STATE OF NEW JERSEY • DEPARTMENT OF COMMUNITY AFFAIRS
DIVISION OF DISASTER RECOVERY AND MITIGATION

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The Reconstruction, Rehabilitation, Elevation, and Mitigation ("RREM") Pathway-D Program is a reopened Sandy pathway in response to P.L.2025, c.319 that directs the Department of Community Affairs ("DCA") to resume the Reconstruction, Rehabilitation, Elevation, and Mitigation ("RREM") program using any remaining funds to provide recovery and rebuilding grant assistance for Superstorm Sandy-impacted homeowners with unmet needs who still require financial support.

Funding for RREM Pathway-D is provided through previously awarded Superstorm Sandy Community Development Block Grant–Disaster Recovery ("CDBG-DR") funds, as authorized under the applicable Federal Register Notices governing Superstorm Sandy recovery, including 78 FR 14329, 78 FR 23578, 78 FR 44122, 79 FR 62182, and as amended by subsequent Sandy-specific notices.

Reconstruction, Rehabilitation, Elevation, and Mitigation Program Pathway-D Policy

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Version 2.0

DIVISION OF
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Version History and Version Policy

The version history of the policy manual is tracked in the table below, with notes for each change. The dates of each publication are also tracked in the table.

The State will publish a new version after making substantive changes that reflect a policy change. The updated policy manual will be assigned a new primary version number, such as 2.0, 3.0, etc.

After making non-substantial changes, such as minor wording and editing or clarification of existing policy that do not affect the interpretation or applicability of the policy, the State will publish a version of the document with a sequential number increase behind the primary version number, such as 2.1, 2.2, etc.

Amendments made to policy may go into effect on the date of the revision or may be applied retroactively, depending on the applicant pipeline and status of applicants in the program intake and recovery process. Whether a policy will be applied proactively or retroactively will be detailed in the version history below and/or within the relevant program sections.

Version Number	Date Revised	Key Revisions
1.0	N/A	RREM Pathway-D Application Reopen Policy
2.0	9/23/26	3.6: Added language stating that reimbursement of pre-award costs is not eligible 5.2.2: Change the grant cap for non-reconstruction projects from $150,000 to $100,000 to align with action plan 5.2.3: Added to make note of required subrogation agreement 5.4.3: Added language noting that a flood insurance requirement or floodway covenant may be required

1 PROGRAM OVERVIEW

1.1 Introduction

The Reconstruction, Rehabilitation, Elevation, and Mitigation ("RREM") Pathway-D Program is a reopened Sandy pathway in response to P.L.2025, c.319 that directs the Department of Community Affairs ("DCA") to resume the Reconstruction, Rehabilitation, Elevation, and Mitigation ("RREM") program using any remaining funds to provide recovery and rebuilding grant assistance for Superstorm Sandy-impacted homeowners with unmet needs who still require financial support.

The Program is to address remaining unmet recovery needs for Superstorm Sandy survivors who are:

- Current Primary Homeowners who did not apply for RREM, but whose property was damaged by Sandy;
- Previous RREM applicants who did not complete work;
- Previous RREM applicants whose property remains out of municipal compliance (e.g., elevation); or

1.2 Program Description

RREM Pathway-D is a newly established and limited reopening of the Superstorm Sandy Reconstruction, Rehabilitation, Elevation, and Mitigation ("RREM") Program authorized pursuant to P.L.2025, c.319. Pathway-D is not a continuation of, nor an election among, Pathways A, B, or C of the original RREM Program.

Assistance under Pathway-D is subject to new eligibility criteria, funding caps, prioritization, and compliance requirements established under the current Superstorm Sandy CDBG-DR Federal Register notices and the State's Action Plan. Prior participation in RREM does not guarantee eligibility or funding under Pathway-D.

1.3 Funding Sources

1.3.1 Superstorm Sandy CDBG-DR

Funding for RREM Pathway-D is provided through previously awarded Superstorm Sandy Community Development Block Grant–Disaster Recovery (CDBG-DR) funds, as authorized under the applicable Federal Register Notices governing Superstorm Sandy recovery, including 78 FR 14329, 78 FR 23578, 78 FR 44122, 79 FR 62182, and as amended by subsequent Sandy-specific notices.

1.4 Program Administration

The Department of Community Affairs (DCA), Division of Disaster Recovery and Mitigation, is responsible for implementing the Program. Some of the key roles include, but are not limited to:

- Program Representatives: Perform application processing, such as accepting applications, determining eligibility, calculating award amounts, managing payments, rental assistance and providing application advisory services to applicants throughout the Program process. Performs operational reviews to ensure Program processes are compliant with policy.
- Construction Managers: Reviews construction estimates and verifies appropriate contractor licenses, monitors construction progress and approves change orders, and conducts onsite inspections as required.

1.5 Uniform Relocation Act (URA)

Properties that contain rental units and activities that displace renters are not eligible for the Program. As a result, URA is not expected to apply to Pathway-D. Please refer to the Uniform Relocation and Real Property Acquisition Policy for further guidance on the State's process for implementing URA provisions and the State's Residential Anti-Displacement and Relocation Assistance Plan (RARAP).

1.6 RREM Rental Assistance

Rental Assistance is an eligible activity under RREM-D and is provided solely to facilitate completion of Program-funded construction activities. Assistance will be based on the HUD Fair Market Rents (FMRs) for a limited term.

Availability of rental assistance is subject to HUD approval, Program funding availability, and compliance with all applicable federal requirements.

2 APPLICATION AND PRIORITIES

2.1 Application Process Overview

2.1.1 Application Period

Applications will be accepted statewide on a rolling basis, subject to funding availability. The State reserves the right, at its sole discretion, to close the application intake, establish or suspend a waitlist, and subsequently reopen intake should additional funding become available or program priorities change.

Notice of application closure, reopening, or waitlist activation will be provided through DRM's website at https://nj.gov/dca/ddrm/. Submission of an application does not guarantee funding due to limited federal funding. Federal guidelines establish deadlines for funding availability.

2.1.2 Application Method

Homeowners may submit applications through various methodologies, including:

- Online through https://www.nj.gov/dca/ddrm/

- Call 609-292-3750 to receive a paper application and/or schedule an appointment to complete the application over the phone, virtually, or in person.

The method of application does not affect the applicant's status or likelihood of award. Electronic signatures for submitting applications are acceptable. If the registrant has a power of attorney, the original POA documents must be provided to the program in person or via certified mail. Applications will be made available in multiple languages, on an as needed basis.

Any applications that are started but not completed and not submitted by the end of the application period may be withdrawn. The program will make attempts to contact the applicant to assist with application completion within this period and prior to the applicant being withdrawn.

2.1.3 Application Process Submittal Requirements

Applicants must submit, as part of their application, the following components:

- A detailed construction proposal demonstrating that the project scope meets program standards.
  - Proposals must include cost-breakdown of work.
  - Proposals must include all supporting scope necessary for any mitigation measures (design, demolition, other site improvements).
  - Payment schedule must include (4) milestone payments for work over $50,000.
- Proof of site control
- Proof of primary residency at the time of application
- Contractor's active, valid NJ home improvement or home builder license, as applicable.
- Photographs of existing conditions of the proposed jobsite, sufficient to document the need for the selected mitigation activity.
- Photographs of the exterior of the property as well as any bodies of water on the property
- Proof of tieback to (i.e., damage resulting from) Superstorm Sandy.
  - The Program may be able to assist applicants in supporting damage claims through damage mapping. *See Section 3.12.2 for more information.*

DRM will publish, and update on an ongoing basis, on its website at https://nj.gov/dca/ddrm/ a list of contractors that have been prequalified as a result of other applicant submissions under RREM Pathway-D.

2.1.4 Application Prioritization

Application prioritization is designed to ensure compliance with HUD national objective requirements, promote equitable recovery, and direct limited funds to applicants with the greatest unmet recovery needs related to Superstorm

Sandy. Prioritization does not determine eligibility but determines the order in which applications are processed and funded when demand exceeds available resources.

Due to limited funding, the program will impose application processing priorities as noted below. Funding will be provided to applicants with the highest priority over those with a lower priority when the interest exceeds funding, in the following order:

- Less than 80% of AMI that are either:
  - (1) new homeowners of the impacted property (acquired after Superstorm Sandy); or
  - (2) have never applied to RREM prior to Pathway-D being made available.
- Less than 80% of AMI that are existing RREM applicants:
  - Applicant previously applied to RREM and has an incomplete project (i.e., unable to obtain a Certificate of Occupancy, or the local equivalent) and did not have any funds disbursed by the Program; OR
  - Applicant previously applied to RREM and has an incomplete project (i.e., unable to obtain a Certificate of Occupancy, or the local equivalent), had funds disbursed by the Program, but does not have an Account Receivable (AR) balance (i.e., no funds are owed back to the Program at this time).
- All other eligible applicants, up to 120% AMI.
  - Prior RREM applicants otherwise eligible; and
  - Urgent Need (80-120% AMI) applicants.

2.1.5 Application Waitlist

Deprioritized applicants may be moved to a waitlist. Applicants who have successfully applied will be notified of their program status and will be notified once they are taken off the waiting list, should funding be made available.

2.2 Promoting Housing for Vulnerable Populations

The State is committed to reducing barriers for vulnerable populations and ensuring that households with the greatest recovery needs can access assistance and complete recovery in a safe and equitable manner. To support this objective, the Program incorporates targeted geographic prioritization, focused outreach, supportive services, and phased intake strategies designed to promote access for low and moderate income households, seniors, individuals with disabilities, and other at risk populations, including the following:

- **Community-based outreach.** The State will partner with community-based organizations to conduct outreach, support application intake, and connect vulnerable populations, particularly households with limited English proficiency and those not previously served by FEMA or other programs, to recovery resources.

- **Supportive and counseling services.** Housing counseling and related supportive services will be provided to assist applicants with application completion, documentation, and long-term housing planning, particularly for seniors, persons with disabilities, and other households requiring additional support.

3 ELIGIBILITY

3.1 National Objectives

Per 78 FR 14329, HUD requires States to comply with the overall benefit requirements in the Housing and Community Development Act of 1974 (HCDA) and 24 CFR 570.484, 24 CFR 570.200(a)(3), and 24 CFR 1003.208, which require that fifty percent (50%) of funds be used for activities that benefit low- and moderate-income persons. Across all Sandy funded programs, DRM will target 50% of funds to benefit low- and moderate-income persons under the Low-Moderate Income Persons and Households national objective, with remaining funds going to fund eligible disaster-impacted applicants with incomes greater than 80% of AMI under the separate Urgent Need National Objective with a demonstrated urgent need.

3.2 Applicant Eligibility

Eligible applicants include the following:

- Homeowners who have never applied for assistance under the RREM program.
- Homeowners who purchased the home after Superstorm Sandy and continue to own it at the time of application as their primary residence, so long as the applicant or the Program can prove a tieback to Sandy.
- Homeowners who owned the property at the time of Superstorm Sandy and continue to own it as their primary residence at the time of application.

Prior RREM applicants are not eligible under Pathway-D if they previously applied and completed their RREM project, meeting all township requirements at the time. If the applicant's township has documented the property is currently out of compliance for a storm-related reason RREM applicant may be eligible for Pathway-D

- For example: a prior RREM applicant completed their repair work, satisfied all program requirements, and does not owe the Program any funds; however, due to new requirements, they are now required to elevate their home. Subject to meeting all other requirements, this prior RREM applicant would be eligible for RREM Pathway-D.

If a prior RREM applicant is deemed eligible for Pathway-D and is subject to recoupment (recapture), acceptance under Pathway-D does not release the applicant from their obligations under those prior grant agreements requiring repayment of those previously distributed grant funds.

In addition, any prior RREM applicants who were deemed ineligible due to fraud or other false certifications will not be eligible for RREM Pathway-D at this time, subject to a case-specific exception.

3.3 Eligible Structures

Owner-occupied single-family detached residences, including Manufactured Housing Units (HMUs)

DRM may consider other structures on a case-by-case basis due to extenuating circumstances.

3.4 Occupancy and Primary Residency

To be eligible, applicants must prove that they own and occupy the property as their primary residence at the time of application and maintain it as their primary residence throughout the program. Applicants who did not own and occupy the property as their primary residence at the time of Superstorm Sandy (October 29, 2012), including those who owned the property and occupied it as a second home as of the date of the storm, are eligible so long as they can prove tieback to Superstorm Sandy and primary residence as of the date of the application.

Second homes, vacation homes, and rental properties are not eligible for Pathway-D.

Verification of primary residence is determined through evaluation of multiple data sources and documents. Alternative documentation will be considered if the primary residence cannot be confirmed using the preferred documentation below. If an applicant is unable to provide the preferred documentation, then the applicant must present at least two (2) of the following alternative documents as verification of proof of primary residence:

- **Preferred**:
  - Valid New Jersey driver's license or New Jersey non-driver identification card dated prior to the date of the application, which shows the damaged residence as the applicant's address.
- **Alternative** (not exhaustive list):
  - Federal tax return documents
  - Voter registration card

3.5 Eligible Activities

To meet the unmet housing recovery and resilience needs of each eligible applicant, DCA may include a variety of eligible homeowner assistance and recovery program activities. DCA will provide the awards necessary to repair or when cost reasonable, reconstruct.

Properties located in a Special Flood Hazard Area (SFHA), which is defined by FEMA as the land area covered by the floodwaters of the base or 100-year flood (an area of land that has an approximate 1 percent probability of a flood occurring on it in any given year), or high-risk flood area designated as Disaster Risk Reduction Areas (DRRA) defined by DEP, will be required to follow all local code

and floodplain regulations when scoping mitigation of the home from future flooding.

Eligible costs also include demolition and removal of the original structure, if needed.

In addition, funds may be provided to address site-specific accessibility needs, utility repairs, site remediation, elevation, rental assistance, and resilience and mitigation measures.

Eligible activities will be further detailed in the program guidelines, which will be available on the DCA website.

3.6 Ineligible Activities

Ineligible activities include the following:

- Reimbursement of pre-award costs
- Forced mortgage payoffs- Lending institutions may not require borrowers to use any of their insurance proceeds to reduce or pay off the mortgage before releasing funds to rebuild.
- Funding for second homes
- Properties containing rental units.
- Activities that will displace renters
- Assistance for applicants whose combined household Adjusted Gross Income is over $250,000.
- Assistance for applicants who previously received federal disaster assistance and did not maintain flood insurance where required
- Compensation payments
- Assistance for the rehabilitation or reconstruction of a house, if (1) the combined household income is greater than either 120% of AMI or the national median, (2) the property was located in a floodplain at the time of the disaster, and (3) the property owner did not obtain flood insurance on the damaged property, even when the property owner was not required to obtain and maintain such insurance.
- Properties that trigger extraordinary historic preservation requirements or environmental costs that are not necessary and reasonable, which may result in an environmental clearance taking over 180 days, environmental analysis or compliance costs exceeding 50% of damage repairs, or otherwise determined by program management.
- Assistance to applicants who live in communities that do not participate in the National Flood Insurance Program (NFIP) because they are prohibited from receiving federal assistance.
- Properties located within a Disaster Risk Reduction Area
- Assistance for structures that remain in a Regulatory Floodway as shown on FEMA FIRM.
    - A Regulatory Floodway comprises the channel of a river or other watercourse and the adjacent land areas that must be reserved in

order to discharge the base flood without cumulatively increasing the water surface elevation more than a designated height.
- This is the segment of the floodplain that will generally carry flow of flood waters during a flood and is typically the area of greatest risk to structures in the floodplain.

3.7 Cost Eligibility

3.7.1 Ineligible Costs

Costs that are outside the CDBG-DR scope of work are not Program eligible. The Program established cost reasonableness based on standard grade building materials; as such, any upgraded materials or scope of work must be paid out of pocket by the homeowner and directly to the contractor.

Eligible repairs will be focused on rehabilitating life and safety issues that remain as a result of Superstorm Sandy and are impacting the taxable square footage of the home that is at or above grade. Repairs on detached structure are ineligible. Repairs in below grade spaces of homes, including most basements, are ineligible.
The program may consider allowances for split-level homes where the at-grade level is taxed as primary living space, drainage improvements, flood mitigation, or utility rehabilitation within these spaces to prevent future flood damage.

3.7.2 Green Building Requirements

As applicable, all Program-assisted activities must comply with HUD's green and resilient building requirements, applicable State and local building codes, and Program construction standards.

Properties undergoing rehabilitation must comply with the HUD Community Planning and Development (CPD) Green Building Retrofit Checklist, applicable State and local codes, and the Program's Minimum Housing Rehabilitation Standards for the scope of work necessary to complete the project.

Properties undergoing reconstruction or new construction must be designed and constructed in accordance with the New Jersey Uniform Construction Code (UCC) and applicable HUD green building standards, including ENERGY STAR or successor standards, and other energy efficiency and resilience requirements identified by the Program.

Where multiple standards apply and a conflict exists, the most stringent applicable requirement shall govern.

3.7.3 Accessibility

Assistance for accessibility improvements for disabled applicants or household members may be available to a disabled household member, a family member, or a legal representative of a disabled family member.

Accessibility improvements must be supported by documented need and are limited to the home's primary taxable living areas (i.e., 1st and 2nd floors). All accessibility costs are subject to a cost-reasonableness evaluation, which may be performed using industry-standard estimating software, an alternative estimating platform, or bid responses.

3.8 Applicant Eligibility

3.8.1 Verification of Ownership

Whenever possible, ownership will be verified by title searches in public records. If ownership cannot be verified through a public title search, applicants will be asked to provide appropriate documents.

Acceptable documentation:

- Property tax records that show the applicant occupied the property at the time of application.
- Deeds or other legal documents for applicants living in Manufactured Housing Units ("MHUs"), both land lease and title documentation, or equivalent, are required.

3.9 Special Ownership Circumstances

3.9.1 Foreclosures

Applicants whose homes are foreclosed are not eligible for Program assistance; if they are in the process of a foreclosure, DCA will evaluate those properties for eligibility. The following applies to those homeowners who are in the foreclosure process:

- Mortgage must be brought current, or applicant entered into a loan modification agreement and trial payment period completed;
- Applicants are required to participate in Housing Counseling; and
- Applicants must demonstrate their ability to retain ownership of the home throughout the completion of the project.

3.9.2 Death of Owner

If the owner of record who submitted an application died prior to the grant agreement, another person who occupied the residence when the application was submitted and in legal possession of the property is eligible for the Program if they otherwise meet the eligibility requirements.

Should all property owners at the time of grant signing pass away following execution of the grant award, the heirs are eligible to receive the balance of

the grant award to complete the project, but have no requirement to reoccupy the home.

3.10 Definition of a Second Home

A second home is defined as a home that is not the primary residence of the owner at the time of application for CDBG-DR assistance. Second homes are ineligible for assistance in RREM Pathway-D.

3.11 Income Verification

Income is used to classify households as either LMI households or non-LMI households based on the income limits published by HUD. Income is also used to determine under which program phase an applicant qualifies.

Income of all household members is evaluated when determining phasing and eligibility. The following persons are considered household members:

- All adult household members living in the unit except live-in aides and foster adults.
- All children living in the unit except foster children. Children who are in the process of being adopted are included. Children who occupy the unit at least fifty percent (50%) of the time under a shared custody agreement are counted. Children who are away at school but live in the household during school recesses are included.
- Guests or others staying in the unit on a temporary basis are not counted as household members.

The income definition used for the Program is the definition of annual income as defined by IRS Adjusted Gross Income. Applicants certify their total household income on the application. For proof of household income, applicants must provide the following:

- Most recent Federal Tax Return for each household member who files taxes.
- If a 1040 tax form has not been filed, an IRS verification of non-filing letter must be provided

Applicants whose household income exceeds $250,000 are ineligible for the Program.

Income must have been verified no more than one year prior to grant award signing. The Program may collect income documentation and certify income again at any time throughout the grant application or performance period.

Note: LMI income limits are published annually by HUD. Please refer to https://www.hudexchange.info/resource/5334/cdbg-income-limits/ for current HUD income limits.

3.12 Property Damage and Sandy Tie-Back

To be eligible for Pathway-D, the structure must have sustained damage as a result of Superstorm Sandy.

3.12.1 Property Damage Verification

- The program will review FEMA, NFIP, and SBA databases of storm damaged properties to validate damage. If data from these sources does not confirm any damage from Sandy, the applicant will have an opportunity to submit information from acceptable third-party sources, such as those noted below. National Flood Insurance Program (NFIP) Proof of Loss Claim/Assessment;
- Insurance Adjuster Estimate (IAE) from private homeowner's insurance;
- SBA damage assessment or;
- Letter from local township demonstrating damage from the storm.

3.12.2 Alternative Property Damage Verification Methods: Statewide Mitigation Tool

For those applicants who are unable to prove a tie to the storm in the section above, the DCA may utilize damage mapping tools such as its own Statewide Mitigation Tool (SMT) to make a reasonable and data-informed determination of damage from Superstorm Sandy.

3.13 Flood Insurance Requirements

Homeowners who have been assisted with CDBG-DR funds and who own a home in a Special Flood Hazard Area or a high-risk area defined by DEP must obtain flood insurance prior to start of construction to ensure that these properties are protected from future disasters. The applicant will be required to execute a declaration of covenants and restrictions at the time of grant signing, which notifies any future buyers of this requirement. The covenant shall be recorded in the county land records and will run in perpetuity. Flood insurance monitoring will require the applicant to submit documentation meeting the compliance requirements of Section 102(a) of the Flood Disaster Protection Act of 1973. The standard documentation for compliance with Section 102(a) is either a paid receipt for the current annual flood insurance premium and a copy of the application for flood insurance or a copy of the current Policy Declarations form issued by the NFIP or issued by any property insurance company offering coverage under the NFIP. The Program may seek third party verification of compliance as well. Applicants who cannot meet these requirements will be determined to be non-compliant and may have to repay all or a portion of assistance provided by the Program.

Flood Insurance Requirements for Applicants Receiving Prior Disaster Assistance

In accordance with section 582 of the National Flood Insurance Reform Act of 1994 (42 U.S.C. 5154a), applicants who previously received disaster recovery assistance after September 23, 1994, are required to obtain and maintain adequate and necessary flood insurance coverage. DCA will verify prior to

executing a grant award that any applicant who has received prior disaster recovery assistance has maintained flood insurance, if required. Applicants will be asked as part of their eligibility verification:

- If the property has received any flood event-related assistance for damage to this property from any Federal source for any previous Presidential disaster (occurring after September 23, 1994) that required the mandatory purchase of flood insurance pursuant to National Flood Insurance Program (NFIP) regulations.
- Which flood disaster event applicant received federal funds for.
- The amount of federal assistance related to flood that was received.
- If applicant carried flood insurance at the time of Superstorm Sandy.
- If the insurance coverage is currently in effect.

If the applicant is determined to have received prior federal disaster recovery assistance and has failed to maintain adequate and necessary flood insurance, the applicant will be deemed ineligible for the Program.

These compliance obligations may not apply to new owners who were not previously notified of the flood insurance requirement and who did not receive, directly or indirectly, prior federal disaster assistance that imposed a mandatory flood insurance obligation on the property.

Communities in the Special Flood Hazard Area

Assistance for the rehabilitation or reconstruction of a home in the SFHA in communities that do not participate in the National Flood Insurance Program (NFIP) is not eligible for this Program because they are prohibited from receiving federal assistance. Those communities not eligible to participate in the program are:

- Alpine Borough
- Audubon Park Borough
- Englewood Cliffs Borough
- Fieldsboro Borough
- Hi-Nella Borough

3.13.1 Flood Insurance Applicability to Prior RREM Applicants

If a RREM Pathway-D applicant previously applied for and received assistance under Pathways A, B, or C of the original RREM program, and was required to obtain and maintain flood insurance consistent with this Section of the Policy, and failed to do so, they will not be eligible for funding under RREM Pathway-D.

3.13.2 Requirements for Properties in Flood-Prone Areas

Properties located in flood-prone areas outside of a Special Flood Hazard Area (SFHA), including flood-prone areas as identified or defined by the State of New Jersey, may be required to obtain and maintain flood insurance where such coverage is available under prevailing market conditions.

3.14 Withdrawal

3.14.1 Voluntary Application Withdrawals

- Applicants who wish to withdraw must clearly provide a written notice of their intent to voluntarily withdraw and return any CDBG-DR funds. DCA will send the applicant a written notice of acknowledgment of voluntary withdrawal. Applicants who withdraw after funds are disbursed, but before the project is complete, may be required to repay all Program funds disbursed.

3.14.2 Administrative Application Withdrawals

Applications may be administratively withdrawn at the program's discretion and may require repayment. Reasons for withdrawal include, but are not limited to:

- Any applicants who become unresponsive or fail to provide the required documentation or information within the deadline described in the written request. Applicants will receive a notice giving them fifteen (15) days to provide the required information.
- The program confirms that an application is a duplication of another valid application or conflicting Program.
- An applicant is determined to have provided false or misleading information.
- An applicant is aggressive and/or abusive as described in the definitions section to a DCA employee or any other representative or affiliate of the Program, including, but not limited to, Program Representatives.
- Applicant fails to complete construction within the period of performance required by the program.
- Applicant whose property requires unreasonable levels of environmental review or mitigation.
- Applicant does not accept an alternative recovery option which is cost reasonable. Examples include:
    - Rehabilitations exceeding 50% of the structure value, where the program requires a reconstruction.
    - Recovery where meeting Environmental Conditions exceeds the direct recovery benefit, the program may require acquisition.
- Other violations of program policy.

3.14.3 Program Reinstatement Requests

Applicants who have been withdrawn from the Program may submit a written request for reinstatement, based on extenuating circumstances. The request will be reviewed and approved by DCA on a case-by-case basis. DCA will consider an applicant's responsiveness to Program correspondence or requests for documentation when making the reinstatement determination, as well as the applicant's ability to complete the project.

3.15 Housing Counseling Services

Housing counseling services provided under this Program will support applicants throughout their participation in the program. These services will include application assistance, documentation support, and wraparound services and referrals that may be necessary to assist vulnerable populations as they move through the program.

4 ENVIRONMENTAL REVIEW

4.1 Environmental Review

4.1.1 National Environmental Policy Act (NEPA)

This section is intended to describe the approach to compliance with the National Environmental Policy Act (NEPA) for the Program. The Program is funded by Community Development Block Grant (CDBG) Disaster Recovery funds awarded to the New Jersey Department of Community Affairs (DCA) by the U.S. Department of Housing and Urban Development (HUD), thereby triggering the applicability of NEPA.

The NEPA process consists of an evaluation of the environmental effects of a federally proposed action and its alternatives. There are three levels of analysis: categorical exclusion, Environmental Assessment (EA), and Environmental Impact Statement (EIS).

- Categorical Exclusion: An undertaking may be categorically excluded from a detailed environmental analysis if a federal agency has previously determined that the action typically has no significant environmental impact, and they have included the action in a list of exclusion categories in their NEPA implementing regulations. A list of activities identified by HUD as categorically excluded from detailed NEPA review can be found at 24 CFR Part 58.35.
- EA: Environmental Assessment. The second level of analysis under NEPA is an EA, which is prepared to determine if a federal action would have a significant effect on the environment. If the answer is no, the agency issues a Finding of No Significant Impact (FONSI). The FONSI may include mitigation measures that are required to mitigate environmental impacts, so they are less than significant.
- EIS: Environmental Impact Statement. An EIS is a more detailed evaluation of the potential environmental effects of the proposed action and alternatives. An EIS can be prepared following the completion of an EA, or if a federal agency anticipates that an undertaking may significantly impact the environment, they may choose to prepare an EIS without having to first prepare an EA. The decision document for the EIS is a Record of Decision (ROD), which states the agency's decision and how the findings of the EIS, including consideration of alternatives, mitigation measures, and agency and stakeholder input, were incorporated into the agency's decision-making process.

4.1.2 Tiered Reviews

DCA has employed a tiered approach to NEPA compliance for the Program. With a tiered approach, the "action" is evaluated at various stages in the development process as more information is available for environmental assessment or review. This approach is consistent with and detailed in the "Environmental Review Procedures for Entities Assuming HUD Environmental Responsibilities," 24 CFR 58, specifically 24 CFR 58.15 (Tiering) and 24 CFR 58.32 (Project Aggregation).

As the Tier I level of review, an Environmental Assessment (EA) will be completed for the entire State of New Jersey, consistent with the statewide nature of the Program. Tier 2 environmental reviews will be conducted for each property being evaluated under the Program. The Tier 2 reviews will be conducted by a contracted consultant who is selected through DCA's procurement process. The Tier 2 reviews will identify sites with specific environmental issues requiring a site visit or additional agency consultation and will be documented in an Environmental Review Record (ERR). The Tier 2 reviews will be conducted in a manner that satisfies the requirements of NEPA and HUD's NEPA implementing regulations (24 CFR 58).

In addition, the reviews will address compliance with all other relevant Federal environmental laws, regulations, and Executive Orders (EO), such as the National Historic Preservation Act, EOs 11988 – Floodplain Management, EO 11990 – Protection of Wetlands, and EO 12898 – Environmental Justice. Relevant State regulations and permitting requirements will also be addressed, such as State Executive Order #215. NJDEP will also coordinate and facilitate any required environmental permitting. The environmental review may identify the need for environmental mitigation measures to be incorporated into the scope of work for the proposed action or for the action to be redesigned to avoid certain environmental impacts.

No reconstruction, rehabilitation, elevation, or mitigation work, or reimbursement can begin until the Tier 1 environmental reviews have been completed and Authorization to Use Grant Funds (AUGF) received, and the Tier 2 ERR has been completed and approved for the subject property. Construction activities must be performed in a manner that fully complies with any requirements identified in the Tier 2 review. DCA Construction and Monitoring Teams will ensure compliance.

4.2 Blackout Period/Stop-Work

"Blackout" or "stop-work" refers to the period of time from the application date through the completed environmental review where no work should be performed in relation to the home. Work performed during this period may not be eligible for inclusion within the WIP or ECR and/or may result in the project being ineligible to proceed within the Program. All applicants are required to stop any repair, reconstruction, or replacement activities in process if notified to do so by the

Program. If issued, the stop work order must be followed until the environmental review process is completed.

Exceptions to the “stop-work requirement” may be allowed in the event an applicant entered a written contract with a contractor prior to applying to the Program. In such cases, the applicant may be allowed to continue the work outlined in the written contract, as it was described and executed prior to the homeowner’s application to the Program. However, in such cases, an applicant may not enter into new contracts, engage additional laborers, execute any change orders to existing contracts, or purchase materials after application to the Program and prior to completion of an environmental review.

Failure to comply with the “stop-work requirement” or eligible exceptions to the “stop-work requirement” may result in an applicant’s ineligibility for all or partial Program funding. Applicants should consult with a Program Representative prior to making any additional contract decisions during the mandatory blackout/stop-work period.

5 AWARD

5.1 Method of Award

The Program provides direct financial assistance to eligible homeowners to address remaining unmet housing recovery needs resulting from Superstorm Sandy. In order to provide financial assistance, eligible homeowners enter into a Grant Agreement with DRM, and applicants are required to engage with and procure their own contractors.

Assistance is based on an approved scope of work and cost estimate and is limited to reasonable and necessary costs for eligible activities, subject to Duplication of Benefits (DOB) requirements and program caps.

5.2 Award Determination and Calculation

5.2.1 Award

Awards will be determined based on a necessary and reasonable scope of work to ensure the home meets appropriate state and local codes and housing quality standards (HQS), as well as the cost of materials as determined during the bidding process and submission of construction proposals. The award is further determined by analyzing an applicant's Duplication of Benefits (DOB) in comparison to completed eligible repairs. Any available DOB, in addition to ineligible scope items, will reduce the award.

There must be at least $5,000 of remaining unmet need to remain eligible for an award.

5.2.2 Maximum Assistance

For reconstructions: The maximum total assistance available under RREM Pathway-D for reconstructions is $500,000 per property, inclusive of all eligible costs, including design.

For all other rehabilitations or non-structural repairs: For all other projects, the maximum total assistance under RREM Pathway-D for rehabilitation and non-structural repair projects is $100,000 per property, inclusive of all eligible costs, including design.

For applicants who previously received assistance under the original RREM Program, assistance under Pathway-D is in addition to previously awarded funds and may be used to address remaining unmet needs.

DCA will consider exceptions to the maximum award amounts when necessary and in compliance with accessibility or lead remediation requirements, or other federal, state, or local regulations.

5.2.3 Duplication of Benefits (DOB) and Subrogation

Funds provided to the applicant by another source for repair or reconstruction will be included in the DOB calculation. Personal funds and private mortgages are excluded. See DOB policy 2.10.1 for further details.

Applicants will be required to sign a subrogation agreement which states that applicants will notify the Program of any funding received from other grants, subsidized grants, or insurance policies. Once notified, the Program will determine whether the payment constitutes a DOB and must be paid to the Program. Any funds used for a different eligible purpose are not duplicative if documented, including temporary housing, personal property, or other non-structural purposes. Funds not under the applicant's legal control (e.g., insurance proceeds required to reduce a mortgage lien; FEMA repair funds received by the original homeowner after Sandy, where the current homeowner was not an owner at the time of Sandy; funds that are unavailable as a result of contractor fraud; etc.) are not considered a DOB unless held pending construction. Contractor nonperformance determinations will be made on a case-by-case basis.

The program will detail further in its standard operating procedures how to conduct a duplication of benefits analysis to ensure that no applicant receives a DOB. The Program will work with applicants to document, if not already provided, how their potentially duplicative funds were spent.

5.2.3.1 SBA Loans

The program will review SBA loan data directly with SBA.

- Declined loans are not considered a DOB.
- Canceled loans: Undisbursed amounts must be verified as canceled by SBA or will be included in the DOB calculation. Disbursed amounts are treated as active loan funds.
- Active loans: Disbursed amounts are included unless documented as used for a different eligible purpose. Undisbursed amounts are excluded only if SBA verifies cancellation.

5.3 Responsibility of Applicant to Provide Non-Program Funds (NPF)

The NPF is a calculation of homeowner funds required to complete the project and includes ineligible upgrades, project costs over the program cap, and DOB funds, which impact the grant award. Applicants must provide proof of available funds. Failure to demonstrate proof of available funds may result in the need to revise the construction proposal or administrative withdrawal.

5.4 Grant Agreement Execution

5.4.1 Approvals

All grant award agreements must be signed and notarized by the applicant and returned with all appropriate documents. The grant

agreement will be countersigned by the Program and a copy will be uploaded to the system of record. Upon request, a copy can be sent to the applicant for their records.

5.4.2 Grant Agreement

The Grant Agreement requires the owner to certify that they understand and agree to all the terms of the Grant Agreement, including the following provisions:

1. Award Calculation to show program approved project cost, how funds determined to be a DOB were handled, and how the grant was calculated.
2. Subrogation and/or Assignment Agreement, in which the homeowner agrees that any additional funds the homeowner receives from DOB sources may belong to the Program and confirms their obligation to immediately notify the Program if they receive such funds.
3. Confirmation that the homeowner still owns the damaged property and they have not received notices of default of seizure that may affect the title of the damaged property and their obligation to immediately notify the Program if they receive such notices.
4. Hold Harmless Indemnification.

5.4.3 Declaration of Covenants and Deed Restrictions

As a condition of receiving assistance under the Program, applicants are required to execute a Declaration of Covenants and Restrictions, which will be recorded in the applicable county land records and will run with the land, as specified in the Grant Agreement.

The Declaration of Covenants and Restrictions is intended to ensure that the assisted project is completed in accordance with Program requirements and that the assistance provided meets an applicable HUD national objective.

The Program may file the following additional covenants which remain on the property in perpetuity dependent upon property specific circumstances

- Covenant for Homeowners in the Special Flood Hazard Area to Maintain Flood Insurance
    - Mandates homeowner to maintain flood insurance for the property in perpetuity in an amount equal to the lesser of: project cost or to the maximum limit of coverage made available, comply with floodplain management criteria, and provide proof of insurance to DCA, with noncompliance subject to legal action.
- Covenant for Homeowners where a portion of the Property is located within an area designated as a floodway
    - Establishes permanent restrictions on the use of portions of the property that are in the floodway,

5.4.4 Release of Covenant

5.4.4.1 Standard Release of Covenant

A standard covenant release occurs at the time that the project is completed and meets program requirements. Upon close out of the grant, the Division of Disaster Recovery and Mitigation (DRM) will issue a covenant release.

If a Flood Insurance Requirement or Floodway Covenant were filed on the property, they will not be released.

5.5 Recapture of Funds

During the course of implementation and ongoing monitoring of the Program, applicant files will be made available for review by program staff and State and Federal auditors. In some instances, the review may identify a situation that requires a recapture of funds. In the circumstances listed below, applicants may be required to repay all or a portion of the assistance received. The reasons for grant recapture include, but are not limited to, the following scenarios:

- An applicant is determined to have provided false or misleading information to the program.
- If an applicant is withdrawn from the program prior to completion of the project.
- Construction is not completed due to non-cooperation by applicant/owner(s).
- Applicant did not comply with the approved scope of work in a manner that made the home ineligible (i.e., applicant did not comply with the lead paint abatement or other environmental remediation requirements).
- Applicant failed to report the receipt of any additional insurance proceeds, SBA, FEMA non-profit assistance and/or any other funds received after a DOB analysis was conducted.

All applicants who have been identified for recapture of program funding will not be able to close out of the program until all funds have been repaid to the Program.

Applicants will make any mandatory repayments in accordance with the Grant Reconciliation Policy for CDBG-DR Housing Programs 2.10.90.

6 PRE-CONSTRUCTION

6.1 Contractor Selection and Performance

Once the Program has qualified a contractor based on the construction proposals provided by the applicant, documentation supporting the contractor's qualifications must be submitted to the Program for review and validation. The Program will reference the Department of Consumer Affairs website to qualify all contractors. All contractors who complete work funded by the Program must be licensed in the State of New Jersey. If a contractor is exempt from licensure by the State of New Jersey, DCA will review such contractors on a case-by-case basis for validation requirements.

Applicants should not execute a contract with their accepted contractor until they sign an award agreement with the Program. If an applicant proceeds with repairs or reconstruction to the property without having their selected contractor(s) qualified by the Program, they risk forfeiting subsequent draw request approvals and administrative withdrawal if the unqualified contractor is found not to be licensed.

6.1.1 Contractor Validation Requirements

Applicants must seek and identify their own general contractor who must meet the following minimum standards:

- The general contractor must be properly licensed and/or registered in New Jersey,
- Must not be on HUD or State debarred lists
- Must appear on DCA's New Home Builder registry at the time of agreement execution

6.2 Construction Agreement

Construction agreements are executed between the applicant and the contractor(s) after the Program has reviewed and approved the scope and associated costs. All contractors and applicants will be asked to sign a Construction Contract Addendum prior to award signing, which outlines and details specific Program requirements.

6.2.1 Program Approved Costs

The total construction cost will be based upon a Program accepted construction estimate, provided by the applicant during the application process, determined to be cost reasonable using various construction estimating tools and which includes only cost reasonable and necessary scope.

7 CONSTRUCTION AND PAYMENTS

7.1 Notice to Proceed (NTP)

The applicant must present all required documentation to the Program necessary for construction, including but not limited to:

- Signed construction contracts, including a detailed payment schedule
- Permits (Building, MEP, etc.) as requested by the Program
- Insurances as requested by the Program
- Required Certifications, including Lead where applicable

The Program will issue to the applicant the Notice to Proceed after the builder and applicant have satisfied all program and documentation requirements. The purpose of the notice to proceed (NTP) is to ensure the scope and payment of services align with Program requirements. Program draws will not be made until the NTP for the invoicing contractor has been completed.

7.2 Construction Monitoring and Inspections

The Program will monitor construction activities to ensure that all repairs are completed in accordance with:

- Program-approved scope;
- Applicable CDBG-DR regulatory requirements;
- Environmental Review and Lead-Based Paint (LBP) requirements; and
- Cost and time requirements established.

Monitoring may be conducted at any time and may include on-site inspections, desktop verification, photographic documentation, periodic progress reviews, and compliance checks to ensure that mitigation activities are eligible, reasonable, and completed within required timelines.

7.2.1 Hazardous Materials

An unlicensed contractor is prohibited from disturbing any suspected hazardous materials that were previously unidentified and later discovered during the course of construction and/or demolition. Hazardous material treatment and removal must follow all applicable State and Federal regulatory requirements. The applicant/builder must make the Program aware of any additional suspected hazardous materials that may have been uncovered during the course of construction.

7.2.2 Lead Based Paint

The program will align with the Lead Safe Housing Rule and will ensure that all homes are compliant with all federal requirements.

The program will adhere to lead-safe work practices through the applied assumption that all painted surfaces contain lead and are treated in accordance with regulations through an RRP (renovation, repair, and repainting) contractor who may engage a lead remediation contractor when abatement is required for any pre-1978 home. All pre-1978 homes must have a lead clearance prior to closeout.

7.3 Change Orders and Draw Payments

7.3.1 Draw Payment Requests

The Program will require that the construction contract include a final payment to be paid at the completion of the project. All payment schedules will be reviewed to ensure that payments are withheld until the project reaches completion. The Program recommends 10% of the total contract.

General contractors will be paid on a draw schedule agreed to by the general contractor and the Program before NTP is issued. Funds will be released directly to the applicant on a draw schedule as specified within the contract documents, which will include performance measures and defined progress payments. Each request for payment must contain all program required documents including proof of construction progress to support completion. Payment of each progress draw is contingent upon the Program's review and approval of the draw request and completion of an inspection, as necessary.

7.3.2 Payments

Funds are disbursed on a progress-based draw, reimbursement basis following environmental clearance, execution of a Grant Agreement, verification of completed work, and Program approval. The Program does not provide lump-sum payments, and all disbursements are contingent upon compliance with applicable Federal, State, and Program requirements.

Upon approval of the draw request, the Program may disburse funds for completed work. The applicant is ultimately responsible for ensuring that the contractor is paid for work completed.

Contractors must submit invoices in a timely manner and Homeowners must submit payment requests to DCA within 10 days of receipt of the contractor's invoice. An acknowledgment form attesting that they are satisfied with the work invoiced and will pay their contractor within ten (10) days of receipt of Program funds is also required. If the applicant does not pay the contractor within the ten (10) day period, they may be administratively withdrawn from the Program for non-compliance. The covenant on the property will be held until requirements are met.

The final payment may occur after completion and issuance of a certificate of completion/occupancy by a local code official or support that all township inspections have occurred, as applicable.

7.3.3 Change Orders

Change orders may be requested in limited circumstances, such as when the initial agreed-upon scope of work to be completed requires modification for repairs that could not be identified by the initial damage assessment, also known as unforeseen conditions. Each change order request must include supporting documentation and a cost breakdown for any substantive scope of work modifications.

Supporting documentation must demonstrate the request is both necessary and essential to the completion of the home. This documentation generally consists of, but is not limited to, the following:

- Detailed contractor/narrative of the request and why the condition was not identified in the original scope. (i.e., foundation or load-bearing wall, and a township building official agreement).
- Photographic support showing the condition to be remedied.
- Supporting documentation as specified by the Program.

The Program will review the proposed change order and determine if any of the scope of work is cost reasonable and eligible for grant funding.

The Program recommends that applicants not allow contractors to conduct work associated with a change order until it has been reviewed and approved by RREM. If work occurs and it is deemed ineligible, the applicant will be responsible for the costs. If a change order is urgent, the Program will review and approve the change order in an expedited manner to maintain construction activities on site.

7.4 Warranty

The Program does not provide warranty services. The contractor must present warranty documents to the applicant, which detail the length and method of claim request.

7.4.1 Rehabilitation

The applicant is encouraged to pursue a warranty agreement with the contractor. It is recommended that the contractor provide a one (1) year warranty period for all scope of work included in the Estimated Cost of Repairs and that the warranty meet the required warranty standards approved by the State of New Jersey.

7.4.2 Reconstruction

Reconstruction projects require the contractor to provide to the applicant a new home warranty as described in the New Jersey New Home Warranty and Builders' Registration Act (N.J.S.A. 46:3B-1).

7.5 Contractor Disputes

As the applicant selects and engages with their contractor, it is their responsibility to resolve contract disputes.

8 CLOSEOUT

8.1 Construction Closeout and Final Inspections

Once construction is complete, the applicant will request a final site inspection to validate that all necessary work is completed according to the appropriate state and local codes and the home meets HQS. The final site inspection confirms that all required work has been completed and accepted by the local building inspector, along with any required certificate of occupancy with municipal approval. The homeowner and the Program Construction Manager will complete and sign a final inspection form. In lieu of a program final site inspection, the program will accept a Certificate of Occupancy (COO, or other local equivalent).

The Declaration of Covenants will be released once all funds awarded in accordance with the Grant Agreement are expended, the home has met all Program construction requirements as evidenced by a certificate of occupancy or program approved equivalent and final inspection, and when applicable, the home is elevated in accordance with this Declaration of Covenants and Restrictions. Applicants who have been identified for recapture of program funding will not have this Declaration released until all funds have been recaptured by the Program.

8.2 Application Closeout

Application closeout will be completed once construction has been completed, final payment is made, and any residency requirements are met. If an applicant did not require all funds that were initially obligated to their project, the Program will de-obligate unspent funds as part of application closeout. Once these steps are completed, the file will be archived.

8.3 Application Archive

The project will be ready for application archive when the following conditions are met:

- Project meets National Objective
- All funds are expended in full.
- Any funding determined to be ineligible is returned.
- All reporting requirements were completed.
- Any special conditions of the Program were met.
- All audit and monitoring issues were resolved.

9 PROGRAM APPEALS, COMPLAINTS, AND GRIEVANCES

9.1 Program Eligibility Appeals

All appeal requests related to program activities are processed and reviewed by DCA. The initial review of the appeal will be conducted by a three (3)-person

panel led by Legal and Regulatory Affairs staff. This staff is independent from the group that originally made the decision being appealed. Each appeal will be reviewed against Program policies and requirements. The panel will make a recommendation to the Deputy Commissioner of DCA, who will make the final determination.

Appeal requests to DRM must be postmarked within sixty (60) calendar days of the date of service on the original correspondence communicating the decision to be appealed. Appeals must be submitted in writing to:

Department of Community Affairs
Division of Disaster Recovery and Mitigation
P.O. Box 823
Trenton, NJ 08625-0800
Attention: Legal

The applicant's written request should contain the following information:

- Applicant's name;
- Address of damaged residence;
- Applicant's mailing address;
- Applicant's telephone number;
- Email address (if available);
- The reason(s) the decision or action is being appealed;
- Documentation that supports the request to overturn the decision; and
- Application number.

If appropriate, Legal and Regulatory Affairs may contact the applicant to allow the applicant to provide additional documents to address any deficiency or incomplete information, or to be interviewed to determine the merits of the applicant's appeal. If the action or decision is overturned, notification will specify the corrective action to be taken. The applicant shall be notified of the final determination in writing via certified mail.

9.2 Complaints

The State will accept written complaints related to the program. Written complaints should be submitted via email to DRM.ConstituentServices@dca.nj.gov or be mailed to:

New Jersey Department of Community Affairs
Division of Disaster Recovery and Mitigation
P.O. Box 823
Trenton, NJ 08625-0800

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

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

9.3 Section 504 Coordination Complaints and Grievances

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

Section 504 Coordinator:
Tina Williams
Tina.Williams@dca.nj.gov

9.4 Fair Housing, Support to Non-English Speakers

Program activities will comply with all applicable Federal and local fair housing requirements including:

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

To further fair housing goals and ensure that all potentially eligible applicants are aware of the opportunity to participate in the Program, DCA will engage in an outreach campaign prior to and during the application period. The multi-media outreach program includes special outreach to LMI households, minority households, and others identified as "least likely to apply" for assistance. In accordance with the requirements of Section 504 of the Rehabilitation Act of 1973, DCA will make reasonable accommodations to ensure access to the program for persons with disabilities. These accommodations may include providing alternative methods of compliance with program requirements, such as conducting home visits for individuals unable to travel and/or providing additional assistance in the completion of the application and program forms.

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

ADA Coordinator:
Tina Williams
Tina.Williams@dca.nj.gov

9.5 Fraud, Waste, and Abuse

DCA describes the process for applicants to report fraud, waste, or abuse in DCA Policy No. 2.10.4 Investigation Protocol Policy (February 2023) and, specifically, the “Avoid Home Repair Scams” tip sheet that is distributed to all beneficiaries. DCA has an established process for determining if fraud, waste, or abuse has occurred and it is discussed in DCA Policy No. 2.10.88 Policy Addressing Contractor Performance Issues: Fraud, Poor Workmanship, and Failure to Perform in a Timely Manner (April 2023). This policy discusses the role of DCA in investigating and acting when fraud occurs within program construction activities and/or programs. DCA Policy No. 2.10.13 Internal Audits and Recipients' Audits Policy discusses the process by which the Office of Auditing provides both programmatic and financial oversight of grantee activities. When the grantee has determined that instances of fraud, waste, and abuse have occurred, the Office of Auditing will refer them to the HUD OIG Fraud Hotline (phone: 1-800-347-3735 or email: hotline@hudoig.gov).

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

10 MONITORING, COMPLIANCE, AND RECORDS MANAGEMENT

10.1 Program Monitoring

The Disaster Recovery and Mitigation Division oversees activities and expenditures of authorized federal funds. DCA will perform monitoring and

provide technical assistance on all program areas and files. The frequency of the monitoring is dependent on program progress, policy manual changes, and spending schedule.

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

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

The monitoring addresses program compliance with contract provisions, which may include, but is not limited to, environmental reviews, procurement, fair housing, Section 3, Davis-Bacon Act and other prevailing wage provisions, Uniform Relocation Act, equal opportunity and civil rights requirements, Uniform Guidance, program income and other applicable financial requirements.

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

10.1.1 Section 3

Projects whose CDBG-DR awards are greater than or equal to three hundred thousand dollars ($300,000.00) require compliance with Section 3 of the Housing and Urban Development Act of 1968 (Section 3), as amended, which requires that economic opportunities generated by CDBG-DR funds be targeted toward Section 3 residents. Section 3 eligible residents are low- and very low- income persons, particularly those who live or reside in public or government-assisted housing. In accordance with Section 3, contractors using CDBG funding for housing activities are to provide training and employment opportunities to lower-income residents and contract opportunities to businesses in the project area.

Section 3 compliance may include, but is not limited to actions such as:

- Prepare and utilize a Section 3 Plan

- Designate a Section 3 Coordinator
- Take affirmative steps to follow the Section 3 Plan and document those efforts
- Include the Section 3 Clause and the Contractor Certification of Efforts to Fully Comply with Employment and Training Provision of Section 3 in any bid packets for contracts.

Contractors must make best efforts to track and provide the Program with worker income and eligibility data for Section 3-applicable projects.

Section 3 Labor Hour Requirements:

- Contractors must make best efforts to direct twenty-five (25) percent of total labor hours worked toward Section 3 certified workers.
- Contractors must direct five (5) percent of total labor hours worked toward Targeted Section 3 workers.
- If a contractor is unable to meet the required labor-hour thresholds, they must submit documented qualitative efforts demonstrating that every reasonable attempt was made to satisfy the requirements.
- Program Representatives will designate a liaison responsible for coordinating contractor reporting and compliance.

10.2 Conflict of Interest

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

- Program Staff/Property owner Applicant or Staff/General Contractor relationships
- Property owner Applicant/General Contractor relationships
- Evaluation and approval process

10.2.1 Applicability

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

10.2.2 Conflicts Prohibited

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

10.3 Files, Records, and Reports

This section is intended to provide the protocols, guidance, and general framework for the files, records, and reports used and stored by DRM Housing Recovery Team Members. The process is composed of 3 Key Tasks:

- Maintain compliance with all applicable file retention guidelines as described in Policy for Record Retention 2.10.19 and audits in accordance with DCA's CDBG Disaster Recovery Program.
- Define a Standard Operating Procedure (SOP) to identify the specific steps, as well as customer and contractor interaction, safeguarding personally identifiable information.
- Establish needed records, maintenance, and retention requirements.

DRM Housing Recovery Staff will comply with 24 C.F.R. Part 5.2, Compliance with the Privacy Act, which requires the safeguarding of personally identifiable information by:

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

10.3.1 Procedures for Performance Key Tasks

SIROMS is the electronic records system. The Program 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. Pertinent documents that are created elsewhere will be uploaded to SIROMS at key points throughout the Program, as defined in the MIS Standard Operating Procedure. Each applicant's files will reside in the system of record, SIROMS.

10.3.2 Record Retention Compliance

The Program, through the individual management information systems, will retain all relevant Program files as electronic records as described in

the State's record retention policy 1.10.14. If any litigation, claim, audit, negotiation, or other action involving records has started before the expiration of the record retention period, records will be retained until all findings involving records have been resolved and final action is taken (2 CFR 200.334(a)). As defined in the policy, records must be retained and audited after the end of the Program. To assist with the compliance of these codes, the Program Representatives will work with the New Jersey Division of Revenue and Enterprise Services Records Management Services to submit and obtain an electronic Imaging System Certification, if applicable. This will include documenting the retention schedule outlined by the Program policy, defining our system configuration, quality control, disaster prevention/recovery, scanning policy, and procedures and data migration plan.

10.3.3 Standard Operating Procedures

The program will prepare and maintain Standard Operating Procedures related to the management of grant application files.

10.3.4 Required Records

Program Representative will provide support to DCA to meet the reporting requirements, where applicable to the Program, to the recordkeeping areas identified in the DCA Policy of Management and Record Keeping 2.10.19.

10.3.5 Destruction of Records

In no case shall the record destruction date be less than seven (7) years from the time of final closeout. All original records become property of the State of New Jersey. These original records shall be transferred to DCA for storage consistent with the Plan. The Program shall maintain copies for not less than seven (7) years of relevant records.

10.4 Data Sharing and Privacy Protections

To support program administration, compliance, and statewide disaster preparedness and mitigation efforts, DCA may share limited property-level information related to Program participation, including information concerning property characteristics, documented disaster damage, scope of repair or mitigation activities, and program status, with other State agencies or partners with a legitimate governmental need for such information.

Any data sharing conducted under this Program will exclude sensitive personally identifiable information (PII), including but not limited to Social Security numbers, bank account numbers, tax information, or other financial account data. Such sensitive PII will not be included in any data-sharing agreements or disclosures.

No PII will be made public or shared with third parties without the applicant's consent, except where disclosure is required by law, regulation, court order, audit, or oversight authority. All data sharing will be conducted in accordance with applicable State and federal privacy, confidentiality, and data protection requirements.