ACTION PLAN AMENDMENT

FOR THE STATE OF NEW JERSEY

TROPICAL STORM IDA

NON-SUBSTANTIAL AMENDMENT #9

- **Modification to Smart Move Program, specifically sections Smart Move Housing Development, 4.10.13 Program Affordability Period, 4.10.18 Program Maximum Assistance, 4.10.19 Program Estimate Begin and End Dates, 4.10.21 Program Competitive Application Overview, 4.10.22 Program Method of Distribution Description/Overview.**
- **Modification to Small Rental Repair Program (SRRP), specifically sections 4.8.35 Program Description, 4.8.35 Program Description, 4.10.11 Program Competitive Application Overview.**

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SECTION 1: OVERVIEW

The purpose of this **Action Plan Amendment (APA) Number 9** to the State's Action Plan, (approved by HUD on November 21, 2022) is to provide non-substantial clarifications to the identified program areas as detailed in this document. This amendment is considered non-substantial since these clarifications and additions do not involve a new allocation or transfer/re-allocation of funds above the threshold between programs, do not create a new program, and do not change program beneficiaries or eligibility criteria. The amendment process follows the guidance in the applicable Federal Register notice related to non-substantial amendments and will be posted on the DCA website in accordance with HUD requirements.

SECTION 2: ACTION PLAN CLARIFICATIONS

A. Modification to the Smart Move Program

DCA issued a NOFA for communities to apply to the Smart Move program, which closed on April 4, 2024. The program only received applications from two communities. DCA will work with these communities with the intent that these projects may become pilot projects under a revised version of the program, described herein.

In order to provide the most flexible program and garner more interest, DCA proposes to make changes to program implementation without changing program beneficiaries and eligibility criteria. In addition to working with the two pilot communities, DCA will allow developers to apply directly to DCA for assistance with support from local communities.

The following sections of the Smart Move Program will be modified to accommodate the change in program implementation:

Smart Move Housing Development

Program Description
The State is piloting a program that subsidizes the new development of quality, energy-efficient, resilient, and affordable housing in lower risk areas within or near disaster-impacted communities that are participating in Blue Acres or other buyout programs that are supported by different funding sources. The program aims to provide safe housing for relocating residents so they may stay in or near their communities after selling their high-risk properties.

{insert} **In summer of 2024 DCA revised its approach to this program due to lack of interest. The first application round resulted in two communities that may be selected to work with DCA to construct affordable new single-family homes. Subsequent application rounds will allow developers to apply directly to DCA.** {delete} ~~Once the eligible communities selected~~, DCA will procure{insert} **All** for-profit or nonprofit developers {insert} **working with the program** {delete} ~~to~~{insert} **will** build new housing that will be sold to qualified homebuyers and/or Blue Acres participants. {delete} ~~In the initial pilot~~, DCA will prioritize qualified primary residential occupants who sold their high-risk owner-occupied homes through the Blue Acres Buyout Program. As part of the pilot, the State may, depending on the availability of funding, incorporate alternative resilient and green energy solutions into the development, including, but not limited to, fuel cells or microgrids. New construction will meet HUD's Green and Resilient Building Standards, which requires that the new building meet an industry-recognized green building standard that has achieved certification and a minimum energy efficiency standard. {insert} **DCA will also be competitively procuring a Construction Management firm that will assist DCA in implementing the program.**

The new developments will be built outside the 500-year floodplain and the inland or coastal climate adjusted floodplain, as defined by DEP. The site and housing designs {insert} may {delete}~~will~~ include additional resilience and energy efficiency construction standards, which will be defined in the program guidelines.

The budget also includes funding for infrastructure in support of housing. In DRGR it is listed as a separate program and activity.

4.10.13 Program Affordability Period:

{delete} **~~Resale~~**{insert}**Recapture:**
For the new homebuyer properties, the {insert} **recapture** {delete}~~resale~~ requirements will be recorded as a deed restriction or covenant on the property. The restriction will ensure that if the {insert} **property is sold** {delete} ~~housing does not continue to be the principal residence of the household for the duration of the property~~ {insert} **during the** period of affordability {insert} **some or all of the funding provided to the homebuyer at initial sale will be returned to DCA upon sale of the home**, {delete} ~~the housing will be made available for subsequent purchase only to a buyer whose household qualifies as an LMI household and who will use the property as the household's primary residence.~~
Within the program guidelines, {delete} ~~loan~~ agreement, and deed restriction or covenant, the State will include language which ensures that the {insert} **initial sale price and recapture guidelines** {delete} ~~at resale~~ provide the homebuyer with a fair return on investment and will ensure that the {insert} **initial sale price** {delete} ~~housing will remain~~ is affordable to a reasonable range of low-income homebuyers. {delete} ~~It also will include the details on how it will make the housing affordable to a low-income homebuyer in the event that the resale price necessary to provide a fair return is not affordable to the subsequent buyer.~~

4.10.18 Program Maximum Assistance:

New Housing Development:
{insert} **Through an agreement with the developer, DCA will fund** {delete}~~three~~ pilot communities with a {delete} ~~$10,000,000~~ {insert} $15,000,000 maximum award for each {insert} **based on funding availability after the first rounds of funding and program demand.**

Within program guidelines and the NOFA, the State will define minimum construction standards that achieve the resilience, energy efficiency, affordability, and quality goals of the program. {delete} ~~The State will also publish a maximum per unit cap in the NOFA to reflect the costs more accurately at the time of developer selection.~~ {insert} **The award is calculated as the total development costs less sale proceeds.** Prior to publishing the NOFA, the State will carry out an independent cost estimate to identify the maximum assistance that is necessary and reasonable for achieving the detailed resilience, energy efficiency, affordability, and quality construction standards.

Exceptions to the maximum award and eligible expenses may be required, and the exceptions review and approval processes will be further detailed in the program guidelines.

4.10.19 Program Estimate Begin and End Dates:

The State anticipates that the program will begin in {delete}~~the third quarter of 2023~~{insert}2024 and extend through project and program closeout or expiration of the grant.

4.10.21 Program Competitive Application Overview:

{insert} **In the initial application round**, DCA {delete} ~~will~~ competitively select{insert}**ed** two jurisdictions for the initial pilot. {delete} ~~unless there is inadequate funding to complete two projects~~

~~or additional funding is available to add another jurisdiction.~~ Scoring criteria {insert} **was** {delete} ~~will be~~ published in the NOFA documents {delete} ~~may~~ and **included weighted levels based on the project site, development team experience, project readiness, resilient and/or innovative design components, community need, value of the CDBG-DR investment, level of community engagement, unit and income mix, and the leveraging of partnerships. Subsequent rounds may include weighted levels** of environmental site conditions, the feasibility of gaining site control, proximity to buyout or prospective buyout communities, concentrations of poverty, proximity and accessibility to infrastructure and public services, hazards, and other criteria that may impact the financial feasibility of the project and livability and safety for the occupants relocating to the new development. {insert} **Subsequent rounds will allow developers to directly apply to DCA.** {delete} ~~Once the sites been selected DCA will competitively select developers to carry out housing development~~. Scoring criteria will be published in the {delete} ~~procurement~~ {insert} **application** documents and may include {insert} **the criteria listed above in addition to** weighted levels of financial reasonableness, the ability to leverage other funding, resilient design, energy efficiency, affordable units, mixed income, and location.

4.10.22 Program Method of Distribution Description/Overview

DCA will administer the program and will coordinate with DEP and local governments.

DCA may partner with {insert} **other State agencies, such as** the New Jersey Housing and Mortgage Finance Agency (HMFA) to underwrite {insert} **or otherwise assist with** project developments {insert} **and/or homeowner eligibility**.

DCA may partner with HMFA when applicants need mortgage financing assistance when they are unable to buy the house through a private first mortgage provider.

B. Modification to the Small Rental Repair Program

In order to give the Department of Community Affairs the most flexibility in delivery of the program, the Action Plan has been modified to take out the wording regarding loans and instead referencing awards which can be either grants or loans.

The following sections of the Small Rental Repair Program will be modified to accommodate the change in program implementation:

4.8.35 Program Description

This program will provide {delete} ~~zero interest forgivable loans~~ {insert} **awards** to owners of rental properties with one to seven units requiring rehabilitation as a result of damages from Tropical Storm Ida. The program will restore or create additional affordable rental units in disaster-impacted areas. It also will work to alleviate blight in some of the areas that were hit hardest by the storm. Properties must maintain affordability periods in accordance with the standards described in the Program Affordability section below.

4.8.38 Program Affordability Period (if applicable)

Other Requirements and Enforceability:

This affordability period will be documented through {insert} **an award agreement** {delete} ~~personally~~ {delete} ~~guaranteed loan~~ and restricted use covenant. Both will be in place until the end of the affordability period {delete} ~~or until the loan is paid in full.~~