



# **LANDLORD RENTAL REPAIR PROGRAM (LRRP)**

# **Program Manual**

## **Policy and Procedures**

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**June 2019**

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## **1 Program Overview and Requirements**

### **1.1 Program Overview**

The New Jersey Landlord Rental Repair Program (LRRP) is designed to restore small rental properties that were damaged by Superstorm Sandy. In addition to increasing the supply of affordable rental housing in areas that were damaged by the storm, the LRRP will also serve to help revitalize damaged neighborhoods by transforming blighted buildings into newly renovated rental properties, enabling them to offer rental housing at affordable rates to low-to-moderate income (LMI) households and contribute to the local economy through the purchase of goods and services necessary to operate their property.

### **1.2 Program Design**

The LRRP will provide grant funds to existing and new owners of rental properties with one (1) to twenty-five (25) units requiring repairs. Properties that are more severely damaged and possibly in need of reconstruction will be considered on a case by case basis, and will be limited to structures with one (1) to seven (7) units. Awards will be equal to the lesser of \$50,000 per affordable rental housing unit, or 100% of the estimated cost to repair the property as determined by the LRRP Construction Manager less Duplication of Benefits (DOB) as calculated in accordance with the Robert T. Stafford Disaster Assistance and Emergency Relief Act (Stafford Act).

#### **1.2.1 Basic Eligibility Criteria**

The purpose of this section is to provide guidance and processes relative to the LRRP basic eligibility criteria. Key tasks must be performed by the Landlord in order to receive funds for assistance. After the Landlord completes an application, DCA Operations will make a preliminary determination of eligibility for Landlords based on basic criteria established in the CDBG-DR Superstorm Sandy Action Plan and LRRP Program Guidelines. The Landlord is either informed of a preliminary eligibility or failure to meet eligibility criteria.

#### **1.2.2 Priorities for Funding**

The CDBG-DR Superstorm Sandy Action Plan indicates priority funding will be given to properties with seven (7) or fewer units, units in need of mold remediation, and properties containing units for special needs populations. Properties larger than seven (7) units that do not contain units reserved for populations with special needs may receive funding through this program after all qualified properties with seven (7) or fewer units, mold remediation units, and special needs units are funded.

#### **1.2.3 Selection Criteria; Incomplete or Inactive Applications; Withdrawal of Applications**

Priorities for funding as outlined in the CDBG-DR Superstorm Sandy Action Plan and LRRP Program Guidelines will be provided by reserving funds for projects based on the following criteria:

- Properties with seven (7) or fewer units;
- Properties with seven (7) or fewer units;
- Properties containing units that are or will be dedicated for special needs populations.

When there are requests for assistance in excess of the amount of funds available for the Program, eligible properties that do not meet any of the above priorities shall be placed on a waitlist, and will be considered for funding based on the date that an application was submitted by the Landlord.

#### Incomplete Applications

All applications will be reviewed for completeness prior to a determination of eligibility. If additional information is required to process the application, an Incomplete Application letter will be generated and sent to the Landlord if sufficient contact information has been provided. Incomplete applications will be reviewed and contacted within fifteen (15) calendar days from submission.

#### Inactive Applications

All applicants who have submitted incomplete applications will be deemed inactive if the application is not completed within five (5) business days of receiving notification from DCA Operations.

#### Withdrawn Applications

Applications can be withdrawn by the applicant or by DCA Operations. These processes are detailed in the following sections.

##### 1. Voluntary Withdrawals

Applications may be withdrawn by an applicant at any time. Applicants must provide a written notice of their intent to withdraw. When an applicant withdraws, DCA Operations will send the applicant a written notice within thirty (30) calendar days to confirm the applicant's intention to withdraw. When an application is withdrawn, the applicant will not be able to reapply for that property for inclusion in the LRRP. In the event that a duplicate application has been submitted for the same property, the first submitted will be designated the primary application and will be used to progress in the LRRP.

##### 2. Administrative Withdrawals

Applications may be administratively withdrawn for any of the following reasons:

1. The application is a duplication of another valid application;
2. The applicant fails to provide required documentation or information confirming eligibility within fifteen (15) calendar days after receiving a written request from DCA Operations; or

3. The applicant is aggressive and/or abusive to a DCA employee or any other representative or affiliate of the LRRP, including, but not limited to, LRRP Construction Managers. Aggressive and/or abusive behavior includes language (verbal or written) that may cause staff to feel afraid, threatened or abused and may include threats, personal verbal abuse, and derogatory remarks. The LRRP also considers inflammatory statements, remarks of a racial or discriminatory nature and unsubstantiated allegations, to be abusive behavior. Physical intimidation, including holding, impeding or blocking movement, following, stalking, touching or any other inappropriate physical contact or advances, is considered aggressive behavior. Following the first reported incident of aggressive and/or abusive behavior, DCA will send a warning letter to the applicant explaining that such conduct will not be tolerated. Any subsequent reported incident of aggressive and/or abusive behavior will result in termination of the applicant's grant and the administrative withdrawal of the applicant from the LRRP. Incidents involving the threat or use of physical violence towards a DCA employee or any other representative or affiliate of the LRRP will be reported to the State Police and to the local police for non-Program affiliates.

Administrative withdrawals shall be documented in the project file by written correspondence to the applicant. Applicants whose applications have been administratively withdrawn will have thirty (30) calendar days to file a written request for reinstatement.

If an applicant chooses to voluntarily withdraw or is administratively withdrawn from the Program, the applicant is required to return ALL previously disbursed funds back to the Program.

#### **1.2.4 Reimbursement of Costs**

On July 30, 2013, the U.S. Department of Housing and Urban Development (HUD) issued a Notice to allow for reimbursement to owners of rental properties of eligible costs that they have already undertaken to reconstruct, rehabilitate, elevate and mitigate their properties.

The Notice (CPD-13-138) provides new guidance for recovery programs funded by the federal government through the Community Development Block Grant – Disaster Recovery (CDBG-DR) grants. The Department of Community Affairs (DCA) has now adopted policy changes to maximize the opportunity for the LRRP to assist Landlords. Eligible applicants may now receive a reimbursement payment for eligible work undertaken up to the date of application submission in addition to the costs needed to complete the repair of their properties. Reimbursement payments may not exceed eighty percent (80%) of total grant award.

There are additional program requirements before an owner can fully qualify for any LRRP reimbursement funding.

Note that the allowance for reimbursement does not change the requirement to elevate, regardless of whether you receive reimbursement and/or construction assistance. New Jersey state law requires the lowest floor of residential buildings to be constructed at least one foot above the best available flood

hazard data elevation or the effective Base Flood Elevation, whichever is higher. Some communities may require elevating even higher. Therefore, if the applicable local flood plain manager determines that a structure is substantially damaged, a Landlord will be required to elevate the structure to the standard determined by the municipal floodplain administrator or building official. A Landlord must also purchase and maintain flood insurance, if a local community participates in the National Flood Insurance Program (NFIP) and if the property of a Landlord is located in a special flood hazard area.

The information detailed below describes the basic guidelines for applicants who have started or completed repairs to their property prior to their LRRP application date and are eligible for reimbursement.

1. If a Landlord performed any repair work as a result of Superstorm Sandy on the property prior to the LRRP application date since the date of the storm (October 29, 2012) that work may be eligible for reimbursement.
2. Any work undertaken after the date of an LRRP application and before the grant award is signed is NOT eligible for reimbursement per HUD guidelines. Owners were advised that it is their choice, but it is in their best interest to stop work at the time of submitting their LRRP application for federal funding. It is for the owners' benefit that the state advised that they halt the ongoing repairs in order to maximize what CAN be covered by the grant funds.
3. Eligible work items to be considered for reimbursement must fulfill a funding gap and not pay for the same item twice, as noted in a duplication of benefits analysis.
4. All reimbursable costs must be eligible, reasonable and necessary based on standard, moderate price and will be verified by the LRRP Construction Manager.
5. An environmental review must be completed and cleared by the State of New Jersey as per HUD rules.
6. All reimbursable costs may only be charged for activities completed within the same footprint of the damaged structure as required by HUD.
7. The Landlord must provide documentation for reimbursement: (a) proof of the work completed; and (b) retain receipts for the amounts paid. Proof of the work completed will include:
  - Certification of Occupancy;
  - A copy of the construction contract and/or scope of work; and/or
  - Invoices from a General Contractor or tradespersons (such as electricians, painters, etc.) or from materials suppliers, hardware stores or equipment rental firms.

The Landlord must retain receipts or other allowable support documentation for proof of payment, and certify that work completed meets all program requirements for five (5) years. All receipts must clearly indicate the date and type of expense. All costs and receipts must be directly related to the rehabilitation of a Landlord's property and not to any temporary housing or living expenses.

The following list includes examples of eligible types of receipts:

- Cancelled checks, bank statements or credit card statements verifying that costs were paid; and/or
  - Receipts from home improvement, equipment rental and hardware stores, or in lieu of receipts, an applicant may sign a certification that they have expended their funds for eligible repairs in LRRP-assisted units in their property.
8. If a Landlord completed the rehabilitation, the work will be validated by a LRRP Construction Manager and, upon verification, a Landlord can be reimbursed up to the maximum, non-duplicated award. This existing work must have included the proper elevation. A Landlord will be required to commit to renting the property according to the LRRP grant award agreement.
  9. If work remains to be completed on a Landlord's property, the LRRP requires that the Landlord commits to the completion of rehabilitation and elevation (as required) and that the property is rented to income eligible applicants. A Landlord can be reimbursed for eligible existing expenses to date, up to the maximum, non-duplicated award upon verification. If a Landlord does not reach the grant maximum in reimbursement, then additional funds will be applied to complete the eligible rehabilitation and elevation work.

The following describes the two pathways to receive LRRP funding:

#### **Pathway A**

Property owner has completed reconstruction, rehabilitation, elevation and/or mitigation prior to application date and only seeks reimbursement. The owner must have fully completed the required rehabilitation and elevation (as required) in order to be under this category.

1. A full review of the following documentation will be conducted to verify eligible work and proof of paid expenses:
  - Contract(s) for completed work;
  - Plans (as may have been required);
  - Permits (as may have been required); and
  - Receipts for completed work, or in lieu of receipts, an applicant may sign a certification that they have expended their funds for eligible repairs in LRRP-assisted units in their property.
2. Contractor must meet certain minimum threshold requirements including but not limited to:
  - Contractor is not on federal or state debarment lists
  - Contractor is properly registered in the State of New Jersey for work that was performed
  - Contractor has required insurance in force
3. An environmental review must be completed and cleared by the State of New Jersey as per HUD rules.
4. Costs must be considered within federal guidelines as "eligible, necessary and reasonable" for federal program funds.
5. A DOB analysis must be completed and verified.

6. Landlord and General Contractor certification documents must be completed, to certify when the work was done and the contract amount for the work completed prior to application date.
7. The Landlord must certify that he/she currently owns the property, which DCA may monitor for compliance.
8. Upon full verification and execution of the Grant Agreement, the reimbursement payment will be made to the owner of the property, not to exceed eighty percent (80%) of total grant award. The remaining twenty percent (20%) of the total grant award will be disbursed following construction closeout inspection.

### **Pathway B**

Property owner has completed some or no reconstruction, rehabilitation, elevation and/or mitigation prior to application submission date. This category includes owners who request a reimbursement of expenditures incurred prior to the grant award signing (if some work was completed prior to application submission date), a construction advance (if applicable), and/or a disbursement of any remaining grant award upon completion of construction improvements.

For owners who have a need for reimbursement that meets or exceeds the potential LRRP award but construction work remains to be done, including elevation; or only seek reimbursement on eligible work to date but request no additional LRRP assistance and construction work remains to be completed, the following process will be used:

1. See process steps one through seven of Pathway A.
2. Upon full verification and Grant Agreement execution, reimbursement will be made, not to exceed eighty percent (80%) of total grant award.
3. Once the owner has completed construction, he/she will notify DCA to schedule a construction closeout inspection. The remaining twenty percent (20%) of the total grant award will be disbursed following construction closeout inspection by the LRRP Construction Manager.
4. If the owner does not complete the required construction or rent the property to eligible tenants, the CDBG assistance will become due and the State of New Jersey will require the repayment of funds.

**For owners who seek to complete remaining work including elevation with their existing general contractor and require construction grant funds, the following process will be used:**

1. See process steps one through seven of Pathway A.
2. LRRP funding award will be first applied towards eligible verified reimbursement expenses. Should this cost be less than the maximum \$50,000 grant amount, the balance up to \$50,000 may cover costs to complete contract scope for the property.
3. Landlord and General Contractor agree to complete the work within a reasonable time period established in the Grant Agreement as per approved schedule of work, not to exceed twelve (12) months.
4. The remaining, eligible expenses will only be paid upon verification and completion of the construction.

5. If the owner fails to complete a specific scope item listed in the ECR, the value of the item will be removed from the ECR and the grant award may decrease.
6. Payments at the conclusion of construction will be disbursed to the Landlord to pay the documented construction expenses.
7. At the conclusion of the rehabilitation, the owner must rent the unit to income-eligible tenants. DCA will monitor the rental for compliance and verify construction completion.

### **1.2.5 Landlord-Led Construction Management Services**

Landlord-Led Construction Management Services will be provided to Landlords who engage professionals to design the necessary repairs to the damaged unit(s) and who engage a General Contractor to complete the repairs. The LRRP Construction Manager will review qualifications of the selected General Contractor to determine compliance with the LRRP qualification standards. The LRRP reserves the right to not validate a contractor who meets the requirements if there is evidence, such as based on past performance including contractor fraud, that the contractor will not satisfactorily meet program requirements or be able to finish within the allotted time. If a contractor is exempt from licensure by the State of New Jersey, the DCA will review such contractors on a case-by-case basis for validation requirements. The Construction Management Services offered will be based on the Landlord's request and stated capacity to complete the project. Based on the property's rehabilitation status, construction management services may include:

- Schedule of Work review
- Scope of Work review and approval
- Determinations of Cost Reasonableness
- Contractor Approval
- Final Inspection

Further, the Landlord:

- Will agree that the General Contractor must meet all General Contractor qualifications as required by and outlined by the LRRP and the State of New Jersey;
- Understands that CDBG-DR funds shall be disbursed upon completion of a final inspection following receipt of a Certificate of Occupancy (CO), or equivalent (for all LRRP-assisted units); and
- Understands that, if DCA requests, evidence of supplemental funds must be provided prior to the signing of the LRRP Grant Agreement.

Landlords are encouraged to fund construction activity with their funds and typically will be reimbursed after the rehabilitation activity is completed. In an instance where a Landlord does not have access to a source of funds to pay for the rehabilitation activity and a construction advance was not requested, on a case-by-case basis, LRRP funds may be used to pay for eligible rehabilitation costs during the construction period. In order to consider a request for funding during the construction period, a Landlord must:

1. Submit a letter to detail the specific circumstances of their financial status that does not allow for the utilization of funds of the Landlord during the construction period.
2. A letter from a Lending institution that articulates that the Lender has considered a request from a Landlord and declined to provide financing during the rehabilitation or reconstruction period.

### **1.2.6 Landlord Responsibilities**

Participating Landlords will certify and agree to the following requirements in order to receive LRRP funding:

- Unit(s) will be leased to an LMI household within sixty (60) days of the construction closeout inspection;
- Tenant income information must be provided to the LRRP for review and approval prior to executing the lease with a new tenant. Landlord must utilize the LRRP model lease or their existing lease in conjunction with the LRRP lease addendum;
- Rents may not exceed thirty percent (30%) of monthly income for a household earning eighty percent (80%) of the AMI;
- For a date of storm (DOS) tenant, monthly rent and estimated average monthly utility cost cannot exceed the greater of: (a) the tenant's old rent and the current average monthly utility costs or (b) thirty percent (30%) of the tenant's gross household income;
- Compliance with Davis-Bacon and Related Acts (DBRA) requirements, if applicable;
- Must be registered with the New Jersey Bureau of Housing Inspection (required for owners of properties with three [3] or more units);
- Compliance with the New Jersey "implied warranty of habitability";
- For properties with four (4) or fewer units, the Landlord must abide by federal and state fair housing laws and the non-discrimination requirements outlined in the Fair Housing Act;
- For properties with five (5) or more units, the Landlord must develop an Affirmative Fair Housing Marketing Plan (AFHMP) to affirmatively promote fair housing and comply with the Fair Housing Act;
- Compliance with HUD Lead Safe Housing Rule;
- Compliance with the Uniform Relocation Act (URA) requirements for tenant notifications (including notifications to new and existing tenants residing in adjacent or nearby undamaged/non-applicable units that may be affected by project construction), temporary housing, and relocation assistance (including movement, storage, and security of all tenant property and personal belongings) as determined by DCA;
- Landlord must arrange reasonable and timely access to the property for inspectors and contractors providing rehabilitation or reconstruction services;
- During rehabilitation or reconstruction, the Landlord must not interfere in repair areas and must make a reasonable effort to stay away from the construction zone in order to increase safety;
- Landlord understands that unforeseen conditions may arise during construction and agrees to be responsible for all change orders exceeding the amount of the LRRP grant award; and

- All debris, abandoned vehicles, and buildings that pose a safety and/or health threat as determined by the local jurisdiction, or person qualified to make such a determination, must be removed from the property prior to the start of construction. Landlords must also remove dilapidated personal property.

### **1.2.7 Forms of Assistance for Affordable Rental Units and Forgiveness Provision**

Assistance for the affordable rental housing units will be made in the form of a no interest, no payment grant requiring Landlords to rent to income eligible tenants upon completion of the rehabilitation or reconstruction of the property. The term is one (1) year for for-profit and non-profit Landlord properties.

## **1.3 Contractor Selection**

### **1.3.1 Requirements**

Landlords are required to select a General Contractor of their choice, provided that the LRRP Construction Manager reviews the following registration and license requirements:

- Rehabilitation and Reconstruction: New Jersey Home Improvement Contractor License (Department of Law and Public Safety, Division of Consumer Affairs)
- Reconstruction (for single family homes only): Contractor(s) must provide a home warranty to the owner of the property as required by the New Jersey DCA New Home Warranty Program.

Other clarifications of construction-related matters:

- Since the contract is between the Landlord and General Contractor the contractor does not need to be classified by the Division of Property Management and Construction (DPMC) to perform work under the LRRP.
- General Contractor is to provide all required warranties and commit to complete rehabilitation and reconstruction projects within one (1) year.
- For any LRRP transaction that requires lead and/or asbestos remediation, the General Contractor must possess and submit HUD/EPA LEAD training certification(s) and applicable lead licenses for all project managers, supervisors, foremen, and workers.
- General Contractor must demonstrate there is no debarment sanction on any individual, organization, and/or subcontractor and is not excluded from conducting business with any federal agency government-wide.

### **Performance and Payment Bonds**

Given the Landlord enters directly into a construction contract with a construction contractor, performance and payment bonds for construction contracts in excess of \$100,000 are not mandatory.

### **Insurance**

The LRRP Construction Manager shall provide information to the Landlord that includes a Contractor Addendum that communicates applicable federal requirements and rules, including recommended requirements for general liability, builder's risk, and workers' compensation insurance.

### **Willingness to Adhere to Federal Requirements**

- Contractors will be required to accept the terms and conditions of the Grant Agreement and LRRP Program Guidelines and Program Manual; and
- Contractors working on properties containing eight (8) or more units must accept, understand, and perform work compliant with the requirements under the DBRA.

Other information and criteria may be requested and reviewed by DCA or its agents that is deemed necessary for the contractor participation in the LRRP. All General Contractors are subject to review by DCA and DCA reserves the right to reject any contractor who does not meet the minimum requirements including contractors that appear unrealistic in terms of technical commitment, technical competence, and/or that indicate a failure to comprehend the risk and complexity of the potential contract.

#### **1.3.2 Conflict of Interest**

The Landlord shall not propose the use of a General Contractor whose inclusion may be considered to cause a conflict of interest. The Landlord shall disclose all existing and prior arrangements with the General Contractor. Approval of program funding may be withdrawn by written notice for failure to properly disclose potential conflicts of interest.

### **1.4 Project Eligibility**

Basic eligibility criteria as described in the CDBG-DR Superstorm Sandy Action Plan include:

- Property must have twenty-five (25) or fewer units;
- Owner will have to certify that the property will be used for year-long rental housing and not as a second home or seasonal rental property;
- Rents may not exceed thirty percent (30%) of monthly income for a household earning eighty percent (80%) of the Area Median Income (AMI);
- Applicable unit(s) must be rented to LMI households (defined as households earning at or below eighty percent [80%] of the AMI) after project completion for term of compliance period; and
- Property must have received damage from Superstorm Sandy and require rehabilitation or reconstruction.

#### **1.4.1 Landlord Eligibility**

The LRRP will provide grant funds to Landlords wishing to reconstruct, rehabilitate, elevate and/or mitigate their properties. To qualify for the LRRP, the Landlord must fulfill the following criteria:

#### **1.4.2 Ownership Status**

The owner of the property must either be the pre-storm owner, defined as the owner of record as of October 29, 2012 or a new owner who demonstrates valid site control as determined by DCA Operations. Required documentation for valid site control is defined as a right to acquire or lease one hundred percent (100%) of the fee title to the property exhibited by one of the following documents (all dated prior to the date of application submission):

- Written purchase agreement for an eligible property executed by all current owner(s) to the applicant which authorizes a closing on or before the grant award signing;
- Written option to purchase an eligible property executed by all the current owner(s) to the applicant which may be exercised on or before the grant award signing;
- Written contract for deed or lease purchase agreement for an eligible property which is executed by all the current owner(s) to the applicant evidencing an immediate right to occupy and improve the property and a future right to acquire one-hundred percent (100%) of the fee title;
- Written long-term lease with a sufficient term remaining for participation in the LRRP from the date of the grant award signing for an eligible property which is executed by all the current owner(s) to the applicant; and
- Any other written agreement approved by DCA to sell an interest in an eligible property which is executed by all the current owner(s) to the applicant evidencing a right to acquire the interest on or before the grant award signing.
- In addition to the above, the applicant must provide a copy of the written agreement signed by all parties which includes all pages and exhibits that include a valid legal description of the property (including county and city), identify the tax parcel number for the property, identifies the date of the closing of the sale or purchase (if applicable) and identify the purchase price or rental amount (if applicable). If the current owner is an entity, the applicant must also provide sufficient documentation, i.e. an authorization letter signed by all members of the entity, evidencing the good standing and authorization of the entity to sell or lease the property as required by the LRRP. Site control must be maintained throughout the processing of the application and the transfer of ownership must be finalized prior to the grant award signing.

#### **1.4.3 Owner-Occupants**

Owner-occupants may request assistance for damaged rental properties with two (2) to four (4) units located in the nine (9) most impacted counties. Participation in the RREM Program for the owner-occupied unit is not required in order to receive LRRP funding. If the owner-occupied unit needs repair, the owner-occupant may provide funding through private resources (or RREM Program funds) for those repairs and utilize LRRP funds for repair of the damaged rental unit(s).

To be eligible to apply for LRRP funding for the rental unit(s) and also receive the funding award as an owner-occupant allowable under the RREM Program, the Landlord or group of owners must meet the following criteria:

- At least one (1) Landlord must have owned and occupied one (1) unit of a property as their primary residence on or before October 29, 2012;
- The property must contain two (2) to four (4) units meeting all legal requirements for owner and tenant occupancy;
- At least one (1) Landlord must re-occupy the subject property;
- The RREM award levels for owner-occupied properties include up to \$150,000 in compensation for the owner-occupied portion of the property, and the LRRP will provide up to \$50,000 for each applicable rental unit in the property; and
- Properties will need to be reviewed on a case-by-case basis to determine allocation of expenditures and rehabilitation or reconstruction of the entire structure.

#### **1.4.4 For-Profit Participation**

For-profit Landlords must agree to execute a one (1) year lease for the unit(s) to LMI households at affordable rent levels based on rents not exceeding thirty percent (30%) of eighty percent (80%) of the AMI as calculated for each county and as adjusted annually. If over the course of the one (1) year period a unit becomes vacant, the Landlord must still abide by the LRRP requirements and find and select a new eligible tenant to fulfill any remaining time in the compliance period. Income collected by participating for-profit Landlords will not be considered CDBG Program Income.

#### **1.4.5 Non-Profit Participation**

Non-profit Landlords must agree to execute a one (1) year lease for the unit(s) to LMI households at affordable rent levels based on rents not exceeding thirty percent (30%) of eighty percent (80%) of the AMI as calculated for each county and as adjusted annually. If over the course of the one (1) year period a unit becomes vacant, the Landlord must still abide by the LRRP requirements and find and select a new eligible tenant to fulfill any remaining time in the compliance period.

Non-profit agencies qualifying as 501(c)(3) organizations may participate in the LRRP as an eligible Landlord. Non-profit organizations must provide verification of their non-profit status, and the most recently completed audit as required by OMB Circular A-133 "Audits of Institutions of States, Local Governments and Nonprofit Institutions". Income collected by participating non-profit organizations will not be considered CDBG Program Income.

#### **1.4.6 Transfer of Application upon Applicant Death**

##### **1.4.6.1 Prior to Execution of Grant Agreement**

In the event of a Landlord expiring prior to the execution of their Grant Agreement, the LRRP will transfer the application to the Heir(s), as appropriate, upon request, if the Heir(s), agree to continuously

comply with the basic eligibility requirements for the LRRP. Heir(s) that assume ownership of an LRRP-assisted unit agree to submit supporting documentation of a legal transfer of ownership. Such documentation is subject to review by DCA and may include, but is not limited to:

- Official copy of the death certificate;
- Letters testamentary, or equivalent; and
- Last will and testament of deceased-applicant or, if deceased-applicant dies intestate, notarized declaration from administrator naming all known Heir(s).

#### **1.4.6.2 Following Execution of Grant Agreement**

In the event of a Landlord expiring following the execution of their Grant Agreement, the LRRP will extend the grant award benefits to the Heir(s), as appropriate. The Heir(s) will be required to execute a new Grant Agreement with the LRRP. The amount of the grant will be based on the deceased-applicant's most current grant award calculation, including any amendments approved prior to the applicant's death.

The LRRP will extend grant award benefits to the Heir(s), as appropriate, based on the following considerations:

1. ***Estate Liquidation.*** If the deceased-applicant's estate is undergoing liquidation, the Heir(s) may assume the benefits of the LRRP grant award provided they agree to complete the construction and to lease to an LMI household for the compliance period pursuant to all program requirements. If they fail to complete construction and/or lease to an LMI household for the compliance period, the Heir(s) shall be subject to recapture of the total LRRP grant award funds provided. Said grant award recapture shall include both reimbursement for work in place, as well as any distribution of funds for construction.
2. ***Estate Not-Liquidated.*** If the deceased-applicant's estate is not liquidated by the Heir(s), the Heir(s) may assume the benefits of the LRRP grant award provided they agree to complete construction and to lease to an LMI household for the compliance period pursuant to all program requirements. The Heir(s) shall not be subject to the recapture of the total LRRP grant award funds provided the Heir(s) complete construction and lease to an LMI household for the compliance period pursuant to all program requirements. If they fail to complete construction and/or lease to an LMI household for the compliance period, the Heir(s) shall be subject to recapture of the total LRRP grant award funds provided. Said grant award recapture shall include both reimbursement for work in place, as well as any distribution of funds for construction.
3. ***Heir(s) Must Prove Valid Transfer of Ownership.*** Heir(s) that assume ownership of an LRRP-assisted unit agree to submit supporting documentation of a legal transfer of ownership. Such documentation is subject to review by DCA and may include, but is not limited to:
  - Official copy of the death certificate;
  - Letters testamentary, or equivalent; and

- Last will and testament of deceased-applicant or, if deceased-applicant dies intestate, notarized declaration from administrator naming all known Heir(s).
4. **Heir(s) Attests to Complete Construction and Lease to an LMI Household for the Compliance Period.** All Heir(s) that assume ownership of an LRRP-assisted unit agree to complete the construction project in accordance with all applicable local, state, federal requirements and lease to an LMI household for the set compliance period pursuant to all LRRP requirements.
  5. **Restriction on Sale.** All Heir(s) that assume ownership of an LRRP-assisted unit must agree to maintain ownership of the damaged property for the compliance period.
  6. **Multiple Heirs.** If the deceased-applicant distributes the damaged property to multiple Heirs, the Heirs may assume the benefits of the grant award provided all owners on the deed agree to maintain ownership for the compliance period and do not transfer title to anyone other than another Heir.
  7. **Compliance with Grant Agreement and LRRP Requirements.** All Heir(s) that assume ownership of an LRRP-assisted unit must continuously comply with the LRRP policies and procedures, including all revisions thereto, as well as all terms and conditions of the Grant Agreement, all of which are incorporated herein by reference.

#### 1.4.7 Property Eligibility

The following section defines property eligibility:

- Property must have received damage from Superstorm Sandy and require rehabilitation or reconstruction.
- Property must have between one (1) and twenty-five (25) rental dwelling units prior to October 29, 2012. A dwelling unit is defined as having complete independent living facilities for one (1) or more persons, including permanent provisions for living, sleeping, eating, cooking and sanitation.
- An eligible mixed-use property containing both commercial/office uses (groceries, corner stores, etc.) and residential uses (primary residences, rental units, etc.) prior to the storm are eligible only for the residential components of the property. These rental properties will receive an award only for each affordable residential rental unit. When determining whether a commercial property is within the maximum allowable number of twenty-five (25) units in order to be eligible for the LRRP, the unit(s) identified for commercial use will not be considered in the one (1) to twenty-five (25) unit maximum unit count.
- Units used to house family members provided that the tenant is deemed to be a “bona fide” LMI tenant and the rent paid is market based for local LMI tenants.
- Landlords that apply to the LRRP and that have unit(s) occupied by a tenant with work not complete shall not be eligible for funding for the applicable unit(s).
- Single Room Occupancy (SRO) units are not eligible. SRO units are residential properties that include multiple single room dwelling units where each unit is for occupancy by a single individual with shared kitchen and/or bathroom.

- Structures or spaces for commercial uses prior to the storms which will be converted to residential rental space are not eligible.

#### **1.4.8 Structure Types**

The following section defines eligible and ineligible types of dwelling units that could have been located on the property prior to Superstorm Sandy or will be used in the rehabilitation or reconstruction efforts.

- Modular housing (also called industrialized housing) is an eligible structure type. Modular homes are residential structures that are designed for occupancy as a permanent residential structure when the module or modular component is transported to the permanent site and erected or installed on a permanent foundation system, and includes the structure's plumbing, heating, air conditioning, and electrical systems.
- Townhomes and condominiums that have shared systems (i.e., roofs, drainage systems, etc.) are eligible structure types. Landlord(s) and/or condominium associations may be required to confirm that no restrictive covenants are in place preventing repairs, reconstruction, and/or affordable rent rates from occurring on the property site.
- Manufactured homes, RVs, and houseboats are NOT eligible structures. A manufactured home (also known as a mobile home) is built to the Manufactured Home Construction and Safety Standards (HUD Code). A manufactured home is a structure that is transportable in one (1) or more sections. In the traveling mode, the home is eight (8) body-feet or more in width and forty (40) body-feet or more in length. It is at least 320 square feet, built on a permanent chassis, and designed to be used as a dwelling with or without a permanent foundation when connected to the required utilities, and includes the plumbing, heating, air conditioning, and electrical systems.

#### **1.4.9 Bankruptcy, Liens and Judgments**

- Bankruptcy: Any property included in an open bankruptcy will not receive assistance from the LRRP and will not be processed further by DCA Operations once the bankruptcy is identified. If the property is not out of bankruptcy within six (6) months of DCA Operations identifying its status, the LRRP will administratively withdraw the application.
- Liens and Judgments: Outstanding liens (such as federal, state or property tax liens, municipal assessment liens or subdivision assessment liens) and judgments which could result in foreclosure and the loss of the property prior to the completion of construction must be satisfied and cancelled of record within six (6) months of DCA Operations identifying any liens or judgments in order to receive assistance from the LRRP.

#### **1.4.10 Vacancy Requirements / Partially Occupied Properties**

Landlords with partially occupied properties may apply for funding provided that:

- The unit for which the LRRP assistance is requested is vacant, and any relocation costs per the provisions of the URA are paid for by the Landlord; or
- The rehabilitation or construction activity on the unit for which the LRRP assistance is requested was complete on the date that an application was submitted, the Landlord provides evidence of a Certificate of Occupancy for the applicable unit and the applicable unit is occupied by a qualified LMI tenant. Relocation may be necessary in limited instances in which minor rehabilitation work or elevation of property has been deemed necessary by the LRRP Construction Manager. Any relocation costs per the provisions of the URA are to be paid for by the Landlord.

Landlords who apply to the LRRP and have damaged units (defined as work not complete at date of application submission) that are occupied by a tenant shall not be eligible for funding.

#### **1.4.11 Relocation Assistance Costs**

DCA will determine if relocation assistance or other costs to comply with the URA are required. Costs associated with URA compliance will be the Landlord's responsibility.

The Landlord is responsible for ensuring that the Move-In Notice is provided to all tenants moving in to applicable units. Failure to do so may result in URA obligations for the Landlord, which will not be reimbursable with CDBG-DR funds.

Pursuant to Public Law 105-117, aliens that are not lawfully present in the United States are not eligible for relocation assistance, unless such ineligibility would result in exceptional hardship to a qualifying spouse, parent, or child. All persons seeking relocation assistance will be required to certify that they are a United States citizen or national, or an alien lawfully present in the United States.

#### **1.4.12 Notifications**

DCA Operations will determine if notifications, as part of URA compliance, must be sent to existing tenants in applicable and non-applicable occupied units that are not part of the LRRP, and/or to tenants at the time of the storm. Should such notifications be required, DCA Operations will obtain the names and current addresses from the Landlord and will send the notifications.

#### **1.4.13 Unit Occupancy**

After submitting an application to the LRRP, the Landlord should not rent any units identified on the application as vacant until a Certificate of Occupancy has been issued, and the LRRP has verified the income of potential tenants. Once this is complete, DCA Operations will notify the Landlord that their unit can be occupied by the tenant they have identified.

## 2 Initial Site Inspection

### 2.1 Policy Statement

The Landlord Rental Repair Program (LRRP) Construction Manager is tasked with performing site evaluations to determine property eligibility for Landlords who have been determined eligible by DCA Operations. The primary purpose of the Initial Site Inspection (ISI) is to confirm existing site conditions and to collect information about the project site to be utilized in making property eligibility determinations. Data collected will be used to make a feasibility determination (rehabilitation or reconstruction).

An ISI will also be completed for applications where a Landlord is only seeking reimbursement through the LRRP. The U.S. Department of Housing and Urban Development (HUD) has stated that the State of New Jersey can reimburse Landlords who used non-HUD funds to rehabilitate their rental unit(s) after Superstorm Sandy.

The ISI will occur after DCA Operations has concluded the initial eligibility process for the Landlord. During this initial process, DCA Operations will:

- Collect information on any repairs that have been made to the applicable unit(s);
- Collect information regarding the amount and status of funds received from the Landlord that may represent a duplication of benefits (DOB); and
- Validate the occupancy status of the damaged unit(s).

This information, and other identifying information, will be recorded in the Landlord's file and shared on SIROMS Grant Management (SGM) and thus made available to the LRRP Construction Manager performing the site visit.

### 2.2 Definitions

**Common areas:** The area which is available for use by more than one person or is within a building that is available for common use by all tenants, groups of tenants, and their invitees. Common areas often exist in apartments, gated communities, condominiums, and cooperatives.

**Common systems:** Major systems within the property including but not limited to mechanical, electrical, and or plumbing systems that are common to the property that supports individual units, (e.g. central boiler, chiller, hot water heater, etc.)

**Damage assessor:** Person who is qualified to perform storm damage assessments and is familiar with residential construction means and methods. The Assessor shall have a working knowledge of the New Jersey Uniform Construction Code (UCC), 2009 International Residential Codes, 2009 International Building Codes, HUD Community Planning and Development Green Building Retrofit checklist, HUD Green Building Standards, HUD Housing Quality Standards (HQS), and preparing damage assessment reports.

**Duplication of benefits (DOB):** The Robert T. Stafford Disaster Assistance and Emergency Relief Act (Stafford Act) prohibits any person, business concern, or other entity from receiving financial assistance from CDBG Disaster Recovery funding with respect to any part of a loss resulting from a major disaster and financial assistance where other sources have been provided (e.g. insurance, etc.).

**Elevation:** Elevating a structure to the applicable advisory base flood elevation (ABFE), including the elevation of existing storm-damaged properties and the reconstruction of residences at the appropriate height as determined by elevation certificates and Federal Emergency Management Agency (FEMA) requirements.

**FEMA-designated high risk area:** Areas designated by FEMA as vulnerable to significant wind and/or storm surge damage and areas located in 100-year flood zones. These areas will be identified during the environmental review processes.

**Manufactured housing unit (MHU):** MHUs are not eligible for the LRRP. Also known as a Manufactured Home as defined by 24 CFR Part 3280 (HUD-Code). A Manufactured Home is a structure that is transportable in one or more sections. In the traveling mode, the home is eight (8) body-feet or more in width and forty (40) body-feet or more in length. It is at least 320 square feet, built on a permanent chassis, and designed to be used as a dwelling with or without a permanent foundation when connected to the required utilities, and includes the plumbing, heating, air-conditioning, and electrical systems. The structure must be designed for occupancy as a principal residence by a single family. All MHUs must have a HUD Certification Label affixed and must meet the requirements of HUD-Code for Manufactured Homes as set by the National Manufactured Housing and Construction Safety Standards Act of 1974, and HUD Code Standards 24 CFR Part 3280 & 3282. The MHU must be built to meet local and regional building codes including windstorm requirements.

**Mitigation:** Activity to protect the home from future storm damage (e.g.; elevation, shutters, elevated HVAC, strengthening of doors, soil stabilization, roof-ties, etc.)

**Modular housing (MH):** Also known as industrialized housing. Industrialized housing is a residential structure that is designed for occupancy as a permanent residential structure when the module or modular component is transported to the permanent site and erected or installed on a permanent foundation system. Industrialized housing includes the structure's plumbing, heating, air conditioning, and electrical systems. Modular Homes must be built to meet International Residential Code (IRC) standards including any additional applicable state, local, and regional building codes including windstorm requirements. Once assembled, the Modular Home becomes permanently fixed to one site.

**New construction:** A replacement home that substantially exceeds the original footprint on the original damaged site (if permitted) or the construction of a new home on an alternate location.

**Non-responsive applicant:** An applicant who does not respond to five (5) or more attempts, over a three (3) day period, to schedule an initial site inspection.

**Reconstruction:** Demolition and rebuilding of a stick-built unit on the same lot in substantially the same footprint and manner. Modular Homes may be replaced with a Program Standard stick-built unit. The number of units on the lot may not increase and the total square footage of the original, principal residence structure to be reconstructed may not be substantially exceeded; however, the number of rooms in a unit may be increased or decreased. However, the number of bedrooms may not decrease.

**Rehabilitation:** Repair or restoration of housing units to applicable construction codes and standards.

**Rehabilitation standards:** Conformance with the state and local building codes, standards, and ordinances; windstorm requirements; HUD Community Planning and Development Green Building Retrofit Checklist, local health and safety codes; and HUD's Housing Quality Standards. At completion, properties must also meet the Minimum Housing Rehabilitation Standards.

**Reconstruction standards:** Conformance with construction standards identified in the applicable IRC; New Jersey Uniform Construction Code (UCC), 2009 International Residential Codes, HUD Community Planning and Development Green Building Retrofit checklist, Universal Design features; HUD Green Building Standards, HUD Housing Quality Standards; windstorm provisions; and Energy Star. Newly constructed housing must meet the current edition of the Model Energy Code published by the Council of American Building Officials. Where a conflict arises in the codes, the most stringent standard will prevail.

**Stick-built:** A home that is stick-built is constructed on the building site, piece by piece. Manufactured homes are not classified as stick-built because they are made mostly in the factory and then transported to the site.

## 2.3 Key Tasks

The ISI is composed of four key tasks (these tasks may be completed in one site visit or may involve multiple site visits as determined necessary):

1. Perform an inspection (including common areas for use by all tenants) to determine the Estimated Cost of Repair (ECR) in accordance with LRRP inspection protocols and program specifications. This inspection will result in a determination of eligibility for:
  - a. Reconstruction for properties that have been destroyed, that are structurally unsafe to enter, or that existing conditions are such that the building cannot be rehabilitated; or
  - b. Rehabilitation for properties or unit(s) that appear feasible for habitation after repairs are completed the ECR will identify quantities and scope of work required to repair or replace storm-damaged items and to bring the remainder of the structure/site to compliance with HQS, and will produce a high-level cost estimate for obvious repairs.
2. Determine the scope and quality of any repairs (known as Allowable Activities) completed by the Landlord for use in the DOB determination.
3. Perform assessments for lead-based paint (if applicable) and asbestos.

### **2.3.1 Appointment and Site Visit**

After the Landlord has been determined to be eligible by DCA Operations, the LRRP Construction Manager will contact the Landlord to schedule an appointment for an on-site ISI.

In cases where the Landlord has been unresponsive to five (5) attempts to contact them via their preferred communication method (phone/e-mail/mail) over a three (3) day period, the LRRP Construction Manager will notify DCA Operations and the Landlord will be put on hold until DCA Operations can contact them. These attempts to schedule the on-site inspection will be fully documented. If contact is successful, an appointment is scheduled for the ISI.

Upon receiving an assignment to conduct an ISI, the LRRP Construction Manager will travel to the address provided by the Landlord to perform the assigned tasks. The LRRP Construction Manager will verify that the address provided by the Landlord is correct and use GPS to capture the exact coordinates of the property. The Landlord or a designated representative is required to accompany the LRRP Construction Manager during the ISI.

The role of the LRRP Construction Manager is to collect sufficient data from a damaged property to determine the feasibility for rehabilitation or reconstruction and the other key tasks identified above. The LRRP Construction Manager should be prepared to collect information from the Landlord, and conduct a room-by-room inspection to document storm damage, and identify any repairs needed to bring the property into compliance with the Minimum Housing Rehabilitation Standards.

- If the Landlord is only seeking reimbursement for repairs previously completed, the LRRP Construction Manager will follow the same procedures as the validation of Allowable Activities.

The LRRP Construction Manager will interview the Landlord to collect information about the storm damage.

The LRRP Construction Manager will observe and document damage to the home and validate the site with photos. The following photos will be provided at a minimum:

- Front elevation;
- All other exterior elevations;
- Interior photos of storm damage;
- Interior photos of HQS violations;
- Adjacent exposures (backyard, side yards, proximity of dwellings, and any outbuildings); and
- Obvious environmental issues.

### **2.3.2 Estimated Cost of Repairs (ECR)**

The ECR will be developed using established construction estimating software with pricing adapted for typical New Jersey regional construction costs and will contain costs for items that are readily observed as in need of repairs. (Some items may not be readily apparent due to occupant belongings or may be

hidden from detection, such as termite damage.) The assessment will not provide an evaluation that takes into account an exact replacement of the original structure. No destructive testing methods are to be used during the ISI.

The ECR will include the estimate of the funds necessary for the reconstruction or rehabilitation of the property to meet program standards and applicable federal, state and/or local building codes including windstorm requirements, mitigation efforts to reduce the impact of future storms on the property, and/or to repair the storm damage to the property. The ECR will contain a detailed listing of needed repairs, as well as quantities. Eligible construction activities, eligible accessibility features, and program-desired quality standards will be detailed in the ECR. Necessary repairs to common areas and common systems for use by tenants to reside in the assisted units are eligible for LRRP funds. These repair costs will be divided amongst the assisted units, unless the repair costs for a particular unit exceeds the maximum allowable award for that unit, in which case, the costs will be borne by the remaining units with repair costs less than the maximum allowable award.

The following items will NOT be included in the development of the ECR:

- Repair or replacement of detached structures such as sheds, garages, swimming pools, decks, docks, bulkheads or boat ramps. (Garages may be included for reconstruction projects where required by local codes).
- Replacement of special features, trims and designer features that exceed basic livability requirements and features of standard grade homes such as solar panels, sky lights, wainscoting and wood paneling, Jacuzzis, copper gutters and roofs. (These items may be repaired if they present a health or safety hazard or replaced with the LRRP standard quality of material.)
- Replacement of window air conditioners.

Properties or units that will be dedicated for the use of special needs populations will be analyzed as to the special needs of such persons. Improvements such as widened doorways, ramps, level entry and doorways and grab bars in bath areas will be included in the scopes of work, if appropriate

The completion of the ECR will result in a feasibility determination of eligibility for:

- **Reconstruction** for properties which have been destroyed, are structurally unsafe to enter, or in which existing conditions are such that the property cannot be rehabilitated to LRRP standards or other standards such as the cost approach to value for new homes of similar nature as specified by DCA.
- **Rehabilitation** for properties that appear feasible for habitation after repairs are completed and where repair costs are less than seventy-five percent (75%) of the pre-storm equalized tax appraised value for the structure (not including the lot value). Elevation will be required for properties located in floodplains and where the ECR exceeds fifty percent (50%) of the pre-storm equalized tax value (excluding lot value). The ECR will identify quantities and scopes of work required to repair or replace storm-damaged items and to bring the remainder of the structure to compliance with HQS and the Minimum Housing Rehabilitation Standards, and will produce a high-level cost estimate for obvious repairs.

The LRRP Construction Manager shall complete NJ Form 1 – Initial Inspection – Total Loss for each property and/or unit to document that the property is eligible for reconstruction if it is immediately apparent that the property meets any of the following conditions:

- A structure is not present on the site where the property was previously constructed. (The property was destroyed or removed by the storm or was subsequently demolished after the storm.)
- The structure has been tagged for future demolition due to hazardous conditions.
- Deterioration of the structural infrastructure has occurred and severe or moisture damage that cannot be mitigated; mold or toxicity are observed.
- Municipal building department issue of Condemnation Notice, or equivalent.

For properties that are determined feasible for rehabilitation, the LRRP Construction Manager will identify (including location and quantities) the repairs needed to bring the property in compliance with the applicable construction standards, and will also prepare a cost estimate for the identified repairs. The ECR value incorporates costs necessary to ensure that the property meets the UCC, the IRC, as well as meeting HQS and the Minimum Housing Rehabilitation Standards. The ECR does not provide an evaluation that takes into account an exact replacement of the original structure. In contrast to insurance estimates that may be based on replacement costs, the ECR evaluation is based on state standards for basic livability developed for the LRRP and on costs developed by the construction industry for New Jersey for those items. The methodology used to prepare the ECR is to account for those scope items that can be counted, measured or observed. Additional repair estimates for proposed work may be provided for review by a contractor, architect, engineer, or cost engineer licensed in the State of New Jersey.

The final decision on whether a property is rehabilitated or reconstructed must be in concurrence with the LRRP Program Guidelines and Program Manual. The Landlord will be made aware of and counseled on this requirement.

The LRRP Construction Manager will be required to collect any data observed on the site that is related to the items on the LRRP Intake Questionnaire. Answers will be recorded for each item and supporting photographs will be processed as required. The results of the inspection will be recorded in SGM. An electronic copy of the photo log will be incorporated into the ECR report.

A Tier 2 Site Specific Review will be completed upon completion of the site inspection and the feasibility analysis. The Tier 2 is designed to collect site-specific environmental information about a project site to be used in conjunction with other environmental databases in order to determine any potential environmental impacts as they relate to the National Environmental Protection Act (NEPA) process. The Tier 2 also includes questions and observations as they relate to other site-specific conditions including safety, photo logs and GPS locations. Site-specific environmental issues requiring mitigation and identified during the environmental site-specific inspection will be shared with the LRRP Construction Manager. Upon receipt of these environmental mitigation requirements, the ECR will be adjusted to include mitigation efforts prescribed on the Tier 2.

A quality assurance review of the report will be performed.

### 2.3.3 Recommendation for Reconstruction

The LRRP Construction Manager will use the software package Xactimate® to develop an estimate for the repair of the property and/or unit(s) together with additional items which are included to achieve program and statutory compliance. The field-generated ECR is subject to review by additional field team LRRP Construction Managers prior to being submitted to in-house damage assessment quality control group. The field report is reviewed, corrected, and revised as necessary to produce the final version of the ECR. The estimate, photographs, and required documentation are uploaded to SGM. These documents are included in a data transfer protocol for inclusion in the Landlord file.

Specific existing conditions that are observed by the LRRP Construction Manager, while on-site, will trigger an immediate recommendation for reconstruction. If any of the below conditions are observed the LRRP Construction Manager will complete a NJ Form 1 – Initial Inspection – Total Loss, and document with site photos. An estimate of the total square footage will also be provided. The conditions include:

- A structure is not present on the site where the property was previously constructed (the property was destroyed or removed by the storm or was subsequently demolished after the storm).
- The structure has been tagged for future demolition due to hazardous conditions.
- Deterioration of the structural infrastructure has occurred and there is severe moisture damage that cannot be mitigated; mold or toxicity are observed.
- Municipal Condemnation Notice has been issued.

Once the inspection is complete, the LRRP Construction Manager will estimate the cost to demolish and replace the unit on the same lot within 300 square feet of the original structure footprint. The cost to demolish the structure shall be reimbursable if the Landlord can substantiate payment for demolition of the structure. If the demolition is deemed eligible for reimbursement, the cost will be estimated by the LRRP Construction Manager for the estimated area of previous structure. If deemed eligible the cost to demolish the structure will be entered as an allowable cost and incorporated into the ECR.

Reconstruction of the new rental property will be estimated based on the Replacement Model Home Pricing Matrix detailed in the below chart and shall be classified by the matched estimated area of the previous structure. This cost to reconstruct will be entered in the ECR.

Average Pricing	Size (SF)	Cost per SF
* N/A	500 - 800	\$200.00
* N/A	801 - 1,000	\$175.00
\$ 179,387	1,001 - 1,200	\$166.25

\$ 204,149	1,201 - 1,400	\$163.52
\$ 229,749	1,401 - 1,700	\$150.79

All pricing is based on the RREM "Traditional" Elevation Savings Models

All pricing includes 5' elevation costs

\*Pricing is estimated based on SF

Cost to elevate the structure beyond the assumed height included in the Replacement Model Home Pricing Matrix may be required. The LRRP Construction Manager will verify the elevation requirement with FEMA and local requirements.

The results of the assessment with photo log will be recorded and posted with the NJ Form 1 – Initial Inspection – Total Loss.

The execution of a Grant Agreement by DCA shall provide evidence that the reconstruction of a property is approved for funding.

#### 2.3.4 Rehabilitation

In the case of properties that may be eligible for rehabilitation, the LRRP Construction Manager will conduct a high-level site assessment of the property and the existing conditions. Information from this assessment will produce a scope of work and an estimated cost for the damage repairs. Substantial or moderate rehabilitation will be determined by the ratio of the cost of repairs to the equalized tax assessed value of the structure (excluding lot value).

**Determination of Moderate Damage:** For projects where the value of the cost estimate for the damage repairs cost is less than fifty percent (50%) of the equalized tax appraised value of the structure, the project will be assigned to a moderate rehabilitation feasibility.

Once the inspection is complete, the LRRP Construction Manager will complete the ECR report, and the results of the inspection will be recorded in SGM.

#### 2.3.5 Validation of Allowable Activities

DCA Operations will provide a completed Duplication of Benefits Questionnaire for all properties and/or units. If the Landlord is not reporting any Allowable Activities, then the form will be completed by zeros indicating no repairs and signed by the Landlord.

The LRRP Construction Manager will complete an Allowable Activities Validation assessment report. The assessment will include the cost for the repairs that have been completed based on the same basic livability standards for repairs that have not yet been completed. An Allowable Activities Validation will be completed for this task and subsequently provided to DCA Operations in conjunction with the ECR report.

The LRRP Construction Manager will perform a site inspection of the property recording any item of housing repair that was repaired as a result of damages incurred by Superstorm Sandy. The LRRP Construction Manager must determine with reasonable assurance that the repairs claimed by the Landlord were made, that the repairs were made after the date of the storm, and that the expenditure was reasonable, based on the LRRP's unit pricing adjusted for post-storm costs.

Photos of all reported repairs will be taken and included in the assessment documents.

The purpose of the Allowable Activities assessment will be to determine if:

- The repairs made to the property or unit(s) are reasonable and necessary;
- The repairs have a lasting presence;
- The repairs can be reasonably determined as to have occurred after the storm event; and
- Landlords may be given credit for improperly completed work that does not meet current building code or LRRP standards.

The LRRP Construction Manager will assign a value of the cost of repairs to the property (including labor) based on the Program's pre-set unit prices as contained in the Xactimate® cost estimating software system and based on the region's construction prices.

The LRRP Construction Manager will use standard specifications for materials and level of quality consistent with work being performed in the LRRP.

The following protocols will be followed for the Allowable Activities assessment procedure:

- The LRRP Construction Manager interviews the Landlord to collect information about the damage to the rental unit(s).
- An item is observed by the LRRP Construction Manager that has obviously been repaired or replaced; the item may be included in the estimate.
- Credit will not be provided for any item that the Landlord claims was lost or stolen unless there is a police report dated after the storm event filed within a reasonable period after the reported theft.
- Should it be questionable whether a repair was made or not, the LRRP Construction Manager's professional opinion will be the deciding factor.
- If the Landlord lists a repair but it is obvious to the LRRP Construction Manager that the repair has not been completed, the LRRP Construction Manager will indicate that the repair of the item cannot be validated.
- Once the inspection is complete, the LRRP Construction Manager will complete the Allowable Activities Validation with photos in the tablet application and proceed to the next key task. The results of the inspection will be recorded in SGM.

A quality assurance review of the report will be conducted. The report will then be forwarded to the DOB verification team.

## 2.4 Lead-Based Paint and Asbestos Assessments

**Lead Paint:** In accordance with 24 CFR Part 35, et al (Lead-Safe Housing Rule), a lead risk assessment is required to identify hazards in all pre-1978 housing that are determined feasible for rehabilitation, including the interior/exterior surfaces of the damaged unit and in common areas that service the unit. Projects that are determined eligible for reconstruction are not required to be tested for lead hazards. Testing must be done using X-Ray Fluorescence (XRF) instruments. Lead-based paint (LBP) testing must be done by a Certified (Licensed) lead-based paint inspector or risk assessor. The designated LRRP Construction Managers must obtain the XRF Performance Characteristic Sheet for the Portable X-Ray Fluorescence lead paint analyzer. It will specify the ranges where XRF results are positive, negative or inconclusive, the calibration check tolerances, and other important information, including the location of the where lead-based paint is located in the unit.

The inspection report should contain detailed information about the following:

- Inspector name
- Inspection Date(s)
- Inspector's certification number
- All XRF readings
- Classification of all surfaces into positive or negative (but not inconclusive) categories based on XRF and laboratory analyses
- Specific information on the XRF and laboratory methodologies
- Housing unit and sampling location identifiers
- Results of any laboratory analyses

**Asbestos:** In accordance with federal and state laws and regulations, a qualified asbestos inspector must perform a comprehensive building asbestos survey that is based on a thorough inspection to identify the location and condition of asbestos containing materials (ACMs) throughout any structures. The LRRP Construction Manager will not perform destructive testing. Proper removal and disposal of ACMs will be included in the Scope of Work completed for all LRRP projects. If asbestos should become apparent once construction begins, procedures aligned with state and local abatement procedures, as well as HUD and the Environmental Protection Agency (EPA) will be followed. All asbestos abatement shall be done in accordance with EPA requirements for air pollution prevention and OSHA requirements for worker protection.

Upon receipt of the assessments for lead paint and asbestos, the results of those inspections will be fully documented in the ECR, along with the prescribed removal, encapsulation, or abatement processes and procedures. A cost estimate utilizing unit pricing approved for the LRRP will be included.

## 2.5 Environmental Reviews

Grantee funding assistance from HUD is contingent on compliance with the National Environmental Policy Act and related environmental and historic preservation legislation and executive orders.

Accordingly, environmental review activities will be carried out for each LRRP-funded property site. HUD Environmental Review Procedures are outlined in 24 CFR Part 58 and requires that the grantee assumes the environmental review responsibilities.

***Site-specific environmental reviews*** will be achieved through desktop review and research, direct field observation, and agency coordination/consultation as necessary. The review will be documented in the Environmental Review Record. Any resultant implementation conditions resulting from the environmental review will become part of the Scope of Work developed for each property.

### **3 Pre-Construction**

#### **3.1 Overview**

##### **Rehabilitation**

Properties to be considered for rehabilitation are those rental units feasible for habitation upon completion of repairs and where repair costs are less than seventy-five percent (75%) of the pre-storm equalized tax appraised value for the structure (not including the lot value), or based on an estimate of the replacement cost of the property as determined by the LRRP Construction Manager. The Estimated Cost of Repairs (ECR) will identify quantities and the scope of work required to repair or replace the storm-damaged units and to bring the remainder of the structure to compliance with HUD Housing Quality Standards (HQS), and the Minimum Housing Rehabilitation Standards.

##### **Reconstruction**

Properties to be considered for reconstruction are those rental units which have been destroyed, are structurally unsafe to occupy, or in which existing conditions are such that the building cannot be rehabilitated to LRRP standards. Reconstruction is limited to structures containing between one (1) and seven (7) units only. Reconstruction projects will be reviewed on a case-by-case basis and are subject to the final review and approval of DCA.

##### **Feasibility Review**

The LRRP will review the proposed construction approach (rehabilitation versus reconstruction) and the Estimated Cost of Repair (ECR) report with the Landlord. Upon approval, the project development will progress to a final Scope of Work.

#### **3.2 Development of Plans and Specifications**

Upon completion of construction, all LRRP rehabilitation projects must meet applicable federal, state and local building codes, requirements and statutes. The reconstruction standard for the LRRP is the New Jersey Uniform Construction Code, 2009 Residential International Code, Energy Star

(reconstruction only in which no work was conducted prior to date of application submission), and HUD CPD Green Building Standards Checklist (rehabilitation only in which no work was conducted prior to date of application submission). When applicable, the Program will comply with Chapter 23 of the State of New Jersey's Uniform Construction Code, Subchapter 6: Rehabilitation Sub code.

### **3.3 Reasonable and Necessary Costs**

The LRRP Construction Manager will develop an ECR based on the prepared Scope of Work for purposes of establishing that the costs of a project are reasonable and necessary.

All Landlords must demonstrate that the rent levels for their property are within the maximum allowable rent levels permitted under the LRRP.

### **3.4 Supplemental Funds**

Landlords with project costs in excess of the maximum per unit LRRP grant must provide evidence of supplemental funding to DCA Operations, if requested. The supplemental funds include private funds as well as funds that are made available to a Landlord by a lending institution.

If an applicant is requesting reimbursement for funds expended on eligible costs associated with a property prior to the submission of an LRRP application, then those funds eligible per the LRRP reimbursement policy will be disbursed after the grant award signing.

### **3.5 Grant Award Signing**

A grant award signing is the execution of a Grant Agreement by a Landlord. Prior to the grant award signing, DCA Operations will confirm the following: applicant ownership of the property, an estimate of repairs to be performed, duplication of benefits analysis, and completion of the site-specific environmental review. Upon finalization of the Scope of Work, the Landlord will be requested to attend a grant award signing.

#### **3.5.1 Scheduling the Grant Award Signing**

DCA Operations should review the application information and immediately contact the Landlord to confirm that the following documentation and information can be made available at the grant award signing:

- Identification: The Landlord Advisor should identify all required signatories for the Landlord necessary for the grant award signing. The Landlord must be prepared to bring photo identification for all signatories.
- Curative Documentation: To the extent there are any outstanding curative matters which must be resolved in order for the Landlord to proceed in the LRRP (i.e. title, ownership or entity documentation) the Landlord must be prepared to submit these documents at the grant award signing.

- Flood Insurance: If the property is located in a special flood hazard zone, the Landlord must agree to maintain flood insurance for the life of the structure.
- Evidence of the Availability of Supplemental Funds: Upon request, the Landlord must bring documentation evidencing the availability of the supplemental funds required by the LRRP.

In the scheduling call, the applicant will be required to select a closing date within the following fourteen (14) calendar days. They will also be notified that a failure to appear on the scheduled closing date may result in termination of their LRRP application.

### **3.5.2 Grant Award Signing Package**

The grant award signing package shall include the following documents (when applicable):

- Landlord Certification of Reimbursement of Pre-Application Construction Costs: Costs incurred and work completed eligible for reimbursement.
- Subrogation and Assignment Agreement (Exhibit 3): Duplication of Benefits will be confirmed at the time of eligibility processing, and the Landlord's award will be based upon the information available as of the date of the grant award signing. This document confirms the Landlord's obligation to remit any additional insurance proceeds or other benefits received after the date of the grant award signing to the State of New Jersey.
- Sufficient Funds Acknowledgment (Exhibit 4): The Landlord acknowledges the existence of sufficient funds to complete the remaining construction repairs, including elevation, within one (1) year of the execution of the grant agreement.

The Landlord may be required to execute additional documentation at the grant award signing as may be determined by the LRRP. All of the above documents should be filled out with the Landlord's name, address and any other information (including the legal description of the property).

### **3.5.3 Grant Award Signing and Recording of Grant Agreement/Covenants**

On the date of the grant award signing, the following procedures shall be implemented:

- The Landlord Advisor must review the Landlord's application and confirm whether or not any information is outstanding.
- If complete, prior to the grant award signing, the Landlord Advisor must prepare the grant award signing package and verify all information inserted for the Landlord.
- A copy of photo identification must be obtained for all signatories.
- The grant award signing with the Landlord should include a review of all documentation provided by the Landlord, review of the grant award signing package with the Landlord and obtain the signatures of all necessary signatories on the documentation including acknowledgements where necessary.
- Prior to the Landlord leaving the grant award signing, a Landlord Advisor should audit the grant award signing package to confirm that all blanks and signatures have been filled in correctly. This will avoid call-backs to resolve incomplete information.

- Notations should be made in SIROMS confirming the completed grant award signing date and the signatories who attended. The package must be scanned into this system.
- The Declaration of Covenants and Restrictions must be immediately filed in order to establish the priority of the position of DCA. A notation should be made in SIROMS to confirm the date the document was filed.

#### **3.5.4 Notice to Proceed**

A Notice to Proceed will be provided to the Landlord by the LRRP Construction Manager after the LRRP Construction Manager validates the Landlord-selected contractor. Contractor must meet minimum qualifications:

- Rehabilitation and Reconstruction: New Jersey Home Improvement Contractor License (Department of Law and Public Safety, Division of Consumer Affairs)
- Reconstruction (for single family homes only): Contractor(s) must provide a home warranty to the owner of the property as required by the New Jersey DCA New Home Warranty Program.
- Construction contractor must demonstrate there is no debarment sanction on any individual, organization, and/or subcontractor and is not excluded from conducting business with any Federal agency government-wide.

In instances where there is minimal repair work (defined as no greater than \$5,000 per unit) and the municipality does not require permits for such minimal work, the Landlord does not need to select a contractor to be validated. Therefore, a Notice to Proceed is not necessary.

#### **3.5.5 Commencement of Construction**

When the grant award signing has been completed and the Grant Agreement has been recorded, the Notice to Proceed should be issued by the LRRP Construction Manager authorizing the commencement of construction upon validation of the Landlord-selected contractor. No work is to commence on the project until a written Notice to Proceed has been issued by the LRRP Construction Manager to the Landlord.

#### **3.6 Grant Agreement Amendment**

When a Grant Agreement Amendment is deemed necessary, a revised grant award calculation will be created. If the amendment results in an increase to the award calculation and has not exceeded the maximum grant award (\$50,000/unit), the final payment to the applicant will increase. If the amendment results in a reduced award calculation, the final payment, if applicable, will decrease. In the event an applicant received prior funding in excess of the adjusted award calculation, the application will go into recoupment to collect any overpayment that the applicant may have received.

## **4 Construction Overview**

### **4.1 Overview**

The Landlord Rental Repair Program (LRRP) Construction Manager is tasked with performing construction oversight and eligibility determinations for properties determined to be preliminarily eligible by DCA Operations.

### **4.2 Rehabilitation**

Rehabilitation is defined as non-emergency repair or renovation of a limited specified area or portion of a residential structure. Rehabilitation shall also be defined as bringing rehabilitated portions of properties into compliance with local building codes and the entire structure into compliance with Housing Quality Standards (HQS), HUD Community Planning and Development Green Building checklist (rehabilitation only in which no work was conducted prior to date of application submission), and Minimum Housing Rehabilitation Standards.

- If the cost of the rehabilitation of the entire structure is more than seventy-five percent (75%) of the pre-storm value of the structure, then the entire structure shall be considered for reconstruction per DCA determination.
- Rehabilitation shall be limited to stick-built or modular structures that have been deemed feasible for rehabilitation.
- Any slab-on-grade home that will require elevation and that otherwise qualifies for a rehabilitation benefit under program caps will be recommended for reconstruction. This policy is based on the increased cost of elevation for slab structures, additional rehabilitation costs incurred as a direct result of raising the structure, potential impact to the structural integrity and resulting remediation costs, and the additional costs of stairs, ramps, or lifts that will need to be added to allow the occupants to access the building.

All replacement mechanical utilities must be installed on a floor that is above the advisory base flood elevation (ABFE) or in an attached structure specifically designed for mechanical utilities that is above the ABFE.

### **4.3 Reconstruction**

Reconstruction shall be defined as the demolition, removal, and disposal of an existing residential unit and the replacement of that unit on the same lot within 300 square feet of the original structure footprint. A unit must also comply with the New Jersey Uniform Construction Code (UCC) and Energy Star (reconstruction only in which no work was conducted prior to date of application submission), including universal design features, and other LRRP requirements.

A rebuilt and elevated residential unit shall meet the Federal Emergency Management Agency (FEMA) flood zone requirements and additional state or local freeboard requirements.

#### 4.4 Definitions

<b><i>Abatement</i></b>	Any set of measures designed to permanently eliminate Lead Based Paint (LBP) or LBP hazards (see definition of “permanent”). Abatement includes: (1) the removal of LBP and dust-lead hazards, the permanent enclosure or encapsulation of LBP, the replacement of components or fixtures painted with LBP, and the removal or permanent covering of soil-lead hazards; and (2) all preparation, cleanup, disposal, and post abatement clearance testing activities associated with such measures.
<b><i>Bare soil</i></b>	Soil or sand not covered by grass, sod, other live ground covers, wood chips, gravel, artificial turf, or similar covering.
<b><i>Clearance examination</i></b>	An activity conducted following LBP hazard reduction activities to determine that the hazard reduction activities are complete and that no soil-lead hazards or settled dust-lead hazards, as defined in this part, exist in the dwelling unit or worksite. The clearance process includes a visual assessment and collection and analysis of environmental samples.
<b><i>Component</i></b>	An architectural element of a dwelling unit or common area identified by type and location, such as a bedroom wall, an exterior window sill, a baseboard in a living room, a kitchen floor, an interior window sill in a bathroom, a porch floor, and stair treads in a common stairwell, or an exterior wall.
<b><i>Deteriorated paint</i></b>	Any interior or exterior paint or other coating that is peeling, chipping, chalking or cracking, or any paint or coating located on an interior or exterior surface or fixture that is otherwise damaged or separated from the substrate.
<b><i>Hazard reduction</i></b>	Measures designed to reduce or eliminate human exposure to LBP hazards through methods including interim controls and/or abatement.
<b><i>Interim controls</i></b>	A set of measures designed to reduce temporary human exposure or likely exposure to LBP hazards. Interim controls include, but are not limited to, repairs, painting, temporary containment, specialized cleaning, clearance, ongoing LBP maintenance activities, and the establishment and operation of management and resident education programs.
<b><i>Lead-based paint (LBP)</i></b>	Paint or other surface coatings that contain lead equal to or in excess of 1.0 milligrams per square centimeter or more than 0.5 percent by weight.
<b><i>Lead-based paint hazard</i></b>	Any condition that causes exposure to lead from dust-lead hazards, soil-lead hazards, or LBP that is deteriorated or present in chewable surfaces, friction surfaces, or impact surfaces, and that would result in adverse human health effects as established by the proper federal agency. (See 40 CFR §745.65 for detailed explanation of paint-lead hazard, dust-lead hazard, and soil-lead hazard.)
<b><i>Living area</i></b>	Any area of a residential dwelling used by one or more children age six (6) and under, including, but not limited to, living rooms, kitchen areas, dens, play rooms, and children’s bedrooms.
<b><i>Paint stabilization</i></b>	Repairing any physical defect in the substrate of a painted surface that is causing paint deterioration, removing loose paint and other material from the surface to be treated, and applying a new protective coating or paint.
<b><i>Painted surface to be disturbed</i></b>	A paint surface that is to be scraped, sanded, cut, penetrated, or otherwise affected by rehabilitation work in a manner that could potentially create a LBP hazard by generating dust, fumes, or paint chips.

<b>Rehabilitation</b>	The improvement of an existing structure through alterations, incidental additions, or enhancements. Rehabilitation includes repairs necessary to correct the results of deferred maintenance, the replacement of principal fixtures and components, and improvements to increase the efficient use of energy, including all applicable code compliance.
<b>Rehabilitation Standards</b>	Conformance with state and local building codes, standards, and ordinances; New Jersey Reasonable Rehabilitation Standards; Windstorm requirements; HUD Community Planning and Development Green Building Retrofit Checklist, local health and safety codes; and HQS.
<b>Risk assessment</b>	An on-site investigation to determine and report the existence, nature, severity, and location of LBP hazards in residential dwellings.
<b>Target housing</b>	Any housing constructed prior to 1978.

#### 4.5 Rehabilitation and Lead Paint

HUD Lead Safe Housing Rule (LSHR) will be applied for all housing considered for rehabilitation construction measures. LSHR requires the use of properly trained individuals to perform hazard reduction activities. ALL individuals who disturb painted surfaces above HUD’s de minimis levels must be formally trained in “Lead-safe Work Practices”.

Licensed lead assessors will determine the proper level of LBP evaluation and any required LBP hazard reduction requirements. This determination will be made following the regulatory requirements found in Title 24 of the Code of Federal Regulations Part 35, Subpart J (Rehabilitation), and DCA Policy 2.10.10, effective June 2013. Detailed information concerning the requirements for lead safe work practices in conjunction with paint stabilization, interim controls or abatement, will be provided in the rehabilitation scope of work for each home. Documentation of the findings of the LBP risk assessment will also be provided to Landlords.

The results of the Lead (Pb) Risk Assessment will be used to determine the level of regulatory compliance intended to reduce or eliminate LBP hazards with recommendations to the Landlord to correct LBP hazards. LBP hazards are defined by the EPA. A detailed definition of a LBP hazard can be located at 40 CFR §745.65.

The LRRP Construction Manager Lead (Pb) Risk Assessment includes:

1. Performing a Lead (Pb) Risk Assessment. Lead (Pb) Risk Assessment will only be performed by New Jersey Lead Evaluation Contractor (N.J.A.C. 5:17) employing New Jersey Certified Inspector/Risk Assessor(s) (IRA) (N.J.S.A. 26:2Q and N.J.A.C. 8:62).
2. Generating the following deliverable(s):
  - a. Lead (Pb) Risk Assessment Report
  - b. Notice of Risk Assessment with Summary (24 CFR § 35.125)
  - c. XLS version of “Raw” inspection data (i.e. spreadsheet) as applicable
    - i. Visual Assessment of Paint Conditions
    - ii. XRF testing results

- iii. Dust-lead analysis
  - iv. Soil-lead analysis
3. Providing a hardcopy of the final Lead (Pb) Risk Assessment Report and Notice of Risk Assessment to the Landlord.

#### **4.5.1 Appointment and Site Visit**

- After a Landlord has been determined eligible by DCA Operations, the LRRP Construction Manager will contact the Landlord to schedule an appointment for an on-site Lead (Pb) Risk Assessment for all rental units built prior to 1978 and determined feasible for rehabilitation.
- In cases where the Landlord has been unresponsive to communications via his or her preferred communication method (phone/email/mail) for three (3) days, the LRRP Construction Manager will notify DCA Operations. These attempts to schedule the on-site Lead (Pb) Risk Assessment will be fully documented. If contact is successful, an appointment is scheduled for the Lead (Pb) Risk Assessment. If contact is unsuccessful, DCA Operations will determine the applicant to be inactive, and will mail a letter giving the Landlord fifteen (15) days to contact either the Landlord Advisor or the LRRP Construction Manager to schedule an appointment for the Lead (Pb) Risk Assessment.
- Upon receiving an assignment to conduct a Lead (Pb) Risk Assessment, the New Jersey Certified Inspector/Risk Assessor (IRA) will travel to the damaged property to perform the assigned tasks. The IRA will verify that the address provided for the Landlord is correct. The Landlord will be encouraged to accompany the IRA during the Lead (Pb) Risk Assessment and provide access to all living areas within the applicable unit(s).
- The IRA is to perform a Lead (Pb) Risk Assessment according to applicable regulatory standards established by EPA (40 CFR Part 745 Subpart L). The IRA will make all LBP hazard determinations in accordance with 40 CFR § 745.227(h). All LBP activities will be performed in accordance with applicable work practice standards for a Lead (Pb) Risk Assessment (40 CFR § 745.227). Sampling methods to conclude LBP hazard determinations are made using documented methodologies. All laboratories which process or evaluate samples will be recognized under the EPA National Lead Laboratory Accreditation Program or an equivalent independent national accreditation program to analyze lead in paint, dust and soil samples.
- Lead Hazard Evaluation Contractor will implement an adequate quality control protocol to be followed by each IRA while performing LBP activities including Lead (Pb) Risk Assessment. A written quality control plan will ensure the authenticity, integrity and accuracy of samples, including dust, soil, and paint chip or paint film samples. Adequate quality control also includes provisions for representative sampling.
- Lead in paint content determinations will be performed, if necessary, by utilizing an X-ray fluorescence (XRF) spectrum analyzer. XRF analyzers (if used) must be operated in accordance with Chapter 7 (2012 Revision) from the “HUD Guidelines for the Evaluation and Control of LBP Hazards in Housing,” manufacturer’s guidance and recommendations, and applicable requirements of the instruments Performance Characteristic Sheet.

- Dust sampling will be performed following requirements of the American Society for Testing and Materials (ASTM) Designation E 1728, Standard Practice for Field Collection of Settled Dust Samples Using Wipe Sampling Methods for Lead Determination by Atomic Spectrometry Techniques, or its HUD-approved equivalent. A minimum of eight (8) dust wipe samples should be collected near friction or impact spots or in areas nearest to deteriorated paint. The IRA should document in his or her field log notes included as part of the final deliverable when such conditions exist preventing the collection of the minimum number of dust wipe samples. Dust wipe samples will be collected by the IRA in the following dwelling units and common areas:
  1. Entrance Floor
  2. Selective Room Equivalents – floor or window sill
  3. Testing combinations of floor or window sill in selected areas where defective paint are identified
- Soil sampling will be performed following requirements of ASTM Designation E 1727, Standard Practice for the Field Collection of Soil Samples for Lead Determination by Atomic Spectrometry Techniques, or its HUD-approved equivalent. Areas sampled for lead in soil include:
  1. Each exterior children’s play area where bare soil is present
  2. Drip-line/foundation where bare soil is present
- Building components with deteriorated paint will be documented along with their deterioration cause and included inside the final deliverable Lead (Pb) Risk Assessment Report. All deteriorated painted surfaces will be corrected by the General Contractor. At the conclusion of all rehabilitation activities, all painted surfaces are required to be intact and lead hazard controls, will be included in the ECR.

#### **4.5.2 Incremental Costs of LBP Hazard Control - Estimated Cost of Repairs**

- The LRRP Construction Manager includes the rehabilitation of target housing. Target housing is any housing constructed prior to 1978. Each rehabilitation project that is determined as target housing will have a current lead-based paint risk assessment performed to determine existing lead-based paint hazards. All identified lead-based hazards and areas of defective paint will be corrected during the course of the rehabilitation project using appropriate lead-based paint hazard control options.
- Rehabilitation projects may, through normal operations, create or expose additional lead-based paint hazards during the activity. Original painted walls and ceilings underneath new sheet materials such as drywall, for example, which were inaccessible during the risk assessment, may be disturbed during rehabilitation work. The LRRP Construction Manager has therefore required (in-line with applicable federal and state regulations) the use of accredited firms employing properly trained individuals to complete all rehabilitation work including lead-based paint hazard control.
- ECR will account for the use of licensed/accredited firms employing licensed/certified individuals performing lead hazard control options. All pricing will include estimated incremental costs associated with lead hazard control options. All rehabilitation projects performed on target housing will include such estimated incremental costs. The estimated incremental costs

will ensure the General Contractor has the means to effectively treat all identified, assumed or potentially created LBP hazards according to published regulations and or applicable portions of industry guidelines.

- The ECR will include a scope of work meeting program requirements for each rehabilitation project which has been determined to be target housing. Various line items on the ECR will be adjusted to reflect an incremental cost associated with lead hazard control options. These options include, but are not limited to, paint stabilization, component removal, substrate repair, ensuring smooth and cleanable surfaces, turf establishment to treat soil-lead hazards and specialized cleaning of the work areas with the use of a HEPA vacuum. These actions may be done as part of the rehabilitation activity, an abatement activity or both as determined on a case-by-case basis.

**Table 4-1: LBP Mitigation Requirements Based on Construction Cost**

Level of Assistance	Hazard Reduction Requirements	Post-Rehabilitation Clearance Examination Requirements
Less than or equal to \$5,000	Safe work practices during rehabilitation in conjunction with paint stabilization	Yes
More than \$5,000 up to \$25,000	Interim controls	Yes
More than \$25,000	Abatement and/or Interim controls	Yes

- The General Contractor will comply with all requirements and recommendations of the Lead (Pb) Risk Assessment Report during the rehabilitation work.
- The General Contractor will be required to provide evidence that the firm and/or individual performing the lead hazard control work has all necessary licenses, certifications and accreditations required by federal and/or state law to perform such work. If the General Contractor does not meet the minimum requirements to perform the work, the General Contractor may retain the services of a qualified subcontractor. If a subcontract relationship is established, the General Contractor shall retain full responsibility for ensuring that the work is completed in compliance with the Lead (Pb) Risk Assessment Report.
- The General Contractor will be responsible for ensuring that its employees and the employees of any subcontractors receive all required lead awareness and hazard control training prior to their start of work on the project.

### 4.5.3 Lead Disclosure

Landlord shall be solely responsible for complying with The Lead Disclosure Rule as outlined in the Residential LBP Hazard Reduction Act of 1992. A copy of applicable language that is to be provided to tenants occupying housing built prior to 1978 is included in the Landlord Handbook that is available for download at [reNewJerseyStronger.org](http://reNewJerseyStronger.org).

## 4.6 Asbestos Assessment and Abatement

### 4.6.1 Policy Statement

All units participating in LRRP will be assessed for the presence of the asbestos containing material (ACM). Any identified ACM will be properly removed and placed in a sanitary landfill suitable for such disposals.

### 4.6.2 Definitions

**Asbestos:** Asbestos is a group of naturally occurring fibrous minerals. It is mined and milled from rock and is thin and strong. Chrysotile (white asbestos), Amosite (brown asbestos), and Crocidolite (blue asbestos), are the most common types of asbestos used in manufacturing. Rarer forms are Tremolite, Anthophyllite, and Actinolite. When viewed under a microscope, Chrysotile fibers are pliable and cylindrical and are often arranged in bundles, whereas Amosite and Chrocidolite fibers appear to look like tiny needles.

**Asbestos Containing Materials (ACM):** ACM refers to any material containing more than one percent (1%) asbestos.

**Category I Non-friable ACM:** Asbestos containing packings, gaskets, resilient floor covering (vinyl, asbestos tile [VAT], and asphalt roofing products) containing more than one percent (1%) asbestos as determined using methods specified in appendix A, subpart F, 40 C.F.R. Part 763, Section 1, Polarized Light Microscopy.

**Category II Non-friable ACM:** Any material, excluding Category I non-friable ACM, containing more than one percent (1%) asbestos as determined using methods specified in appendix A, subpart F, 40 C.F.R. Part 763, Section 1, Polarized Light Microscopy that, when dry, cannot be crumbled, pulverized, or reduced to powder by hand pressure.

**Friable:** Friable means that a material is able to be reduced to a powder by hand pressure. ACMs that are friable have a much greater tendency to release fibers into the air.

**Non-Friable:** Non-friable ACMs, because of their nature, do not easily release their fibers into the air. This class of material must be mechanically impacted (power tools such as sanders, drills, chippers, saws, etc.) to release fibers. ACM floors, mastics, and siding are classified as non-friable materials.

**Regulated Asbestos Containing Material (RACM):** Friable asbestos material, Category I non-friable ACM that has become friable, Category I non-friable ACM that will be or has been subjected to sanding, grinding, cutting, or abrading, or Category II non-friable ACM that has a high probability of becoming or has become crumbled, pulverized, or reduced to powder by the forces expected to act on the material in the course of demolition or renovation operations.

#### **4.6.3 Assessment**

As part of the Initial Site Inspection (ISI), a qualified asbestos inspector will perform a comprehensive building asbestos survey that is based on a thorough inspection to identify the location and condition of ACMs throughout any structures. The LRRP will not perform destructive testing. The asbestos inspector will prepare a written report documenting the results and findings from the ISI. In addition, the written report shall outline the requirements for removal and remediation of asbestos conditions.

#### **4.6.4 Estimated Costs**

Upon receipt of the assessment for asbestos, the results of the inspection will be fully documented in the ECR, along with the prescribed removal and abatement processes and procedures. A cost estimate utilizing unit pricing will be included.

#### **4.6.5 Licensing**

New Jersey State law requires that asbestos abatement contractors and their supervisors and workers be licensed by the Department of Labor and Workforce Development, Asbestos Control and Licensing Section. The General Contractor shall provide evidence to the LRRP Construction Manager that the contractor and/or subcontractor performing asbestos work under the LRRP Construction Manager meets all required training and licensing requirements prior to the start of any abatement work.

#### **4.6.6 Remediation**

Remediation of asbestos containing materials shall be performed under the scope of the General Contractor. If the General Contractor is not licensed to perform remediation work, work may be subcontracted to a firm meeting the appropriate training and licensing for asbestos abatement and remediation. The General Contractor shall include all work and costs including, but not limited to, notifications, protection of the work space, worker personal protective equipment, inspection, air monitoring and final clearance related to the asbestos remediation.

#### **4.6.7 Unforeseen Conditions**

The General Contractor shall ensure that all employees working on the LRRP project receive proper training regarding asbestos awareness and hazard control training prior to the start of work. Should suspected ACMs be discovered during the course of the project, the General Contractor shall suspend

work in the area containing the suspected ACM. The General Contractor shall request an inspection by the asbestos inspector through the LRRP Construction Manager. If the suspected material is confirmed to contain asbestos following the inspection and testing, the General Contractor shall proceed with the repair work following remediation guidelines. If, in the opinion of the General Contractor, the identification of the ACM has the potential to alter the project cost or schedule, the General Contractor shall contact the LRRP Construction Manager to initiate the Change Order process for review and approval.

#### **4.6.8 Disposal**

The General Contractor shall ensure that any ACM removed from the project site is properly disposed of according to the New Jersey Department of Environmental Protection guidelines, “Guidance Document for the Management of Asbestos-containing Material (ACM).”

These guidelines outline the different handling and disposal requirements for:

- Category I Non-Friable ACM;
- Category II Non-Friable ACM; and
- RACM.

#### **4.7 Funds Disbursement Schedule**

##### **4.7.1 Overview**

Funds will be disbursed based on reimbursement to a Landlord (Pathways A and B), construction advance to a Landlord (Pathway B), and final payment to a Landlord (Pathways A and B). In some instances, a final payment may only be funds retained.

##### **4.7.2 Reimbursement**

Following the signing of a Grant Agreement, the Landlord may complete and sign the Landlord Certification – Reimbursement of Pre-Application Construction Costs form to request LRRP grant funds for the reimbursement for eligible costs incurred prior to date of application submission. This reimbursement payment may not exceed eighty percent (80%) of the total grant award with twenty percent (20%) disbursed as a final payment after construction closeout inspection.

##### **4.7.3 Construction Advance**

A Landlord can request a construction advance by signing the Contractor Validation & Construction Advance Form to request up to fifty percent (50%) of construction award amount, that when combined with the reimbursement award (if applicable), will not exceed eighty percent (80%) of the total grant award. The Landlord must submit a copy of an executed construction contract with the General Contractor and schedule of work, whereupon the construction advance will be processed. Effective January 1, 2019, the applicant can receive no greater than the amount of down payment listed in their

executed construction contract not to exceed fifty percent (50%) of the available construction award as a *Construction Advance*.

#### **4.7.4 Construction Draws**

Effective January 1, 2019, applicants may request additional construction draws from the LRRP. Payments will be disbursed after work is completed with submission of an unpaid invoice. In addition to Landlords submitting any and all required documentation, as indicated on the LRRP Payment Request Form, LRRP Construction Managers will confirm the completed work during a site inspection. Site inspections to confirm completed work will be limited to no more than one (1) every forty-five (45) days or as approved by the LRRP Construction Manager on a case-by-case basis. Applicants will be required to sign an acknowledgement form attesting that they are satisfied with the work invoiced for and will pay their contractor within ten (10) days of receipt of Program funds. If the applicant does not pay the contractor within the ten (10) day period, s/he may be administratively withdrawn from the Program for non-compliance.

#### **4.7.5 Final Payment**

Upon satisfactory completion of the Construction Closeout Inspection by the LRRP Construction Manager, the Landlord will receive any remaining grant funds retained.

The required paperwork for a final payment disbursement includes the following:

- A copy of a Request for Payment form, that includes the amount of the grant award requested, a summary of the costs associated with each invoice that is to be paid; a summary of the work completed, and copies of construction-related contracts;
- A Final Housing Inspection Form that is signed by the LRRP Construction Manager and the Landlord;
- An LRRP Construction Manager Closeout Checklist, signed the LRRP Construction Manager;
- A Final Bills Paid Affidavit (Pathway B), signed by the General Contractor; and
- A Certificate of Occupancy, or equivalent, issued by the municipality.

#### **4.8 Change Orders**

Change orders are issued when the initial bid submitted by the General Contractor requires modification.

First, the General Contractor must complete the Change Order Request Form. This form and supporting documentation must be delivered to the LRRP Construction Manager for review prior to the commencement of extra work. If the LRRP Construction Manager approves, it is returned to the General Contractor for execution. The General Contractor will be required to obtain Landlord's signature as well.

Change orders are invoiced on the final payment disbursement only and categorized as Change Order, unless otherwise preapproved in writing by the LRRP Construction Manager. The amount listed on the invoice must match the previously approved amount.

The General Contractor is responsible for complying with the following policies in accordance with New Jersey UCC when administering the change order process.

- All Change Order Work must be completed prior to Construction Closeout Inspection.
- An administrative Change Order for compensation for cost only may be issued in writing subsequent to Construction Closeout Inspection. No additional time will be allowed past the one (1) year allowable total completion time period.
- Administration of Change Order work shall follow the prescribed contract provisions and mandated timelines.
- If the General Conditions in the Contract Documents are silent in the areas referenced in this procedure, the LRRP will enforce this standard when preparing a Field Change Notification (FCN) or a Change Order.

A Landlord-initiated scope change is defined as a specific addition or deletion to the original Contract Scope of Work requested by persons other than the General Contractor or LRRP. Landlord scope changes do not include changes which are the result of unforeseen conditions or discrepancies in the Contract Documents (specifications or drawings). Landlord scope changes are not allowable, unless related to an accessibility issue that has developed since the time of grant award signing.

#### **4.8.1 Definitions**

**Architect or Engineer of Record (AOR):** Architect or Engineer of Record (henceforth referred to as AOR) is the recognized licensed design professional in General Responsible Charge. If required due to the nature of a scope change, the AOR is responsible for preparing any Change Order Scope of Work technical drawings and specifications defining technical changes to the original Contract Documents and affixing their signature and seal/stamp to the document(s) they prepare.

The AOR is also responsible for preparing and processing FCNs for expedited review and approval by the LRRP Construction Manager and/or jurisdictional authority, as required. If the Change Order scope does not require the services of the AOR, the FCN will be prepared by the General Contractor.

**Change Order:** A written instrument that authorizes additions, deletions and/or revisions in the Contract Work, Contract Amount or Contract Milestones as originally defined by the Contract Documents.

**Change Order Proposal (COP):** A written instrument, prepared and submitted by General Contractor setting forth proposed adjustments to the Contract Work, Amount, Milestones, in response to a

directed and/or proposed addition, deletion or revision in Work scope or project conditions as perceived by General Contractor.

**Construction Directive (CD):** A written directive issued by LRRP Construction Manager recommending the General Contractor to proceed regarding an issue of dispute, or requiring the General Contractor to take a specified action regarding the Work, Project and/or Contract. A CD may, but will not always, result in an addition, deletion, and/or revision in the Work, and may contain a proposed basis for adjustments to, if any, the Contract Amount and/or Milestones. Contractor may file a grievance notice with the LRRP Construction Manager, but will not work without proper approval from the LRRP Construction Manager.

**Fair Cost Estimate (FCE):** The probable cost of the work independently determined by quantifying the amount of labor, materials and equipment using nationally-recognized professional standards required to perform the work and applying unit costs to arrive at a value for the Change Order work. The Fair Cost Estimate can serve as the basis for cost for negotiations and issuing of an expedited Change Order.

**Field Change Notification (FCN):** A document prepared by the General Contractor or AOR for expedited approval defining (in detail) any code-regulated or no cost material changes in the work prior to its execution.

**Request for Clarification (RFC):** A written instrument issued by General Contractor and issued to architect and LRRP Construction Manager requesting clarification or interpretation of the intent of the Contract Documents. An RFC response only clarifies the intent of the Contract Documents and does not authorize changes in the Contract Amount and/or Milestones.

#### **4.8.2 Purpose**

The purpose of a Change Order is to communicate and record changes to the Contract Documents, Contract Amount and/or Milestones.

This procedure outlines actions required for the preparation and processing of Change Orders and COPs in accordance with the Contract Documents and approved policies.

Note: In the event these procedures conflict with the project specific contract documents, the provisions of the Contract Documents shall govern.

#### **4.8.3 Landlord Scope Changes**

Landlord requested changes to the scope of work will not be accepted after the grant award signing. Any changes to the scope of work directed by the Landlord must happen prior to the execution of the Grant Agreement and Construction Contract between the General Contractor and Landlord.

#### **4.8.4 Change Order Preparation**

Any change to the scope of work documents must be documented through either a Field Change Notification (FCN) or Change Order. In the event the General Contractor encounters a change condition, the General Contractor must notify the LRRP Construction Manager within twenty-four (24) hours of discovery of change condition. The General Contractor shall submit their proposed change order to the LRRP Construction Manager for review and approval to include the scope of work change and the General Contractor's estimated cost of the change prior to conducting any additional work. The LRRP Construction Manager will conduct a price reasonableness evaluation to consist of bid responses for similar items and/or comparison with industry accepted cost estimating tools (i.e. RS Means).

Once the cost and scope of work identified by the change order is deemed reasonable by the LRRP Construction Manager, LRRP Construction Manager will transfer the change order documentation to DCA Operations to affirm Landlord-provided resources to pay for the change order. Once additional funds have been documented, the contract document will be modified. Change orders that do not impact the Grant Agreement will not require approval by the DCA.

If the change results in a modification to the Grant Agreement between the DCA and Landlord, the funding agreement will be modified in addition to the construction agreement. Change orders that result in a change to the funded amount will require DCA approval to modify the Grant Agreement.

Scope of work change request requirements:

- Requests below \$2,500 will not be accepted;
- Requests less than the applicant's contingency funds, if applicable, will not be accepted. The request must be \$2,500 above the contingency amount to be considered;
- If the applicant received the maximum grant award (\$50,000/unit), a scope of work change request will not be considered unless the Landlord anticipates additional DOB funding and the scope of work change will prevent or reduce subrogation;
- Requests to add scope that may cause an increase in the grant award will be calculated based on the lesser of the actual cost or program-estimated cost; and
- Requests to remove scope that decreases the grant award will be estimated on the program estimated cost only.

#### **4.8.5 Field Change Notifications**

In the event the General Contractor encounters a need to make a no-cost change to the scope of work, a Field Change Notification (FCN) will be executed. The General Contractor will clearly identify on the FCN form the item to be changed and the General Contractor's proposed solution to the change. FCNs must be approved by the LRRP Construction Manager and Landlord in writing prior to executing the FCN.

#### **4.8.6 Change Order Package Contents**

The Change Order Package prepared by the General Contractor shall consist of two (2) sections as follows:

#### Section A – Contract

1. Change Order (signatory page)
2. Revised drawings or specifications of change work with signature(s) and stamp(s) of AOR and licensed design professional that prepared the drawings/sketches/changes as applicable.

#### Section B - Supporting Documentation (internal use only)

1. Justification for Contract Modification
2. Cost Estimate
3. Request for Change Order (if applicable)
4. Request for Field Change Notification (FCN) (if applicable)

#### **4.8.7 Change Order Form Signatory Requirements**

The following signatures are required on Change Orders prior to submittal for processing and approval.

- LRRP Construction Manager
- General Contractor
- DCA (DCA signature required if change results in a modification to the Grant Agreement)
- Landlord

#### **4.8.8 Change Order Package Submittal**

1. Change Order packages are prepared by the General Contractor and submitted to the LRRP Construction Manager for review.
2. Change Order packages are submitted to the LRRP Construction Manager.

Any change order that requires a modification to previously approved signed/sealed architectural or engineering documents will require the LRRP Construction Manager to obtain revised signed/sealed documents from the AOR. Revised construction documents may require additional zoning/permitting approvals depending on the scope of the change.

#### **4.8.9 Change Order Approval and Payment Process**

Change Orders submitted for approval are included in the change order documentation. Payment for change order items will be disbursed at final payment.

#### **4.8.10 Distribution of Change Orders**

The LRRP Construction Manager will route any and all change orders which impact the overall Grant Agreement to DCA Operations.

If the change does not modify the Landlord's funding amount, the change will only be submitted to DCA Operations for payment notification and filing with Landlord documentation.

The approved change order documentation will also be returned to the General Contractor for their inclusion with the submittal of their final payment disbursement.

#### **4.8.11 Notification to General Contractor**

LRRP will notify General Contractor in writing of either approval or denial of General Contractor's proposed change order. No change order shall be deemed valid if it is not approved in writing.

#### **4.8.12 Change Order Tracking**

It is the responsibility of the LRRP Construction Manager to have all required information regarding all change documents, including General Contractor proposal and Change Orders input into MIS within two (2) working days of their receipt from General Contractor. Information to be input shall, at a minimum, include the following:

- Date General Contractor's proposed change order or request for FCN is received;
- Description of Change, Change Order number, FCN Number;
- CO status (e.g., new, pending, approved, rejected);
- Date of decision on change order/FCN;
- Type of Change (e.g. unforeseen condition, scope change, FCN);
- Projected/Approved changes to the Contract Amount, Milestones and/or Contract Time; and
- Cost or Schedule impact estimates.

#### **4.9 Definitions**

**Administrative Signing:** Where DCA will act on the behalf of an applicant and sign documents that allow for subsequent program actions.

#### **4.10 Housing Quality Assurance/Quality Control ("QA/QC")**

Once the LRRP Construction Manager has verified construction has been completed to occupancy and uploaded all required documents to the file through the iDone interface, the application will be reviewed by DCA Housing Staff to confirm that all program construction requirements are complete. The DCA Housing Staff will confirm that all documentation is on file and legible for applicable construction and final inspection requirements.

#### **4.11 Grant Reconciliation**

After DCA Housing Staff completes the Housing QA/QC Review, they will submit the file to DCA Operations for the Grant Reconciliation in order to account for any changes in Duplication of Benefits (“DOB”) and/or scope adjustments. DCA Operations will perform a DOB analysis, review the Final Cost of Repair (“FCR”) and the Request for Payment form, and update the Total Development Cost (“TDC”) values in the Grant Award Calculator.

The Final Reconstruction Cost, FCR, and TDC must be substantiated by contractor invoices, contractor proposal with proof of payment, and/or other receipts. Program eligible completed work not identified in the FCR may be validated by DCA Housing Staff with proper documentation.

The value of Program determined ineligible completed work may be used to reduce the impact of an applicant’s DOB funds.

#### **4.12 Preliminary Final Award Calculation and Final Grant Reconciliation Review**

Upon confirmation that all applicable program requirements have been completed and appropriately documented in the applicant’s file, DCA Operations Staff will submit the file to Compliance and Monitoring to review the file and perform a Final Award Calculation Review. Compliance and Monitoring will perform a final DOB analysis and review the Grant Reconciliation. Once it is determined that all required documents are completed accurately and the preliminary Grant Reconciliation is correct, the calculation is saved as the Final Grant Reconciliation. The Final Grant Reconciliation will be sent out to the applicant for signature.

If the applicant owes funds back to the LRRP and there is an open Accounts Receivable on file, the application will move to the “Recoupment” stage and will remain there until all funds due back to the LRRP are repaid. If the applicant does not owe money to the Program, the final payment will be released following approval of the Final Grant Reconciliation.

#### **4.13 Administrative Signings for Final Grant Reconciliation**

This section provides guidance to the LRRP in the event that upon certain key events, the homeowner fails or refuses to act in a manner consistent with the Grant Agreement. The DCA can take necessary steps with the Action Plan, the HUD CDBG-DR Rules, and the guidelines to meet the Program requirements, as outlined in these Policy and Procedures.

An applicant may refuse to sign the Final Grant Reconciliation, which is one of the key documents required before other program processes can continue. There can be a variety of reasons for this decision by the applicant and therefore it must be determined if the reason for not moving forward is valid within the scope and requirements of the Program.

The Final Grant Reconciliation may be administratively signed as long as the terms of the Final Grant Reconciliation have been communicated to the applicant and the applicant has been given thirty (30) days to discuss the same with their Landlord Advisor. All other documents, unless specifically stated otherwise, may not be signed through an administrative signing.

## 5 Tenant Leasing and Closeout

### 5.1 Policy Statement

The Landlord Rental Repair Program (LRRP) requires that each Landlord offer and lease the program-assisted unit(s) to low-to-moderate income (LMI) tenants, individuals or households earning at or below eighty percent (80%) of the Area Median Income (AMI). Rents will be calculated according to rent schedules considered affordable based on rents not exceeding thirty percent (30%) of eighty percent (80%) of the AMI as calculated for each county and as adjusted annually by the U.S. Department of Housing and Urban Development (HUD). The Landlord may elect to pay for the cost of utilities as a condition of the lease, but is not required to do so. The cost of the utility expense may be in addition to the maximum rent levels permitted by the LRRP.

To select tenants, the Landlord must abide by federal and state fair housing laws and the non-discrimination requirements outlined in the Fair Housing Act. For properties with five (5) or more units, the Landlord must develop an Affirmative Fair Housing Marketing Plan (AFHMP) to affirmatively promote fair housing and comply with the Fair Housing Act. Upon request, representatives of DCA shall provide assistance to Landlords in developing an AFHMP.

To further ensure compliance with state and federal regulations, the DCA requires that each Landlord collect and report on the race and ethnicity of tenants benefiting from the LRRP.

After the Landlord leases the program-assisted unit(s), DCA will begin the monitoring compliance period of one (1) year for for-profit and non-profit Landlords.

### 5.2 Definitions

**Disabled:** Disability is a physical or mental impairment that substantially limits one or more life activities, such as visual or hearing impairment, mobility impairment, HIV infection, mental retardation or mental illness.

**Special needs tenant:** Special needs populations may include adults and children who are homeless or at risk of homelessness, who have intellectual, cognitive, or physical disabilities or who have behavioral health needs. Certain populations of older adults also may face specialized challenges after a natural disaster.

### 5.3 Purpose

The purpose of this section is to provide guidance and processes relative to tenant leasing and project closeout.

### 5.4 Rental Rates of Affordable Units

Rents for each program-assisted unit will be calculated according to rent schedules considered affordable based on rents not exceeding thirty percent (30%) of eighty percent (80%) of the AMI as calculated for each county and as adjusted annually by HUD. These rents are also adjusted for the number of bedrooms in the unit. The current Rent Schedule for each county is shown in Appendix B.

Under Section 414 of the Robert T. Stafford Disaster Relief and Emergency Assistance Act, a date of storm (DOS) tenant, an individual who was occupying an applicable unit on October 29, 2012, has the right to return to a program-assisted unit once construction is complete. The rent schedules considered affordable based on rents not exceeding thirty percent (30%) of eighty percent (80%) of the AMI as listed above do not apply to a DOS tenant. For a DOS tenant, the monthly rent and estimated average monthly utility cost cannot exceed the greater of: (a) the tenant's old rent and the current average monthly utility costs; or (b) thirty percent (30%) of the tenant's gross household income.

## **5.5 Tenant Screening and Selection**

### **5.5.1 Tenant Identification**

After completing construction, the Landlord is responsible for selecting and qualifying eligible tenants. Failure to lease the repaired LRRP-assisted unit(s) to tenant(s) with household income at or less than eighty percent (80%) of AMI and at rents not greater than the LRRP's affordable rental schedules for the compliance period (one [1] year for for-profit and non-profit Landlords) will result in the Landlord being required to return all LRRP funds.

### **5.5.2 Tenant Selection**

The Landlord must comply with the non-discrimination requirements outlined in the Fair Housing Act.

To meet the program requirements, the Landlord must collect the required income information from each tenant and submit the information to the LRRP for income calculation and approval.

Prior to collecting the tenant's income information, the Landlord must have the tenant sign a privacy release and consent form allowing the LRRP to review the tenant's information. The LRRP will provide the release to the Landlord and the Landlord will submit the documentation with the tenant's income information.

Eligible tenants (including existing tenants) must earn no more than eighty percent (80%) of the AMI for the county in which they would reside. The current eligible income limits (including the "uncapped" income limits for the nine [9] most affected counties) adjusted for household size for each county is shown in Appendix A.

The LRRP must approve the eligible tenant. Once approved, the Landlord may execute a lease and commence leasing.

### **5.5.3 Existing Tenant**

Income information from an existing tenant in a LRRP-assisted unit, in which work was completed prior to the date of application submission, will be collected by the Landlord prior to a grant award signing in order to obtain LRRP approval. If an existing tenant is found to be ineligible due to earning more than eighty percent (80%) of the AMI for the county in which they reside, the unit in which the tenant is residing would be declared ineligible and that unit would not receive any LRRP funds.

#### **5.5.4 Affirmative Fair Housing Marketing Plan (AFHMP)**

The Affirmative Fair Housing Marketing Plan (AFHMP) is part of a larger affordable housing policy overseen by HUD. This policy requires established rules for marketing practices that specifically target tenants who may be able to take advantage of affordable housing options within the given jurisdiction. The requirements of affirmative marketing apply to any housing with at least five (5) assisted units. The AFHMP is a marketing strategy specifically designed to attract renters and buyers of all majority and minority groups, regardless of sex, handicap and familial status to assisted rental units and sales of dwellings that are being marketed. The AFHMP is developed to appeal to persons who traditionally may not seek housing opportunities in neighborhood are as historically of a racial or ethnic concentration different than their own. The objective of the AFHMP is to ensure that individuals of similar income have equivalent housing options.

The AFHMP will outline the methodology for collecting applications, the types of marketing performed, and the efforts to collect lease applications from the most disadvantaged populations. The Landlord should document their marketing efforts by saving advertisements, documenting interest of prospective tenants, and saving all lease applications after receiving the final disbursement from the LRRP for the compliance period (one [1] year for for-profit and non-profit Landlords).

The LRRP will assist the Landlord with AFHMP requirements and HUD applicable forms before the Grant Agreement is executed.

#### **5.5.5 Leasing**

The Landlord must use the LRRP model lease or the LRRP lease addendum (in conjunction with a Landlord-developed lease) consistent with the LRRP requirements. Any Landlord-developed lease must be approved by the LRRP before the said lease can be executed. The Landlord must demonstrate that the LRRP-assisted unit(s) is leased to an LMI tenant(s) for the applicable compliance period (one [1] year for for-profit and non-profit Landlords) and the lease must comply with the State of New Jersey's tenant and landlord requirements.

If the property has an ADA-accessible LRRP-assisted unit, the Landlord must first offer the ADA-accessible unit to an eligible tenant with a disability or special needs prior to allowing other tenants to lease the ADA-accessible unit. The ADA-accessible unit must rent for the same price as a comparable LRRP-assisted unit.

#### **5.5.6 Termination of Lease during Compliance Period**

Over the course of the compliance period (one [1] year for for-profit and non-profit Landlords), Landlords may need to evict the tenant with cause or tenants themselves may choose to terminate the lease. The Landlord must still abide by the LRRP requirements and find and select a new eligible tenant to fulfill any remaining time in the compliance period.

In the case of an existing tenant whose lease carries over into the compliance period and thereby ends during the compliance period, the Landlord must still abide by the LRRP requirements and find and select a new eligible tenant to fulfill any remaining time in the compliance period.

For any new tenant(s), the LRRP will review income information for income calculation and approval. Any time in which the unit is vacant between tenants does not count toward meeting the compliance period requirement.

## **5.6 Tenant Race and Ethnicity Reporting**

In accordance with HUD's criteria for race and ethnicity reporting, the LRRP will provide a Tenant Race and Ethnicity Reporting form to all Landlords. The Landlords will be required to provide the form to all new and existing tenants for the LRRP-assisted units.

Tenant Race and Ethnicity Reporting form shall be returned by the Landlord to the LRRP and shall be placed in the project file. Any forms that are not returned to the LRRP, are returned with no selected race and/or ethnicity, and/or are returned with a checkbox for the "I choose not to provide this information" will be documented as a no response to the race and ethnicity categories.

## **5.7 Project Closeout**

Thirty (30) days prior to the close of the set compliance period (one [1] year for for-profit and non-profit Landlords), DCA will conduct a final Duplication of Benefits (DOB) review to ensure that the Landlord had not received any additional funding during the compliance period. At the end of the compliance period, DCA will release the restrictive covenant and send a letter to the Landlord stating that the requirements of the LRRP have been met and that the Landlord is no longer responsible to rent to an LMI tenant.

In accordance with HUD reporting requirements, following the completion of the compliance period, DCA will communicate to HUD that the file is formally closed.

# **6 Application and Approval Process**

## **6.1 Overview**

The information presented in Table 6.1 shows the steps in the application process from application submission to project closeout. The priorities for selecting units in the LRRP, as described in the CDBG-DR Superstorm Sandy Action Plan, include:

- Properties with seven (7) or fewer units;
- Properties with mold remediation needs; and
- Properties containing units that are or will be dedicated for special needs populations.

The following are also taken into consideration:

- The unit for which the LRRP assistance is requested is vacant or is occupied by a qualified LMI tenant the rehabilitation or reconstruction activity on the unit for which the LRRP assistance is requested was completed on or before the date of application submission and the Landlord provides evidence of a certificate of occupancy for the applicable unit;
- Properties with eight (8) or more units that do not contain units reserved for populations with special needs may receive funding after funds are awarded to those properties with seven (7) or fewer units and those properties with units reserved for populations with special needs populations;
- The damaged building or unit(s) will be repaired to re-occupancy standards as permitted by state and local codes; and
- Seventy percent (70%) of the LRRP funds shall be spent in the nine (9) most impacted counties.

**Table 6.1 – LRRP Application Review and Construction Process**

Stages	Assigned	Action
<b>Stage 1:</b> <i>Application Acceptance</i>	DCA Operations	<ul style="list-style-type: none"> <li>• Applicant completes and submits a standardized application form</li> <li>• DCA Operations sends a Program Acceptance letter or requests additional information</li> </ul>
<b>Stage 2:</b> <i>Eligibility</i>	DCA Operations	<ul style="list-style-type: none"> <li>• Application reviewed for eligibility criteria in the LRRP Program Guidelines</li> <li>• Intake Meeting to gather eligibility documents</li> <li>• Evaluate for URA requirements</li> <li>• Determine LRRP eligibility</li> <li>• Conduct preliminary DOB analysis</li> <li>• Review and approval of applicant eligibility</li> </ul>
<b><i>The duration of Stage 2 will be affected by the following:</i></b>		
<ul style="list-style-type: none"> <li>• Ability of Landlord to provide verification of eligibility components in a timely manner</li> </ul>		
<b>Stage 3:</b> <i>Initial Site Inspection/ Environmental Review</i>	LRRP Construction Manager	<ul style="list-style-type: none"> <li>• Conduct Initial Site Inspection to record damages and develop Estimated Cost to Repair (ECR) and Work in Place (WIP) reports</li> <li>• Substantial Damage Analysis is completed</li> <li>• Develop Scope of Work</li> <li>• Environmental review clearance (Tier II) received from DEP</li> </ul>

<b>The duration of Stage 3 will be affected by the following:</b>		
<ul style="list-style-type: none"> <li>• The greater the number of units in a property, longer time period for ECR assessments</li> <li>• Units with five (5) or more units will require longer period to receive environmental clearances</li> </ul>		
<b>Stage 4: Grant Award Determination</b>	DCA Operations	<ul style="list-style-type: none"> <li>• Complete DOB analysis</li> <li>• Send ECR and contestation letter to applicant</li> <li>• Obtain applicant agreement and confirms applicant funding for gap</li> </ul>
<b>The duration of Stage 4 will be affected by the following:</b>		
<ul style="list-style-type: none"> <li>• Responsiveness of Landlord to agree to LRRP terms and conditions</li> <li>• Landlord contests components of their ECR</li> </ul>		
<b>Stage 5: Grant Award Signing</b>	DCA Operations	<ul style="list-style-type: none"> <li>• Conducts grant award signing</li> </ul>
<b>Stage 6: Construction and Disbursement(s)</b>	LRRP Construction Manager/ Applicant/ General Contractors	<ul style="list-style-type: none"> <li>• LRRP Construction Manager conducts Step 6a Meeting</li> <li>• LRRP Construction Manager issues Notice to Proceed to applicant</li> <li>• General Contractors begin construction</li> <li>• LRRP Construction Manager conducts Final Inspection</li> <li>• LRRP Construction Manager verifies that Certificate of Occupancy (or related document) is obtained</li> </ul>
<b>The duration of Stage 6 will be affected by the following:</b>		
<ul style="list-style-type: none"> <li>• Larger properties with asbestos abatements may require extended construction times</li> <li>• Properties requiring elevation may require extended construction times</li> </ul>		
<b>Stage 7: Initial Occupancy Stage</b>	Landlord/ DCA Operations	<ul style="list-style-type: none"> <li>• Landlord advertises vacancy</li> <li>• LRRP verifies Landlord-selected tenant's income status</li> <li>• Landlord leases repaired unit to income-verified low-to-moderate income (LMI) tenants; monitored for compliance period (one [1] year for for-profits and non-profits)</li> </ul>
<b>Stage 8: DRGR Project Closeout</b>	DCA Operations	<ul style="list-style-type: none"> <li>• DCA completes DRGR project closeout upon verification of LMI tenant occupancy for compliance period</li> </ul>

## 7 Compliance and Monitoring

### 7.1 Overview

Those participating in the Landlord Rental Repair Program (LRRP), both the LRRP Construction Managers and Landlords, are responsible for adhering to program requirements as stated in the LRRP grant award signing documents. Following construction completion, successful final inspection and final funds disbursements to the contractor, the Landlords must comply for the duration of the governance period of one (1) year for for-profit and non-profit Landlords.

Program components monitored for compliance are governed based on executed program documents including, but not limited to, the following:

- Completed LRRP application
- Contract Agreement for Construction
- LRRP Grant Agreement and related documents

The LRRP Construction Manager will develop monitoring procedures for the following applicable program requirements:

- Uniform Relocation Act (URA)
- Davis-Bacon and Related Acts (DBRA)
- Section 504 and the Fair Housing Act
- Affirmative Fair Housing Marketing Plan (AFHMP) and Landlord Commitments

Compliance and Monitoring will monitor pre-closed, closed, and fully executed grants for continued adherence to program requirements. Monitoring may be conducted at any time until the expiration of the governance period of one (1) year for for-profit and non-profit Landlords. Monitoring activities will be conducted via the system of record, reviews of routine and ad-hoc requested reports, surveys, as well as by physical on-site inspections. Monitoring protocols will be developed by the LRRP Construction Manager and any compliance findings will be reported to DCA.

## **7.2 Rental Unit Occupancy Requirements**

The Landlord will be requested to certify as to the occupancy of all units located in a property. The unit(s) for which funding has been requested and repairs are still required must have been continuously vacant since the storm. Unless rehabilitation or reconstruction activities were completed prior to the date of application submission, all damaged units must remain vacant until the Landlord submits income verification information and a Certificate of Occupancy, or equivalent, to the LRRP.

Upon completion of the LRRP repairs, all new tenants must be submitted to LRRP for income certification at initial occupancy, as stated in the grant award documents. The DCA Operations team will review income documentation for all prospective tenants and will communicate denial or approvals prior to the final execution of a new lease for all program eligible units.

### **7.2.1 Procedures for Performance of Key Tasks**

- The Landlord completes an LRRP application providing information about the property for which s/he is applying.
- DCA Operations reviews the application to determine if it meets the basic eligibility criteria established in the Superstorm Sandy Action Plan and LRRP Program Guidelines.
- Program Acceptance Letter: Based on the preliminary information collected, the Landlord is informed of next steps and preliminary eligibility status.
- After DCA Operations has reviewed the application for services and made a determination of eligibility, the LRRP Construction Manager will conduct an Initial Site Inspection (ISI). The primary purpose of the ISI is to observe and record the presence of Superstorm Sandy damage (internal and external), confirm existing site conditions, and collect information about the project site to be used in making property eligibility determinations. During the ISI, the LRRP Construction Manager will verify the need for mold remediation. A cost estimate of damages is developed and the project is referred to NJ DEP for environmental review.
- Due Diligence Checklist: Funding commitments are confirmed and a Duplication of Benefits (DOB) analysis is completed.
- DCA Operations schedules an appointment with the Landlord to sign the LRRP Grant Agreement and other required documents.
- For properties of five (5) or more units the Landlord shall submit an AFHMP to DCA Operations. Once a grant signing occurs and a Notice to Proceed is issued, construction can begin. A Certification of Occupancy, or equivalent, must be provided prior to the final payment.
- A final DOB analysis is completed one (1) month prior to the satisfaction of the compliance period. For-profit and non-profit Landlords must rent to lower-to-middle income (LMI) tenants for the initial rental period, which is for a one (1)-year compliance period.

### **7.2.2 Failure to Fulfill Landlord Responsibilities**

Should a Landlord fail to fulfill all of the requirements relative to federal, state and program fair housing requirements and renting the unit to LMI tenants, s/he will be found not to be in compliance and will be required to repay the grant funds.

### **7.3 Uniform Relocation Act (URA)**

The Uniform Relocation and Real Property Policies Act of 1970 (URA) imposes specific requirements on Landlords. The URA applies to all units in a property, not solely those proposed for assistance under LRRP. Relocation rules provide protections for four types of tenants:

- Residential and commercial tenants at the time the application is submitted;
- Residential and commercial tenants who move in after the application is submitted;
- Residential tenants at the time of the storm; and
- Residential tenants who occupied units any time after the storm, even if they have since vacated the unit.

Failure to comply with URA requirements can result in a significant liability for the Landlord. Activities under the LRRP will comply with DCA Acquisition and Relocation Policy 2-10-25, effective June 2013 and HUD Handbook 1375.

### **7.3.2 Tenants in Occupancy at the Time of LRRP Application**

#### **7.3.1.1 General Information Notice (GIN)**

Within fifteen (15) calendar days of the date of an Application Acceptance letter, the Landlord must provide each current lawful residential or commercial tenant with the General Information Notice (GIN). The GIN informs tenants that an LRRP application has been submitted and of the relocation assistance for which they may be eligible, depending on the proposed project scope of work and how it will be undertaken.

The Landlord must provide evidence that the GIN was delivered to each tenant by obtaining a tenant signature and date to acknowledge receipt or sending the notice using a method (USPS mail or other delivery service) that provides a confirmation of delivery. Failure to provide the required notice may create a liability to provide permanent relocation assistance to the tenants.

#### **7.3.1.2 Temporary Relocation Assistance**

Any tenants in occupancy at the time of application who must relocate temporarily in order to complete repairs to the property are eligible for temporary relocation assistance and advisory services. The Landlord will be responsible for any temporary relocation costs required in accordance with the DCA Temporary Relocation Policy.

#### **7.3.1.3 Tenants who Move in After the Date of Application**

Units proposed to be assisted under LRRP must remain vacant throughout the application and repair period. A Landlord that intends to fill vacancies in units that are not proposed to be assisted under LRRP must provide a Move-In Notice to prospective tenants. The notice provides information about the LRRP application and the possibility of temporary relocation. Prospective tenants that receive the Move-in Notice before signing a lease are not eligible to receive temporary or permanent relocation benefits.

#### **7.3.1.4 Tenants in Occupancy at the Time of the Storm**

Documented attempts must be made to locate and determine the housing needs of tenants who were in occupancy at the time of the storm who no longer live in the property. Low-to- moderate income (LMI) households may be offered an opportunity to return to the property upon completion of the rehabilitation. Former tenants who are not LMI may be offered a comparable housing resource.

#### **7.3.1.5 Temporary Relocation**

If temporary relocation is required in order to complete the rehabilitation of the property, tenants must receive a fifteen (15) day notice and receive reimbursement of temporary relocation expenses from the Landlord. Temporary relocation may not exceed twelve (12) months.

## **7.4 Section 504 of the Rehabilitation Act of 1973**

### **7.4.1 Policy Statement**

Section 504 of the Rehabilitation Act of 1973 is written to ensure that no person is discriminated or prevented from participating in any program receiving federal financial assistance solely on the basis of their disability. In an effort to service tenants with disabilities by making the LRRP readily accessible, the LRRP is prioritizing program funding for properties that service special needs tenants. The DCA policy for compliance with Section 504 is further outlined in Policy 2.10.23, effective June 2013.

Compliance with Section 504 depends on the ability of the LRRP to demonstrate reasonable accommodations for tenants that have a disability. Accessible units should to the maximum extent feasible be of various sizes and number of bedrooms to ensure that the tenant's housing choice is not limited.

Accessible units should comply with the accessibility requirements outlined in the American with Disabilities Act by providing a program unit in accordance with the Uniform Federal Accessibility Standards (UFAS), which follow the American National Standards Institute (ANSI) requirements in format.

### **7.4.2 Section 504 Compliance**

#### **7.4.2.1 Landlord Completes Application**

As part of the intake meeting, information shall be obtained from the owner about the number of special needs units that are included on the application for assistance.

#### **7.4.2.2 DCA Operations Prioritizes Applications Servicing Special Needs Tenants**

Landlords with a stated intent to service special needs tenants will receive funding priority.

#### **7.4.2.3 LRRP Construction Management Team Conducts an On-Site Inspection**

During the on-site inspection, the number of accessible units on the property is to be confirmed. Properties with fifteen (15) or more units and that have rehabilitation costs will be at least 75% of the replacement cost of the completed facility must provide at least one (1) accessible unit. If at least one (1) of the program units complies with the American National Standards Institute (ANSI), then the applicant is considered compliant with the Section 504 compliance requirements.

For properties that are more than four (4) units, if alterations of single elements or spaces of a dwelling unit, when considered together, are equivalent to the replacement costs of an entire dwelling unit, then

the dwelling unit shall be made accessible. Once five percent of the dwelling units in a project are readily accessible to and usable by individuals with mobility impairments, no additional elements of dwelling units, or entire dwelling units, are required to be accessible.

#### **7.4.2.4 Scope of Work**

According to HUD, if a new construction project has four (4) or more dwelling units and is built for first occupancy after March 13, 1991, it is also subject to the accessibility and adaptability requirements of the Fair Housing Act, regardless of whether it receives federal financial assistance. The LRRP does not provide assistance for the construction of new units, however four (4) or more dwelling unit properties constructed after March 13, 1991 should be compliant with the Fair Housing Act requirements applicable to such properties.

Under Section 504, alterations are substantial if they are undertaken to a project that has fifteen (15) or more units and the cost of the alterations is seventy-five percent (75%) or more of the replacement cost of the completed facility. In such a circumstance, the new construction provisions of 24 CFR 8.22 applies. Section 8.22 requires that a minimum of five percent (5%) of the dwelling units or at least one (1) unit, whichever is greater, shall be made accessible to persons with mobility disabilities and an additional two percent (2%) of the dwelling units, or at least one (1) unit, whichever is greater, shall be made accessible to persons with hearing or visual disabilities.

If the project involves fewer than fifteen (15) units or the cost of alterations is less than seventy-five percent (75%) of the replacement cost of the completed facility and the recipient has not made five percent (5%) of its units in the development accessible to and usable by individuals with disabilities, then the requirements of 24 CFR 8.23(b) - Other Alterations apply. Under this section, alterations to dwelling units shall, to the maximum extent feasible, be made readily accessible to and usable by individuals with disabilities. If alterations to single elements or spaces of a dwelling unit, when considered together, amount to an alteration of a dwelling unit, the entire unit shall be made accessible. Alteration of an entire unit is considered to be applicable when at least all of the following individual elements are replaced:

- Renovation of whole kitchens, or at least replacement of kitchen cabinets;
- Renovation of the bathroom, if at least bathtub or shower is replaced or added or a toilet and flooring is replaced; and
- Replacement of entrance door jambs.

When the entire unit is not being altered, one-hundred percent (100%) of the single elements being altered must be made accessible until five percent (5%) of the units in the development are accessible. However, HUD strongly encourages a recipient to make five percent (5%) of the units in a development readily accessible to and usable by individuals with mobility impairments, since that will avoid the necessity of making every element altered accessible, which often may result in having partially accessible units which may be of little or no value for persons with mobility impairments. It is also more likely that the cost of making five percent (5%) of the units accessible up front will be less than making

each and every element altered accessible. Alterations must meet the applicable sections of the UFAS and ANSI standards.

#### **7.4.2.5 Landlord Leasing Obligations**

In accordance with Section 504, the Landlord must first offer the accessible unit to an eligible, disabled tenant prior to allowing other tenants to lease the accessible unit. The accessible unit must rent for the same price as a similar LRRP unit. Section 504 and the Fair Housing Act also requires Landlords to make reasonable accommodations in rules, policies, practices, or services, when such accommodations may be necessary to afford such person(s) equal opportunity to use and enjoy a dwelling. In addition, the Act requires that Landlords allow tenants to make reasonable modifications to units and common spaces in a dwelling.

#### **7.4.2.6 Landlord Compliance Requirements**

Landlords are responsible for abiding by program requirements throughout the compliance period. Areas include:

- Landlords must provide rents in accordance to the approved annual rates defined as rents not exceeding thirty percent (30%) of monthly income for a household earning eighty percent (80%) of the AMI.
- For-profit and non-profit Landlords must rent to income eligible tenant(s) for one (1) year upon initial lease-up period.
- Landlords of properties with five (5) or more units will be required to develop and maintain an AFHMP.
- Landlords will be required to adhere to Section 504 and Fair Housing Act requirements preventing discrimination to prospective tenants due to a disability.
- Following final inspection, tenants will be required to provide documentation of their household income to the Landlord who shall provide to the LRRP prior to initial occupancy. If an income eligible tenant's income increases once the lease has been signed and the tenant has been approved, there is no required change in rent or tenant eligibility. The Landlord must provide documentation to the LRRP in order to approve income eligibility for the tenants prior to allowing the tenant(s) to move into the property.
- Landlord is subject to compliance and monitoring by DCA or its agent for the term of the compliance period.

### **7.5 Davis-Bacon and Related Acts (DBRA)**

The Housing and Community Development Act of 1974, as amended (HCDA); Section 110 of the DBRA requires all General Contractors and subcontractors performing on federal contracts (and General Contractors or subcontractors performing on federally-assisted contracts under the related acts) in excess of \$2,000 to pay their laborers and mechanics no less than the prevailing wage rates and fringe

benefits, as determined by the U.S. Secretary of Labor, for corresponding classes of laborers and mechanics employed on similar projects in the area.

Apprentices and trainees may be employed at less than predetermined rates. Apprentices must be employed pursuant to an apprenticeship program registered with the U.S. Department of Labor (DOL) or with a state apprenticeship agency recognized by DOL. Trainees must be employed pursuant to a training program certified by DOL.

DBRA will apply to all LRRP properties with eight (8) or more units. The LRRP Construction Manager overseeing any properties with eight (8) or more units will be required to review and confirm compliance with requirements and maintain records demonstrating General Contractors and subcontractors are informed and provided technical assistance regarding labor standards.

Additionally, the LRRP Construction Manager will monitor General Contractor and subcontractor compliance by conducting on-site interviews, addressing and requiring resolution of labor standards discrepancies, checking payrolls and related records, targeting interviews to substantiate suspected violations, and preparing and submitting enforcement reports to the DCA.

Projects containing eight (8) or more units that are completed or in progress at the time of application submission are ineligible for reimbursement unless the Landlord can document compliance with the Davis-Bacon Prevailing Wage Requirements at the time the work was performed. Retroactive measures intended to achieve compliance will not be permitted.

#### **7.5.1 The Copeland (Anti-Kickback) Act**

The Copeland (Anti-Kickback) Act will apply to contracts of \$2,000 or more with an investment of federal funds. This act makes it a criminal offense to induce an employee to “kick-back” to the employer compensation to which they are entitled to. The LRRP will require submission and approval of weekly certified payroll documents for projects containing eight (8) or more units.

#### **7.5.2 Contract Work Hours and Safety Standards Act (CWHASSA)**

General Contractors and subcontractors on prime contracts in excess of \$100,000 are also required, pursuant to the Contract Work Hours and Safety Standards Act (CWHSSA), to pay employees one and one-half times their basic rates of pay for all hours over forty (40) worked on covered contract work in a workweek.

Covered General Contractors and subcontractors are also required to pay employees weekly and to submit weekly certified payroll records to the LRRP Construction Manager.

#### **7.6 Non-Compliance (Landlord and General Contractor)**

Landlords who fail to comply with the Grant Agreement, or fail to respond to a LRRP compliance request within thirty (30) days shall be deemed non-compliant and may be referred to the DCA for further action.

General Contractors who do not comply with the LRRP requirements, or fail to respond to compliance requests, may be deemed non-compliant and referred to the DCA for further action.

## **8 Additional Requirements**

### **8.1 Overview**

The purpose of this section is to provide guidance and processes for all additional program requirements, including appeals, fraud, waste, and abuse prevention, and record retention procedures. The Landlord Rental Repair Program (LRRP) must be operated in strict compliance with the appropriate rules and policies governing federal and state funds. These policies are intended to ensure that the LRRP will be compliant and in accordance with state and federal requirements.

### **8.2 Definitions**

**Electronic record:** Any record whose informational content is in code and has been recorded on computer-related media such as punched paper cards or tapes, magnetic tape or disks, optical disks, or other electronic media (including any cloud-based storage devices), from which coded information is retrievable only by a machine.

**HUD Funds Notice:** Notice of Distribution of Funds as published in the Federal Register Volume 78 No. 43, published March 5, 2013.

**HUD Waiver Notice:** Notice outlining clarifications and common waiver as published in the Federal Register Volume 78 No. 76, published April 19, 2013.

**Personal Identifiable Information (PII):** Information that could be used to identify an individual, e.g., name, address, SSN, etc.

**OMB Circulars:** The federal rules governing grant expenditures.

**Sandy Integrated Recovery Operations Management System (SIROMS):** The system of record used by DCA to process, communicate, and store data for all CDBG-DR programs.

**Standard Operating Procedures (SOP):** Guide which provides user instructions on a particular process, generally in sequential order.

### **8.3 Appeals**

Applicants may appeal a program determination at any point after the submittal of an LRRP application. DCA formal appeals process and appeal policy are available on [renewjerseystronger.org](http://renewjerseystronger.org). The appeals

review process and final outcomes must strictly adhere to the current program policies in place at the time of each file review.

#### **8.4 Fraud, Waste, and Abuse Prevention**

Both DCA Operations and the LRRP Construction Manager and the General Contractor are required to meet the state and federal requirements (relevant OMB Circulars and state standards) designed to prevent fraud. The LRRP Construction Manager has developed a program to implement the New Jersey Superstorm Sandy Action Plan as allowed under the HUD Funds Notice and CDBG Rules. To ensure that the funds provided are well spent, the LRRP Construction Manager has determined that a series of preventative programs and affirmative reviews would accomplish this goal.

DCA Fraud Prevention will maintain and perform procedures for receiving, investigating and reporting cases of fraud, waste and abuse to ensure compliance with all applicable federal, state and local laws and regulations. LRRP is dedicated to preventing and deterring criminal conduct by any party, including, but not limited to applicants, internal LRRP personnel, and other parties associated with the LRRP with a primary responsibility to prevent, detect, respond and report allegations of fraud and misconduct.

##### **8.4.1 Procedures for Performance of Key Tasks**

Increasing fraud awareness among the LRRP staff is an effective fraud prevention measure and is the first step or control in place to mitigate potential fraudulent acts committed by anyone internal or external to the LRRP. Transparency and documented protocols between the LRRP Construction Manager, DCA Operations, and DCA as well as the Department of Consumer Affairs will be established.

##### **8.4.2 Establishing Plans, Communications, and Training**

All employees, General Contractors, and subcontractors are responsible for becoming familiar with, and following the applicable laws, regulations, policies and procedures, as well as DCA Standards of Ethical Conduct and Conflict of Interest Agreement that apply to their job(s) and level of responsibilities.

LRRP personnel and the public may raise concerns by contacting the New Jersey State Comptroller hotline at 1-855-OSC-TIPS (1-855-672-8477) or by e-mail at [comptrollertips@osc.state.nj.us](mailto:comptrollertips@osc.state.nj.us). The hotline and email address serves as a confidential and anonymous reporting mechanism to receive, retain, and respond to complaints, concerns or reports of possible violations.

##### **8.4.3 Development of Internal Controls and Reporting**

To ensure legal and programmatic controls, fraud prevention efforts will include analyzing risks to determine a compliance and monitoring strategy, establish procedures for receiving external requests for files or program data, and methods for handling, reviewing and reporting on cases of potential fraud. The LRRP Construction Manager will report to DCA on a routine basis as defined by DCA.

LRRP will identify key areas of responsibilities and develop reporting requirements based on various known and identified areas of risk within the LRRP.

Areas of potential risk may include:

- Ineffective or non-existent ethics or compliance program
- Inadequate training and poor communication
- Inadequate internal controls
- Collusion between employees and third parties
- Management override of internal controls

LRRP will issue tracking methods and an applicant file will be flagged if under investigation for potential fraudulent activity. Inquiries by applicants pending investigative review should be handled with discretion.

#### **8.4.4 Program Information and Records Requests**

Requests from the public include all requests from LRRP applicants; private, including, but not limited to, law firms; public interest groups, including, but not limited to, advocacy groups, media, state and federal agencies, elected officials and other individuals and organizations.

The procedures implemented for responding to records requests ensure that confidential information will not be released to anyone without a legal requirement to do so and may require written approval by the DCA.

The LRRP Construction Manager will provide full cooperation to federal and state monitors and inspectors. This means allowing access to program related materials and providing support to the monitors or inspectors when requested in adherence with documented program protocols. Requests for information will be logged and tracked to include the date that the requests are forwarded to the approval authority for decision on release, and the date the decision is received. A copy of all responses will be logged and maintained by the LRRP Construction Manager.

An example of requests that may be made to the LRRP includes the following sources:

- HUD-OIG Auditors Requests
- New Jersey Legislative Auditors Requests
- Applicant(s) Requests
- Applicant(s) Attorney(s) Requests
- Public Records Requests
- Subpoena Requests

#### **8.4.5 Program Draw Request Monitoring & Reconciliation**

Generally, there is an open risk with the falsification of information by Landlords that does not necessarily apply to the LRRP Construction Manager except where a Landlord-General Contractor or subcontractor relationship exists. As there is existing oversight in those transactions, the goal is to make sure that those processes are working and not being subverted for whatever reason.

DCA Operations and LRRP Construction Manager shall put in place an internal fraud prevention policy to protect the grant funds from improper payments, intentional or unintentional. There will be times that structured policies and procedures may be attempted to be sidestepped.

On a basis as determined by the respective DCA Operations and LRRP Construction Manager, a consistency team should review the payment approval procedure to determine if all safeguards have been followed. This could either be by testing the current ongoing system or a forensic review. Actions such as failure to provide backup documentation or anticipatory signing of documents prior to work completion are not in and of themselves fraud, but do open the door for system abuse.

DCA Operations will complete the final review of all program draw requests and develop the funds reconciliation reports for DCA records and review. Each file history will be captured and reported on a routine basis, as established by DCA.

#### **8.4.6 Compliance & Fraud Prevention Plan**

The LRRP Construction Manager will develop a written comprehensive Compliance & Fraud Prevention Plan consistent with the requirements in federal and state law, the HUD Funding Notice, the CDBG-DR Rules and the Superstorm Sandy Action Plan. At a minimum, the plan should include:

- a. The system for monitoring of a General Contractor's process for debarment verifications for subcontractors;
- b. Third party – or non-program staff – consistency reviews for all monitoring processes for the LRRP Construction Manager oversight inspection and monitoring functions;
- c. A review of information system access and protections for program activities, including password protections by staff; and
- d. Other functions where errors could create inappropriate payments.

#### **8.5 Conflict of Interest**

In accordance with federal requirements, the LRRP will adhere to the following conflict of interest provisions established for the CDBG-DR Program. For the LRRP, the following areas have been identified as potential areas of conflict:

- LRRP staff/Landlord or LRRP staff/General Contractor relationships;
- Landlord/General Contractor relationships; and
- Evaluation and approval process.

**(a) Applicability. (1)** In the procurement of supplies, equipment, construction, and services by recipients and by subrecipients, the conflict of interest provisions in 24 CFR 85.36 and CFR 85.42, respectively, shall apply. **(2)** In all cases not governed by 24 CFR [85.36](#) and [84.42](#), the provisions of this section shall apply. Such cases include the acquisition and disposition of real property and the provision of assistance by the recipient or by its subrecipients to individuals, businesses, and 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](#), [570.455](#), or [570.703\(i\)](#).

**(b) Conflicts prohibited.** The general rule is that no persons described in paragraph (c) of this section who exercise or have exercised any functions or responsibilities with respect to CDBG-DR 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-DR-assisted activity, or have a financial interest in any contract, subcontract, or agreement with respect to a CDBG-DR-assisted activity, or with respect to the proceeds of the CDBG-DR-assisted activity, either for themselves or those with whom they have business or immediate family ties, during their tenure or for one year thereafter.

**(c) Persons covered.** The conflict of interest provisions of paragraph (b) of this section apply to any 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.

**(d) Exceptions.** Upon the written request of the recipient, HUD may grant an exception to the provisions of paragraph (b) of this section on a case-by-case basis when it has satisfactorily met the threshold requirements of (d)(1) of this section, taking into account the cumulative effects of paragraph (d)(2) of this section.

**(1) Threshold requirements.** HUD will consider an exception only after the recipient has provided the following documentation:

- (i) A disclosure of the nature of the conflict, accompanied by an assurance that there has been public disclosure of the conflict and a description of how the public disclosure was made; and
- (ii) An opinion of the recipient's attorney that the interest for which the exception is sought would not violate State or local law.

**(2) Factors to be considered for exceptions.** In determining whether to grant a requested exception after the recipient has satisfactorily met the requirements of paragraph (d)(1) of this section, HUD shall conclude that such an exception will serve to further the purposes of the Act and the effective and efficient administration of the recipient's program or project, taking into account the cumulative effect of the following factors, as applicable:

- (i) Whether the exception would provide a significant cost benefit or an essential degree of expertise to the program or project that would otherwise not be available;
- (ii) Whether an opportunity was provided for open competitive bidding
- (iii) Whether the person affected is a member of a group or class of low- or moderate-income persons intended to be the beneficiaries of the assisted activity, and the

exception will permit such person to receive generally the same interests or benefits as are being made available or provided to the group or class;

- (iv) Whether the affected person has withdrawn from his or her functions or responsibilities, or the decision making process with respect to the specific assisted activity in question;
- (v) Whether the interest or benefit was present before the affected person was in a position as described in paragraph (b) of this section;
- (vi) Whether undue hardship will result either for the recipient or the person affected when weighed against the public interest served by avoiding the prohibited conflict; and
- (vii) Any other relevant considerations.

## **8.6 Files and Reports (Record Retention) Overview**

Retention and disposition of records will comply with federal, state and local laws and will adhere to the records retention policies and procedures adopted by DCA. The LRRP will retain records in a manner consistent with HUD's prescribed retention schedules. The LRRP Construction Manager shall maintain all records related to products, transactions or services under this Contract for a period of five (5) years after the state grant is closed by HUD pursuant to 24 CFR 570.490(d). Such records shall be made available to DCA, the New Jersey Office of the State Comptroller, for audit and review, upon request pursuant to N.J.A.C. 17:44-2.2, or to other authorized parties for audit and review for a period of five (5) years from the date of final payment, or applicable state laws, whichever is longer.

Records management and retention policies apply to all records, regardless of format.

The process is composed of three key tasks:

1. Define and create a Management Information System (MIS) which will be used for electronic file records.
2. Maintain compliance with all applicable file retention guidelines and audits in accordance with DCA's CDBG-DR Program.
3. Define a SOP to identify the specific steps, as well as customer and contractor interaction.

### **8.6.1 Procedures for Performance of Key Tasks**

#### **8.6.1.1 Define and Create the MIS**

The LRRP MIS will be created and maintained by LRRP Construction Manager. The LRRP Construction Manager will be responsible for their system, internal and external interfaces and adherence with LRRP Program Manual. The LRRP MIS will be an electronic records system. The LRRP MIS will maintain reliability to ensure 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. Information shall be transferred to DCA Operations at key points throughout the LRRP's lifespan, as

defined in the MIS SOP. Each applicant's file will reside with DCA Operations in SIROMS, the system of record.

### **8.6.1.2 Record Retention Compliance**

The LRRP Construction Manager will retain all relevant LRRP files as electronic records for a period of five (5) years. As defined in the policy, records must be retained and audited after the end of the LRRP. In order to assist with the compliance of these codes the LRRP Construction Manager 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.

### **8.6.1.3 Develop Standard Operating Procedure to Identify Specific Steps, as well as Customer and Contractor Interaction**

This will include documenting the retention schedule, defining a system configuration, quality control, disaster prevention/recovery, scanning policy and procedures and data migration plan.

Examples of areas to be covered in the SOP will include:

- ***Document Processing***
  - Define file formats and meta-data for each electronic record.
    - 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 e-mail, disc format, and download.
  - Define specific procedures for the scanning of paper documents for the creation of an electronic file.
  - In-bound record receipt vs. outbound data communication procedures.
  - Systemic audit trails (e.g. date and time stamping).
  - Data/document repository procedures for physical and electronic procedures.
  - File naming conventions and document standardization.
  - File storage and security requirements.
  - Handling document/data requests from third parties in adherence to written protocols.
  - Subpoenas vs. file requests by auditors and chain of custody process for managing files.
  - Data points between applicants, mail, e-mail, fax, integration of documentation and data between all contractors (incoming vs. outgoing mail and all data).
- ***Internal Controls and Quality Controls Process***
  - Systemic vs. manual transfer of inbound and outbound program data and documentation. Implement quality controls that assure specific electronic records are being associated with the correct applicant ID and stored in the correct locations and format within the MIS.
  - Define the methods of electronic records protection that include remote access control by only authorized staff members and physical security of the hardware.

- Define records disposition for program closeout, either by transfer of ownership or 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.
- Sampling and testing procedures for compliance to record retention procedures.
- Issue tracking, corrective action, and reporting procedures.

## Appendix A

### 2019 80% Area Median Income (AMI) Limits for the Nine (9) Counties<sup>1</sup>

COUNTY	1 Person	2 Person	3 Person	4 Person	5 Person	6 Person	7 Person	8 Person
Atlantic	\$43,050	\$49,200	\$55,350	\$61,500	\$66,450	\$71,350	\$76,300	\$81,200
Bergen	\$59,750	\$68,250	\$76,800	\$85,300	\$92,150	\$98,950	\$105,800	\$112,600
Cape May	\$46,850	\$53,550	\$60,250	\$66,900	\$72,300	\$77,650	\$83,000	\$88,350
Essex	\$56,350	\$64,400	\$72,450	\$80,500	\$86,950	\$93,400	\$99,850	\$106,300
Hudson	\$51,350	\$58,700	\$66,050	\$73,350	\$79,250	\$85,100	\$91,000	\$96,850
Middlesex	\$66,300	\$75,750	\$85,200	\$94,650	\$102,250	\$109,800	\$117,400	\$124,950
Monmouth	\$57,300	\$65,500	\$73,700	\$81,850	\$88,400	\$94,950	\$101,500	\$108,050
Ocean	\$57,300	\$65,500	\$73,700	\$81,850	\$88,400	\$94,950	\$101,500	\$108,050
Union	\$56,350	\$64,400	\$72,450	\$80,500	\$86,950	\$93,400	\$99,850	\$106,300

### 2019 80% Area Median Income (AMI) Limits for Counties with LRRP Properties Outside of the Nine (9) Counties<sup>1</sup>

COUNTY	1 Person	2 Person	3 Person	4 Person	5 Person	6 Person	7 Person	8 Person
Burlington	\$50,550	\$57,700	\$64,900	\$72,100	\$77,900	\$83,650	\$89,450	\$95,200
Camden	\$50,550	\$57,700	\$64,900	\$72,100	\$77,900	\$83,650	\$89,450	\$95,200
Cumberland	\$37,700	\$43,100	\$48,500	\$53,850	\$58,200	\$62,500	\$66,800	\$71,100
Morris	\$56,350	\$64,400	\$72,450	\$80,500	\$86,950	\$93,400	\$99,850	\$106,300
Somerset	\$66,300	\$75,750	\$85,200	\$94,650	\$102,250	\$109,800	\$117,400	\$124,950

<sup>1</sup> Revised June 2019. HUD has approved the use of uncapped income limits for New Jersey. These are incorporated above. The income limits were adjusted to the nearest \$50 range.

**2018 80% Area Median Income (AMI) Limits for the Nine (9) Counties<sup>2</sup>**

COUNTY	1 Person	2 Person	3 Person	4 Person	5 Person	6 Person	7 Person	8 Person
Atlantic	\$42,850	\$49,000	\$55,100	\$61,200	\$66,100	\$71,000	\$75,900	\$80,800
Bergen	\$57,300	\$65,500	\$73,700	\$81,850	\$88,400	\$94,950	\$101,500	\$108,050
Cape May	\$44,100	\$50,400	\$56,700	\$62,950	\$68,000	\$73,050	\$78,100	\$83,100
Essex	\$53,450	\$61,050	\$68,700	\$76,300	\$82,450	\$88,550	\$94,650	\$100,700
Hudson	\$52,750	\$60,250	\$67,800	\$75,300	\$81,350	\$87,350	\$93,400	\$99,400
Middlesex	\$60,450	\$69,050	\$77,700	\$86,300	\$93,250	\$100,150	\$107,050	\$113,950
Monmouth	\$55,650	\$63,600	\$71,550	\$79,450	\$85,850	\$92,200	\$98,550	\$104,900
Ocean	\$55,650	\$63,600	\$71,550	\$79,450	\$85,850	\$92,200	\$98,550	\$104,900
Union	\$53,450	\$61,050	\$68,700	\$76,300	\$83,450	\$88,550	\$94,650	\$100,750

**2018 80% Area Median Income (AMI) Limits for Counties with LRRP Properties Outside of the Nine (9) Counties<sup>2</sup>**

COUNTY	1 Person	2 Person	3 Person	4 Person	5 Person	6 Person	7 Person	8 Person
Burlington	\$48,950	\$55,950	\$62,900	\$69,900	\$75,500	\$81,100	\$86,700	\$92,300
Camden	\$48,950	\$55,950	\$62,950	\$69,900	\$75,500	\$81,000	\$86,700	\$92,300
Cumberland	\$37,700	\$43,100	\$48,500	\$53,850	\$58,200	\$62,500	\$66,800	\$71,100
Morris	\$53,450	\$61,050	\$68,700	\$76,300	\$82,450	\$88,550	\$94,650	\$100,750
Somerset	\$60,450	\$69,050	\$77,700	\$86,300	\$93,250	\$100,150	\$107,050	\$113,950

<sup>2</sup> Revised April 2018. HUD has approved the use of uncapped income limits for New Jersey. These are incorporated above. The income limits were adjusted to the nearest \$50 range.

**2017 80% Area Median Income (AMI) Limits for the Nine (9) Counties<sup>3</sup>**

COUNTY	1 Person	2 Person	3 Person	4 Person	5 Person	6 Person	7 Person	8 Person
Atlantic	\$40,250	\$46,000	\$51,750	\$57,450	\$62,050	\$66,650	\$71,250	\$75,850
Bergen	\$54,050	\$61,800	\$69,500	\$77,200	\$83,400	\$89,600	\$95,750	\$101,950
Cape May	\$42,000	\$48,000	\$54,000	\$60,000	\$64,800	\$69,600	\$74,400	\$79,200
Essex	\$52,750	\$60,300	\$67,850	\$75,350	\$81,400	\$87,450	\$93,450	\$99,500
Hudson	\$48,200	\$55,050	\$61,950	\$68,800	\$74,350	\$79,850	\$85,350	\$90,850
Middlesex	\$59,050	\$67,450	\$75,900	\$84,300	\$91,050	\$97,800	\$104,550	\$111,300
Monmouth	\$52,650	\$60,200	\$67,700	\$75,200	\$81,250	\$87,250	\$93,250	\$99,300
Ocean	\$52,650	\$60,200	\$67,700	\$75,200	\$81,250	\$87,250	\$93,250	\$99,300
Union	\$52,750	\$60,300	\$67,850	\$75,350	\$81,400	\$87,450	\$93,450	\$99,500

**2017 80% Area Median Income (AMI) Limits for Counties with LRRP Properties Outside of the Nine (9) Counties<sup>3</sup>**

COUNTY	1 Person	2 Person	3 Person	4 Person	5 Person	6 Person	7 Person	8 Person
Burlington	\$46,600	\$53,250	\$59,900	\$66,550	\$71,900	\$77,200	\$82,550	\$87,850
Camden	\$46,600	\$53,250	\$59,900	\$66,550	\$71,900	\$77,200	\$82,550	\$87,850
Cumberland	\$36,900	\$42,200	\$47,450	\$52,700	\$56,950	\$61,150	\$65,350	\$69,600
Morris	\$52,750	\$60,300	\$67,850	\$75,350	\$81,400	\$87,450	\$93,450	\$99,500
Somerset	\$59,050	\$67,450	\$75,900	\$84,300	\$91,050	\$97,800	\$104,550	\$111,300

<sup>3</sup> Revised April 2017. HUD has approved the use of uncapped income limits for New Jersey. These are incorporated above. The income limits were adjusted to the nearest \$50 range.

**2016 80% Area Median Income (AMI) Limits for the Nine (9) Counties<sup>4</sup>**

COUNTY	1 Person	2 Person	3 Person	4 Person	5 Person	6 Person	7 Person	8 Person
Atlantic	\$37,600	\$43,000	\$48,350	\$53,700	\$58,000	\$62,300	\$66,600	\$70,900
Bergen	\$49,000	\$56,000	\$63,000	\$70,000	\$75,600	\$81,200	\$86,800	\$92,400
Cape May	\$44,200	\$50,500	\$56,800	\$63,100	\$68,150	\$73,200	\$78,250	\$83,300
Essex	\$49,150	\$56,150	\$63,200	\$70,200	\$75,800	\$81,450	\$87,050	\$92,650
Hudson	\$45,050	\$51,450	\$57,900	\$64,300	\$69,450	\$74,600	\$79,750	\$84,900
Middlesex	\$56,300	\$64,300	\$72,350	\$80,400	\$86,850	\$93,250	\$99,700	\$106,150
Monmouth	\$48,850	\$55,850	\$62,800	\$69,800	\$75,400	\$80,950	\$86,550	\$92,150
Ocean	\$48,850	\$55,850	\$62,800	\$69,800	\$75,400	\$80,950	\$86,550	\$92,150
Union	\$49,150	\$56,150	\$63,200	\$70,200	\$75,800	\$81,450	\$87,050	\$92,650

**2016 80% Area Median Income (AMI) Limits for Counties with LRRP Properties Outside of the Nine (9) Counties<sup>4</sup>**

COUNTY	1 Person	2 Person	3 Person	4 Person	5 Person	6 Person	7 Person	8 Person
Burlington	\$45,000	\$51,400	\$57,850	\$64,250	\$69,400	\$74,550	\$79,700	\$84,850
Camden	\$45,450	\$51,950	\$58,450	\$64,900	\$70,100	\$75,300	\$80,500	\$85,700
Cumberland	\$36,400	\$41,600	\$46,800	\$52,000	\$56,200	\$60,350	\$64,500	\$68,650
Morris	\$49,150	\$56,150	\$63,200	\$70,200	\$75,800	\$81,450	\$87,050	\$92,650
Somerset	\$56,300	\$64,300	\$72,350	\$80,400	\$86,850	\$93,250	\$99,700	\$106,150

<sup>4</sup> Revised April 2016. HUD has approved the use of uncapped income limits for New Jersey. These are incorporated above. The income limits were adjusted to the nearest \$50 range.

**2015 80% Area Median Income (AMI) Limits for the Nine (9) Counties<sup>5</sup>**

COUNTY	1 Person	2 Person	3 Person	4 Person	5 Person	6 Person	7 Person	8 Person
Atlantic	\$38,400	\$43,850	\$49,350	\$54,800	\$59,200	\$63,600	\$68,000	\$72,350
Bergen	\$49,000	\$56,000	\$63,000	\$70,000	\$75,600	\$81,200	\$86,800	\$92,400
Cape May	\$42,150	\$48,150	\$54,150	\$60,150	\$65,000	\$69,800	\$74,600	\$79,400
Essex	\$49,150	\$56,150	\$63,200	\$70,200	\$75,800	\$81,450	\$87,050	\$92,650
Hudson	\$42,950	\$49,050	\$55,200	\$61,300	\$66,250	\$71,150	\$76,050	\$80,950
Middlesex	\$56,300	\$64,300	\$72,350	\$80,400	\$86,850	\$93,250	\$99,700	\$106,150
Monmouth	\$48,850	\$55,850	\$62,800	\$69,800	\$75,400	\$80,950	\$86,550	\$92,150
Ocean	\$48,850	\$55,850	\$62,800	\$69,800	\$75,400	\$80,950	\$86,550	\$92,150
Union	\$49,150	\$56,150	\$63,200	\$70,200	\$75,800	\$81,450	\$87,050	\$92,650

**2015 80% Area Median Income (AMI) Limits for Counties with LRRP Properties Outside of the Nine (9) Counties<sup>5</sup>**

COUNTY	1 Person	2 Person	3 Person	4 Person	5 Person	6 Person	7 Person	8 Person
Burlington	\$44,150	\$50,450	\$56,750	\$63,050	\$68,100	\$73,150	\$78,200	\$83,250
Camden	\$45,450	\$51,950	\$58,450	\$64,900	\$70,100	\$75,300	\$80,500	\$85,700
Cumberland	\$36,400	\$41,600	\$46,800	\$52,000	\$56,200	\$60,350	\$64,500	\$68,650
Morris	\$49,150	\$56,150	\$63,200	\$70,200	\$75,800	\$81,450	\$87,050	\$92,650
Somerset	\$56,300	\$64,300	\$72,350	\$80,400	\$86,850	\$93,250	\$99,700	\$106,150

<sup>5</sup> Revised March 2015. HUD has approved the use of uncapped income limits for New Jersey. These are incorporated above. The income limits were adjusted to the nearest \$50 range.

**2014 80% Area Median Income (AMI) Limits for the Nine (9) Counties<sup>6</sup>**

COUNTY	1 Person	2 Person	3 Person	4 Person	5 Person	6 Person	7 Person	8 Person
Atlantic	\$38,150	\$43,600	\$49,050	\$54,500	\$58,900	\$63,250	\$67,600	\$71,950
Bergen	\$49,000	\$56,000	\$63,000	\$70,000	\$75,600	\$81,200	\$86,800	\$92,400
Cape May	\$41,200	\$47,050	\$52,950	\$58,800	\$63,550	\$68,250	\$72,950	\$77,650
Essex	\$49,150	\$56,150	\$63,200	\$70,200	\$75,800	\$81,450	\$87,050	\$92,650
Hudson	\$42,150	\$48,150	\$54,150	\$60,150	\$65,000	\$69,800	\$74,600	\$79,400
Middlesex	\$56,300	\$64,300	\$72,350	\$80,400	\$86,850	\$93,250	\$99,700	\$106,150
Monmouth	\$48,850	\$55,850	\$62,800	\$69,800	\$75,400	\$80,950	\$86,550	\$92,150
Ocean	\$48,850	\$55,850	\$62,800	\$69,800	\$75,400	\$80,950	\$86,550	\$92,150
Union	\$49,150	\$56,150	\$63,200	\$70,200	\$75,800	\$81,450	\$87,050	\$92,650

**2014 80% Area Median Income (AMI) Limits for Counties with LRRP Properties Outside of the Nine (9) Counties<sup>6</sup>**

COUNTY	1 Person	2 Person	3 Person	4 Person	5 Person	6 Person	7 Person	8 Person
Burlington	\$44,150	\$50,450	\$56,750	\$63,050	\$68,100	\$73,150	\$78,200	\$83,250
Camden	\$44,150	\$50,450	\$56,750	\$63,050	\$68,100	\$73,150	\$78,200	\$83,250
Cumberland	\$35,350	\$40,400	\$45,450	\$50,500	\$54,550	\$58,600	\$62,650	\$66,700
Morris	\$49,150	\$56,150	\$63,200	\$70,200	\$75,800	\$81,450	\$87,050	\$92,650
Somerset	\$56,300	\$64,300	\$72,350	\$80,400	\$86,850	\$93,250	\$99,700	\$106,150

<sup>6</sup> Revised April 2014. HUD has approved the use of uncapped income limits for New Jersey. These are incorporated above. The income limits were adjusted to the nearest \$50 range.

**Appendix B****2019 Rent Schedules for the Nine (9) Counties**

COUNTY	0 Bedroom	1 Bedroom	2 Bedroom	3 Bedroom	4 Bedroom	5 Bedroom	6 Bedroom
Atlantic	\$1,076	\$1,153	\$1,384	\$1,599	\$1,784	\$1,969	\$2,030
Bergen	\$1,494	\$1,600	\$1,920	\$2,218	\$2,474	\$2,730	\$2,815
Cape May	\$1,171	\$1,255	\$1,506	\$1,740	\$1,941	\$2,142	\$2,209
Essex	\$1,409	\$1,509	\$1,811	\$2,093	\$2,335	\$2,577	\$2,658
Hudson	\$1,319	\$1,413	\$1,695	\$1,958	\$2,184	\$2,410	\$2,485
Middlesex	\$1,658	\$1,776	\$2,130	\$2,461	\$2,745	\$3,029	\$3,124
Monmouth	\$1,433	\$1,535	\$1,843	\$2,128	\$2,374	\$2,619	\$2,701
Ocean	\$1,433	\$1,535	\$1,843	\$2,128	\$2,374	\$2,619	\$2,701
Union	\$1,409	\$1,509	\$1,811	\$2,093	\$2,335	\$2,577	\$2,658

**2019 Rent Schedules for Counties with LRRP Properties Outside of the Nine (9) Counties**

COUNTY	0 Bedroom	1 Bedroom	2 Bedroom	3 Bedroom	4 Bedroom	5 Bedroom	6 Bedroom
Burlington	\$1,264	\$1,353	\$1,623	\$1,875	\$2,091	\$2,308	\$2,380
Camden	\$1,264	\$1,353	\$1,623	\$1,875	\$2,091	\$2,308	\$2,380
Cumberland	\$943	\$1,010	\$1,213	\$1,401	\$1,563	\$1,724	\$1,778
Morris	\$1,409	\$1,509	\$1,811	\$2,093	\$2,335	\$2,577	\$2,658
Somerset	\$1,658	\$1,776	\$2,130	\$2,461	\$2,745	\$3,029	\$3,124

**2018 Rent Schedules for the Nine (9) Counties**

COUNTY	0 Bedroom	1 Bedroom	2 Bedroom	3 Bedroom	4 Bedroom	5 Bedroom	6 Bedroom
Atlantic	\$1,071	\$1,148	\$1,378	\$1,591	\$1,775	\$1,959	\$2,020
Bergen	\$1,433	\$1,535	\$1,843	\$2,128	\$2,374	\$2,619	\$2,701
Cape May	\$1,103	\$1,181	\$1,418	\$1,637	\$1,826	\$2,015	\$2,078
Essex	\$1,336	\$1,431	\$1,718	\$1,984	\$2,214	\$2,442	\$2,518
Hudson	\$1,319	\$1,413	\$1,695	\$1,958	\$2,184	\$2,410	\$2,485
Middlesex	\$1,511	\$1,619	\$1,943	\$2,244	\$2,504	\$2,763	\$2,849
Monmouth	\$1,391	\$1,491	\$1,789	\$2,066	\$2,305	\$2,543	\$2,623
Ocean	\$1,391	\$1,491	\$1,789	\$2,066	\$2,305	\$2,543	\$2,623
Union	\$1,336	\$1,431	\$1,718	\$1,997	\$2,214	\$2,443	\$2,519

**2018 Rent Schedules for Counties with LRRP Properties Outside of the Nine (9) Counties**

COUNTY	0 Bedroom	1 Bedroom	2 Bedroom	3 Bedroom	4 Bedroom	5 Bedroom	6 Bedroom
Burlington	\$1,224	\$1,311	\$1,573	\$1,818	\$2,028	\$2,238	\$2,308
Camden	\$1,224	\$1,311	\$1,574	\$1,818	\$2,025	\$2,238	\$2,308
Cumberland	\$943	\$1,010	\$1,213	\$1,401	\$1,563	\$1,724	\$1,778
Morris	\$1,336	\$1,431	\$1,718	\$1,984	\$2,214	\$2,443	\$2,519
Somerset	\$1,511	\$1,619	\$1,943	\$2,244	\$2,504	\$2,763	\$2,849

**2017 Rent Schedules for the Nine (9) Counties**

COUNTY	0 Bedroom	1 Bedroom	2 Bedroom	3 Bedroom	4 Bedroom	5 Bedroom	6 Bedroom
Atlantic	\$1,006	\$1,078	\$1,294	\$1,494	\$1,666	\$1,839	\$1,896
Bergen	\$1,351	\$1,448	\$1,738	\$2,008	\$2,240	\$2,471	\$2,549
Cape May	\$1,050	\$1,125	\$1,350	\$1,560	\$1,740	\$1,920	\$1,980
Essex	\$1,319	\$1,413	\$1,696	\$1,959	\$2,186	\$2,412	\$2,488
Hudson	\$1,205	\$1,291	\$1,549	\$1,789	\$1,996	\$2,203	\$2,271
Middlesex	\$1,476	\$1,581	\$1,898	\$2,192	\$2,445	\$2,698	\$2,783
Monmouth	\$1,316	\$1,411	\$1,693	\$1,956	\$2,181	\$2,407	\$2,483
Ocean	\$1,316	\$1,411	\$1,693	\$1,956	\$2,181	\$2,407	\$2,483
Union	\$1,319	\$1,413	\$1,696	\$1,959	\$2,186	\$2,412	\$2,488

**2017 Rent Schedules for Counties with LRRP Properties Outside of the Nine (9) Counties**

COUNTY	0 Bedroom	1 Bedroom	2 Bedroom	3 Bedroom	4 Bedroom	5 Bedroom	6 Bedroom
Burlington	\$1,165	\$1,248	\$1,498	\$1,731	\$1,930	\$2,130	\$2,196
Camden	\$1,165	\$1,248	\$1,498	\$1,731	\$1,930	\$2,130	\$2,196
Cumberland	\$923	\$989	\$1,186	\$1,371	\$1,529	\$1,687	\$1,740
Morris	\$1,319	\$1,413	\$1,696	\$1,959	\$2,186	\$2,412	\$2,488
Somerset	\$1,476	\$1,581	\$1,898	\$2,192	\$2,445	\$2,698	\$2,783

**2016 Rent Schedules for the Nine (9) Counties**

COUNTY	0 Bedroom	1 Bedroom	2 Bedroom	3 Bedroom	4 Bedroom	5 Bedroom	6 Bedroom
Atlantic	\$940	\$1,008	\$1,209	\$1,396	\$1,558	\$1,719	\$1,773
Bergen	\$1,225	\$1,313	\$1,575	\$1,820	\$2,030	\$2,240	\$2,310
Cape May	\$1,105	\$1,184	\$1,420	\$1,641	\$1,830	\$2,019	\$2,083
Essex	\$1,229	\$1,316	\$1,580	\$1,825	\$2,036	\$2,246	\$2,316
Hudson	\$1,126	\$1,206	\$1,448	\$1,672	\$1,865	\$2,058	\$2,123
Middlesex	\$1,408	\$1,508	\$1,809	\$2,091	\$2,331	\$2,573	\$2,654
Monmouth	\$1,221	\$1,309	\$1,570	\$1,815	\$2,024	\$2,234	\$2,304
Ocean	\$1,221	\$1,309	\$1,570	\$1,815	\$2,024	\$2,234	\$2,304
Union	\$1,229	\$1,316	\$1,580	\$1,825	\$2,036	\$2,246	\$2,316

**2016 Rent Schedules for Counties with LRRP Properties Outside of the Nine (9) Counties**

COUNTY	0 Bedroom	1 Bedroom	2 Bedroom	3 Bedroom	4 Bedroom	5 Bedroom	6 Bedroom
Burlington	\$1,125	\$1,205	\$1,446	\$1,671	\$1,864	\$2,057	\$2,121
Camden	\$1,136	\$1,218	\$1,461	\$1,688	\$1,883	\$2,078	\$2,143
Cumberland	\$910	\$975	\$1,170	\$1,353	\$1,509	\$1,664	\$1,716
Morris	\$1,229	\$1,316	\$1,580	\$1,825	\$2,036	\$2,246	\$2,316
Somerset	\$1,408	\$1,508	\$1,809	\$2,091	\$2,331	\$2,573	\$2,654

**2015 Rent Schedules for the Nine (9) Counties**

COUNTY	0 Bedroom	1 Bedroom	2 Bedroom	3 Bedroom	4 Bedroom	5 Bedroom	6 Bedroom
Atlantic	\$960	\$1,028	\$1,234	\$1,425	\$1,590	\$1,754	\$1,809
Bergen	\$1,225	\$1,313	\$1,575	\$1,820	\$2,030	\$2,240	\$2,310
Cape May	\$1,136	\$1,218	\$1,461	\$1,688	\$1,883	\$2,078	\$2,143
Essex	\$1,229	\$1,316	\$1,580	\$1,825	\$2,036	\$2,246	\$2,316
Hudson	\$1,074	\$1,150	\$1,380	\$1,594	\$1,779	\$1,963	\$2,024
Middlesex	\$1,408	\$1,508	\$1,809	\$2,091	\$2,331	\$2,573	\$2,654
Monmouth	\$1,221	\$1,309	\$1,570	\$1,815	\$2,024	\$2,234	\$2,304
Ocean	\$1,221	\$1,309	\$1,570	\$1,815	\$2,024	\$2,234	\$2,304
Union	\$1,229	\$1,316	\$1,580	\$1,825	\$2,036	\$2,246	\$2,316

**2015 Rent Schedules for Counties with LRRP Properties Outside of the Nine (9) Counties**

COUNTY	0 Bedroom	1 Bedroom	2 Bedroom	3 Bedroom	4 Bedroom	5 Bedroom	6 Bedroom
Burlington	\$1,104	\$1,183	\$1,419	\$1,639	\$1,829	\$2,018	\$2,081
Camden	\$1,054	\$1,129	\$1,354	\$1,564	\$1,745	\$1,925	\$1,985
Cumberland	\$910	\$975	\$1,170	\$1,353	\$1,509	\$1,664	\$1,716
Morris	\$1,229	\$1,316	\$1,580	\$1,825	\$2,036	\$2,246	\$2,316
Somerset	\$1,408	\$1,508	\$1,809	\$2,091	\$2,331	\$2,573	\$2,654

**2014 Rent Schedules for the Nine (9) Counties**

COUNTY	0 Bedroom	1 Bedroom	2 Bedroom	3 Bedroom	4 Bedroom	5 Bedroom	6 Bedroom
Atlantic	\$954	\$1,022	\$1,226	\$1,418	\$1,581	\$1,744	\$1,799
Bergen	\$1,225	\$1,313	\$1,575	\$1,820	\$2,030	\$2,240	\$2,310
Cape May	\$1,030	\$1,103	\$1,324	\$1,529	\$1,706	\$1,883	\$1,941
Essex	\$1,229	\$1,316	\$1,580	\$1,825	\$2,036	\$2,246	\$2,316
Hudson	\$1,054	\$1,129	\$1,354	\$1,564	\$1,745	\$1,925	\$1,985
Middlesex	\$1,408	\$1,508	\$1,809	\$2,091	\$2,331	\$2,573	\$2,654
Monmouth	\$1,221	\$1,309	\$1,570	\$1,815	\$2,024	\$2,234	\$2,304
Ocean	\$1,221	\$1,309	\$1,570	\$1,815	\$2,024	\$2,234	\$2,304
Union	\$1,229	\$1,316	\$1,580	\$1,825	\$2,036	\$2,246	\$2,316

**2014 Rent Schedules for Counties with LRRP Properties Outside of the Nine (9) Counties**

COUNTY	0 Bedroom	1 Bedroom	2 Bedroom	3 Bedroom	4 Bedroom	5 Bedroom	6 Bedroom
Burlington	\$1,104	\$1,183	\$1,419	\$1,639	\$1,829	\$2,018	\$2,081
Camden	\$1,104	\$1,183	\$1,419	\$1,639	\$1,829	\$2,018	\$2,081
Cumberland	\$884	\$947	\$1,136	\$1,313	\$1,465	\$1,617	\$1,668
Morris	\$1,229	\$1,316	\$1,580	\$1,825	\$2,036	\$2,246	\$2,316
Somerset	\$1,408	\$1,508	\$1,809	\$2,091	\$2,331	\$2,573	\$2,654