program, as defined in the Management Information System (MIS) Standard Operating Procedure. Each applicant's files will reside in SIROMS, the system of record.

4.17 Record Retention Compliance

The Program, through the individual MIS, will retain all relevant Program files as electronic records as described in the State's File Management and Record Keeping (Policy No. 2.10.19). If any litigation, claim, audit, negotiation, or other action involving records has started before the expiration of the record retention period, records will be retained until all finding's involving records have been resolved and final action is taken (2 CFR 200.334(a)). As defined in the policy, records must be retained and audited after the end of the Program. To assist with the compliance of these codes, the Program Representatives will work with the New Jersey Division of Revenue and Enterprise Services, Records Management Services, to submit and obtain an electronic imaging system certification, if applicable. This will include documenting the retention schedule outlined by the Program policy, defining our system configuration, quality control, disaster prevention/recovery, scanning policy, and procedures and data migration plan.

4.18 Prepare Standard Operating Procedures

These documents will be adjusted from time to time, as required to operate the Program. At a minimum, the SOP will:

- Provide a description of what must be inventoried so that proper quality controls can be implemented. The inventory will consist of electronic records, such as scanned forms, electronic forms including signatures, internal and external reports, photographs, estimates, and drawings. These files shall be maintained such that they can be transferred via email, disc format, and downloaded.
- Define file formats and meta-data for each electronic record.
- Provide a clear indication that appropriate State and federal monitors/auditors will be allowed access to the records upon reasonable notice unless fraud, waste, or abuse (see Policy No. 2.1) is the reason for the visit.
- Define specific procedures for the scanning of paper documents for the creation of an electronic file (paper forms are not anticipated).
- Implement quality controls which ensure that specific electronic records are being associated with the correct applicant ID and stored in the correct locations and format within the CDBG-DR system of record.
- List the records retention schedule per Program policy.
- Define the methods of electronic records protection, including remote access control only by authorized staff and the physical security of the hardware.
- Define records disposition for Program closeout, either by transfer of ownership or by destruction prior to the end of the required record retention period. This will include a plan to guard against technological obsolescence, which will involve common file formats, interfaces, and communication.

4.19 Required Records

Program Representatives will provide support to NJDCA in meeting the reporting requirements, where applicable, to the Program and to the recordkeeping areas identified in the NJDCA Policy of Management and Record Keeping. These topics include, but are not limited to, the following:

1. Disaster Recovery (DR) Action Plan submission to HUD, which includes the application, program descriptions, certifications, and any amendments to the DR Action Plan, etc.
2. Executed grant agreement or memorandum of understanding
3. Description, geographic location, and budget of each funded activity
4. Eligibility and national objective determinations for each activity
5. Personnel files
6. Property management files
7. HUD monitoring correspondence
8. Citizen participation compliance documentation
9. Fair Housing and Equal Opportunity records
10. Environmental review records
11. Documentation of compliance with other federal requirements, including, but not limited to, the Davis-Bacon Prevailing Wage requirements; URA, Section 3, and Lead-Based Paint; Employment/Economic Opportunity for Lower Income Persons (Section 3); Section 504 of the Rehabilitation Act of 1973; Americans with Disabilities Act; and Employment and Contracting (Minority and Women's Business Enterprise)
12. Chart of accounts
13. Manual on accounting procedures
14. Accounting journals and ledgers
15. Source documentation (e.g., purchase orders, invoices, canceled checks)
16. Procurement files (e.g., bids, contracts)
17. Real property inventory
18. Bank account records (including revolving loan fund records, if applicable)
19. Draw down requests
20. Payroll records and reports
21. Financial reports
22. Audit files

23. Relevant financial correspondence
24. Evidence of having met a national objective (see below)
25. Subrecipient agreement or memorandum of understanding, if applicable
26. Procurement documentation, including any bids or contracts
27. Locations of the beneficiaries
28. Data on the racial, ethnic, and gender characteristics of beneficiaries
29. Compliance with special Program requirements, including environmental review records
30. Budget and expenditure information (including draw requests)
31. Status of the project/activity
32. National objective
33. Income

4.20 Destruction of Records

Each Program Representative shall work with the Bureau of Records and the Department of Records Retention Coordinator to establish a records retention policy consistent with the State and HUD requirements. In no case shall the record destruction date be less than 7 years from the time of final closeout. All original records become the property of the State of New Jersey. These original records shall be transferred to NJDCA for storage consistent with the plan. The Program shall maintain copies of relevant records for not less than seven years.

4.21 Closeout

State closeout of the CDBG-DR Program will be completed in accordance with CPD-22-14, Notice Closeout Instructions for CDBG Programs, issued on December 8, 2022.