

STATE OF NEW JERSEY • DEPARTMENT OF COMMUNITY AFFAIRS

SUBJECT: Low-to-Moderate Income (LMI) Program Policies and Procedures

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EFFECTIVE: November 2014

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January 2020

SANDY CDBG-DR

PAGE 1 OF 164

APPROVAL:



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Director, Sandy Recovery Division

PURPOSE:

This document establishes the policies and procedures by which the Low-to-Moderate Income (“LMI”) Program will be governed.

This amendment includes changes to the following sections:

January 2020	Section 1.0 – Program Overview 1.8 Removed the specification of “unpaid” invoices from the payment request process, allowing payments to be made based on paid or unpaid invoices. 1.12 Removed the specification of “unpaid” invoices from the payment request process, allowing payments to be made based on paid or unpaid invoices. Section 5.0 – Inspections and Environmental Review 5.15 Removed the specification of “unpaid” invoices from the payment request process, allowing payments to be made based on paid or unpaid invoices. Section 6.0 – Construction 6.3 Removed the specification of “unpaid” invoices from the payment request process, allowing payments to be made based on paid or unpaid invoices. 6.4.1 Removed the specification of “unpaid” invoices from the payment request process, allowing payments to be made based on paid or unpaid invoices.
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	<p>6.4.3 Removed the specification of “unpaid” invoices from the payment request process, allowing payments to be made based on paid or unpaid invoices.</p> <p>6.4.6 Removed the specification of “unpaid” invoices from the payment request process, allowing payments to be made based on paid or unpaid invoices.</p>
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Low-to-Moderate Income (LMI) Program

Policies & Procedures

New Jersey

Department of Community Affairs

Sandy Recovery Division

January 2020

REVISION HISTORY	
Date	Changes
November 2014	Approval by DCA
May 2015	<p>Section 1.0 – Program Overview</p> <p>1.3 Clarified Income as: Applicants must have verified total household income that does not exceed eighty percent (80%) Area Media Income (AMI). Uncapped income limits will be used to determine LMI status, as approved by HUD, please refer to Appendix A.</p> <p>1.6 Minor clarification to prioritization section, major reference to Appendix D.</p> <p>1.7 Added new policy language referencing “substantial improvement.”</p> <p>1.10 Added language that funds will not be provided for design costs incurred in the “dead zone,” or after application and prior to environmental review.</p> <p>1.12 Program considers construction complete upon submission of COO, or equivalent.</p> <ul style="list-style-type: none"> • Clarified that applicants may only request one six month extension. • Added policy language that a final conditional construction extension will be considered on a case-by-case basis. • Revised language to reflect six month construction extension, followed by final conditional extension. <p>Section 2.0 – DCA Policies</p> <p>2.10 Clarified notification requirements for lead-based paint.</p> <p>2.12 Clarified ENERGY STAR requirements for Homeowner-Selected contractor applications.</p> <p>Section 3.0 – Application and Preliminary Program Eligibility</p> <p>3.1 Added clarification language that application period was open for seventy-five (75) days. Added reference to funding prioritization section.</p> <p>3.2 Added clarification that multi-family structures with eight (8) units or more are not eligible for the LMI Program. Added reference for additional detail on multi-family or attached structures to standalone policy.</p> <ul style="list-style-type: none"> • Multi-family structures that consist of five (5) to seven (7) units must develop and submit to DCA for review an Affirmative Fair Housing Marketing Plan (AFHMP). <p>3.3 Added clarification concerning acceptable documentation to prove ownership of MHUs.</p> <p>3.4 Added clarification that applicant must present driver’s license dated prior to the date of the storm as proof of primary residence.</p> <p>3.8 Added clarification concerning priority of MHUs in accordance with VCA.</p> <p>3.9 Updated income limit information based on 2015 income documents.</p> <p>3.10 Added new section clarifying the definition of “served as,” under the VCA as</p> <p>3.11 Added language to clarify purpose of “Not Funded” notice.</p> <ul style="list-style-type: none"> • Added clarification regarding funded notification and electronic collection of pre-grant signing documentation (ROE/DOB)

	<ul style="list-style-type: none"> • Defined Ineligible population unable to appeal the ineligible determination <p>3.12 Added clarification between a Housing Advisor and Housing Counselor</p> <p>3.13 Added language concerning initial LMI Housing Advisor Appointment</p> <ul style="list-style-type: none"> • Clarified income as: Applicants must have verified total household income that does not exceed eighty percent (80%) Area Media Income (AMI). Uncapped income limits will be used to determine LMI status, as approved by HUD, please refer to Appendix A. <p>Section 4.0 – DOB, Reimbursement and Award Calculation</p> <p>4.2 Updated SBA Funds section to allow applicant to submit a more detailed SBA loan breakdown to DCA review and reconsideration of the initial DOB analysis.</p> <ul style="list-style-type: none"> • Updated language to clarify that “assistance in the form of grants and/or contribution from nonprofit organizations” counts as a DOB. <p>4.3 Clarified reimbursement for work initiated after application submission is not eligible for reimbursement.</p> <p>4.4 Clarified that retainage will not apply reimbursement only applications.</p> <p>4.4.2 Added clarification the funds will not be provided for design work undertaken after application and prior to environmental clearance.</p> <p>Section 5.0 – Inspections and Environmental Review</p> <p>5.2 Removed reference to HUD HQS inspection standards and replaced with Rehabilitation Standards.</p> <p>5.4.2 Added new policy language defining “substantial improvement,” concerning non-substantially damaged projects.</p> <ul style="list-style-type: none"> • Removed reference to HUD HQS inspection standards and replaced with Rehabilitation Standards. <p>5.4.3 Added new policy language that establishes that an applicant’s grant award may be reduced to reflect the accurate standard model price, even if an applicant voluntarily elects to downsize their home. Updated name of standard model home.</p> <p>5.4.5.3 Removed reference to HUD HQS inspection standards and replaced with Rehabilitation Standards.</p> <p>5.4.10 Added new policy language clarifying that grant award funds will not be provided for design work costs completed after application and before environmental review.</p> <p>5.6 Added language that self-certification concerning asbestos disposal will be accepted only where applicant demonstrates a reasonable effort was made to obtain the required Asbestos Waste Disposal Manifest.</p> <p>5.11 Updated section to reflect revisions to Multi-Family and ADU policy 2.10.74</p> <p>5.14 Added policy clarification that MHUs are a recognized exception to the policy against reconstruction at a new address location as stated in the MHU policy.</p> <p>5.15 Clarified program definition of “construction complete.”</p> <p>Section 6.0 – Construction</p> <p>6.1 Updated construction documents list update to allow Final Bills Paid Affidavit Waiver, only where applicant demonstrates FBP cannot be completed due to circumstances outside their control.</p>
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	<p>6.4.7 Revised policy that scope adjustment requests for \$2,500.00 or less will be considered “de minimis” will not be considered by DCA.</p> <ul style="list-style-type: none"> • A scope adjustment request will not be considered for applicants with an unmet need and there is no impact to the LMI grant. <p>Section 7.0 – Program Closeout</p> <p>7.1 Added language concerning requirements to verify construction complete and prepare the project for final inspection.</p> <ul style="list-style-type: none"> • Removed reference to HUD HQS inspection standards and replaced with LMI Rehabilitation Standards. • Authorized adult must be present at final inspection. <p>7.2 Update section to explain new closeout procedures, including what documentation LMI PMs are required to upload to applicant’s file prior to closeout.</p> <p>7.2.1 Added iDone interface document list for reimbursement only projects.</p> <p>7.2.2 Added iDone interface document list for homeowner-selected contractor projects.</p> <p>7.3 Updated section to explain new closeout procedures, including DCA Housing QAQC review of the required construction documentation.</p> <p>7.4 Updated section to explain new closeout procedures, including general overview of final grant award reconciliation procedure.</p> <p>7.5 Updated section to explain new closeout procedures, including final grant award calculation review and the final closeout process.</p> <p>Updated definition of “code” in glossary to include “Rehabilitation standards.”</p>
<p>April 2017</p>	<p>Section 1.0 – Program Overview</p> <p>1.1 Added language that all documents, forms and letters are available on LMI Document Library.</p> <p>1.9 Added language that any new National Flood Insurance Program funds received as a result of the FEMA claims review process or settlement will not be counted as a Duplication of Benefits.</p> <p>1.10 Changes to this section include:</p> <ul style="list-style-type: none"> • Retainage will not be withheld for Pathway A applicants seeking only reimbursement. • Clarified feasibility switches, applicants can still request design payments as long as total design payments, including from past feasibility, does not exceed maximum allowance of \$15,000. • Updated to define blackout/dead zone period is on or after application date and prior to environmental clearance. • Updated to allow one additional design service payment for Pathway A and B applicants for eligible design work done in the blackout/dead zone period, upon request. <p>1.12 Added language that probationary extension requests are required after an applicant exceeds their conditional extension request.</p> <p>Section 2.0 – DCA Policies</p>

	<p>2.6 Updated section to reflect LMI policy governing procedures for URA compliance.</p> <p>2.8 Section formerly named Fair Housing (Affirmative Fair Marketing), Support to Non-English Language Speakers, Management of Accessibility Requirements was renamed Fair Housing (Affirmative Fair Marketing) and Support to Non-English Language Speakers</p> <p>2.9 Management of Accessibility Requirements and Section 504 Compliance was removed from section 2.8 and added as section 2.9</p> <p>Section 3.0 – Application and Preliminary Program Eligibility</p> <p>3.12 Changes to this section include:</p> <ul style="list-style-type: none"> • Pathway B applicants who have obtained their CO cannot voluntarily withdraw. • Added language that an applicant may be administratively withdrawn if they are physically or verbally abusive to employees of the Program. Included different examples of what constitutes abuse. Added language to include the process of submitting a warning letter for first incident of abuse and final withdrawal letter for second incident of abuse. • Added language that withdrawn applicants must return all previously disbursed grant funds. <p>Section 4.0 – Duplication of Benefits, Reimbursement, and Award Calculation</p> <p>4.1 Added language that any new National Flood Insurance Program funds received as a result of the FEMA claims review process or settlement will not be counted as a Duplication of Benefits.</p> <p>4.2 Added language that any new National Flood Insurance Program funds received as a result of the FEMA claims review process or settlement will not be counted as a Duplication of Benefits.</p> <p>4.3 Changes to this section include:</p> <ul style="list-style-type: none"> • Clarified reimbursement overview according to HUD Notice CPD-13-05. • If design services were completed post-application and pre-DEP clearance, that these services are reimbursable by the Program so long as applicant receives DEP clearance. • Costs incurred by the applicant on or after application date are not reimbursable unless attributable to a construction contract executed pre-application. Eligible costs that occur on or after date of environmental clearance must comply with all LMI Program requirements. • Off-site construction costs done during blackout period will be eligible for payment even without executed contract prior to application submission. <p>4.4.2 Changes to this section include:</p> <ul style="list-style-type: none"> • Added clarification that the funds will not be provided for design work undertaken after application and prior to environmental clearance.
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	<ul style="list-style-type: none"> • Program removed the Program standard line-item maximums on design services submitted; all design services that are submitted to the Program, if eligible, cannot be higher than \$15,000. • Policy updated to reflect that if design services were completed post-application and pre-DEP clearance, these services are reimbursable by the Program so long as applicant receives DEP clearance. • Policy updated so that if applicants are paid for design services prior to an approved feasibility flip and the applicant then invoices the program for design services for the new feasibility, the newly-submitted costs will not be paid. <p>4.5 Added update so that all amendments must include signing the Sufficient Funds Acknowledgement even if the original grant award signing did not require one.</p> <p>Section 5.0 – Inspections and Environmental Review</p> <p>5.0 Updated Mold Guidelines, Trade Firms, Consultants, and Remediation Firms links.</p> <p>5.15 Renamed section Use of Homeowner Selected Contractor (Pathway B), was previously Final Program Requirements</p> <p>5.3 Added language that if an applicant does not complete a specific line item the line item value will be reduced from the Scope of Work and may reduce the grant award.</p> <p>5.4.10 Updated to reflect design costs incurred by the applicant on or after application date and prior to environmental clearance are eligible for payment through grant funds once environmental clearance has been achieved.</p> <p>5.5 Added Mold Assessment and Remediation to the existing Lead-Based Paint Risk Assessment section. The new section is now named Lead-Based Paint Risk Assessment/Mold Assessment and Remediation. Changes to this section include:</p> <ul style="list-style-type: none"> • 5.5.1 Lead-Based Paint Risk Assessment section was numbered as 5.5.1 • 5.5.2 Mold Assessment and Remediation section added, which includes: <ul style="list-style-type: none"> ○ 5.5.2.1 Site Inspection and Testing ○ 5.5.2.2 Visual Inspection ○ 5.5.2.3 Environmental Sampling ○ 5.5.2.4 Remediation ○ 5.5.2.5 Mold Guidelines for New Jersey Residents, as of April 2013 – NJDOH <p>5.6 Added language that self-certification concerning asbestos disposal will be accepted only when applicant demonstrates a reasonable effort was made to obtain the required Asbestos Waste Disposal Manifest.</p> <p>5.8 ECR/WIP contestation not accepted if applicant grant award is above the Program cap.</p> <p>5.11 Removed policy language about special/attached dwelling units and referred readers to standalone policies 2.10.54 Policy and Procedure Governing</p>
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	<p>Condominium and Row House Properties and 2.10.74 Policy and Procedure Governing Initial Site Inspections for Attached Dwelling Units.</p> <p>5.14 Removed language about MHU procedure and referred to the Manufactured Housing Unit Policy and Procedures Governing the following Sandy Recovery Programs: RREM and LMI Homeowner Rebuilding Programs, policy number 2.10.66 for guidance.</p> <p>Section 6.0 – Construction</p> <p>6.3 Changes to this section include:</p> <ul style="list-style-type: none"> • Added language that all construction work meets or exceeds specifications in the ECR. • Added language that homeowners are responsible for having their contractor execute the Mandatory Contractor Addendum to ensure all work completed is in accordance with Program and federal requirements. • Added language that homeowners who elect to act as their own general contractor are responsible for ensuring the subcontractors meet the terms of the Certification of Construction Requirements form. <p>6.4.2 Changes to this section include:</p> <ul style="list-style-type: none"> • LMI Program has the right to not validate a contractor. • Contractors who are exempt licensure from the state will be reviewed on a case-by-case basis for validation requirements. Added language that the Program reserves the right to not validate a contractor if there is evidence of contractor fraud. <p>6.4.3 Revised language on homeowner acting as own general contractor for invoicing for direct payment.</p> <p>6.4.4 Certified payroll from a Certified Public Accountant (CPA) must be provided for homeowners requesting payment for self-performing work through own company.</p> <p>6.4.5 Changes to this section include:</p> <ul style="list-style-type: none"> • Updated to state contractors agree to complete construction performed on or after environmental clearance in accordance with applicable Federal requirements and rules within the LMI Program. • Updated to include contractors are responsible to follow insurance requirements per New Jersey Division of Consumer Affairs or the Program, whichever is more stringent, from the date the addendum is signed. This includes insurance requirements for elevation contractors, such as cargo and riggers insurance. <p>6.4.6 Updated to state construction payments are eligible for work done on or after the date of Tier 2 environmental clearance.</p> <p>6.4.7 Revised language on scope adjustments, the amount of the scope adjustment will be limited to the lesser of the scope adjustment subtotal of the applicant's unforeseen eligible scope items, based on the appropriate required</p>
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documentation, or the scope adjustment subtotal of the Program estimated costs for missed scope of work.

6.5 Changes to this section include:

- Updated to state Program will not reimburse applicant for any lead abatement costs if not done according to Program requirements.
- Updated to state Program will not reimburse applicants for non-energy efficient materials in place of ECR prescribed energy efficiency line items.
- Accounted for RRP certified contractor under lead-based paint section and RREM Program will remove appropriate lead associated costs if not done by the right contractor and based on the work done.
- Clarified asbestos requirements under Asbestos Containing Material Report section.
- The rehabilitation standards guide was renamed the Minimum Housing Rehabilitation Standards and was updated throughout the policy.

6.6 Added new section on administrative signings. If a homeowner refuses to sign a key document that delays a process in the Program, the document may be administratively signed.

Section 7.0 – Program Closeout

7.1 Changes to this section include:

Pathway A

- Clarified the nominal work standard for Pathway A applicants; Program does not require Pathway A files to submit invoices in order to closeout file.
- Added language that Pathway A applicants will have to provide CO or Program-approved equivalent. Self-certification of occupancy may be completed as an alternative.

Pathway B

- Updated to show files in “Construction” move to “Pathway B Pending Final Inspection” stage before being scheduled and moved to “Final Inspection in Process” stage.
- Added language that failure to supply required documentation for final inspection can result in administrative withdrawal.
- Pass/fail notifications sent to applicant after final inspection.
- If applicant fails final inspection, s/he will have sixty (60) days to correct deficiency(ies) and re-schedule final inspection. Failure to do so may result in administrative withdrawal of application.
- ECR line items that meet or exceed Program Specifications are deemed “Pass.”
- Failure on non-safety hazard line items will result in the cost of that repair being deducted at closeout through a negative scope adjustment.

	<ul style="list-style-type: none"> • Included examples of situations where final inspection will receive a “Fail” and require corrective action. <p>7.2 LMI Project Manager will move file forward to “Operations QA/QC “stage via iDone Interface once all closeout documentation is verified.</p> <p>7.2.1 Removed section header and list of iDone Interface documents.</p> <p>7.2.2 Removed section header and list of iDone Interface documents.</p> <p>7.3 Changes to this section include:</p> <ul style="list-style-type: none"> • Updated “Housing Quality Assurance Quality Control” to “Operations Quality Assurance/Quality Control” to reflect the correct user group. • QA/QC will submit file to the “Final Grant Reconciliation” stage. • Updated the Operations QA/QC process to reflect current practices in the field. <p>7.4 Changes to this section include:</p> <ul style="list-style-type: none"> • Designated responsible party as Grant Reconciliation Operations Staff. • After the final grant award calculation is prepared, applicants with a grant reduction can submit ineligible receipts and invoices for construction costs that were not previously captured by the Program. <p>7.5 Changes to this section include:</p> <ul style="list-style-type: none"> • Updated to reflect responsibility of Compliance and Monitoring to establish an Account Receivable for over-disbursements of grant funds and approval of final grant award calculation. • Letter will be sent to applicant indicating either the applicant owes funds back to the Program or the applicant is owed grant funds or no change has been made to the grant award. Applicant will receive a side-by-side of last executed grant award calculation and final reconciliation to sign. • Updated to include that if funds are owed to the Program, file will not move forward in the closeout process until requested funds are paid back to the Program. • Updated to reflect that if funds are owed to the applicant, applicants will be paid upon Program receipt of the signed final grant award reconciliation. • If there is no response from the applicant, Program can administratively sign on behalf of the applicant after thirty (30) days. • Compliance and Monitoring will request the release of the Declaration of Covenants and Restrictions and notification will be sent to the applicant. <p>Appendix A – Updated to include income limits from 2014 – 2016.</p> <p>Appendix B – Updated to display the current LMI Income Certification Form.</p> <p>Appendix C – Updated to display the current Duplication of Benefits Form.</p>
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	<p>Appendix I – Revised to say see RREM and LMI Guideline on Ineligible Costs.</p> <p>Appendix J – Added to say see RREM and LMI DOB Offset Guideline on Ineligible Additional Scope.</p>
<p>January 2019</p>	<p>Section 1.0 – Program Overview</p> <p>1.8 Applicants will no longer be limited to two (2) construction payments. Project Managers will confirm completed work during a site inspection.</p> <p>1.10 Applicants can receive no greater than the amount of down payment listed in their executed contract not to exceed fifty percent (50%) of the available construction award as a construction advance.</p> <p>1.12 Applicants will no longer be limited to two (2) construction payments. Project Managers will confirm completed work during a site inspection.</p> <p>Section 4.0 – Duplication of Benefits, Reimbursement, and Award Calculation</p> <p>4.3 Applicants can receive no greater than the amount of down payment listed in their executed contract not to exceed fifty percent (50%) of the available construction award as a construction advance.</p> <p>Section 5.0 – Inspections and Environmental Review</p> <p>5.15 Applicants will no longer be limited to two (2) construction payments. Project Managers will confirm completed work during a site inspection.</p> <p>Section 6.0 – Construction</p> <p>6.3 Changes to this section include:</p> <ul style="list-style-type: none"> • Applicants will no longer be limited to two (2) construction payments. Project Managers will confirm completed work during a site inspection. • Applicants can receive no greater than the amount of down payment listed in their executed contract not to exceed fifty percent (50%) of the available construction award as a construction advance. <p>6.4.1 Changes to this section include:</p> <ul style="list-style-type: none"> • Applicants will no longer be limited to two (2) construction payments. Project Managers will confirm completed work during a site inspection. • Applicants can receive no greater than the amount of down payment listed in their executed contract not to exceed fifty percent (50%) of the available construction award as a construction advance. <p>6.4.3 Applicants acting as their own General Contractor will no longer be limited to two (2) construction payment requests. Project Managers will confirm the completed work during a site inspection.</p> <p>6.4.6 Applicants will no longer be limited to two (2) construction payments. Project Managers will confirm completed work during a site inspection.</p> <p>6.4.7 Scope adjustment requests for applicants who are applying for additional Program funding will be considered by DCA on a case-by-case basis, pending a full review of supporting documentation.</p>

<p>May 2019</p>	<p>Section 1.0 – Program Overview 1.10 Added language allowing retainage to be released prior to final grant reconciliation.</p> <p>Section 4.0 – Duplication of Benefits, Reimbursement, And Award Calculation 4.4.2 Added language allowing retainage to be released prior to final grant reconciliation.</p>
<p>January 2020</p>	<p>Section 1.0 – Program Overview 1.8 Removed the specification of “unpaid” invoices from the payment request process, allowing payments to be made based on paid or unpaid invoices. 1.12 Removed the specification of “unpaid” invoices from the payment request process, allowing payments to be made based on paid or unpaid invoices.</p> <p>Section 5.0 – Inspections and Environmental Review 5.15 Removed the specification of “unpaid” invoices from the payment request process, allowing payments to be made based on paid or unpaid invoices.</p> <p>Section 6.0 – Construction 6.3 Removed the specification of “unpaid” invoices from the payment request process, allowing payments to be made based on paid or unpaid invoices. 6.4.1 Removed the specification of “unpaid” invoices from the payment request process, allowing payments to be made based on paid or unpaid invoices. 6.4.3 Removed the specification of “unpaid” invoices from the payment request process, allowing payments to be made based on paid or unpaid invoices. 6.4.6 Removed the specification of “unpaid” invoices from the payment request process, allowing payments to be made based on paid or unpaid invoices.</p>

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1 PROGRAM OVERVIEW

POLICY STATEMENT: This section is intended to provide a broad policy overview of key components of the Low/Moderate Income (“LMI”) Program workflow, including:

- Program Description
- Program Administration
- Eligibility Overview
- Homeowner Obligations
- Application Intake
- Funding Priorities
- Feasibility Determination
- General Contractor Selection
- Duplication of Benefits
- Award Calculation and Draw Requests
- Design, Review, and Approval
- Construction
- Project Closeout

1.1 Program Description

The Low-to-Moderate Income (“LMI”) Homeowner Rebuilding Program assists eligible applicants whose homes were damaged by Superstorm Sandy to complete the necessary work to make their homes livable and compliant with flood plain, environmental, and other State and local requirements. The LMI Program is intended to supplement other funds the owner has received to repair or reconstruct the structure. The LMI Program provides grants of up to \$150,000 to eligible applicants.

This section highlights key LMI policies to provide an overview of the entire Program. Each of the policies identified in this section is explained in more detail in later sections. All documents, forms, or letters referenced in these policies and procedures can be located in the [LMI Document Library](#), located on the Sandy Integrated Recovery Operations and Management System (SIROMS) SharePoint.

1.2 Program Administration

The Department of Community Affairs (DCA) has engaged contractors to assist the State in implementing the Program, under the administration of DCA. Such contractors include:

- DCA operations is responsible for processing applications, determining eligibility, calculating award amounts, and providing advisory services to applicants throughout the LMI process.

Direct client interaction is conducted via Housing Recovery Centers (HRCs) under the oversight of DCA operations, located throughout the nine (9) affected counties.

- LMI Project Manager responsibilities:
 - Include, but are not limited to, construction-related guidance, including conducting inspections to determine whether the damaged dwelling can be repaired or must be reconstructed, developing the scope of work and costs for the project, and authoring payments for construction activities.

In this document, the term “homeowner” and “applicant” will be used interchangeably when referring to homeowner participants within the LMI Program.

1.3 Eligibility Overview

Location

The damaged residence must be located in one of nine designated counties: Atlantic, Bergen, Cape May, Essex, Hudson, Middlesex, Monmouth, Ocean, or Union.

No LMI funding can be provided to applicants whose homes are located in a Special Flood Hazard Area (100-year flood plain) in municipalities not participating in or suspended from participation in the National Flood Insurance Program including: Alpine, Cliffside Park, Englewood Cliffs, Union City, Freehold Borough, Shrewsbury, and Winfield.

Owner Occupancy

At the time of the storm (October 29, 2012) the damaged residence must have been owned and occupied by the applicant as the applicant’s primary residence. Second homes, vacation residences, and rental properties are not eligible for LMI assistance.

FEMA Registration

The applicant must have registered for FEMA assistance prior to May 1, 2013. Verification of FEMA registration will be obtained from FEMA records. If FEMA records do not confirm the registration, applicants will be notified in writing and will have an opportunity to present documents that prove FEMA registration post-October 29, 2012. If no notification is presented, the applicant will be determined to be ineligible.

Flood Insurance Requirements for Applicants Receiving Prior Disaster Assistance

In accordance with the Stafford Act, applicants that previously received disaster recovery assistance after September 14, 1994 are required to obtain and maintain adequate and necessary flood insurance

coverage. DCA will verify during the preliminary eligibility check, and again, prior to executing a grant award that any applicant that has received prior disaster recovery assistance has maintained flood insurance, if required.

Level of Damage

The residence must have sustained damage as a result of Superstorm Sandy with a Full Verified Loss (FVL) of at least \$8,000 or at least one (1) foot of water on the first floor, as determined by FEMA, its sub-agencies, or affiliates. If FEMA records do not confirm the minimum level of damage, inspection data from the Small Business Administration (SBA) will be reviewed to determine if those records indicate an eligible level of damage. If data from these sources do not confirm the minimum level of damage, the applicant will be determined ineligible. The applicant will be notified in writing and offered an opportunity to submit acceptable third-party documentation as noted below to verify the damage level. This review will follow the process in accordance with the appeals policy. The third-party information that may be submitted as acceptable damage eligibility documentation included the following:

- National Flood Insurance Program (NFIP);
- Insurance Adjuster Estimate (IAE);
- Insurance documents demonstrating \$8,000 or greater in damage to the dwelling; and
- Damage Letter from local township demonstrating \$8,000 or greater in damage or excess of one (1) foot of flooding to the dwelling.

Income

- Applicants must have verified total household income that does not exceed eighty percent (80%) Area Media Income (AMI). Uncapped income limits will be used to determine LMI status, as approved by HUD, please refer to [Appendix A](#).

1.4 Overview of LMI Application Intake

Applicants to the LMI Program will access applications by visiting the ReNew Jersey Stronger website (<http://www.renewjerseystronger.org/>). Applications may be electronically submitted either by individual homeowners or by Sandy housing counselors who will assist applicants to submit an online application. Housing counselors are able to submit an application on behalf of an applicant who authorizes his/her assistance.

1.5 Homeowner Obligations

Recipients of LMI funds must sign a grant agreement that requires the applicant to:

- Occupy the damaged dwelling upon completion of rehabilitation or reconstruction.
- Permit authorized representatives of the LMI Project Manager, Department of Environmental Protection (DEP), and authorized builders to access the site.
- Maintain flood insurance throughout the repair/reconstruction process and perpetually for the life of the property, including notifying subsequent owners of this requirement.
- If elevation is required, the applicant will commit to elevate the dwelling and complete all construction, including elevation, within one (1) year from the date of the grant award, unless granted an extension in writing by DCA.
- A restrictive covenant will be required for all applicants. If occupancy and elevation are not complete, a covenant will be filed until all Program requirements are met.
- Applicants signing grant awards with the LMI Program must sign Exhibit 4 to the *Homeowner Grant Agreement*, titled the *Sufficient Funds Acknowledgment*, where the applicant acknowledges they have sufficient personal funds available to complete their construction activities.
- Applicants signing a grant award with the LMI Program must maintain receipts for all design and construction work associated with the damaged property for five (5) years from the date of application.

In addition to the grant agreement, applicants with the LMI Program must:

- Submit the *Contractor Addendum* signed by the Program validated contractor of their choice, where the contractor acknowledges and agrees to complete construction performed after environmental clearance in accordance with applicable Federal requirements and rules within the LMI Program,
 - For applicants acting as their own General Contractor, the Contractor Addendum requirement will be waived.
- Submit an executed copy of their construction contract as a required attachment for a *Construction Advance Payment* request, and
- Submit bills and invoices for any design services received in conjunction with LMI Program construction in order to access design funds.

1.6 Funding Priorities

Recipients of LMI funds will be prioritized based on the following:

Priorities Based on Level of Damage and Structure Type

As required by the Voluntary Compliance Agreement (VCA), the Program must serve applicants of Manufactured Housing Units (MHU), at a minimum of \$10 Million of Program funds

Four priority levels have been established to enable the Program to serve households with the greatest needs:

- Priority 1: Manufactured Housing Units funded up to the VCA mandated \$10 Million, with “substantial damage,” as determined by New Jersey floodplain managers or as determined by DCA, regardless of zone, and,
- Priority 2: Manufactured Housing Units funded up to the VCA mandated \$10 Million with “major or severe damage”
- Priority 3: All eligible homes with “substantial damage,” as determined by New Jersey floodplain managers or as determined by DCA, regardless of zone, and,
- Priority 4: (if demand and funds remain after Priority 1 -3): Homes with severe/major damage.

The application process and randomization selection and prioritization processes are detailed in the [Appendix D: LMI Selection Process](#), approved by HUD.

1.7 LMI Feasibility Determination: Rehabilitation or Reconstruction

LMI funds can be used for either rehabilitation or reconstruction of damaged dwellings. LMI Project Managers will make a recommendation for reconstruction or rehabilitation based on the ratio of the cost of repair, including elevation if required, to the cost of the lowest composite price of a standard model house of equal number of bedrooms, including demolition if applicable. If demolition has already been completed at the time of the initial site inspection, the recommended feasibility determination will incorporate demolition costs as Work in Place (WIP).

Ratios greater than or equal to seventy-five percent (75%) will result in a reconstruction recommendation, while ratios less than seventy-five percent (75%) will result in a rehabilitation recommendation. Applicants are able to select reconstruction or rehabilitation for a home that has the ratio of a cost to repair to the cost of the lowest composite price standard model home of equal number of bedrooms between fifty percent (50%) and one hundred percent (100%). This will be considered cost reasonable.

For special procedures governing the initial site inspection policy for Attached Dwelling Units (ADU), please refer to section 5.15 below.

Applicants who choose an alternative construction type (either reconstruction or rehabilitation) that is opposite of the LMI Project Manager recommended feasibility determination, and therefore whose decision is not considered cost reasonable (i.e. below fifty percent (50%) ratio and choosing reconstruction or greater than one hundred percent (100%) and choosing rehabilitation), will be capped in their award calculation at the cost reasonable total development cost of the project established by the LMI Project Manager (*see Section 4.4 LMI Award Calculation*). Other cost reasonable reasons for changing feasibility include; municipal requirements to reconstruct, substantial improvements, or further analysis from the LMI Project Manager that the initial feasibility recommendation is no longer cost reasonable.

Final feasibility selection must be made by the applicant at the time of grant award signing. The Tier 2 Environmental Review scope of work (rehabilitation or reconstruction) must meet or exceed the level of review needed for the feasibility selected by the applicant.

If a property received a Tier 2 Environmental Review for a reconstruction scope of work, but the applicant has opted for rehabilitation, the project may proceed under the standing Tier 2. However, if a property received a Tier 2 Environmental Review for a rehabilitation scope of work, and the applicant has opted for a reconstruction, the property must be re-submitted to DEP for a Tier 2 Environmental Review re-assessment capturing the reconstruction scope of work.

Only feasibility change requests submitted after the time of grant award signing must be reviewed by and receive written approval by DCA prior to moving forward. This shall only occur in limited instances: including when the prescribed scope of work is no longer feasible as determined by the LMI Project Manager.

All changes to the LMI Project Manager prescribed feasibility determination must be documented and recorded in the Program system of record.

1.8 Contractor Selection (Pathways A & B)

Pathways defined

Pathway A: Reimbursement

Applicants that have completed all reconstruction, rehabilitation, elevation, and/or mitigation prior to the date of initial site inspection and only seek reimbursement for completed work or eligible work incurred prior to the date of application. Applicants with “nominal remaining work” at the initial site inspection will be classified as Pathway A projects. Remaining work is considered “nominal” if the estimated cost to

complete is less than \$5,000.00. Retainage will not apply to Pathway A applicants because these applicants have completed all construction work and only seek reimbursement.

The LMI Program will reserve a maximum allowance of \$15,000 as a standard design services fund for Pathway A applicants. For applicants whose grant award calculation reaches the maximum grant amount (\$150,000), funds for design may be obligated in excess of the Program cap based on a demonstrated need, for a total obligation of up to \$165,000. Applicants will be required to select design services from a list of eligible design services, as applicable to their individual project. Effective **September 30, 2015**, each eligible design service can be invoiced with no standard allowance price; however, the maximum allowance of \$15,000 remains as the standard design services funds for all design service costs accrued. For further guidance concerning payments for design services, please refer to Section 4.4.2.

Pathway B: Homeowner-Selected Contractor

Applicants with remaining construction work to complete shall use their own general contractor pending Program validation, environmental clearance and agreement to meet LMI Program compliance standards.

Applicants who have an existing executed construction contract may opt to continue using their pre-existing builder. Applicants may also choose to seek and identify a new general contractor if one is not already engaged. The general contractor must be licensed, registered in New Jersey, must not be on HUD or State debarred lists, and must comply with all required State and Federal regulations applicable to the LMI Program.

The applicant may be reimbursed, less retainage if applicable, for eligible pre-award costs incurred prior to the date of the application submittal. Eligible pre-award costs will include rehabilitation/reconstruction costs completed after the LMI application submittal, only if such costs are incurred: (1) in anticipation of federal funds, and (2) attributable to an executed and enforceable contractual commitment between the homeowner and eligible builder. For further guidance on reimbursement, please refer to Section 4.3.

The applicant is responsible for managing and covering the costs of: survey, engineering, design, zoning, and permits, although these design costs are eligible to be charged toward an applicant's grant award by providing documentation via bills or invoices. The Program will reserve a maximum allowance of \$15,000 as a standard design services fund. For applicants whose grant award calculation reaches the maximum grant amount (\$150,000), funds for design may be obligated in excess of the Program cap based on a demonstrated need, for a total obligation of up to \$165,000. Applicants will be required to select design services from a list of eligible design services, as applicable to their individual project. The total design services fund allocated for an applicant will remain at \$15,000 and will not increase due to an applicant requesting a change in feasibility from reconstruction to rehabilitation or vice versa.

Applicants are still eligible to request design payments after the feasibility switch, but the total design payment, including design payments from the past feasibility, cannot exceed the \$15,000 design allowance set at the time of grant signing. Effective September 30, 2015, each eligible design service can be invoiced with no standard allowance price; however, the maximum allowance of \$15,000 remains as the standard design services funds for all design service costs accrued. For further guidance concerning payments for design services, please refer to Section 4.4.2. The applicant shall be responsible for making payments to their contractor throughout the construction process. In addition to any advance payments, the applicant will receive payment of grant funds through no more than two (2) installments, upon approval of invoices and receipts to the LMI Program. Effective January 1, 2019, applicants will no longer be limited to two (2) construction payment requests. Payments will now be disbursed after work is completed with submission of an invoice. In addition to homeowners submitting any and all required supporting documentation, as indicated on the *LMI Program Payment Request* form, LMI Project 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 LMI Project 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. The applicant will receive amount considered “reasonable and necessary” for repair costs. The LMI Program will file a restrictive covenant on the property to ensure homeowner completes occupancy and elevation requirements.

The LMI Project Manager Role, includes but is not limited to:

- Provide construction-related guidance throughout the construction process,
- Complete initial site inspection, determine project feasibility, calculate estimated cost to repair and project scope,
- Validate the homeowner-selected contractors,
- Reviews and submits homeowner’s funds requests to DCA for approval, and
- Complete final site inspection to verify project meets Program requirements and standards.

1.9 Duplication of Benefits

Federal regulations require the State of New Jersey to conduct a duplication of benefits (DOB) analysis to ensure that (1) applicants do not receive more Federal funds than needed, and (2) LMI funds are used to meet a need the homeowner still has after considering other funds received.

LMI applicants must report all third-party assistance they have received towards repairing the damages to their homes. This includes proceeds from both flood and homeowners insurance, Increased Cost of

Compliance (ICC), Federal Emergency Management (FEMA) assistance, loans from the Small Business Administration (SBA), and any assistance from other government or private non-profit sources. Any funds applicants received from these sources for repairs to the damaged residence must be considered when the amount of the LMI grant is determined. If the applicant receives DOB funds after their grant award signing, another DOB analysis will be conducted and may result in funds being subrogated back to the LMI Program.

Effective June 2015, FEMA has opened to NFIP policyholders a limited period to submit a flood insurance claims review if the recipient was not paid the flood insurance policy limit and believes he or she was underpaid by the insurance carrier. If a LMI applicant is an NFIP policyholder and receives additional flood insurance proceeds through either a FEMA insurance claim review or a legal settlement with FEMA, the DCA will not pursue these funds as a DOB. This includes any ICC funds that are received as a result of the claim review or settlement, as well as attorney's fees, structural damage, debris removal, and contents. The policy only applies to LMI applicants that are receiving additional benefits as a result of the special claim review or settlement process. All other third-party benefits that are not part of this FEMA insurance claim review or settlement will continue to be counted as a DOB.

1.10 Award Calculation and Draw Requests

All applicants who sign a grant agreement will follow policies concerning:

1. Retainage;
2. Advance payments; and
3. Design costs.

Retainage. The LMI Program will withhold **the lesser of** ten percent (10%) of the applicant's grant award **or** the Estimated Cost to Repair (ECR) as retainage for all grant award signings. Retainage will not be withheld for Pathway A applicants (seeking only reimbursement for work completed prior to the date of application). For projects where retainage is applicable, retainage will only be released upon a final grant reconciliation. Effective May 1, 2019, retainage may be released prior to final grant reconciliation if the Project Manager confirms that the project can be completed with the release of the remaining retainage funds or that a municipal and/or potential health and safety issue can be resolved with the release of the remaining retainage funds or on a case-by-case basis pending approval from the Director of the Sandy Recovery Division.

Advance Payments. Under DCA policy 2.10.67, effective October 2014, "LMI – Pathway B Construction Grant Advance," the applicant has the option to receive up to fifty percent (50%) of the available construction award as a *Construction Advance* upon selection of contractor and completion of the contractor validation process. In the case of Manufactured Homeowners who must purchase an entire

unit, the applicant has the option to receive up to 90% of the available construction award as a *Construction Advance*. Applicants must provide a copy of their executed construction contract in order to request a construction advance. If the homeowner is acting as their own general contractor, the homeowner must provide a copy of an executed construction contract with at least one of their subcontractors. 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*.

Design Costs. The LMI Program will include in the total development cost calculation a maximum allowance of \$15,000 as a design services fund. This design services fund will assist applicants with anticipated costs required for design and engineering services. Funds for design services will only be paid out based on a proven need established by the applicant supported by appropriate documentation, such as bills, invoices or receipts. The total design services fund allocated for an applicant will remain at \$15,000 and will not increase due to an applicant requesting a change in feasibility from reconstruction to rehabilitation or vice versa. Applicants are still eligible to request design payments after the feasibility switch, but the total design payment, including design payments from the past feasibility, cannot exceed the \$15,000 design allowance set at the time of grant signing. Effective September 30, 2015, once environmental clearance has been achieved, funds may be provided for design work undertaken on or after the date of application and prior to environmental clearance, even when such work is not attributable to a construction contract executed prior to application submission. Previously, the eligibility requirements of design costs mirrored those of construction costs; if completed on or after the date of application and prior to environmental clearance, these costs were not eligible for payment through grant funds. This policy change allows for greater flexibility in the invoicing of design services costs. Applicants will be required to select design services from a list of eligible design services, as applicable to their individual project. Effective September 30, 2015, each eligible design service can be invoiced with no standard allowance price; however, the maximum allowance of \$15,000 remains as the standard design services funds for all design service costs accrued. Previously, each eligible design service had a standard program allowance price. However, the Program identified a need to assist applicants charged above and beyond the Program maximum allowance for each line-item. Therefore, this policy change allows applicants easier access to the design services funds up to the maximum design funds of \$15,000 for all design services.

Previously applicants in Pathway A were allowed a maximum of one (1) design draw payment and Pathway B applicants were allowed up to two (2) design draw payments. Effective January 1, 2016, upon request, Pathway A applicants are eligible for a second design payment and Pathway B applicants are eligible for a third design payment if ALL of the following conditions are met:

- Pathway A applicants have submitted their single design payment request and Pathway B applicants have submitted both their design payment requests prior to September 30, 2015;

- Applicants have not exceeded the maximum \$15,000 allowance for design services through previously submitted payment request(s); and
- The additional design payment request is specifically for design work undertaken on or after the date of application and prior to environmental clearance, even when such work is not attributable to a construction contract executed prior to application submission. This time period is known as the “dead zone” or “blackout period.”

This policy is to account for those applicants who submitted their maximum allotted design payment requests prior to September 30, 2015, but did not submit for associated design costs in the dead zone period since at that time it was not eligible for payment.

1.11 Design, Review, and Approval

The LMI Project Managers will verify applicant’s environmental clearance and provide assistance to determine scope requirements and house plans requirements (in reconstruction only).

LMI Project Managers will review and ensure the Homeowner-Selected Contractor and construction work meets Program requirements. Once contractor selection, design, and approval are complete, LMI Project Managers receive and submit construction payments.

1.12 Construction

Following the contractor validation process, the LMI Project Managers will coordinate with the homeowners to evaluate the invoices for construction and other eligible costs. Applicants will submit the *Request for Payment Form* with all required documentation (i.e., contracts, photographs, invoices, etc.) to their LMI Project Manager, as noted on the form. Once the review is completed, the LMI Project Manager will submit a *Payment Review Sheet* with all supporting documents into the fund request system of record, SIROMS, for DCA review and approval. DCA will then conduct the final review and approval of the individual draw requests, not to exceed a total of two (2) separate requests for funds. Effective January 1, 2019, applicants will no longer be limited to two (2) construction payment requests. Payments will now be disbursed after work is completed with submission of an invoice. In addition to homeowners submitting any and all required supporting documentation, as indicated on the *LMI Program Payment Request* form, LMI Project 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 LMI Project 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. Homeowners will be monitored to confirm compliance to occupancy, elevation, and all documented program requirements, as applicable.

Construction Timeline Extensions

Construction must be completed and a Certificate of Occupancy, or equivalent, must be obtained within one (1) year from the date of grant award, including elevation. Applicants who experience a construction delay may submit a total of one (1) project deadline extension of six (6) months from the initial one (1) year project deadline based on personal hardship or reasonable construction delays. Applicants who need more time beyond the initial six (6) month extension may submit a total of one (1) conditional extension request for a specific period approved by DCA. Applicants who exceed the conditional extension request will be required to submit a probationary extension request. Failure to submit the request may result in the termination of the grant award and a recapture of any funds previously disbursed. For further guidance on construction extensions, please refer to DCA policy 2.10.75, "Policy and Procedure Governing Construction Extensions."

1.13 Project Closeout

LMI Project Managers will coordinate all required file documentation with owners and general contractors necessary for verification of completion of construction to Program requirements and submit for DCA approval of completion and closeout and proper record keeping. In accordance with DCA approved policies and procedures, the LMI Project Managers will ensure compliance with program construction requirements. For further detail regarding the project closeout process, please refer to *Section 7.0 Program Closeout*.

2 DCA POLICIES

POLICY STATEMENT: The LMI Program is committed to helping applicants repair and rebuild their homes so that they can return to a pre-storm routine. However, the LMI Program must be operated in strict compliance with the appropriate laws and regulations governing State and Federal funds. These policies are intended to ensure that the programs will be compliant and in accordance with State and Federal fraud prevention requirements consistent with DCA Policy, Section 2.10.3.

Each LMI Project 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).

The State of New Jersey is committed to running an effective and viable Section 3 Compliance and Reporting Plan as called for in the HUD Funds Notice and HUD CDBG Policies. For further detail on the Sandy Recovery Division policy for Section 3 compliance, please refer to policy 2.10.22 "Section 3," revised May 2014.

The LMI Program is committed to meeting or exceeding compliance with all laws related to State and Federal laws regarding prevailing wages and labor standards.

It is LMI Program policy that applicants who do not have sufficient English language proficiency to represent themselves through the LMI process will be provided support to allow their participation in the Program.

LMI Program policies and operating procedures are designed to ensure that eligible elderly persons and persons with special needs are able to successfully participate in the program and that the rehabilitation or reconstruction of their homes include necessary physical adaptations.

The LMI Program will comply with the Federal and State requirements related to the prevention of lead-based paint poisoning and hazard mitigation and abatement. This includes educating applicants about the risks, conducting lead-based paint assessments as required and ensuring that all work under the LMI Program is completed using methods that mitigate risk to applicants and workers.

The LMI Program will comply with HUD 24 CFR Part 35. See [Appendix A](#) for more details about compliance with this regulation.

The National Environmental Protection Act (NEPA) requires Federal agencies to integrate environmental values into their decision-making processes by considering the environmental impacts of their proposed actions and reasonable alternatives to those actions. To fully consider the environmental consequences of a proposed action, the Federal agency often prepares an Environmental Assessment (EA). For CDBG-

DR funded actions, the primary purpose of the EA is to (1) assess the applicant property for environmental issues, and (2) propose mitigation measures to offset environmental impacts.

2.1 Anti-Fraud and Compliance

Purpose

The purpose of this section is to provide guidance and processes for ensuring that the LMI Program meets the State and Federal requirements (relevant OMB Circulars and State standards) designed to prevent fraud. DCA and the LMI contract administrators have developed a program to implement the New Jersey Action Plan as allowed under the HUD Funds Notice and CDBG Rules. To ensure that the funds provided by the Act are well spent, the LMI Project Managers have determined that a series of preventative programs and affirmative reviews would accomplish this goal. It is important to note that each LMI Project Manager will have a slightly different approach to this process.

Other sections of these guidelines provide specific direction to accomplish the program goals. However, this section will discuss the general need for testing and monitoring of the other programs to ensure legal and programmatic controls.

Procedures for Performance of Key Tasks

2.1.1 Fraud Prevention. All LMI Project Managers shall put in place internal fraud prevention methods to protect the grant funds from improper payments, intentional or unintentional. This section identifies areas of potential risk areas for fraud and the approaches that will be taken to address them.

2.1.2 Public website. The website (www.renewjerseystronger.org), will address the LMI Program and include the contact details for the Sandy Rebuilding and Reconstruction Fraud Prevention Hotline in applicant materials. The toll-free telephone number for the hotline is 1-855-OSC-TIPS (1-855-672-8477). The e-mail address is comptrollertips@osc.state.nj.us. 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.

2.1.3 Cooperation with Federal and State Monitors and HUD Office of Inspector General. All LMI Program staff and administrators will provide full cooperation to State and Federal monitors and inspectors. This means allowing access to program related materials and providing support to the monitors or inspectors when requested. DCA has designated the Director of Auditing as the “Accountability Officer” as required under EO No. 125.

2.1.4 Referral of Suspected Fraud. It is the affirmative responsibility of any DCA employee and any LMI contract administrator that has reasonable suspicion that any form of fraud is occurring, to notify the appropriate State or Federal agency or department. Notification of suspected fraud can be made to the Office of the State Comptroller. Contact details for the Office of State Comptroller’s fraud hotline are provided in Section 2.1.2 above. Referrals should be based on a reasonable belief that a fraud has been committed.

2.1.5 Independent Reviews for Fraud and Program Abuse. A primary technique for fraud prevention is to establish an independent review of key program decisions. The DCA Sandy Recovery Division includes staff, independent from operations, to conduct program oversight activities to identify areas of risk and potential instances of fraud, waste, or program abuse.

2.1.6 Fraud Prevention Program Eligibility and Award Determination. DCA is responsible for confirming the eligibility of each program applicant and that the award amount is determined correctly. This is accomplished through:

- Verification of key eligibility factors as described in Section 3;
- Documentation of the award determination; and
- Supervisory and quality control reviews of documentation and decisions help to prevent improper eligibility determinations.

2.1.7 Systemic Verification of Draw Process Approval. The payment process is one of the largest concerns for any program. On a regular basis as determined by the respective LMI Project Manager, a consistency team should review the draw approval procedure to determine if all safeguards in the Inspections and Draw Requests Policy and Procedures section have been followed. This could either be by testing the current ongoing system or by 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. Each LMI Project Manager should document and maintain their internal draw request procedures.

2.1.8 In Process Verification. Periodically, the LMI Project Manager shall review an invoice, assignment system, or other funding and determine if they are operationally correct. The LMI Project Manager shall conduct on-site field monitoring and verify the signatures to ensure that the complete process—along with timing—has been followed. This would include verifying the on-site requirements and reported work in place claimed to be complete.

2.1.9 Compliance Plan. Having a compliance plan in place that will detect and prevent fraud, waste, and abuse is not only good policy but is required by the State and Federal law, the HUD

Funds Notice, and the Action Plan. DCA has adopted a policy that it will conduct a risk analysis of projects within the LMI Program. Periodically, based on the risk analysis, DCA will monitor the Program for its key areas. Monitoring will be performed by DCA Compliance and Monitoring.

The policies and procedures written into this manual will meet the standards set out in State and Federal law, the HUD Fund Notice, the HUD CDBG Rules, and the action plan to effectively provide the required proficient financial controls and procurement processes.

Each LMI Project Manager will develop a written comprehensive compliance plan consistent with the requirements in State and Federal law, the HUD Fund Notice, the HUD CDBG Rules, and the action plan. At a minimum the compliance 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 LMI Project Managers' oversight inspection and monitoring functions.
- c) An internal review of the draw approval process with the first not coming later than sixty (60) days after the first draw approvals.
- d) A review of information system access and protections for Program activities, including password protections by staff.
- e) Other functions where errors could create inappropriate payments.

Key Areas Identified:

- Davis-Bacon Act and other labor standards (if applicable);
- Uniform Relocation Act;
- EEO Requirements;
- OMB Circular A-87;
- Accessibility requirements;
- Program Income (if any); and
- CDBG Financial Requirements.

2.1.10 Cooperation with Compliance Monitoring. Each LMI Project Manager will cooperate fully with the DCA, HUD, or HUD OIG monitors/auditors and assist them by providing all necessary access to databases and documents requested.

2.1.11 Compliance Reporting. Any Compliance Plan will include the frequency and distribution of any reporting of the ongoing activities. Each LMI contractor will report to DCA on a monthly basis or as defined by DCA. At a minimum, these reports should be made available to the DCA and its monitors.

2.2 Conflict of Interest

In accordance with federal requirements, the LMI Program will adhere to the following conflict of interest provisions established for the CDBG Program and as fully described in the DCA Conflict of Interest Policy. For the LMI Program, the following areas have been identified as potential areas of conflict:

- LMI Program Staff/Homeowner Applicant or Staff/General Contractor relationships
- Homeowner Applicant/General Contractor relationships
- Evaluation and approval process

(a) Applicability.

(1) In the procurement of supplies, equipment, construction, and services by recipients and by sub-recipients, 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 sub-recipients 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 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.

(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 sub-recipients that are receiving funds under this part.

2.3 Files, Records, and Reports

Purpose

This document is intended to provide the protocols, guidance and general framework for the files, records, and reports used and stored by DCA Operations, Housing Recovery, and all LMI Project Managers. The process is composed of **4 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 Disaster Recovery Program.
3. Define a Standard Operating Procedure (SOP) to identify the specific steps, as well as customer and contractor interaction safeguarding personally identifiable information.
4. Establish needed records, maintenance, and retention requirements.

DCA Operations, Housing Recovery, and LMI Project Managers 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.

Procedures for Performance of Key Tasks

2.3.1 Define and Create the MIS. The LMI Program MIS will be created and maintained separately by each LMI Project Manager. Therefore, each LMI Project Manager will be responsible for their system, for internal and external interfaces, and for adherence with LMI Program policy and procedures. The LMI MIS will be an electronic records system. The LMI MIS system 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 the system of

record, SIROMS, at key points throughout the LMI Program, as defined in the MIS Standard Operating Procedure. Each applicant's files will reside in the system of record, SIROMS.

2.3.2 Record Retention Compliance. The LMI Project Managers, through their individual management information systems, will retain all relevant LMI Program files as electronic records for five (5) years after final closeout. As defined in the policy, records must be retained and audited after the end of the LMI Program. In order to assist with the compliance of these codes, the LMI Project Managers 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 LMI Program policy, defining our system configuration, quality control, disaster prevention/recovery, scanning policy, and procedures and data migration plan.

2.3.3 Prepare Internal Standard Operating Procedures (SOP). These documents will be adjusted from time to time, as required to operate the Program. At a minimum, the SOP will:

1. Provide a description of what must be inventoried so that proper quality controls can be implemented. The inventory will consist of electronic records, such as scanned forms, electronic forms including signatures, internal and external reports, photographs, estimates, and drawings. These files shall be maintained such that they can be transferred via e-mail, disc format, and download.
2. Define file formats and meta-data for each electronic record.
3. Provide a clear description that appropriate State and Federal monitors/auditors will be allowed access to the records upon reasonable notice, unless fraud, waste, or abuse (See Policy 2.1) is the reason for the visit.
4. Define specific procedures for the scanning of paper documents for the creation of an electronic file (paper forms are not anticipated).
5. 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.
6. List the records retention schedule per LMI Program policy.
7. Define the methods of electronic records protection that include remote access control by only authorized staff members and physical security of the hardware.
8. Define records disposition for program closeout, either by transfer of ownership or by destruction prior to the end of the required record retention period. This will include

a plan to guard against technological obsolescence which will involve common file formats, interfaces, and communication.

2.3.4 Required Records. LMI Project Managers will provide support to DCA to meet the reporting requirements, where applicable to the LMI Program, to the recordkeeping areas identified in the DCA Policy of Management and Record Keeping approved June 2013. These topics include but are not limited to:

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

19. Draw down requests;
20. Payroll records and reports;
21. Financial reports;
22. Audit files;
23. Relevant financial correspondence;
24. Evidence of having met a national objective (see below);
25. Sub recipient agreement or Memorandum of Understanding, if applicable;
26. Procurement documentation, including any bids or contracts;
27. Characteristics and locations of the beneficiaries;
28. Compliance with special program requirements, including environmental review records;
29. Budget and expenditure information (including draw requests);
30. Status of the project/activity;
31. National objective; and
32. Income.

Destruction of Records

Each LMI Project Manager shall work with the Bureau of Records and the Department of Records Retention Coordinator to establish a records retention policy consistent with the State and HUD requirements. In no case shall the record destruction date be less than five (5) years from the time of final closeout.

Original Records

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 LMI Program shall maintain copies for not less than five (5) years of relevant records.

2.4 Citizen Complaint Procedure

The State will accept written LMI related citizen complaints received by the LMI Program. Written complaints should be submitted via email to Sandy.Recovery@dca.state.nj.us or be mailed to:

New Jersey Department of Community Affairs
Post Office Box 800
Trenton, New Jersey 08625-0800
Attention: Commissioner

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

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

2.5 Appeals

All appeal requests related to the LMI Program activity are processed and reviewed by DCA Compliance and Monitoring in accordance with the DCA appeals policy number 2.10.7. Applicants who believe that a program decision is incorrect or not in compliance with program policies may appeal in writing within thirty (30) days of notice of the determination that generated the appeal. Initial review of the appeal will be conducted by a three (3) person panel, made up of DCA Compliance and Monitoring staff. Each appeal will be reviewed against Program policies and requirements, and applicable local, State, and Federal law. The applicant shall be notified in writing and provided instructions regarding their rights to formally file an appeal. The intention to file a formal appeal must be filed within the prescribed period as set forth herein. Initial reviews of determination that are not overturned by the DCA Office of Compliance and Monitoring are appealable. If the facts of the case can be contested, the case will be referred to the Office of Administrative Law (OAL) for a hearing. In cases where the facts are non-contested, the Commissioner will issue a Final Decision which is appealable to the New Jersey Superior Court, Appellate Division. Please reference policy 2.10.7 entitled “DCA Appeals Process” or the LMI Program website www.renewjerseystronger.org for further guidance on the appeals process.

2.6 LMI Program Uniform Relocation Act (URA)

The URA provides relocation assistance to any person, renter or owner, as defined at 49 CFR 24.2(a)(9)(i) that is displaced as a result of a federally assisted project involving acquisition, demolition, or rehabilitation. Displaced persons include individuals, households, businesses, non-profits, and persons storing property on site. URA may apply to those LMI applicants who reside in a Special or Attached Dwelling Unit and rent out a portion of that residence. Please reference policy 2.10.86 entitled “Uniform

Relocation Act Procedures for the Low-to-Moderate Income (LMI) Homeowners Rebuilding Program” for further guidance on the Program’s process for implementing URA provisions.

In the event a renter is occupying a LMI property, the property owner must comply with all URA requirements for notices and applicable services. These may include, but are not limited to, a minimum fifteen (15) day notice to vacate in an instance of temporary relocation, replacement housing payments, housing of last resort, and moving expense payments. Tenants of properties receiving assistance that results from the funding of a property under the LMI Program may be either temporarily or permanently displaced. Relocation in the LMI Program is anticipated to concern primarily temporary relocation activities. Designated DCA Housing Recovery staff members (hereinafter “Relocation Specialist”) will work with each tenant-occupied property to assist property owners in complying with URA requirements. The LMI Program will comply with the DCA policy on acquisition and relocation.

2.7 Davis-Bacon Act and New Jersey Prevailing Wage Act

Prevailing wages have no direct application in the single-family housing LMI Program as the contract is signed between one homeowner and one general contractor. While wages should be consistent with community averages, there is no need to obtain established rates or meet the reporting requirements of the prevailing wage statutes.

Purpose

The purpose of this section is to provide guidance and processes for ensuring that the LMI Project Managers and the general contractors meet the State and Federal requirements for prevailing wages.

Procedures for Performance of Key Tasks

Determine if Prevailing Wage Applies. Each LMI Project Manager should provide guidance to the LMI general contractors about the use of prevailing wages in the program.

- Prevailing wages have no direct application in the single-family housing LMI Program as the contract is signed between one homeowner and one contractor. While wages should be consistent with community averages, there is no need to obtain established rates or meet the reporting requirements of the prevailing wage statutes.
- LMI Project Managers will monitor general contractors to ensure there is no compliance requirement on individual projects.

2.8 Fair Housing (Affirmative Fair Marketing) and Support to Non-English Language Speakers

LMI 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 LMI Program, DCA will engage in an aggressive outreach program. 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, the LMI contractor administrators will make reasonable accommodations to ensure access to the LMI Program for persons with disabilities. These accommodations may include providing alternative methods of compliance with program requirements, such as conducting home visits for individuals unable to travel to a Housing Recovery Center and/or providing additional assistance in the completion of the application and program forms.

2.8.1 Support to Non-English Language Speakers

Program applicants who identify themselves as non-English language speakers may designate a person with sufficient English proficiency to represent them in the application and overall LMI process. Alternates may include, but are not limited to, family members or friends of the applicant.

If the applicant cannot identify a person whom they wish to designate as their representative, the LMI Program will work to provide translation services so that the applicant can understand and participate in the Program. Depending on the specific circumstances, translation services may take the form of in-person translation, translation of written documents, or consultation with a translator over the telephone or on-line. The determination of specific methods of translation will

be made by the Housing Advisor, depending on the applicant's circumstances and the translation resources available.

2.8.2 Language Access Plan (LAP) Procedures

Please refer to the Department of Community Affairs Language Access Plan (LAP). The LAP addresses the various languages and individuals covered by the LAP; language assistance measures; translation of vital documents; language bank resources as well as outreach. This plan may be amended from time to time.

2.9 Management of Accessibility Requirements and Section 504 Compliance

This section is intended to provide the protocols, guidance, and general framework for identification, evaluation, and implementation of accessibility requirements for a special needs applicant. Housing advisors will obtain necessary information from the homeowner.

During the initial intake interview consultation with the applicant, housing advisors will ask the applicant whether any household member requires special adaptations to the dwelling and record the results on the duplication of benefits questionnaire. The DOB questionnaire is then transmitted to the LMI Project Managers and enables inspectors to discuss needs with the applicant during the initial site inspection.

During the initial site inspection and feasibility analysis, the LMI Project Manager shall inquire whether any household members require substantial accessibility improvements. Examples of substantial accessibility improvements include a chair lift, wheel chair ramp or other major structural modification to a property. If the homeowner indicates they will be seeking these improvements, the LMI contractor shall provide them the *Form 7 Verification of Disability* with instructions to complete the form and submit to their Housing Advisor. The LMI Project Manager will proceed to include the accessibility costs in their Estimated Cost of Repair for the property, but itemize the cost out separately from the general rehabilitation and elevation costs.

Once the initial site inspection and feasibility analysis have been completed and the determination is made whether the home will be rehabilitated or reconstructed, a subsequent conversation with the applicant will be held by the Housing Advisor to obtain the *Form 7 Verification of Disability*, documenting the justification for the accessibility improvements. The form must be completed prior to execution of a Grant Award with accessibility costs incorporated into the calculation. Should applicants request but not provide necessary supporting documentation for special needs and accessibility, DCA operations will provide a written notice of specific documentation required. Applicants' failure to provide supporting documentation and continue to request accessibility may either be referred to appeals or provided with a thirty (30) day notice to provide documentation or withdraw request.

Homeowners who sign a grant agreement with accessibility costs included in their award calculation but fail to complete the improvements will be required to re-pay those funds via subrogation.

2.9.1 For Reconstruction and Rehabilitation Projects.

Allowable modifications are packaged into different levels of accessibility as follows:

Universal Design (designed into all houses):

- Minimum hallway width of 42"
- 36" passage doors between kitchens, living areas, baths, and bedrooms
- Blocking and bracing in walls by toilet and shower
- Vinyl flooring
- Lever door handles
- Lever faucets
- Lowered air return registers
- Thermostat controls and light switches between 15" and 48" from finished floor
- Electric outlets between 15" and 48" from finished floor
- Top breakers in the panel not to exceed 48"
- Commode height is 15" to 19" measured from floor to top of the seat

By request only the following will be installed in one bathroom that the applicant will designate:

- Grab bars that meet UFAS code in bathroom (toilet and shower)
- Replace bathtub with roll-in shower including fold-down bench
- Handheld spray wand
- Roll under lavatory
- Wheelchair maneuvering space and bathtub and toilet placement that all meet UFAS code

By request only and upon validation by qualified healthcare provider, via the *Form 7: Verification of Disability*, or by documentation of a Federal benefit received for disability such as Social Security Disability (SSD), the following items may be installed:

- Dishwasher,
- Ramp for entrance/egress to elevated dwelling,
- Electrical upgrades for medical equipment,
- Visual and audible smoke alarms,
- Mechanized lift/elevator for entrance/egress to elevated dwelling, or
- Other (as determined necessary based on housing accommodations).

When a disabled individual who requires the use of a wheelchair is the owner or an occupant, the floor plan shall be modified to accommodate the additional space to comply with wheelchair maneuvering clearances and cabinet requirements in the UFAS code.

Any other requests other than those listed above will be evaluated by the LMI Project Manager.

For Rehabilitation Projects. Any special needs requests the applicant may have will be presented to the LMI Project Manager for evaluation on how the request may be incorporated into the existing conditions of the rehabilitated dwelling. This will be based on the existing configuration of the home.

2.10 Lead-Based Paint

A Lead (Pb) Risk Assessment will be required for all applicant properties with pre-1978 construction dates. The primary purposes of the Lead (Pb) Risk Assessment are to (1) identify lead-based paint hazards and areas of deteriorated paint on presumed lead-based painted building components and (2) generate a set of interim controls and/or abatement methods to correct defective painted building components and control lead-based paint hazards. Recommendations provided from the Lead (Pb) Risk Assessment for lead-based paint hazard control along with deteriorated paint will be included into the estimated cost to repair (ECR).

Purpose

The Lead (Pb) Risk Assessment and other associated lead-based paint activities will not be involved in every home in the LMI Program. However, every home should have an analysis completed as to whether or not the risk assessment, and subsequent mitigation, is necessary after the analysis is done.

The tasks are divided into three distinct areas. The first is to determine whether the homeowner's subject property was constructed prior to 1978 and is preliminarily determined eligible for rehabilitation assistance. Any home constructed prior to 1978 preliminarily determined eligible for rehabilitation assistance will then receive the second protocol which is a Lead (Pb) Risk Assessment of the homeowner's subject property. If the Lead (Pb) Risk Assessment identifies lead-based paint hazards (i.e. dust-lead and soil-lead) and areas of deteriorated paint on presumed lead-based painted building components, they 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 LMI Program has therefore required the use of accredited firms employing properly trained individuals to complete all rehabilitation work including lead-based paint hazard control. This protocol will comply with HUD's requirements for the treatment of lead-based paint hazards, EPA's Renovation, Repair and Painting Rule, and the New Jersey Lead Hazard Evaluation and Abatement Code. See attached [*Appendix F*](#) for the procedures.

Lead-Based Paint Notifications

The LMI Program utilizes four (4) lead-based paint notification receipts to confirm that the applicant is aware, and/or complying with, the Program's lead-based paint hazard identification and removal requirements. The first and second notifications confirm applicant received the Program's lead-based paint informational material and understand the lead-based paint evaluation, if applicable. The third and fourth notifications confirm that lead-based paint hazards, if identified, are properly removed. Applicants are only required to complete the *Lead-Based Paint Notice (1)* and *Lead-Based Paint Evaluation Notice (2)*. Notices concerning hazard removal may not be required for applicants because such applicants are directly responsible to complete *Lead Hazard Reduction (3)* and obtain the *Lead Clearance Examination Report (4)*, where applicable. The LMI Project Managers will confirm receipt of the lead clearance examination report by the applicant at final inspection, if applicable, and upload it into the system of record, SIROMS.

2.11 National Environmental Policy Act (NEPA) and Environmental Review

Purpose

This section is intended to describe the approach to compliance with the National Environmental Policy Act (NEPA) for the LMI Program. The LMI Program is funded by Community Development Block Grant (CDBG) Disaster Recovery award 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.

Background

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:** 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:** 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.

The LMI Program NEPA Process

DCA has employed a tiered approach to NEPA compliance for the LMI 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 first step, or Tier 1 level of review, an EA was completed for the LMI Program for the nine most damaged counties (Atlantic, Bergen, Cape May, Essex, Hudson, Middlesex, Monmouth, Ocean, and Union). The Tier 1 EAs were prepared by the New Jersey Department of Environmental Protection (NJDEP) on behalf of DCA, as the Responsible Entity for HUD.

Consistent with the tiered process, Tier 2 environmental reviews will be conducted for each property being evaluated under the LMI Program. The Tier 2 reviews will be conducted by the NJDEP Office of Permit Coordination and Environmental Review and will include a site-specific review, including a desktop review utilizing the NJDEP geographic information system (GIS).

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 LMI Program 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 2 environmental reviews have been completed, and the Tier 2 ERR has been completed for the subject property.

The LMI Project Managers will complete the asbestos survey and lead-based paint risk assessment. Following the NJDEP Tier 2 Environmental Assessment, the LMI Project Managers may need to modify the SOW for a specific LMI action to incorporate environmental mitigation measures or to avoid specific environmental impacts or concerns. The LMI contractors must also ensure that construction activities are performed in a manner that fully complies with any requirements identified in the Tier 2 Environmental Review.

2.12 Energy Star

Purpose

Prototype Plans and other Reconstruction Plans shall be designed to include Energy Star specifications and meet Energy Star Standards.

The LMI Program Energy Star Process

- LMI Project Manager shall provide homeowners with Energy Star requirement documentation at the 5A Meeting and instruct the homeowner to share with the homeowner's builder. In accordance with federal register notice 5696-N-01, for construction projects completed, under construction, or under contract prior to the date that assistance is approved for the project (as defined by the grant agreement signing date), DCA will encourage applicants to apply ENERGY STAR standards to the extent feasible, but ENERGY STAR is not required. If construction is not yet complete, under construction or under contract prior to the grant agreement signing date, DCA will document compliance with ENERGY STAR requirements. If ENERGY STAR requirements apply to the project, all plans must be designed to meet ENERGY STAR standards and approved by a HERS rater. The homes will not require a pre-drywall inspection or final inspection by a HERS rater, or other EPA-approved verifier. Final ENERGY STAR certification is not a program requirement.

3 APPLICATION AND PRELIMINARY PROGRAM ELIGIBILITY

POLICY STATEMENT: This section is intended to outline the eligibility determination process, prioritization of applications, and the procedures to conduct intake processing. The specific verification methods for determining minimum eligibility and prioritization of eligible applicants are explained. In addition, this section outlines the transition of applicants once determined eligible and funded to the LMI Project Managers for field inspection.

3.1 Application Process

Application Methods

All applications are submitted electronically. Applicants may submit applications online; receive assistance to submit applications at a Housing Counseling agency. The method of application does not affect the applicant's status or likelihood of award.

- Online applications are available at www.reNewJerseyStronger.org
- Application can be made in person at any of the following Sandy Housing Counseling Locations: Atlantic, Bergen, Cape May, Essex, Hudson, Middlesex, Monmouth, Ocean, and Union. Addresses and hours for the centers are available at www.reNewJerseyStronger.org

Initial Application Period

The initial application period open for seventy-five (75) days from January 5, 2015 – March 20, 2015. Applications received from the designated nine (9) counties during this application period will be placed in a randomized order for processing that is determined by an electronic random selection process. This ensures that all applicants are treated fairly, regardless of application method.

Refer to [Appendix D: LMI Program Selection Process](#)

Selection for processing is not a determination of eligibility or a guarantee of funds. Rather it determines the order in which applications will be selected for initial eligibility processing. Please refer to Section 1.6 Funding Priorities for detailed description of eligible application prioritization. Eligible applicants who do not receive funding during the initial application period are placed on a waiting list to be considered for funding during subsequent funding periods.

Incomplete Applications at Time of Random Selection

Applications that have been started but not submitted will not be included in the randomization process. Applicants with incomplete applications will be provided electronic notification explaining that

incomplete application will not be included in the random selection process, and therefore, will not receive a preliminary eligibility determination. After the close of the application period, applicants will no longer have access to incomplete applications.

Online Account Creation

Applicants will access LMI Homeowner Rebuilding program applications by visiting the Renew Jersey Stronger website (<http://www.renewjerseystronger.org/>). A link to the LMI Application will be available. Upon initiation of the link, applicants will create a user account with the following:

- Applicant First and Last Name
- Applicant E-mail Address
- Indication of Limited English Proficiency (LEP) Services

An email verification of account creation will be sent to the system user's email account. The creation of a user account will allow applicants to initiate and submit an application to the LMI program. Applicants who have difficulty applying to the program using the online system are offered assistance via Sandy Recovery Housing Counseling services.

Creation of a user account does not constitute application initiation. Applicants must take the deliberate step to initiate an application to the program by clicking on the *Applicant Information* tab in the online system.

Applicants are allowed to submit more than one application provided that the damaged property address (DPA) for each application is unique.

Online Application Submission

Individual Applicant

Once a user has successfully logged in, they are routed to the application screen.

- The online application system will allow the user with the following functionality:
- Edit Application
- Save Application
- Print Application
- Submit Application
- Withdraw Application

The online application requires applicants to answer questions in the following categories:

Applicant Information - General applicant details including demographic information, mailing address and contact information

Damage Property Information - Information including damage property address, property structure type, property ownership, and residency details.

Co-Applicant Information - Identification of a co-applicant who is authorized to provide application information or make decisions equal to that of the primary applicant.

Detailed Damage Property & Program Eligibility Questions - More specific information regarding storm damage including, FEMA registration number, level of damage, flood insurance details, in-progress voluntary buy-out proceedings, basic income verification, and foreclosure proceedings on the damaged property.

An email notification is sent to the applicant to verify applications submission.

Upon submission of the application, the applications will be retained until the end of the open application period. All applications submitted in seventy-five (75) day timeframe, will be included in the random selection process.

Creating Account (Sandy Recovery Housing Counselor)

Sandy Recovery Housing Counselors associated with the LMI program will have an LMI account automatically created for them. A temporary password is emailed to the counselor.

The following information is required for account creation:

- First Name
- Last Name
- Email
- Organization
- Location/County

DCA will identify and approve the creation of Sandy Housing Counselor Accounts. Once the account is created with a valid email address, the user will be emailed a password that must be changed

Upon approval and validation of user accounts, Sandy Housing counselors will proceed to answer application questions in the presence of potential applicants.

Incomplete Applications at Time of Random Selection

Applications that have been started but not submitted will not be included in the randomization process.

3.2 Eligible Structures

Single family homes, owner-occupied units in multi-unit structures with seven (7) units or less, owner-occupied units in mixed-use structures, and owned mobile/manufactured homes are eligible for the LMI Program. Recreational Vehicles (RV), house boats, and campers are not eligible, even if the applicant occupied one of these as a primary residence. In circumstances where the property contains multiple detached residential structures, LMI Program funds may only be obligated for eligible work associated with the primary residence, as defined by the Program. Any owner-occupied mixed-use structure that contains eight (8) or more units or is primarily used as a business, such as motels, inns or bed and breakfasts, are not eligible for the LMI Program, except where the structure qualifies under the special ownership circumstances outline below in section 3.3. For further guidance on the policies governing multi-family or attached dwelling units (ADUs), please refer to policy 2.10.74, "Governing the Eligibility and Initial Site Inspections for Single Owner Multi-Family and Attached Dwelling Unit Structures."

3.3 Ownership

An owner who occupied the property as a primary residence at the time of the storm must be the applicant. An individual with Power of Attorney (POA) for the owner occupant may complete the application on the applicant's behalf. Allowable ownership arrangements include traditional fee simple ownership, cooperative and condominium, and ownership of a residence on leased land. Applicants with mortgages, including reverse mortgages, are eligible.

Ineligible Owners

Individuals with an ownership interest in the property who were not owner/occupants at the time of the storm are not eligible.

Owner Occupants with Attached Rental Properties

In the case of structures that contain an owner occupied unit and rental units, the property owner may submit a LMI application for the owner occupied unit and a Landlord Rental Repair Program (LRRP) application for the rental unit(s). If both the LMI application and the LRRP application for the structure are selected, the applications will be considered together by DCA operations and the LMI/LRRP managers. URA requirements apply to the rental units including notice requirements to existing and prospective tenants and appropriate relocation assistance to displaced households.

Cooperative and Condominium Units

Owner-occupied units in multi-unit properties, such as cooperative and condominium units, are eligible for the LMI Program. Applicants will need the approval of the condominium association or cooperative

for the construction plan and must have the association or cooperative provide insurance information before a LMI grant can be awarded.

Other Special Ownership Circumstances

DCA will consider special circumstances related to ownership on a case-by-case basis and revise this policy as needed. The following special policies have been established:

- Foreclosures: Applicants whose homes have been foreclosed since the storm are not eligible for LMI.
- Death of Owner Occupant: If the owner of record at the time of the storm has died since the storm, another person who occupied the residence at the time of the storm who is now in legal possession of the property is eligible for LMI if they otherwise meet eligibility requirements.
- Owners Occupants who have Sold Homes: Applicants who have sold their homes are not eligible for LMI, and eligibility does not transfer to the new owner.
- Limited Liability Company (LLC) and Limited Liability Partnership (LLP): In those instances in which title to the damaged property may be held by a Limited Liability Company (LLC) or a Limited Liability Partnership (LLP), the applicant must establish that the LLC or LLP was formed for estate planning purposes or liability concerns. Ownership must be proven by providing all necessary information, including but not limited to, certificate of formation, tax returns for the company or partnership, operating agreement, and a certificate of good standing. Each LLC or LLP will be evaluated by DCA on a case-by-case basis for program compliance. If the sole purpose or reason for forming either a LLC or LLP is for a business purpose or venture, then the applicant would be deemed ineligible.
- Manufactured Housing Units: In those instances in which the owner of a manufactured housing unit (MHU) forfeited their ownership of the property after the storm, and DCA can verify that the forfeiture occurred because the structure was deemed a total loss, the property will be considered eligible for the LMI Program as a special exception.

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 may include:

- Tax records that show the applicant owned the property at the time of the storm and currently own the property.
- Deeds or other legal documents will be reviewed on a case-by-case basis.

Manufactured Housing Units

Owners of Manufactured Housing Units ownership may not 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 may include:

- New Jersey Motor Vehicle Certificate of Title / Registration
- Land Lease / Rental Agreement

3.4 Primary Residence

Applicants must have occupied the property as their primary residence on the date of the storm (October 29, 2012). Second homes, vacation homes, and rental properties are not eligible for a LMI grant award.

Verification of primary residence is determined through evaluation of multiple data sources and documents. The preferred verification requires all three of the following:

- Ownership of the property must be confirmed as described in Section 3.3.
- FEMA records must show that the applicant reported to FEMA that the property was the applicant's primary residence at the time of the storm.
- The applicant must present a New Jersey driver's license or New Jersey non-driver identification card dated prior to the date of the storm which shows the damaged residence as the applicant's address.

Alternative documentation will be considered if primary residence cannot be confirmed as above. If an applicant is unable to provide New Jersey identification (driver's license or non-driver identification card) or if FEMA records do not confirm primary residence, the applicant must present the following documents as verification of proof of primary residence:

- Federal tax return document indicating damaged residence is primary residence, and
- Voter registration card showing the damaged residence.

The applicant may complete the *Certification of Primary Residence* as evidence of primary residence under exceptional circumstances. Other documentation offered by the applicant may be considered on a case-by-case basis.

3.5 FEMA Registration

Applicants must have registered for FEMA assistance to be eligible for a LMI grant. Applicants whose registration cannot be confirmed through FEMA records will be given an opportunity to present additional documentation.

3.6 Flood Insurance Requirements for Applicants Receiving Prior Disaster Assistance

In accordance with the Stafford Act, applicants that previously received disaster recovery assistance after September 14, 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 that has received prior disaster recovery assistance has maintained flood insurance, if required. Applicants will be asked as part of their eligibility verification:

- If applicant has received any flood event related assistance for damage to this property from any Federal source for any previous Presidentially-declared disaster (occurring after September 14, 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 applicant is determined to have received prior federal disaster recovery assistance and has failed to maintain the adequate and necessary flood insurance, applicant will be deemed ineligible for the LMI Program.

3.7 Minimum Property Damage

Verification that the damaged dwelling sustained a Full Verified Loss (FVL) of \$8,000 or more or at least one (1) foot of water on the first floor will be confirmed by FEMA, its sub-agencies, or affiliates. If FEMA records do not confirm the minimum level of damage, inspection data from the Small Business Administration (SBA) will be reviewed to determine if those records indicate an eligible level of damage.

If data from these sources do not confirm the minimum level of damage, the applicant will have an opportunity to submit information from acceptable third-party sources as noted below. If not submitted, the applicant will be determined ineligible. Applicants will be notified in writing and offered an opportunity to appeal in accordance with the appeals policy.

The following may be acceptable damage eligibility documentation:

- National Flood Insurance Program (NFIP);
- Insurance Adjuster Estimate (IAE);
- Insurance documents demonstrating \$8,000 or greater in damage to the dwelling; or
- Letter from local township demonstrating \$8,000 or greater in damage or excess of 1 foot of flooding to the dwelling.

3.8 Substantial Damage Determination – Priority for Processing

“Substantial damage” is defined as damage of more than fifty percent (50%) of the home’s pre-storm value. The substantial damage classification establishes a priority for processing LMI applications as described in Section 1.6 above.

Applicants who stated on their application that their home was “substantially damaged” are prioritized and processed first for funding. As mandated by the VCA, substantially damaged Manufactured Housing Units are prioritized until \$10 Million of grant funding is reached. Once \$10 Million of substantially damaged Manufactured Housing Units have been addressed, all substantially damaged eligible structure types will be addressed. Finally, all non-substantially-damaged properties will then be eligible in that category.

3.8.1 Proof of Substantial Damage.

The applicant is responsible for securing the appropriate letter from the local flood plain manager, who is the primary person presently authorized to issue a substantial damage letter. Applicants who indicated on their application their property was substantially damaged and demonstrate that they made every best effort to obtain the appropriate letter from the local flood plain manager, but were unable to do so will not be required to provide a *Substantial Damage Letter* to satisfy eligibility requirements. The LMI Program will allow such applicants to proceed without the *Substantial Damage Letter* if applicant completes the *Substantial Damage Acknowledgment Form*, attesting that they:

- Have not received a Substantial Damage letter from their local flood plain manager,
- Believe the property is “substantially damaged,” based on the LMI Program definition, and
- Agree that they will be required to elevate the damaged property.

3.8.2 Changing Status of Substantial Damage Selection.

Applicants who stated on their application their home was “substantially damaged,” but upon being funded, claim their home is “non-substantially damaged,” must provide a letter from their local floodplain manager verifying the structure is not substantially damaged. If the applicant is unable to obtain a letter from the floodplain manager demonstrating the structure is non-substantially damaged, they may appeal to DCA for a determination in lieu of a letter.

3.8.3 Requirements for Non-Substantially Damaged Properties.

Applicants who are funded and selected on their application they are not substantially damaged will not be required to provide a *Substantial Damage Letter* to satisfy eligibility requirements under the LMI Program. In order to proceed past the initial eligibility requirements, applicants must complete the *Non-Substantial Damage Acknowledgement Form*, attesting that they:

- Have not received a *Substantial Damage Letter* from their local floodplain manager to date,
- Agree to notify the LMI Program if a substantial damage determination is issued by the floodplain manager at a future date,
- Elect whether they wish to voluntarily elevate their structure under the LMI Program, and
- Agree that if the LMI Program conducts a damage review and the program determines the property does meet the definition of “substantially damaged,” the homeowner will be required to elevate.

While a substantial damage determination issued by a local floodplain manager triggers the requirement to elevate an applicant’s home, a property that may not have been substantially damaged is still eligible for optional elevation as an eligible cost under the LMI Program. Applicants who attest that they have not received a substantial damage determination may opt to elevate their house under the LMI Program and this will be considered an eligible cost for the Program. Non-substantially damaged applicants must finalize their decision to voluntarily elevate prior to signing a grant award. A non-substantially damaged applicant may request an amendment to their grant award agreement to reflect a change in their decision to elevate, subject to DCA approval on a case-by-case basis. For applicants who do not have a *Substantial Damage Letter* issued by a local floodplain manager and voluntarily elect to elevate, the Program will include in its grant award calculation funding for elevation. Failure to complete elevation will result in the need to subrogate all LMI funds paid for elevation.

3.8.4 LMI Determination of Substantial Damage

3.8.4.1 Change in Elevation Requirement for Non-Substantially Damaged Applicants. Applicants that are funded as “non-substantially damaged” will be required to elevate under the following circumstances:

- The applicant subsequently receives a substantial damage determination by their floodplain manager for the property prior to date of grant award, or
- LMI Project Manager, through his/her own assessment, determines the property to be substantially damaged.

Should an applicant have a letter from their floodplain manager confirming the level of damage to the structure, the letter shall take precedence over a LMI Program-generated substantial damage assessment.

3.8.4.2 LMI Substantial Damage Estimate (SDE). During the initial site inspection, the LMI Project Managers will collect necessary information for DCA to make a substantial damage determination. DCA will utilize this data for applicants who have completed the Non-Substantial Damage Acknowledgment to make a determination confirming whether the structure is non-substantially damaged, or if the Program deems the structure substantially damaged. The estimate will be conducted in accordance with the Substantial Damage Data Collection policy established in *Section 5.1* of the Policies and Procedures. LMI Project Managers will record pertinent information for the Substantial Damage Estimate and transmit to DCA operations along with the feasibility package.

3.8.4.3 Change in Elevation Requirement. Applicants who completed the *Non-Substantial Damage Acknowledgment Form*, but whose property SDE exceeds fifty percent (50%) damage based on the Program-Assessed calculation will be allowed to move past the initial site inspection stage, but will be required to elevate. Applicants may avoid this elevation requirement if they have a letter from their floodplain manager stating the property was not substantially damaged. These applicants may not sign a grant with the LMI Program unless the applicant agrees to elevate the structure, obtains a letter from their floodplain manager, or appeals to DCA and has their SDE calculation overturned. Properties whose SDE is below fifty percent (50%) damage will be provided the option to elevate, but will not be required to elevate.

3.8.4.4 Appeal. Applicants may appeal the determination of the SDE estimate, which will be submitted to DCA for review and decision. The request to appeal should be submitted to an applicant’s Housing Advisor.

3.8.4.5 Grant Waiver of Elevation. Non-substantially damaged applicants who waive their option to elevate under the LMI Program will record the decision on the *Non-Substantial Damage Acknowledgment Form*.

3.9 Income Requirements and Verification

Overview

Income is used to classify households as low-to-moderate income (LMI) households based upon income limits published by HUD. Only applicants with income below the LMI limits are eligible for LMI Program grants.

Income Limits

Income limits are published by HUD and vary by county and household size. In clarification received from HUD in September 2013, HUD has allowed for uncapped income limits to apply retroactive to April 29, 2013 and be used to determine income levels of non-LMI and LMI. The LMI Program will apply the uncapped limits table as approved by HUD.

Income Definition and Certification

The income definition used for the LMI Program is the definition of annual income as defined by IRS Adjusted Gross Income. Applicants certify to total household income on the LMI application. This certification will be used initially to classify applicants as LMI households.

In the event that a copy of one of the federal tax return is not available or if the homeowner's projected 2015 income will exceed their 2014 income, income will need to be determined by providing one or more documents for each of the following income determination inclusions. Note that this documentation is only required if known income for 2015 will exceed the income stated on the applicant's 2014 tax return or the applicant does not file a federal tax return. Appendix A summarizes the required documentation of income.

Applicants certify to total household income on the LMI application. The homeowner is required to complete and sign the *LMI Income Certification* and provide supporting tax or other applicable documentation. (See Appendix B for the *Income Certification Form* and documentation job aide.)

Applicants whose household income exceeds the uncapped income level are ineligible for the LMI Program. Applicants will be notified in writing of their ineligibility and offered an opportunity to appeal the decision in accordance with the appeals policy.

Note: Low/moderate income limits are published annually by HUD. Please refer to Appendix A for the most recent income limits. The State has received approval to apply Uncapped Income Limits.

Definition of Household

For the purpose of determining the applicable income limit, the following persons are 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.

3.10 RREM Application on File

Pursuant to the VCA, *“DCA shall administer a new program serving homeowners who were not served by the prior RREM program, limited to the LMI populations, particularly those who are LEP, of the nine impacted counties.”*

Definition of Served

For the purpose of determining whether an applicant was served by, or provided access to, the RREM Program, all RREM applicants who received grant award funds or obtained any the following RREM grant status, will be considered “served by” the prior RREM Program and is therefore ineligible for the LMI Program:

- Funded
- Ineligible
- Administratively Withdrawn
- Voluntarily Withdrawn

3.11 Notices to Applicants

Notice of Preliminary Eligibility & Award

The preliminary notice will inform applicants of preliminary eligibility and funding status.

Application processing for preliminary eligibility determinations will take place according to the random selection process. Based on the availability of funding, applicants that have been determined eligible will receive a *Notice of Preliminary Award* to notify them that their applications have been selected for processing. Funded applicants will then receive a Grant Award Notification that will inform the applicant of his/her assigned housing advisor and will include instructions for documentation the applicant should collect and bring to the Initial Housing Advisor meeting.

Applicants have the option to complete some program documentation electronically, prior to the initial in person meeting. The same documents can also be completed at an in-person meeting with the Housing Advisor. Applicants must provide the following information for a Grant Signing meeting:

Not Funded Notice

If funds are not available to provide grants to all eligible applicants, eligible applicants who will not receive a LMI grant will be notified of limited grant funds and informed of possible future processing if additional funding becomes available.

Notice of Ineligibility

Applicants who are determined to be ineligible for the Program will be notified in writing of the reason for ineligibility. Applicants that believe that the ineligibility determination has been made in error have thirty (30) calendar days to file a written appeal as described in the appeals policy.

If an applicant has a change in circumstance based on information reported in the application and when documentation is submitted, this may result in a determination of ineligibility or moved to the waitlist. For instance, if a household reported to be of the LMI range or having sustained substantial damage and documentation submitted conflicts with that determination, the homeowner will be moved to the waitlist in accordance with their determined order, in line with the program prioritization.

Applicants deemed ineligible for the Program for the following reasons will not have the right appeal the Program determination:

- Failure to maintain Flood Insurance if applicant has received previous Federal flood assistance, or
- Served by the prior RREM Program, as defined in Section 3.10, "RREM Application on File."

Environmental Clearance Notice

If applicant is on the funded list and after Tier II clearance is received from DEP, applicant will be sent a letter notifying them of the following:

- Construction activities completed after environmental clearance are potentially eligible for funding,

- Construction activities completed after environmental clearance is no longer considered within the federally prohibited time period for grant funds, and
- Some construction activities completed prior to environmental clearance may be eligible for LMI funding as reimbursement.

Applicants who are waitlisted will receive a letter notifying them of the information listed above, pending applicant receives funding for their project.

Pre-Grant Signing Notice

Upon completion of all pre-grant award signing requirements, applicant will be sent notification that they may proceed to grant signing. Applicants will be provided the following documents in advance of their grant signing meeting for review:

- Grant Award Agreement,
- Grant Award Calculation Overview Handout,
- Qualified Builder Information Sheet, and
- Mandatory Contractor Addendum.

3.12 Withdrawn Applications

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.

Voluntary Withdrawals

Applications may be withdrawn by an applicant at any time with the exception of Pathway B applicants who have obtained their CO. In the above instance, the LMI Program will process those applicants with a CO through the closeout workflow, unless it deems the applicant ineligible or has to administratively withdraw the applicant due to noncompliance. For all other applicants, they must clearly provide a written notice of their intent to voluntarily withdraw. DCA will send the applicant a written notice of acknowledgment of his/her voluntary withdrawal.

Voluntary Withdrawal Reinstatement Requests

Applicants who have voluntarily withdrawn from the LMI Program may submit a written request for reinstatement based on extenuating circumstances. The request will be reviewed and approved by DCA Housing Recovery staff, on a case-by-case basis.

Administrative Withdrawals

Applications may be administratively withdrawn for the following reasons:

- Any applications that are started but not completed and not submitted within sixty (60) days of the initial start of the application or by the end of the application period (March 20, 2015) will be withdrawn.
- The Program confirms that an application is a duplication of another valid application or conflicting Program, such as the Blue Acres Buyout Program or the Hazard Mitigation Grant Program (HMGP).
- An applicant fails to provide required documentation or information after receiving a written request. Applicants will receive a notice giving them fifteen (15) days to provide the required information.
- An applicant is aggressive and/or abusive to a DCA employee or any other representative or affiliate of the LMI Program, including, but not limited to, LMI Project 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 LMI Program 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 LMI Program. Incidents involving the threat or use of physical violence towards a DCA employee or any other representative or affiliate of the LMI Program will be reported to the state police and to the local police for non-Program affiliates.

Applicants whose applications have been administratively withdrawn will have thirty (30) days to file a written appeal.

Administrative Withdrawal Reinstatement Requests

Applicants who have been administratively withdrawn from the LMI Program have thirty (30) days of receipt of the final *Administrative Withdrawal* certified letter to submit a written request for reinstatement, based on extenuating circumstances. The request will be reviewed and approved by DCA Housing Recovery staff, 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.

3.13 Initial LMI Housing Advisor Appointment

Applicants funded in the LMI Program will be assigned a Housing Advisor. Housing Advisors are case managers responsible for the processing of the LMI application process. It should be noted that Housing Advisors serve in a different role than the aforementioned Housing Counselors. Housing Counselors served as a supportive service available during the electronic application intake period. The purpose of the initial interview with the Housing Advisors serve as program designated staff to assist eligible applicants through the grant signing process. Once an applicant is deemed preliminarily eligible for the program, a housing advisor will schedule an initial interview. The purpose of the initial interview is to confirm eligibility, provide the applicant with additional information about the program, and collect supporting information that will enable the application to be forwarded to the LMI Project Managers for initial site inspection. Housing advisors use an initial appointment checklist to ensure all required topics are covered during the appointment. The initial LMI appointment for preliminarily eligible applicants may be performed in person or remotely.

Confirm Applicant Eligibility

Applicants received a preliminary eligibility determination at the time of selection. Additional eligibility factors must be confirmed at the time of the initial interview. Intake staff confirms the following as part of the initial interview:

- Funded List: Applicant's name is found on the funded list.
- Income Eligibility and Status: Applicant's income does not exceed 80% of the Area Media Income in applicant's county and whether as a result of income verification, any applicant has changed income categories (LMI to non-LMI or non-LMI to LMI). Eligible income is defined by HUD, see Appendix A.
- Substantial Damage: Applicant has provided a substantial damage determination letter from the local flood plain manager, or completed the required acknowledgement form.
- Primary Residence: A preliminary determination of primary residence was made at applicant selection; final documentation (generally a New Jersey driver's license or non-driver identification card) must be obtained at the initial interview.
- Legal Residency in the United States: Applicants must provide evidence of legal residency in the United States. A New Jersey driver's license or New Jersey non-driver identification card or a U.S. passport serve as evidence of legal residency. If the applicant cannot present one of the documents, the applicant must sign the legal residency in the United States certification form.
- Ownership: If any anomalies in the title search required applicants to present additional ownership documentation at the time of the initial interview, case notes in the system of

record, SIROMS, will direct the housing advisor to collect the information/documentation at the interview.

Collect Duplication of Benefits Information

Applicants are instructed to bring to the initial interview the duplication of benefits questionnaire that reports amounts the homeowner received from FEMA, SBA, Insurance, other Federal, State, and local programs, and charitable or nonprofit organizations. The form also requests information about funds the applicant has spent on repairs. Applicants must collect receipts and proofs of payment for repairs eligible for reimbursement and hold them for five (5) years. Homeowner will sign a certification about the receipts held as proof of work completed prior to application. See *Section 4* for a full discussion of duplication of benefits.

Prepare for Initial Site Inspection

- Right of Entry and Release of Information (ROE): The ROE is the homeowner's permission for inspectors from the LMI Program and the Department of Environmental Protection to enter the property to evaluate conditions. This form must be signed in order for the application to be referred for inspection. Signature by the co-applicant is not required. The housing advisor can serve as the witness.
- Lead-Based Paint Booklet and Lead-Based Paint Notification Receipt: Each applicant is given a HUD-provided lead-based paint brochure and asked to sign the notification receipt to confirm receipt.

Applicants may conduct the initial site inspection preparation telephonically by contacting their Housing Advisor and/or LMI Project Manager, where appropriate.

3.14 Transmittal to LMI Project Manager

When all required documents have been collected, cases are transferred to the LMI Project Managers for initial site inspections. A case is ready for transfer to LMI Project Manager when the Right of Entry form and Duplication of Benefits Questionnaire have been collected.

4 DUPLICATION OF BENEFITS, REIMBURSEMENT, AND AWARD CALCULATION

POLICY STATEMENT: This section is intended to provide an overview of the award calculation and to explain applicant obligations.

It is LMI Program policy that applicants with no unmet needs as discovered through the eligibility process during intake will no longer qualify for or progress through the LMI Program.

The Department of Community Affairs (DCA) has adopted policies permitted by HUD Notice CPD-13-138 that permits reimbursement up to the maximum award of \$150,000 for eligible work undertaken before the date the applicant submitted a LMI application. To exercise the reimbursement option owners must comply with all program requirements and commit to completion of the work remaining to be done.

APPLICABLE LAWS, REGULATIONS AND GUIDANCE:

- Notice from the Office of the Assistant Secretary for Community Planning and Development, HUD (<http://www.gpo.gov/fdsys/pkg/FR-2011-11-16/pdf/2011-29634.pdf>)
- Robert T. Stafford Disaster Relief and Emergency Assistance Act, Section 312 Duplication of Benefits (42 U.S.C.5155)
- HUD 24 CFR 85.36

4.1 Duplication of Benefits (DOB)

Duplication of benefits (DOB) determinations will be made in accordance with the Federal Register Notice “Clarification of Duplication of Benefits under the Stafford Act for Community Development Block Grant (CDBG) Disaster Recovery Grantees,” dated November 16, 2011. LMI applicants must report all assistance they have received to repair/reconstruct their homes from third party sources such as homeowner’s insurance, Increased Cost of Compliance (ICC), National Flood Insurance Program (NFIP), Small Business Administration (SBA), Federal Emergency Management Agency (FEMA), other local, State, or Federal programs, and private or nonprofit charitable organizations. For additional policy and procedures regarding the duplication of benefits under the LMI Program, please refer to Sandy Recovery Division policies 2.10.50 “Accounting for Third Party Benefits Received Post Grant Signing,” 2.10.65 “Treatment of ICC Payments Received by LMI Awardees,” and 2.10.71 “Additional Duplication of Benefits Received After Grant Signing.”

Any funds received from these sources to repair or reconstruct the damaged dwelling must be considered when the amount of the LMI grant is determined. Funds received from these sources for other purposes such as temporary housing and replacement of household contents are not considered a DOB. Personal funds used to repair the damaged dwelling are not considered in the DOB calculation.

Effective June 2015, FEMA has opened to NFIP policyholders a limited period to submit a flood insurance claims review if the recipient was not paid the flood insurance policy limit and believes he or she was underpaid by the insurance carrier. If a LMI applicant is an NFIP policyholder and receives additional flood insurance proceeds through either a FEMA insurance claim review or a legal settlement with FEMA, the DCA will not pursue these funds as a DOB. This includes attorney's fees, structural damage, debris removal, and contents. The policy only applies to LMI applicants who are receiving additional benefits as a result of the special claim review or settlement process. All other third-party benefits that are not part of this FEMA insurance claim review or legal settlement will continue to be counted as a DOB.

Funds Used for Eligible Purposes

Funds used for a different but eligible purpose may be excluded from the final award calculation if expenditure occurred prior to date of application. In some instances, funds provided for the same general purpose as the CDBG disaster recovery funds will have been used by the applicant for a different specific eligible purpose. In these circumstances, if the applicant can document that the funds received were used for a different, eligible purpose, then the funds are not duplicative. If funds are determined to have been expended after time of application, funding will still be required to satisfy owner's DOB sources for the LMI Program.

Funds Not Available to the Applicant

Funds an applicant does not have legal control of when they are received and which are used for a non-duplicative purpose, are not considered a DOB. For example, if a homeowner's mortgage requires any insurance proceeds to be applied to reduce the lien balance, then the bank/mortgage holder (not the homeowner) has legal control over those funds.

In the case of funds being held by a bank, mortgage, or insurance company until rehabilitation or reconstruction begins, the funds will be considered in the DOB calculation.

Subrogation Requirements

Applicants must agree to subrogate (commit to the State) any future payments they may receive after the award amount is determined from sources that represent a potential DOB. The subrogation agreement, included as an exhibit in the grant agreement, requires the homeowner to notify the State if additional funds are received and to assist the State in collecting any amounts owed to the homeowner from these sources.

4.2 Verification of Funds for Duplication of Benefits

FEMA Funds

Funds for repairs received from FEMA are considered in the DOB analysis.

- FEMA funds that are provided to a homeowner for an eligible purpose other than those provided by LMI may be excluded from the final award calculation. If the applicant can document that the FEMA funds were provided for eligible interim housing costs (such as rent, in accordance with FEMA program eligibility) or other activities not related to construction, the LMI award will not be reduced by the amount of FEMA assistance used for interim housing.
- FEMA provides a data feed to DCA that reports the amounts applicants have received. The amount reported by FEMA will be used in the award calculation unless the applicant provides documentation that the FEMA funds were used for another eligible purpose or the applicant asserts that the FEMA report is incorrect.

Small Business Administration (SBA) Funds

The SBA provides assistance under four (4) broad categories: refinance, contents, mitigation, and real estate. The amount of any SBA loan accepted by the applicant, and designated specifically for real estate, mitigation, or other LMI-eligible construction purposes, is considered in the DOB analysis. However, within each of those four categories are subcategories, where such funds may not count as a DOB within the LMI Program. If the applicant believes that the full mitigation and/or real estate portions of their SBA loan should not be counted as a DOB, they must request an updated breakdown of your assistance from the SBA and submit it to the DCA for review and processing, where appropriate. If the applicant accepted a lesser amount than was awarded, the applicant must provide the reason(s) for declining the larger loan, through a form provided by LMI Program that must be completed prior to grant signing and approved by DCA. Permitted reasons for accepting a lower amount than SBA awarded include:

- The applicant reports that a higher SBA loan is not affordable by the household,
- A change in applicant circumstances has made it unnecessary to accept the entire award, or
- Other reasons offered by applicants will be evaluated on a case-by-case basis.

SBA provides a data feed to DCA that reports the amounts applicants have received. The amount reported by SBA will be used in the award calculation unless the applicant provides documentation the amount reported was not received or asserts that the amount SBA reported is incorrect. In such cases, housing advisors will review documentation from homeowner and adjust DOB for only that amount that was received by the homeowner. DCA will coordinate with SBA to confirm the amount received to ensure compliance or subrogation will be required.

Treatment of National Flood Insurance Program (NFIP) Proceeds

Funds received from NFIP insurance proceeds for rehabilitation or reconstruction of the damaged dwelling are considered in the DOB analysis. A data feed from the NFIP is provided to DCA and the amount

reported will be used in the award calculation unless the applicant provides documentation that the amount reported is not correct. In such cases, DCA will request the NFIP reconfirm the amount received.

Effective June 2015, FEMA has opened to NFIP policyholders a limited period to submit a flood insurance claims review if the recipient was not paid the flood insurance policy limit and believes he or she was underpaid by the insurance carrier. If a LMI applicant is an NFIP policyholder and receives additional flood insurance proceeds through either a FEMA insurance claim review or a legal settlement with FEMA, DCA will not pursue these funds as a DOB. This includes any ICC funds that are received as a result of the claim review or settlement, as well as attorney's fees, structural damage, debris removal, and contents. The policy only applies to LMI applicants that are receiving additional benefits as a result of the special claim review or settlement process. All other third-party benefits that are not part of this FEMA insurance claim review or settlement will continue to be counted as a DOB.

Treatment of Increased Cost of Compliance (ICC) Funds

The NFIP includes ICC coverage for all new and renewed Standard Flood Insurance policies. This coverage provides up to \$30,000 to help homeowners bring their home into compliance with conditions imposed concerning their community's floodplain ordinance. Under ICC terms and conditions, homeowners eligible for ICC Coverage will receive final payment once the work is completed, a final inspection has occurred, and a Certificate of Occupancy has been issued. This reimbursement payment creates an obstacle within the established LMI procedures regarding: (1) when to count ICC funds in the DOB calculation, and (2) when to issue a notice to proceed with construction. For further guidance, please refer to Sandy Recovery Division policy 2.10.65 "Treatment of ICC Payments Received by LMI Awardees."

Treatment of Funds for Duplication of Benefits Received Post-Grant Signing

LMI applicants must report all assistance they receive for damage to their homes from third party sources. Any funds the applicant receives from these sources for repairs to the damaged residence must be considered in the LMI grant award calculation as DOB, even after the grant award agreement is executed. The LMI Program requires all grant awardees to notify DCA of all assistance received after grant signing, upon receipt of the third-party assistance. Additionally, the LMI Program will conduct a DOB review at designated points within the Program, which include:

1. Initial Grant Award Signing Meeting,
2. Execution of a Grant Amendment, and
3. Final Closeout Stage.

Upon notification, whether by the homeowner or at a designated review point, appropriate DCA staff will review the homeowner's grant award calculation and determine whether an amendment is required. Please refer to Sandy Recovery Division policy 2.10.71 for further guidance.

Treatment of Other Funds Received

Applicants must report and provide documentation for amounts received for rehabilitation or reconstruction and elevation of the dwelling from any of the following sources:

- Other Federal, State or local programs; and
- Assistance in the form of grants, donations, and/or contribution from nonprofit organizations. Specifically, donations of material, volunteer labor, and/or professional services provided for repairs of the damaged residence will count as DOB. Applicants will be required to obtain documentation from the nonprofit organization reporting the amounts received.

Although independent third-party validation of amounts reported from these sources is not undertaken for each applicant, the State may at any time initiate third-party reviews as part of its fraud prevention and Program integrity activities.

Documentation of Amounts Received

The applicant must report expenditures on the *Duplication of Benefits Questionnaire* and provide documentation to support the expenditures including all receipts. Repairs reported on the *Duplication of Benefits Questionnaire* will be verified by the assigned LMI Project Manager and provided to DCA as the Work-in-Place report. The Work-in-Place report will be used to document eligible expenditures to be considered for reimbursement.

4.3 Reimbursement

Overview

The Department of Community Affairs (DCA) has adopted policies permitted by HUD Notice CPD-13-05 *Guidance for Charging Pre-Award Costs of Homeowners, Businesses and Other Qualifying Entities to CDBG Disaster Recovery Groups* that permits reimbursement for eligible costs incurred before the date the applicant submitted a LMI application. To exercise the reimbursement option, owners must comply with all Program requirements and commit to completion of any remaining work. Reimbursable costs must be “reasonable and necessary,” for federal program funds, as determined by DCA.

Under HUD Notice CPD-13-05, issued July 30, 2013, the State of New Jersey is authorized to reimburse homeowners and businesses for costs incurred prior to application submission for reconstruction, rehabilitation, and mitigation of their homes or businesses in response to a Presidentially-declared disaster. This notice states that “pre-application costs are costs incurred by an applicant ... prior to the time of application.” The use of the broad term “incurred” permits reimbursement of eligible costs fixed to a contractual obligation, provided that the contract was executed prior to the date of application.

Therefore, eligible costs that occur after submission of the LMI application but are fixed to an enforceable contractual obligation are eligible for reimbursement. Reimbursement is permitted for eligible costs fixed to an enforceable contractual obligation executed prior to the time of application, even if the costs are accrued on or after the date application is submitted. The homeowner must maintain receipts and other supporting documentation as proof that eligible costs are fixed and attributable to the contract executed prior to application submission. Before any CDBG-DR funds can be provided for reimbursement to the applicant, an environmental review must be completed and the property must be cleared by the State. This is required to reimburse both past work completed and any work going forward. Eligible costs completed *prior to environmental clearance*, must comply with *HUD Notice CPD-13-05 Guidance for Charging Pre-Award Costs of Homeowners, Businesses and Other Qualifying Entities to CDBG Disaster Recovery Groups*. Any eligible cost that occurs on or after the date environmental clearance is complete must comply with all LMI Program requirements and guidelines for construction, unless such costs are fixed to a contract executed prior to application submission.

Work Initiated after Application. For construction contracts executed after the time of application, homeowners are advised that, while it is their choice, it is in their best interest to stop work after submission of the LMI application. DCA is still currently restricted by HUD on providing reimbursement for work undertaken on or after the date of application that is not attributable to a construction contract executed prior to application submission; therefore, initiating new work will make those improvements likely ineligible for the grant funds. However, a homeowner may choose to initiate new construction activities after application at his/her own risk. ***The State will not restrict the pace of recovery or work of the homeowner if the homeowner chooses to continue construction at risk of ineligibility for reimbursement.***

The following special policies have been adopted regarding allowable reimbursement costs incurred on or after the date of application submission:

- Off-Site Construction: In cases where construction is done at an off-site location such as with modular homes but during the blackout period, such work will be eligible for payment under the LMI Program even if not attributable to a construction contract executed prior to application submission. In the case of a modular home, the full cost of the home, as described in the modular construction contract, is eligible for reimbursement.
- Eligible Work Fixed to Fully Signed and Executed Construction Contract: Eligible work completed on or after the LMI Program application date is reimbursable only if the homeowner provides adequate documentation to prove such work is fixed to a full signed and enforceable construction contract executed prior to the LMI Program application date.
- Effective September 30, 2015, if an applicant has requested a switch in the feasibility of his or her construction project (from rehabilitation to reconstruction, or vice-versa), then the date of the original environmental clearance date dictates the cutoff of reimbursable construction costs.

However, if the level of environmental clearance does not meet or exceed the selected feasibility scope of work, then a new environmental clearance must be conducted in order to meet or exceed the newly-selected feasibility.

- In addition, effective September 30, 2015, if an applicant has completed design services on or after the date of application and prior to the date of environmental clearance and this work was not completed as part of a contractual obligation entered into prior to the date of application, then these design service costs are eligible for reimbursement. Prior to this policy change, design service costs were treated the same as construction costs completed on or after application date and before the date of environmental clearance; those costs would be deemed ineligible for reimbursement unless they were completed as part of a contractual obligation entered into prior to the date of application submission.

Applicants Eligible for Reimbursement

All eligible applicants of the LMI Program may seek reimbursement for eligible activities regardless of the level of damage. Applicants must have received a preliminary award notification and be otherwise eligible for assistance. Reimbursement is limited to properties that are in the same footprint as before the storm. Before approval for reimbursement can be given, the dwelling must have passed the required environmental review, signed a Grant Award and the homeowner must have submitted the required documentation described in the section below. All applicants accepting reimbursement shall attest to the amount of the work completed that was incurred prior to application submission and agree to maintain receipts and records of work performed for a minimum of five (5) years. In addition, effective September 15, 2015, if an applicant has completed design services on or after the date of application and prior to the date of environmental clearance and this work was not completed as part of a contractual obligation entered into prior to the date of application, then these design service costs are eligible for reimbursement. The applicant may accept in reimbursement up to the lesser of the grant award amount, the LMI Project Manager estimate of work completed, or the applicant-attested amount of work incurred prior to the submission of his/her LMI application. The three (3) different reimbursement options are described briefly below.

- Reimbursement Only – Full (all work completed): Applicants who have completed all repairs or reconstruction, including elevation if required, are eligible for reimbursement upon confirmation by the LMI Project Manager that the work has been completed. These applicants sign a grant agreement that includes the requirements to maintain flood insurance on the property and agree to the subrogation of any subsequent funds received from insurance or other sources counted in the DOB analysis.
- Reimbursement Only – Partial (work remaining to be completed): Applicants with work remaining who have completed eligible reimbursement amounts equal to or exceeding their grant award may request reimbursement only, less retainage if applicable, and commit to the

- completion of the work. The applicant signs a grant agreement. These owners also sign a restrictive covenant which includes a requirement to complete the repairs within and to commit to elevation, if required, within the required construction time period. Applicants agree to complete all work, including elevation (if required) within one (1) year of the date of grant award. A restrictive covenant will be placed on the property until the homeowner complies with these requirements.
- Reimbursement and Completion of Work by Homeowner-Selected Contractor: Applicants who accept reimbursement for eligible costs but have grant funds left to apply towards their remaining construction using a homeowner-selected contractor may be reimbursed for work completed and obtain approval and payment through a construction award, less retainage, for the remaining work to be completed by a homeowner-selected contractor who meets the minimum eligibility standards and is notified to follow federal and state requirements. These applicants sign a grant agreement. These applicants also sign a restrictive covenant that requires applicants to complete the repairs and to commit to elevation, if required, within the required construction time period. Applicants agree to complete all work, including elevation (if required) must be completed within one (1) year of the date of grant award. A restrictive covenant will be placed on the property until the homeowner complies with these requirements. These applicants may also accept of half of their remaining grant funds via the Construction Advance Payment, provided they meet all Program requirements for the advance payment. 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*.

Reimbursable Expenses

Under HUD Notice CPD-13-05, issued July 30, 2013, only work required as a result of Superstorm Sandy damage and incurred, or fixed to a construction contract executed, before the date of the homeowner's LMI application is eligible for reimbursement. The work incurred must be for items that are "reasonable and necessary," for federal program funding, as determined by DCA. In addition, effective September 30, 2015, if an applicant has completed design services on or after the date of application and prior to the date of environmental clearance and this work was not completed as part of a contractual obligation entered into prior to the date of application, then these design service costs are eligible for reimbursement.

The allowable amount to be considered for reimbursement is the lesser of the grant award amount, the cost estimate provided by the Work in Place report prepared by the LMI Project Manager, or the amount of work for which the homeowner can attest to having incurred prior to the submission of his/her LMI application, less retainage if applicable. All reimbursement will need to be supported by receipts held by

the homeowner, should DCA or HUD request further verification as articulated in the *Homeowner Certification for Reimbursement of Pre-Application Construction Costs*.

- LMI applicants whose homes have been identified for reconstruction may be reimbursed for demolition and debris removal that occurred prior to beginning any rehabilitation. LMI applicants may be reimbursed for cost reasonable amounts spent on eligible rehabilitation work incurred prior to application submission that must be torn down in order to reconstruct the home. This is necessary for many applicants who had to make critical health and safety repairs needed to re-occupy the property while waiting to receive LMI funding.
- Costs for architectural, engineering, planning, and zoning approvals are reimbursable in the cases of reimbursement only and when remaining work is to be completed by a homeowner-selected general contractor.

Required Documentation

The required documentation includes all of the following:

- A LMI Work in Place report that confirms the work was completed and provides a certified cost estimate applying Xactimate calculations and certified inspector's report. Ineligible items identified in the Work in Place report must be excluded for the purpose of reimbursement.
- A Homeowner Certification for Reimbursement of Pre-Application Construction Costs that specifies the cost of the work, date of completion, and attests to possession of supporting receipts and other source documentation that proves amount and timing of work completed and/or payment for the work. The certification attests that proof of payment as per 24 CFR 85.20(6) will be held for five (5) years that reasonably matches or exceeds the LMI Work in Place estimate or amount reimbursed.

Homeowner Retention of Proof of Work Completed by Contractors

Acceptable proof of payment for work completed by a contractor or service provider must (1) relate the payment to specific work completed, (2) prove payment was actually made, and (3) demonstrate that the timing of the payment supports the certifications of the timing of the work. For example, an invoice that clearly identifies the contractor/service provider, lists or includes a specific scope of work and a cancelled check, credit card statement, or bank card debit record that clearly identifies the payee is acceptable documentation.

A payment may occur after the date of the LMI application if: (1) it is reasonably related to period before the date of application and when the work was completed, or (2) it is fixed to a contractual obligation executed before the date of application, even for work completed post-application. Payments within thirty (30) days of the certified completion date of the work can be considered acceptable proof of payment.

Confirmation of work may occur through DCA or HUD random audits as noted by the Homeowner Certification for Reimbursement of Pre-Application Construction Costs. Such audits may confirm the certified award and disbursement.

Homeowner Retention of Proof of Reimbursement Costs from Vendors

Receipts from vendors (e.g., hardware, home improvement and supply stores; equipment rental vendors) are acceptable proof of homeowner purchases made outside of contracts with contractors/service providers. Only receipts from the following time periods are considered:

- Receipts that are dated from October 29, 2012 through the date of the homeowner's application submission, or
- Receipts dated after the date of homeowner's application submission for work clearly fixed and attributable to a construction contract executed prior to the date of homeowner's application.

4.4 LMI Award Calculation

Purpose and Timing

The LMI award calculator:

- Records total amounts for work completed and work remaining to be completed (Step 1);
- Records the results of the DOB analysis (Step 2);
- Calculates the total award amount (Step 3); and
- Determines how much of the award will be used for reimbursement and the amount of award to be used as a construction award for work that still remains to be completed (Step 4).

Updates to the calculation may be completed at several points in the process, including after the LMI Project Managers complete the feasibility analysis, which may trigger a LMI Grant Amendment. A final verification of Duplication of Benefits and calculation reconciliation may be required upon project closeout, if costs have changed during construction.

Section 4.4.1 contains an annotated sample calculator reflecting the LMI grant award calculator.

Section 4.4.2 contains an explanation of certain line items within the grant award calculation.

4.4.1 LMI Award Calculator

STEP I. AWARD CALCULATION	
1. TOTAL DEVELOPMENT COST	
1a. Total Completed Repairs (from LMI Work-in-Place Report- WIP)	\$ -
1b. Reconstruction Cost	\$ -
1c. Demolition Cost	\$ -
1d. Cost to Repair	\$ -
1e. Elevation Cost	\$ -
1g. TOTAL DEVELOPMENT COST [sum of 1a through 1e]	\$ -
2. DOB: FUNDS AVAILABLE FROM OTHER SOURCES CONSIDERED A DUPLICATION OF BENEFITS	
2a. FEMA	\$ -
2b. SBA Loan	\$ -
2c. Homeowner Insurance	\$ -
2d. National Flood Insurance Program	\$ -
2e. ICC	\$ -
2f. Private non-profit sources	\$ -
2g. Other (NOT personal) funds	\$ -
2h. TOTAL FUNDS AVAILABLE FROM OTHER SOURCES	\$ -
3. AWARD CALCULATION	
3a. Maximum Award	\$ -
3b. Program Cap	\$ -
3c. GRANT AWARD (Lesser of 3a or 3b)	\$ -
STEP II. GRANT DISBURSEMENT CALCULATION	
4. Calculations	
4a. Maximum eligible repairs	\$ -
4b. Ineligible repairs	\$ -
4c. Grant Award Less Retainage	\$ -
4d. Reimbursement Award	\$ -
4e. Remaining Construction Award	\$ -
4f. Retainage	\$ -
STEP III: Estimated Homeowner Funds to Complete Construction	

5. Only an Estimate	
5a. Cost to Complete [(1b + 1c) or (1d + 1e)]	\$ -
5b. Remaining Construction Award + Retainage (4e + 4f)	\$ -
5c. Estimated Funds Required from Owner (5a minus 5b)	\$ -
Step IV: DESIGN SERVICES	
6. Amount Allocated for Design	
6a. Grant Award Amount	\$ -
6b. Design Services Allowance	\$ -
6c. Total Grant Funds Obligated	\$ -
Unmet Need: Maximum Award (3a)- Grant Award (3c):	
	\$ -

I certify that to the best of my knowledge the information contained in this document is neither false nor misleading.

Homeowner Signature:

Date:

NAME (Print)

Housing Advisor Signature:

Date:

NAME (Print)

4.4.2 Grant Award Calculation Details

The purpose of this section is to explain the grant award calculation line items.

Initial Grant Award Calculation as an Estimate

When a homeowner signs the *Grant Award Agreement*, the homeowner understands and agrees that the amount of the award shown in Exhibit 1 is an estimate of the total development cost, and may subject to change.

Feasibility Determination Award Cap

Applicants, who select a feasibility determination of reconstruction or rehabilitation that is opposite the recommended feasibility choice determined by the LMI Project Manager, and is outside the defined LMI standard of cost reasonableness, will be capped in their award calculation at the total development cost of the cost reasonable feasibility as determined by the LMI Project Manager.

Retainage

The purpose of this section is to define the retainage stipulation for all applicants who have signed a Grant Award Agreement. All LMI grant award calculations will retain ***the lesser of*** ten percent (10%) of the total grant award ***or*** the estimated cost to repair (ECR), to be released upon passing of the final inspection. Then the applicant will request construction draws from the remaining construction award, which equals the grant award less reimbursement and retainage.

Retainage will not apply to applications that have completed construction and seek reimbursement only. Retainage will be released only upon a final Duplication of Benefit verification and upon passing a final inspection.

Effective May 1, 2019, retainage may be released prior to final grant reconciliation if the Project Manager confirms that the project can be completed with the release of the remaining retainage funds or that a municipal and/or potential health and safety issue can be resolved with the release of the remaining retainage funds or on a case-by-case basis pending approval from the Director of the Sandy Recovery Division.

Design Services

Design services will be accounted for in all grant award signings as a standard line item, in addition to the grant amount. The Program will reserve \$15,000 as a standard design services fund. Applicants will only be disbursed funds from the design reserve upon request and upon confirmation of the applicant's need by reviewing bills and invoices. The total design services fund allocated for an applicant will remain at \$15,000 and will not increase due to an applicant requesting a change in feasibility from reconstruction to rehabilitation or vice versa. Applicants are still eligible to request design payments after the feasibility switch, but the total design payment, including design payments from the past feasibility, cannot exceed the \$15,000 design

allowance set at the time of grant signing. Effective September 30, 2015, once environmental clearance has been achieved, funds may be provided for design work undertaken on or after the date of application and prior to environmental clearance, even when such work is not attributable to a construction contract executed prior to application submission. Previously, the eligibility requirements of design costs mirrored those of construction costs; if completed on or after the date of application and prior to environmental clearance, these costs were not eligible for payment through grant funds. For applicants whose grant award calculation reaches the maximum grant amount (\$150,000), funds for design may be obligated in excess of the Program cap based on a demonstrated need, for a total obligation of up to \$165,000.

The procedures for requesting and disbursing funds for design are outlined in the *Homeowner's Request for Payment for Use of Own Contractor* form. Applicants will be required to select design services from a list of eligible design services, as applicable to their individual project. Effective September 30, 2015, each eligible design service can be invoiced with no standard allowance price; however, the maximum allowance of \$15,000 remains as the standard design services funds for all design service costs accrued. Previously, each eligible design service had a standard program allowance price. However, the Program identified a need to assist applicants charged above and beyond the program maximum allowance for each line-item. Therefore, this policy change allows applicants easier access to the design services funds up to the maximum design funds of \$15,000 for all design services.

4.5 Responsibility of the Applicant to Provide Funds

Applicants signing grants that are utilizing a homeowner-selected contractor must sign the *Exhibit 4: Sufficient Funds Acknowledgment*, acknowledging they have sufficient personal funds available to complete construction. Applicable homeowners must sign this document verifying available funding in order to sign a Grant Award under the LMI Program. An estimate of the homeowner funds required to complete the project will be provided in the grant award calculation. This estimate will include any and all eligible upgrades to be funded with the owner's own funds. In addition, effective September 30, 2015, any applicant that signs an amendment to the original grant agreement must sign an Amended *Exhibit 4: Sufficient Funds Acknowledgment*. This requirement applies to all applicants at each Amendment Signing Meeting. The intention behind this requirement is to ensure that all applicants moving forward in the LMI Program acknowledge that they possess the requisite funds to be able to complete construction in a timely manner.

4.6 Funds Made Available to Provide Additional Gap Financing

Applicants needing to obtain gap financing may seek assistance from other sources. These funds, if identified and awarded after the LMI award amount is determined, will be considered owner funds and will not require subrogation to the Program, so long as those funds are covering an unmet need above and beyond the LMI grant award and other DOB funds received.

4.7 Use of LMI by Applicants with No Need

It is LMI Program policy that applicants with no needs as discovered through the eligibility process during the intake will no longer qualify for or progress through the LMI Program.

No need is defined as if the homeowner-received funds that count as DOB under the Robert T. Stafford Act equal to or in excess to the applicants total development costs.

4.8 Applicant Assignment to Individual LMI Contractors

Applicants will be assigned to LMI Project Managers based on geographical distribution determined by DCA.

5 INSPECTIONS AND ENVIRONMENTAL REVIEW

POLICY STATEMENT: The 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 recommend a preliminary feasibility determination if the proposed project will follow a rehabilitation or reconstruction process. Additionally, the LMI Project Manager will perform an ISI for applicants only seeking reimbursement through the LMI Program. For applicants who have attested to being non-substantially damaged in lieu of a letter from their floodplain manager, LMI Project Managers will collect necessary data for DCA to make a determination whether the Program considers the property to be substantially damaged.

This information, and other identifying information, will be recorded in the applicant's file and shared with the LMI databases and, thus, made available to the inspection personnel performing the site visit.

This section outlines the policy and procedures that the LMI Project Managers use when performing an initial site inspection, including Substantial Damage Data Collection, development of cost estimates for work incurred prior to application and work remaining, assessment of lead paint, asbestos, and mold hazards in the property. In addition, this section outlines the policies and procedures for environmental reviews conducted within the LMI Program.

APPLICABLE LAWS, REGULATIONS AND GUIDANCE:

- 44 CFR Part 59.2 NFIP Definitions
- 44 CFR Part 60.3 Flood plain management criteria for flood prone areas
- FEMA P-758, Substantial Improvement/Substantial Damage Desk Reference (May 2010)
- FEMA P-784, Substantial Damage Estimator (SDE) User Manual and Workbook, Using the SDE Tool to Perform Substantial Damage Determinations, Tool Version 2.0 (April 2013)
- New Jersey Uniform Construction Code (UCC)
- 2009 International Residential Code (IRC)
- International Energy Code and EPA's Energy Star Program
- HUD Community Planning and Development Green Building Retrofit Checklist
- HUD Green Building Standards
- Minimum Housing Rehabilitation Standards
- Uniform Federal Accessibility Standards (UFAS)
- ICC/ANSI A117.1-2003 Accessible and Usable Buildings and Facilities
- HUD Guidelines for the evaluation and control of lead-based paint hazards in housing
- Americans with Disabilities Act (ADA)
- The Fair Housing Act
- Section 504 of the Rehabilitation Act of 1973
- The Architectural Barriers Act

- 42 U.S.C. 5155 Robert T. Stafford Disaster Relief and Emergency Assistance Act
- 24 CFR Part 570 and OMB Circulars for Necessary and Reasonable Requirements Cost Principles
- HUD's Lead Safe Housing Rule (24 CFR Part 35) Subparts A, B, J, K, R
- HUD's Guidelines for the Evaluation and Control of Lead-based Paint Hazards in Housing, July 2012
- EPA's Lead-based Paint Activities Rule (40 CFR Part 745, Subpart L)
- EPA's Residential Property Renovation Rule (40 CFR Part 745, Subpart E)
- EPA's Lead-based Paint Hazards Rule (40 CFR Part 745, Subpart D)
- Title X of the 1992 Housing and Community Development Act
- New Jersey N.J.A.C. 5:17 Lead Hazard Evaluation and Abatement Code 76 FR 71060 Duplication of Benefits Federal Register Guidance
- Sec. 800. [42 U.S.C. 3601]
- [*Mold Guidelines for New Jersey Residents April, 2013, NJDOH*](#)
- NJ DOH Trade Firms, Consultants and Remediation Firms:
<http://www.nj.gov/health/ceohs/environmental-occupational/mold/>
- NJ DOH Related Mold Links: <http://www.nj.gov/health/ceohs/environmental-occupational/mold/>
- FTC, Bureau of Consumer Protection: <https://www.ftccomplaintassistant.gov/>
- Better Business Bureau: <http://www.bbb.org/us/Contact-BBB/>
- U.S. Environmental Protection Agency: <http://epa.gov/mold/>
- NJ Department of Community Affairs, Local Building Code Offices:
http://www.state.nj.us/dca/divisions/codes/publications/pdf_oramuniroster.pdf
- Mold Remediation in Schools and Public Buildings, USEPA-Office of Air & Radiation, Indoor Environments Division, EPA 402-K-01-001, March 2001.
- United States Environmental Protection Agency (USEPA)
- AHERA (40 CFR Part 763.83 Subpart E)
- NESHAPS (40 CFR Part 61 Subpart M)
- New Jersey Department of Environmental Protection (NJDEP)
- Generator Requirements for disposal of asbestos containing waste (N.J.A.C. 7:26-2, N.J.A.C. 7:26-3)
- New Jersey Department of Labor (NJDOLE)
- N.J.S.A. 34:11
- N.J.A.C. 12:60
- N.J.A.C. 12:120
- New Jersey Department of Health (NJDOH)
- Asbestos Training and Certification Activities (N.J.A.C. 8:60)
- Occupational Safety and Health Administration (OSHA)
- 29 CFR 1910.1001

- 29 CFR 1915.1001

5.1 Substantial Damage Data Collection

Purpose

This section is intended to provide the protocols, guidance, and general framework for performing the LMI Program Substantial Damage Data Collection (SDDC). The LMI Program relies on the Substantial Damage determination to prioritize applicants for funding that were the most impacted. A Substantial Damage determination is made by the flood plain manager in the applicant's locality. If an applicant is unable to obtain a substantial damage determination letter through their floodplain manager, for the purposes of processing their LMI application, DCA may make a damage estimate for the structure.

DCA has utilized SDDC for two purposes. First, due to the overwhelming volume of requests by New Jersey homeowners, some local flood plain managers were unable to issue determinations for LMI applicants. To assist flood plain managers, DCA has utilized the LMI Project Managers to conduct substantial damage assessments to estimate the percentage of damage to certain LMI properties. The LMI Project Managers used a standard FEMA tool that calculates the percentage of damage; however, it is noted that local flood plain managers were left to their discretion to make their own determinations as to whether to make a Substantial Damage determination.

LMI Project Managers will also conduct substantial Damage determinations for applicants that have certified that their damaged property is not substantially damaged. This effort will validate level of damage and ensure appropriate mitigation procedures are implemented including voluntary elevation of non-substantially damaged dwellings and mandatory elevation for properties determined by the Program to be substantially damaged. Applicants who are funded as "Not Substantially Damaged" but are identified through the LMI Program SDDC efforts to have greater than fifty percent (50%) damage will be required to elevate in order to participate in the LMI Program. DCA will utilize data collected at the Initial Site Inspection pertaining to the Work in Place and Estimated Cost of Repair to estimate the level of damage to the structure, and baseline this number against a FEMA-approved tool to estimate pre-storm value of the property by structure type, condition and square footage.

5.2 LMI Initial Site Inspections (ISI)

This section is intended to provide the policies, protocols, and general framework for performing the LMI Program Initial Site Inspection (ISI). The initial site inspection is composed of **3 Key Tasks** (these tasks may be completed in one site visit or may involve multiple site visits as determined necessary):

1. Perform an inspection to determine the Estimated Cost of Repair (ECR) in accordance with LMI inspection protocols and program specifications. This inspection will result in a recommendation:
 - a. **Reconstruction** for homes that have been destroyed, are structurally unsafe to enter, or that existing conditions are such that the building cannot be rehabilitated, or
 - b. **Rehabilitation** for homes that are determined to be feasible for habitation after repairs are completed. 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/site to compliance with Program standards and will produce a high-level cost estimate for obvious repairs and determine elevation costs.
2. Determine the scope and quality of any repairs (Work in Place or WIP) completed by the applicant for use in the Duplication of Benefits determination.
3. Perform assessments for deteriorated paint, lead-based paint hazards (i.e. dust-lead and soil-lead) and asbestos-containing materials (presumed or confirmed).

Appointment and Site Visit:

The LMI Project Managers will be provided with the property address along with a Right of Entry letter, Duplication of Benefits Questionnaire and homeowner contact information. LMI Project Managers will contact the applicant to schedule an appointment for an onsite initial site inspection (generally within three (3) days).

In cases where the applicant 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 LMI Project Manager will notify the housing advisors and the applicant will be put on hold until the housing advisors can reestablish contact with them. These attempts to schedule the on-site inspection will be fully documented. If contact is successful, an appointment is scheduled for the initial site inspection.

The damage assessor will confirm with the homeowner the scheduled inspection date and time and the assessor will then travel to the address provided for the applicant to perform the assigned tasks. Upon arrival, the assessor will verify that the address provided for the applicant is correct. The applicant will be encouraged to accompany the damage assessor during the inspection visit.

The role of the damage assessor is to collect sufficient data from a damaged property to determine the feasibility for rehabilitation and the other key tasks identified above. The damage assessor should be prepared to collect information from the homeowner, conduct a room by room inspection to document storm damage, and identify any repairs needed to bring the home compliant with the LMI Program construction specifications. If the housing advisors indicate to the LMI Project Managers that the

homeowner is only seeking reimbursement, the damage assessor will follow the same procedures as the verification of Work in Place.

The damage assessor will interview the homeowner to collect information about storm damage the dwelling received and any repairs that have been initiated or completed. If the homeowner produces receipts for various repairs that have been made, the assessor will not collect these. The assessor will add notes in the field tablet and may collect a photo of the receipt. The homeowner will be instructed to retain copies of receipts.

The damage assessor will observe and document damages 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 Minimum Housing Rehabilitation Standards violations;
- Adjacent exposures (backyard, side yards, proximity of dwellings, and any outbuildings); and
- Obvious environmental issues.

Special Considerations for Rehabilitation Projects

Room Additions and Additional Space. The Program will account for any additional rooms or additional space built after the date of storm by confirming with the applicant at the ISI.

Special Considerations for Reconstruction Projects

The LMI Project Managers may use the Xactimate reconstruction estimating tool when preparing ECRs and WIPs for reconstruction projects that are currently under construction at the time of the ISI. This valuation process is appropriate when all three of the following conditions are met:

1. The original structure is completely demolished,
2. The new structure has been designed, and
3. Construction has begun on the new structure (any ground breaking is considered start of construction).

5.3 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 hidden from detection, such as termite damage).

Destructive testing methods will not be used during the ECR inspection process to assess or determine storm damage. Count, measure, observe methodology will be used by the assessor during the site visit to document existing conditions and scopes of work.

The ECR will include the estimate of the funds necessary for; (1) the repair and/or rehabilitation of the residence (in order to meet program standards and applicable local, State, and/or Federal building codes, including windstorm requirements), (2) mitigation and elevation efforts to reduce the impact of future storms on the home, and/or (3) to repair the storm damage to the home. The ECR will contain a detailed listing of needed repairs - unit of measures as well as quantities. Eligible construction activities, necessary environmental mitigation (as required), elevation costs (as required), eligible accessibility features, and Program-required minimum quality standards will be detailed in the ECR. Xactimate is used to assign a value for each line item included in the Scope of Work. The total of each value in the Scope of Work creates an applicant's Total Development Cost (TDC). If an applicant does not complete a specific line item the Xactimate line item value will be removed from the Scope of Work and the grant award may be reduced.

The following items will NOT be included in the development of the ECR (non-exhaustive list):

- Purchase of tools and equipment;
- Repair or replacement of detached structures such as sheds, garages, swimming pools, decks, docks, or boat ramps (garages or bulkheads will only be included when 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 program standard quality of material);
- Repair or replacement of fencing or security systems;
- Replacement of clothes washer and/or dryer;
- Replacement of window air conditioner units; and
- Any product upgrades or repairs in excess of the Minimum Housing Rehabilitation Standards.

Dwellings inhabited by disabled or elderly persons (as verified by the housing advisors) 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.

For additional information on the processing of potentially ineligible costs, please refer to *Appendix I: Ineligible Costs*.

5.4 Feasibility Determination for Reconstruction or Rehabilitation

The completion of the ECR will result in a recommendation of feasibility for rehabilitation or reconstruction:

5.4.1 Reconstruction Thresholds

For homes that have been destroyed or that existing conditions are such that the building cannot be rehabilitated to LMI program standards, or where the total ECR amount exceeds seventy-five percent (75%) of the ratio of the total cost of the ECR repairs to the lowest composite priced standard model house of equal number of bedrooms.

5.4.2 Rehabilitation Thresholds

For homes that appear feasible for habitation after repairs are completed and where repair costs are less than seventy-five percent (75%) of the ratio of the total cost of the ECR repairs to the lowest composite priced standard model house of equal number of bedrooms. To comply with FEMA and local floodplain management regulations, building elevation will be required for homes located in floodplains and are below the base flood elevation and where the ECR exceeds fifty percent (50%) of the pre-storm market 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/site to compliance with Minimum Housing Rehabilitation Standards, and will produce a high-level cost estimate for obvious repairs.

Disbursement of funding for non-substantially damaged homes, or homes where elevation is optional, where the homeowner elects to pursue optional storm resiliency measures is subject to the “substantial improvement” regulation. “Substantial improvement” means any reconstruction, rehabilitation, addition or other improvement to a structure, the total cost of which equals or exceeds fifty percent (50%) of the pre-storm value of the existing structure. For further detail, please refer to policy 2.10.82, “Policy and Procedure Governing Program Eligible Mitigation Scope Measures for Non-Substantially Damaged Structures.”

Exception: For attached dwelling units required to come into compliance with base flood elevation requirements, the feasibility thresholds discussed above are waived because ISIs for attached dwelling units will be completed as rehabilitations by default. ISIs for attached dwelling units must be completed as rehabilitations because traditional reconstruction techniques are not applicable for these units to meet base flood elevation requirements.

Initial Site Inspection Mark Ups

All ISIs for rehabilitation projects will include the following mark-ups:

Effective Dates:	Amount:
Current Total Mark Up:	32%

5.4.3 Calculation of Benefit for Applicant Rejection of Feasibility Recommendation

The LMI Project Manager will make a recommendation of feasibility based on the aforementioned criteria, applicants whose homes that are between fifty percent (50%) and one hundred percent (100%) of the ratio of the total cost of the ECR repairs to the lowest composite priced standard model house of equal number of bedrooms will be given the option to select reconstruction or rehabilitation and be credited the selected determination towards the total development cost in their award calculation. This selection will be determined cost reasonable. The housing advisor will contact the homeowner to present the recommended project feasibility. The applicant will need to confirm or reject the recommendation, subject to the criteria listed above. Applicants whose homes are below fifty percent (50%) of the ratio and choose to reconstruct their homes or who are over one hundred percent (100%) of the ratio and choose to rehabilitate their homes will be permitted to select that approach; however, they will only be credited the total development cost of the LMI-recommended feasibility approach in their award calculation. Applicant's will only be credited the total development cost of the LMI-recommended feasibility because it is cost reasonable. Further, if an applicant elects to downsize their structure to a lower number of bedrooms than their structure had prior to the storm, then their grant award will be reduced to reflect the accurate standard model price based on the applicant selected number of bedrooms. The housing advisors will determine the homeowner's choice and communicate this to the LMI Project Managers using *Form 6: Preliminary Determination of Rehabilitation or Reconstruction*. The applicant will have until their grant signing to accept the LMI -recommended feasibility approach.

The full one hundred percent (100%) Program-established, estimated construction costs of the standard model homes selected for comparison are:

- 2 bedroom (Absecon Victorian): \$199,925
- 3 bedroom (Belmar Craftsman): \$231,941
- 4 bedroom (Crest Craftsman): \$259,758

The seventy-five percent (75%) threshold costs for the representative standard model homes are:

- 2 bedroom (Absecon Victorian): \$149,944 ($\$199,925 * .75$)
- 3 bedroom (Belmar Craftsman): \$173,956 ($\$231,941 * .75$)

- 4 bedroom (Crest Craftsman): \$194,819 (\$259,758 * .75)

The fifty percent (50%) threshold costs for the representative standard model homes are:

- 2 bedroom (Absecon Victorian): \$99,963 (\$199,925 * .5)
- 3 bedroom (Belmar Craftsman): \$115,971 (\$231,941 * .5)
- 4 bedroom (Crest Craftsman): \$129,879 (\$259,758 * .5)

If demolition has already occurred at the time of ISI, the recommended feasibility determination will incorporate demolition costs as WIP. If demolition has yet to occur, but is required, the demolition costs will be added to the feasibility calculation.

5.4.4 Total Loss

The damage assessor shall complete *Form 1: Initial Site Inspection/Total Loss Form*, if the structure appears to be a total loss. This form will recommend the property be assigned to the reconstruction feasibility and will document that the home is eligible for reconstruction if it is immediately apparent that the home meets any of the following conditions:

- A structure is not present on the site where the home was previously constructed (the home 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,
- The structure is a Manufactured Housing Unit (MHU) with apparent Sandy damage, or
- Deterioration of the structural infrastructure has occurred and severe or unmitigatable moisture damage, mold, or toxicity is observed.

5.4.5 Feasibility Recommendation (Form 6)

For homes that are determined feasible for rehabilitation, *Form 6: Preliminary Determination of Rehabilitation or Reconstruction* will be completed. This form will be accompanied with a detailed list (including location and quantities) of repairs needed to bring the property in compliance with the applicable construction standards, as well as a cost estimate for the identified repairs. The ECR value incorporates costs necessary to repair the property to Program standards. The ECR does not provide an evaluation that takes into account an exact replacement of the applicant's original home. In contrast to insurance estimates that may be based on replacement costs, the ECR evaluation is based on State standards for basic livability standards developed for the Program 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 home is rehabilitated or reconstructed must be in concurrence with the program policies and guidelines. The applicant will be made aware of and counseled on this requirement.

5.4.5.1 Feasibility Reconsiderations

The homeowner may reconsider a feasibility decision up until grant signing. After grant signing, only upon a determination of the LMI Project Manager, and approval by DCA, will an applicant be able to adjust the feasibility determination, based on the current feasibility approach no longer being feasible or cost reasonable.

5.4.5.2 Exceptions to Feasibility Reconsiderations

Exceptions to the above limitation include:

1. The Municipality or local building authority requires the home be demolished for whatever reason.
2. The LMI Project Manager makes an updated determination that the house cannot be elevated.

5.4.5.3 Feasibility Reconsiderations and Environmental Review

If the project is adjusted from its original feasibility determination for rehabilitation to reconstruction, the DEP must complete a revised environmental review if the property has not been cleared for reconstruction.

The damage assessor will be required to collect damage and completed work data observed on the site. This data will be entered, along with supporting photographs, in the Xactimate software package. The damage assessor will complete the documentation of the assessment, including the Minimum Housing Rehabilitation Standards, WIP, and ECR, as appropriate. The results of the inspection will be recorded in the database. An electronic copy of the *Form 6* will be posted to the system of record, SIROMS, with the Minimum Housing Rehabilitation Standards, WIP, and ECR, where applicable.

5.4.6 Recommendation for Reconstruction Feasibility

The damage assessor will use the software package Xactimate to develop an estimate for the repair of the housing structure together with additional items which are included to achieve program and statutory compliance. The field-generated ECR is subjected to review by additional field team damage assessors prior to being submitted to in-house damage assessment quality control (QC) 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 the LMI

databases. If the mitigation costs required for compliance change the feasibility determination from rehabilitation to reconstruction, the LMI Project Manager will provide an updated *Form 6*. The housing advisor will be responsible for notifying the applicant of the redetermination, if needed.

5.4.7 Determination of Substantial Damage

For the purposes of compliance with floodplain management ordinances and not for determination of the feasibility, work shall be deemed substantial rehabilitation if the municipality or the DCA has determined the applicant to be substantially damaged. FEMA floodplain compliance requires that when a building has suffered substantial damage or undergoes rehabilitation and reconstruction efforts that can be classified as substantial improvements; all construction work has to fully comply with flood zone regulations. For residential buildings, this includes elevating all habitable spaces and filling in an existing basement or cellar. The LMI grant assistance will incorporate resilience measures for homes that were destroyed by Sandy or have suffered substantial damage, as defined above. Resilience measures will make the house compliant with local building and zoning code and ordinances at a minimum. The assessment will include resilience measures in cases of substantial damage.

The Program will utilize the preliminary Flood Insurance Rate Maps (P-FIRM) for New Jersey when they are issued and require that projects funded with CDBG-DR meet P-FIRM elevation plus one (1) or two (2) feet of statutory freeboard for one- and two-family homes (as required by local, State, and Federal floodplain ordinances).

5.4.8 Validation of Work in Place (WIP)

The term WIP refers to repair activities already completed by the homeowner at the time of the initial site inspection. The WIP assessment will be completed and documented in Xactimate.

Utilizing the completed Duplication of Benefits (DOB) Questionnaire ([Appendix C](#)) from the intake process that indicates the inclusion of completed repairs, the damage assessor will complete a WIP validation. 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. Using Xactimate software, the WIP validation will be completed for this task.

The damage assessor will perform a site inspection of the property recording any item of housing repair work that was initiated as a result of storm damages incurred by Superstorm Sandy. The damage assessor will verify that the completed repairs match the list of eligible WIP activities provided by the applicant during the intake process and are consistent with storm damage. The damage assessor must determine with reasonable assurance that the repairs claimed by the applicant were made, that the repairs were made after the date of the storm, and that the expenditure was reasonable, based on the Program's unit pricing index.

Photos of all homeowner reported repairs, as well as any identified by the assessor during the site visit, will be documented and included in the assessment report.

The purpose of the WIP validation assessment will be to determine if:

- The repairs made to the home are reasonable and necessary,
- The repairs have a lasting presence, or
- The repairs can be reasonably determined as to have occurred after the storm event.

The damage assessor will assign a value of the cost of repairs to the home (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 damage assessor will use standard specifications for all materials, fixtures, equipment and finishes. The level of quality for all WIP will be consistent with basic livable standards as established in the Program Rehabilitation Minimum Standards or Reconstruction Minimum Standards.

5.4.9 Allowable Costs vs. Upgraded Materials

For the following components, the LMI Project Managers will credit the standard allowable costs (i.e., the costs used in the ECR estimate) when performing the WIP assessment:

- Appliances;
- Countertops;
- Cabinetry;
- Flooring;
- Bathroom plumbing fixtures (tub, shower, sink, etc.);
- Windows; and
- Doors.

If the homeowner has upgraded any of the above items or had upgraded materials in place before Sandy, the LMI inspector will assign standard costs for these items in the report. The timing of the upgrade is not relevant to the inspector.

Other items that may have had "upgrades," such as trim or millwork, have been determined to be difficult to differentiate in the field. These items will be included as allowable standard costs.

5.4.10 Ineligible Costs

Costs incurred for the items listed below are ineligible. Costs for ineligible work will be estimated during the WIP assessment, using the Xactimate software program. The cost headers/major activity line items in the Xactimate report will be flagged for easy identification to the housing advisors. Ineligible items include, but are not limited to, owner enhancement items such as:

- Outbuildings (detached garages, sheds, etc.),
- Decorative landscaping and paving,
- Outdoor sprinkler systems,
- Pools and hot tubs,
- Solar panels,
- Decking beyond concrete pad (Note: decking and stairs necessary to meet code requirements for ingress/egress are eligible costs). These costs will be priced in two components: 1) Eligible costs for minimal concrete pad and/or stairs as necessary to meet code requirements, and 2) Ineligible costs for remaining deck,
- Post storm additions (rooms added to original pre-storm structure; Note: additions needed to house mechanical/HVAC equipment are eligible),
- Fences,
- Post storm additions (rooms added to original pre-storm structure),
- Outdoor showers, and
- Outdoor fireplaces.

Grant award funds will not be provided for design work costs undertaken on or after the date of application and prior to environmental clearance where such work is not attributable to a construction contract executed prior to application submission. However, effective September 30, 2015, once environmental clearance has been achieved, funds may be provided for design work undertaken on or after the time of application and prior to environmental clearance, even when such work is not attributable to a construction contract executed prior to application submission. Previously, the eligibility requirements of design costs mirrored those of construction costs; if completed on or after the date of application and prior to environmental clearance, these costs were not eligible for payment through grant funds.

The following protocols will be followed for WIP assessment procedure:

- The damage assessor interviews the homeowner to collect information about the homeowner's damage. If the homeowner discusses receipts for various repairs, the assessor may add notes in the field tablet and will collect a photo of the receipt but is not allowed to accept documentation directly from the homeowner during a site visit. The homeowner retains receipts for their files.
- In the event that the applicant did not list a particular repair on the WIP worksheet but an item is observed by the damage assessor 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 applicant claims or documents was lost or stolen. Lost or stolen items should be reported by homeowner and pursued through their insurance policies.
- If there is a question of whether a repair was made or not made, the damage assessor's professional opinion will be the deciding factor on whether the item should be indicated as validated.
- If an applicant lists a repair but it is obvious to the damage assessor that the repair has not been completed, the damage assessor will indicate that the repair of the item cannot be validated by entering a "0" in the quantity of the Xactimate estimate line item.
- Once the inspection is complete, the damage assessor will document the finished Work in Place validation in Xactimate and proceed to the next key task. The results of the inspection will be recorded in the database and a quality assurance review of the report will be conducted. The report will then be forwarded to the duplication of benefits verification team.

For further guidance on the identification and processing of items typically considered ineligible for CDBG reimbursement funds or to be included in the project Scope of Work within the LMI Program, please refer to *Appendix I*.

5.5 Lead-Based Paint Risk Assessment/Mold Assessment and Remediation

5.5.1 Lead-Based Paint Risk Assessment

Lead (Pb) Risk Assessment: Based on the LMI Project Managers' or their lead hazard evaluation firms' determination that the home was constructed prior to 1978 and in accordance with 24 CFR § 35.930(a), paint on all surfaces will be presumed to be regulated. In accordance with 24 CFR § 35.930(d) for residential properties receiving more than \$25,000 per unit in Rehabilitation Assistance per the HUD definition, the Program will abate all lead-based paint hazards (soil-lead and dust-lead) and deteriorated paint identified during the Lead (Pb) Risk Assessment. A Lead (Pb) Risk Assessment is required to identify hazards in all target housing properties that are determined feasible for rehabilitation, including the interior/exterior surfaces of the damaged unit and in common areas that service the unit. Projects receiving reconstruction are not required to be tested for lead hazards. Lead (Pb) Risk Assessments must be done by a New Jersey permitted risk assessor. Homes determined to contain lead-based paint will be subject to the clearance testing requirements of the HUD regulations.

For more information see Appendix E and Appendix F related to Lead-based Paint Requirements

5.5.2 Mold Assessment and Remediation

5.5.2.1 Site Inspection and Testing

Mold assessment consists of visual assessment only, performed by the LMI Project Manager (“Assessor”). Mold assessment and/or testing of the existing structure are not performed on reconstruction projects. If a visual inspection reveals the presence of mold, additional testing via collection of bulk, swab and air samples is not necessary, unless recommended by the assessor or requested by the homeowner, and agreed to by the LMI Project Manager. Testing for mold should always be performed by a qualified person. The qualified person shall be a trained industrial hygienist, or an indoor air quality/environmental professional. Pathway B applicants with a rehabilitation feasibility can independently hire a qualified person to perform testing services which is an eligible expense. In the above instance, testing services can be used as an eligible expense under design services.

5.5.2.2 Visual Inspection

A visual inspection is the most important initial step in identifying a possible mold problem and in determining remedial strategies. The extent of any water damage and mold growth should be visually assessed and the affected building materials identified. A visual inspection should also include observations of hidden areas where damages may be present, such as crawl spaces, attics, and behind wallboard, to the extent feasible without destructive testing or removal of apparently competent building materials. Carpet backing and padding, wallpaper, moldings (e.g. baseboards), insulation, and other materials that are suspected of hiding mold growth should also be inspected.

Ceiling tiles, paper-covered gypsum wallboard (drywall), structural wood framing, and other cellulose containing surfaces should be given careful attention during a visual inspection. Ventilation systems should be visually checked for mold growth on system components such as filters, insulation, condensate pan, and coils/fins, as well as for overall cleanliness, to the extent they are readily accessible to the assessor. Finally, the assessor should complete the following duties:

- Perform a visual inspection of the interior and exterior to evaluate the environmental conditions and identify primary suspect conditions and/or evidence.
- Document the extent of water damage and mold. Determine the probable causes for the water intrusion and mold.

- Document the location of the affected area, size, substrate on which the mold growth occurred, extent of mold growth and cause of the mold condition and water damage.
- Collect data and site specifications necessary to develop a site-specific testing plan.

5.5.2.3 Environmental Sampling

Environmental sampling is not usually necessary to proceed with remediation of visually identified mold growth or water-damaged materials. Decisions about appropriate remediation strategies can generally be made on the basis of a thorough visual inspection.

5.5.2.4 Remediation

Currently there are no governmental standards pertaining to acceptable levels of indoor airborne mold spores and structures. Mold is present everywhere in the environment. This policy and procedure document represents the mold assessment and remediation process specific to LMI.

For all projects, identified moisture sources should be eliminated prior to further remediation. Post remediation dehumidification may be necessary to completely dry the remaining structural framing materials prior to any rehabilitation. In cases where this occurs, LMI Project Managers will incorporate this into the ECR.

Areas where mold was or is identified either at time of ISI or during general contractor walk-through or construction will be required to be remediated by general contractors. Materials harboring mold will be cleaned or replaced, with reference to recommendations in the NJ Mold guidelines identified above. LMI Project Managers will be required to document remediation activities in the Contract Scope of Work.

5.5.2.5 Mold Guidelines for New Jersey Residents, as of April 2013 – NJDOH

The following are organizations and links for further information.

Trade Firms, Consultants and Remediation Firms

- http://www.nj.gov/health/iep/mold_ta.shtml
- http://www.nj.gov/health/iep/mold_links.shtml

FTC, Bureau of Consumer Protection

- <https://www.ftccomplaintassistant.gov/>

Better Business Bureau

- <http://www.bbb.org/us/Contact-BBB/>

U.S. Environmental Protection Agency

- <http://epa.gov/mold/>

NJ Department of Community Affairs, Local Building Code Offices

- http://www.state.nj.us/dca/divisions/codes/publications/pdf_oro/muniroster.pdf

Mold Remediation in Schools and Public Buildings, USEPA-Office of Air & Radiation, Indoor Environments Division, EPA 402-K-01-001, March 2001.

5.6 Asbestos Survey Requirements

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. When present, small amounts of drywall, mud, floor tile, mastic, etc. will be collected for sampling. Every effort will be made to collect the required samples in the least destructive manner possible. Presumed Asbestos Containing Materials (PACM) will be documented and recorded. For more information see [Appendix G](#) related to *Asbestos* survey requirements.

Proper removal and disposal of ACMs will be included in the preliminary ECR completed for all LMI projects. ACMs which are friable or which will be disturbed or removed by renovation or demolition must be removed and disposed in accordance with Federal and State regulations by firms and individuals properly licensed for the work. 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. The general contractor will be responsible to retain a qualified asbestos inspector to assess suspected ACMs to be disturbed and identified subsequent to execution of the Contract. Costs for additional assessment and/or removal will be reimbursable as a Change Order to the Contractor. All asbestos abatement shall be done in accordance with EPA requirements for air pollution prevention and OSHA requirements for worker protection. The Contractor shall provide the LMI Project Manager with a copy of the Disposal Manifest for all ACMs removed from the site, as a condition precedent to final payment.

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. The LMI Program will accept an applicant's self-certification concerning asbestos disposal, if applicable, only if the applicant demonstrates a reasonable effort was made to obtain the Asbestos Waste Disposal Manifest.

A cost estimate utilizing unit pricing approved for the LMI Program will be included.

5.7 Completed ECR and Feasibility Package

Upon completion of the ECR and the preliminary feasibility determination, the results of the inspections will be recorded in SIROMS. This documentation will include an electronic copy of the feasibility recommendation (*Form 6*), along with the WIP estimate, the ECR documentation of Minimum Housing Rehabilitation Standards violations for rehabs, lead paint assessments, asbestos reports and other relevant data from the field inspection, and photographs from the field inspection.

5.8 Contesting Estimated Cost of Repair or Work in Place Estimate

Should an applicant believe that there were material errors in the ECR or WIP, they are advised not to execute their Grant Agreement once DEP environmental clearance has been provided.

Applicants who receive less than the Program grant award cap and believe that there were material errors in the ECR or WIP calculations, may contest their grant award calculation. DCA will not accept ECR/WIP contestations if the applicant's grant award is above the Program cap. Applicants will need to submit documentation and an ECR/WIP Contestation Worksheet documenting the contested amounts of the ECR or WIP along with any documentation supporting the contested amounts. The LMI Project Managers will consider the documentation provided by the applicant. If they accept the contested items, they will adjust the ECR or WIP to reflect the new information and submit into the system of record, SIROMS. If they determine that the original estimates were accurate, the decision will also be recorded and submitted into SIROMS. The Housing Advisor will be responsible to contact the Homeowner to discuss the results of the review.

Applicants utilizing a Homeowner-Selected contractor may contest their ECR after grant signing. Review of the contestation is limited to scope adjustment only. The Program will not adjust pricing used in its cost estimating based upon pricing negotiated between applicants and their selected contractors. Applicants must submit documentation and a worksheet documenting the contested amount of the ECR. Upon review and determination, the decision of the LMI Project Manager will be recorded and submitted into the SIROMS. If an adjustment to the ECR is made, the LMI Project Manager will request an amendment in SIROMS, reflecting the revised Total Development Cost (TDC). No amendment will be triggered if there is no change to the TDC or there is no change to the grant as a result of the change.

5.9 DEP Environmental Inspection Request and Clearance

Once initial feasibility is determined, each property is required to secure a Tier 2 Environmental Clearance. The State of New Jersey is conducting environmental clearance through the Department of Environmental Protection (DEP). For properties that are ready for environmental review by DEP, DCA Operations will review file for completeness and transfer required documentation to DEP in order to complete the Tier 2 review.

- DEP will provide DCA with environmental clearance specifications.
- SIROMS is the system of record for environmental assessment and clearances.
- DCA notifies LMI Project Manager of clearance.

5.10 DEP Environmental Inspection Request and Non or Conditional Clearance

If DEP identifies significant issues that will limit the ability for an applicant to proceed with the rehabilitation or reconstruction of their home, DEP will notify DCA Operations of the specific concerns that will need to be addressed in order to secure environmental clearance. DEP and DCA will establish agreements and procedures as required to determine the quickest and most efficient ways to address mitigation needs identified through the Tier 2 review process.

5.11 Special/Attached Dwelling Units

This section is intended to provide guidance for processing special/attached dwelling units, including, but not limited to, duplexes, row homes, townhouses, condominiums and manufactured housing units (MHU). Each special housing unit type creates unique procedural implications that will be set based on the housing type.

Policy for Condominiums and other Multiple Owner Structures

DCA will assign SRD staff to assist on special case-by-case condominium application needs. Roles may include liaison and correspondence with Flood Plain managers, research of locally adopted BFE or mitigation strategies for condominium low-rise or high-rise structures, coordination and meetings with condominium association representatives.

Housing Recovery Center (HRC) staff will confirm eligibility criteria have been met, provide processing support services, and assist LMI Project Managers with scheduling applicant meetings and gathering supporting documentation. LMI Project Managers will be engaged through HRC and DCA to perform services.

For additional details regarding single family attached structures such as attached twins, row homes, townhomes or owner occupied small rental buildings; refer to the *RREM and LMI Policy and Procedure Governing Condominium and Row House Properties*, effective November 2013, policy number 2.10.54.

Policy for Single Owner Multi-Family and Attached (ADU) Dwelling Unit Structures

Please refer to the *RREM and LMI Policy and Procedure Governing the Eligibility and Initial Site Inspections for Single Owner Multi-Family and Attached Dwelling Unit (ADU) Structures*, policy number 2.10.74.

5.12 Applicant Approval to Proceed with Grant Signing

A grant signing is conducted before any grant funds are paid to an applicant. At the grant signing, legal documents are executed that obligate the funds to the homeowner and to reserve the amount of the grant agreement designated for the homeowner. The grant signing is conducted once a homeowner receives environmental clearance to obligate grant funds and approve a reimbursement award.

The *Homeowner Grant Agreement* requires the owner to certify to the truthfulness of information that has been provided and contain four exhibits as follows:

- Exhibit 1 – Homeowner Award Calculation, which explains how other resources determined to be a potential DOB were handled and how the grant was calculated. The award will be calculated using the ECR report.
- Exhibit 2 – Flood Insurance Requirement, which informs the homeowner of the requirement to maintain flood insurance and pass that obligation on to subsequent owners.
- Exhibit 3 – Subrogation and Assignment Agreement, in which the homeowner agrees that any additional funds the homeowner may receive from potential DOB sources, belongs to the State.
- Exhibit 4 – Sufficient Funds Acknowledgment, in which the homeowner attests to the best of their knowledge that he/she, will provide sufficient funds above and beyond their grant award, as required to completed their project.

A restrictive covenant will be required for all applicants who receive the full grant in reimbursement and/or opt to complete construction with the Homeowner-Selected Builder and occupancy and elevation are not complete. The restrictive covenant will be filed until all Program requirements are met.

Additional documents may include:

- Homeowner Certification of Reimbursement Expenses, before Application Date;

- Homeowner Request for Reimbursement; and
- Homeowner Certification.

5.13 Review of Scope

Upon receipt of environmental clearance and execution of Grant Award, LMI Project Managers will coordinate a scope of work meeting with the homeowner. This meeting with the homeowner will review detailed scope and budget for estimated cost to repair, including elevation details and discuss next steps. (See *LMI Program Step-by-Step* in [Appendix H](#)).

This meeting will provide homeowners with a summary of the feasibility recommendation for reconstruction vs. rehabilitation. The meeting will review the reimbursement amount (based on the WIP and Homeowner Reimbursement Certification: Reimbursement of Pre-Application Construction Costs) and the ECR.

5.14 Program Options for Manufactured Housing Units (MHUs) on Leased Land

MHUs are eligible for both reconstruction and rehabilitation under the LMI Program, based on the LMI Project Manager feasibility recommendation. As a default, the LMI Program will treat all MHU project feasibilities as reconstruction unless the applicant is explicitly disallowed to reconstruct due to restrictions at the mobile park site. Only when reconstruction of the MHU is disallowed, the LMI Program will provide funding for rehabilitation and elevation of the existing unit, so long as the construction can be performed in compliance with LMI Program building standards and is determined to be cost reasonable.

A MHU is a structure that is transportable in one or more sections. In the traveling mode, the home is eight body-feet or more in width and forty 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.

For further guidance on MHUs, please refer to the *Manufactured Housing Unit Policy and Procedures Governing the following Sandy Recovery Programs: RREM and LMI Homeowner Rebuilding Programs*, policy number 2.10.66.

5.15 Use of Homeowner Selected General Contractor (Pathway B)

The LMI Project Manager will review the federal contracting requirements; contract amendment template for use with the construction contract between the homeowner and their selected contractor; invoicing process for construction payments; and, restrictive covenant until full compliance with program requirements.

Restrictive covenant

A restrictive covenant will be filed including elevation remains to be completed. The covenant will be removed when the homeowner has complied with all of the requirements contained in the grant agreement, the LMI Project Manager has completed an inspection confirming work is complete, and the homeowner submitted a certificate of occupancy and certificate of elevation, if applicable, to the LMI Project Manager. If upon inspection it is determine the homeowner is unable to re-occupy the home, the homeowner will be required to repay the entire amount of funds received.

Final Inspection

Upon completion of eligible work and receipt of a Certificate of Occupancy, or Program-approved equivalent, when the homeowner seeks payment from the LMI grant for construction work completed and costs incurred, the homeowner will submit up to two (2) payment requests for expenses to LMI Project Manager to review as eligible and authorize payment through DCA. Effective January 1, 2019, applicants will no longer be limited to two (2) construction payment requests. Payments will now be disbursed after work is completed with submission of an invoice. In addition to homeowners submitting any and all required supporting documentation, as indicated on the *LMI Program Payment Request* form, LMI Project 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 LMI Project 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. To ensure compliance, LMI Project Manager will conduct a final inspection to confirm the terms of the homeowner grant agreement are met. The covenant on the property will be held until requirements are met.

6 CONSTRUCTION

This section is intended to provide the protocols, guidance, and general framework for inclusion of applicant owner-selected general contractors for LMI Program rehabilitation and elevations activities. The inclusion of the applicant pre-existing or selected general contractor process is composed of **4 Key Steps**:

1. Homeowner goes through full grant signing process,
2. Homeowner meets with their LMI Project Manager to review construction requirements,
3. LMI applicant provides the LMI Project Manager with the name, contact information of the general contractor, and executed construction contract, including the scope of work, and may elect to take a Construction Grant Advance Payment,
4. Homeowner submits payment requests for remaining construction costs and requests a final inspection to verify work is completed to program standards and specifications. Retainage is released.

6.1 Step 5A Meeting Overview and Purpose

Upon execution of a Grant Signing, the LMI Project Manager will schedule a “5A meeting.” The purpose of the 5A meeting is to finalize pre-construction and Program compliance items following the grant signing. A LMI Project Manager point of contact will be established to assist the applicant with construction policy and invoice questions at the time of this meeting. The 5A meeting may take place at the damaged property, an alternate location, at the Housing Centers, or telephonically.

Generally, the 5A meeting agenda items include the following:

1. Introductions	Confirm current status (i.e. grant award amount, rehab/recon); explain transfer in point of contact from Housing Advisor to LMI Project Manager, provide contact information to applicant; review status of construction (i.e. is contractor already on board, started construction)
2. Review Pre-Construction Activities	Explain owner responsibilities for pre-construction/design costs
3. Review non-construction requirements	Review: <ul style="list-style-type: none"> • Contractor licensure/insurance/ debarment requirements • Overarching federal requirements

4. Review Scope of Work	Review ECR if rehabilitation project; review reconstruction limitations if a reconstruction project
5. Review Construction Requirements	<p>Review:</p> <ul style="list-style-type: none"> • ECR (provided copy) • Lead-based paint & asbestos hazards (confirm receipt of copy of Assessments and provide list of LBP state-certified contractors if applicable) • Tier 2 conditions (specific environmental conditions to be met and provide copy of Tier 2 review document) • Green Building Standards (define if ENERGY STAR or Green Building Retrofit Checklist are applicable, provide documentation to support)
6. Review Payment Process	<ul style="list-style-type: none"> • Provide copy of Homeowner-Selected Contractor Payment Request Form • Review required supporting documentation for invoice submission • Explain cost-reasonableness standard for payments • Explain process for submitting payments
7. Review Contractor Validation Form	<ul style="list-style-type: none"> • Record Contractor information, if available • Inform applicant that upon receipt of contractor validation from LMI Project Manager, applicant is authorized to initiate invoicing to Program
8. Review Certifications and Acknowledgments	<ul style="list-style-type: none"> • Review and execute <i>Certification of Construction Requirements</i> • Review and provide copy of <i>Contractor Addendum</i>

During the 5A meeting with the LMI Project Manager, the applicant will be provided a packet which includes multiple program documents and next step instructions. The packet may include, but is not limited to, the following:

- LMI Project Manager Contact Information,
- *Low-to-Moderate Income (LMI) Homeowner Rebuilding Program Step-by-Step*
- Contractor Eligibility, Contracts, and Addendum

- *Certification of Construction Requirements; (For both RECON/REHAB, must be signed by Applicant);* this Certification states that you are aware of Program requirements and will comply for both recon/rehab.
- *Contractor Addendum;* required addition to any contract signed. Helps to ensure that your contractor is aware of Program requirements.
- *LMI Form 7-Disability Verification (if applicable)*
 - *LMI Applicant Mobility Modification List (if applicable)*
- Payments and Closeout
 - *Contractor Validation and Construction Advance Form;* must be signed by applicant and provide the name and license information of homeowner-selected contractor.
 - *Request for Payment Form (For both RECON/REHAB, must be signed by applicant when submitted for payment)*
 - *Design/Engineering Services Draw Request*
 - *Final Draw Request*
 - *Final Bills Paid Affidavit;* (Final Bills Paid Affidavit Waiver may be used in lieu of the Final Bills Paid Affidavit (FBP) as an option of last resort and only where the applicant can demonstrate that completion of the FBP is not feasible due to circumstances outside their control)
 - *Final Inspection Document*
- Documents for Applicant Records
 - Lead- Based Paint (LBP) Report (if applicable)
 - Lead Based Paint Notification – Receipt #1-4 (if applicable, however 2-3 required if Rehab/pre 1978)
 - Asbestos Containing Material (ACM) Report (if applicable)
 - Lead Based Paint & Abatement Contractor List
 - Tier 2 Environmental Review Report
 - Scope of Work (SOW)/Estimated Cost to Repair Report
 - Elevation Cost Report
 - HUD Green Building Retrofit Checklist
 - Energy Star Reference Design
 - Minimum Housing Rehabilitation Standards
 - LMI Reconstruction Standards
 - LMI Program Tip Sheets
 - Fraud Prevention Hotline Notice

6.2 LMI Program Step by Step

The LMI Program Step-by-Step guide provides the applicant with a visual glance at where their file is in the overall LMI process once they sign the Grant Award. It is a high-level diagram that indicates the items required for grant disbursement and final compliance and close-out with the LMI Program. Please refer to [Appendix H](#)

6.3 Certification of Construction Requirements Form

This *Certification of Construction Requirements* Form is intended to guide and provide acknowledgement by homeowner choosing to use their own/existing contractor of the LMI Program and federal requirements for construction grant funds.

Following the Grant Award Signing meeting (Step 5 meeting), applicants are required to review and certify to comply with all program requirements to be eligible for LMI Program funds.

The *Certification of Construction Requirements* Form also identifies whether Accessibility Modifications are requested/required. If an applicant indicates accessibility modifications are required, the *LMI Mobility Modifications* form should also be completed to identify specific types of modifications required and which may be invoiced to the program.

Certain mobility modifications may require additional third-party certifications such as chair lifts (indoor/outdoor), elevators and other major modification requirements. The *Form 7* serves as an official form that must be signed and recorded in the system of record and verified prior to approving request for payment for these types of accessibility items.

The following *Certifications* summarize the general requirements. The homeowner shall initial next to each statement, acknowledging an understanding of the statement and an agreement to conduct the work in accordance with the terms of the LMI Program.

- Homeowners are required to submit proposed Contractor information to the LMI Project Manager (*on the Contractor Eligibility Confirmation* form for the LMI Project Manager to review and confirm Contractor(s) are licensed by the State of New Jersey to undertake construction work and are not debarred from working on federal/state programs.
- Homeowners are required to review and understand the Estimated Cost to Repair (ECR) if performing rehabilitation and/or elevation work. Homeowner will ensure all remaining construction meets or exceeds the specifications listed in the ECR.
- Homeowners are required to ensure selected Contractor(s) agrees to and completes all environmental/historic review construction requirements identified in the environmental Tier 2 Review developed by the State of New Jersey's Department of Environmental Protection.
- Additionally, for homes built prior to 1978 where the presence of lead has been determined through a lead risk assessment, applicant's Contractor(s) must use EPA Lead Designated

Renovator and HUD Lead Trained workforce and employ lead safe practices in the remediation of lead hazards. A copy of the Lead Based Paint (LBP) and asbestos assessment related to the damaged property must be provided to the Applicants with all hazards to be addressed to complete the scope of work, in accordance with State and HUD requirements.

- As applicable, properties undergoing rehabilitation should comply with the Green Building Retrofit Checklist, state/local building codes, and the Minimum Housing Rehabilitation Standards for work necessary to complete the project.
- Where applicable for properties undergoing reconstruction, the drawings for the plans should meet ENERGY STAR standards to the extent feasible as required by the Program.
- Homeowner acknowledges that all construction completed after date of environmental clearance must meet state and local building code requirements and meets or exceed Minimum Housing Rehabilitation Standards (if performing rehabilitation).
- Per the Policy on Construction Advance Payment, a homeowner may receive fifty percent (50%) advance on their construction award amount, less retainage, upon submission of a contractor who is validated as licensed/registered and not debarred. The homeowner must provide a copy of their executed construction contract to receive their construction advance. If the homeowner is acting as their own general contractor, the homeowner must provide a copy of an executed construction contract with at least one of their subcontractors. 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*. Homeowner then agrees to submit no more than two (2) construction payment requests, which upon review, will be approved and disbursed. Costs may only be submitted for payment after they have been incurred and the work covered by the invoice is complete. The homeowner must have received an invoice for completed work from the Contractor but need not yet have paid that bill. Effective January 1, 2019, applicants will no longer be limited to two (2) construction payment requests. Payments will now be disbursed after work is completed with submission of an invoice. In addition to homeowners submitting any and all required supporting documentation, as indicated on the *LMI Program Payment Request* form, LMI Project 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 LMI Project 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.

- Construction to occupancy and elevation, where applicable, must be complete within one (1) year from the date of grant award, unless an extension is approved in writing by DCA.
- Homeowner acknowledges that LMI Grant Funds will be received only for costs which are eligible under HUD guidelines. All costs must be directly tied to the rehabilitation, reconstruction or elevation of the applicant's Sandy-damaged primary residence.
- Homeowner and the Contractor will retain records related to the LMI-funded rehabilitation, reconstruction or elevation available to and cooperate with HUD and the State of New Jersey if requested to conduct an audit of LMI funds. The LMI Program reserves the right to conduct on-site inspections and review documents to ensure compliance with this Certification.
- Applicant agrees to keep records documenting all of construction costs and other items covered in the *Certification of Construction Requirements* form for a period of five (5) years from the date of the executed grant award. These records may be requested by the federal or state government to ensure program compliance.
- Homeowners who use a general contractor to perform remaining construction are responsible for having the contractor execute the *Mandatory Contractor Addendum* to ensure all work completed after the date of environmental clearance is performed in accordance with Program and federal requirements.
- Homeowners who elect to act as their own general contractor, as defined in the *Certification of Construction Requirements* form, are directly responsible for ensuring that all subcontractors are accountable for meeting the terms of the *Certification*. Homeowners choosing to self-perform any of their construction must similarly meet these stated requirements and also understand that the Program will not pay for labor costs for work performed directly by the homeowner.
- Applicant also acknowledges the restrictive covenant will be placed on the damaged property until the following items pass the Final Inspection from the LMI Program, proving that all occupancy and elevation requirements are met:
 - Copy of Certificate of Occupancy (or equivalent) provided from local building department
 - Copy of Final Elevation Certificate, if applicable
 - Verification of construction work completed as confirmed by a LMI Program inspection
 - Lead-Based Paint and asbestos clearance, if applicable
 - Environmental Review Clearance Mitigations, if applicable

The applicant assumes all risk associated with preconstruction and construction activities regarding the damaged property by using a Homeowner-Selected General Contractor.

6.4 Homeowner-Selected General Contractor Payment Process Overview

When the homeowner chooses to remain with their own engaged, validated as licensed and not debarred contractor, the LMI Project Manager will review the federal contracting requirements; contract amendment template for use with the construction contract between the homeowner and their selected contractor; invoicing process for construction payments; and, restrictive covenant until full compliance with program requirements. This section is intended to provide the protocols, guidance, and general framework for the payment of applicant selected general contractors for LMI Program rehabilitation and elevations activities.

6.4.1. Construction Grant Advance Payments

Under DCA policy 2.10.67, the homeowner has the option to receive fifty percent (50%) of the available construction award, less retainage, as a *Construction Advance* upon selection of contractor and completion of the contractor validation process. For the homeowner to obtain a *Construction Advance*, the homeowner and the LMI Project Manager will complete the *Contractor Validation and Construction Advance Form*. The homeowner must provide a copy of their executed construction contract to receive their construction advance. If the homeowner is acting as their own general contractor, the homeowner must provide a copy of an executed construction contract with at least one of their subcontractors. The LMI Project Manager ensures the contractor has the appropriate state licensure and is not on a Federal or State debarred list. The homeowner will not be advanced funds until the general contractor has been identified and validated, and completed copy of the executed construction contract has been provided. 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*.

The construction advance payment is considered a payment on the approved construction scope of work, therefore the LMI payment process allows for up to two (2) additional total construction requests for payment by the homeowner to complete the award amount. These two (2) additional payments do not include the Reimbursement payment and the *Construction Advance* payment. All additional payments must be supported by supporting documentation. Effective January 1, 2019, applicants will no longer be limited to two (2) construction payment requests. Payments will now be disbursed after work is completed with submission of an invoice. In addition to homeowners submitting any and all required supporting documentation, as indicated on the *LMI Program Payment Request* form, LMI Project 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 LMI Project 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.

Request for Payment Section

To request a construction grant advance payment, the homeowner must complete the Payment Request section of the *Contractor Validation and Advance Payment Request Form*, attach a copy of their executed construction contract, and submit directly to the LMI Project Manager for review. Instructions are provided to the homeowner during the grant award signing meeting, and also outlined directly on the *Contractor Validation and Construction Advance Form*.

6.4.2 Contractor Eligibility

Homeowners are required to submit proposed Contractor information to the LMI Project Manager to validate the Contractor meets minimum Program requirements to be considered eligible for construction payments. In order to be able to fund a payment request, the Contractor must have been validated by a LMI Project Manager as satisfying the following requirements:

1. The Contractor(s) are licensed by the State of New Jersey to undertake construction work and are not debarred from working on federal/state programs.
2. Contractor has current licenses available upon request and their Home Improvement Contractor Licenses, or other appropriate license for the building trade, are validated through the Department of Community Affairs website.
3. New Home Builders, confirmation of current licenses will be sought through the Department of Community Affairs (DCA) on the DCA website. Additional required validation includes a confirmation email from a DCA representative indicating the license expiration date which will be maintained as an official record.

The LMI Program reserves the right to not validate a contractor who meets the above three (3) 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.

It is not recommended that applicants proceed with a particular contract until the Program has completed and returned the executed *Contractor Validation Form* indicating all listed contractors

are confirmed and validated. If an applicant proceeds with repairs or reconstruction to the property without having their selected contractor(s) validated by the Program, they risk forfeiting subsequent draw request approvals due to working with ineligible contractors.

6.4.3 Homeowner Acting as Own General Contractor: Invoicing for Direct Payment

A homeowner is permitted to act as their own General Contractor by engaging multiple contractors directly and oversee specific components of construction. In this particular case, LMI Project Managers will need to validate at least one of homeowner's contractors for licensing, debarment, and obtain a copy of the signed construction contract prior to the release of a construction advance payment. For any remaining payments, each contractor the homeowner is directly engaged in must be validated prior to release of additional payments. Each invoice will be reviewed and approved by the LMI Project Manager using the appropriate *Payment Review Checklist*. All invoices, the review checklist, and supporting backup will be submitted to DCA for approval through SIROMS. Effective January 1, 2019, applicants will no longer be limited to two (2) construction payment requests. Payments will now be disbursed after work is completed with submission of an invoice. In addition to homeowners submitting any and all required supporting documentation, as indicated on the *LMI Program Payment Request* form, LMI Project 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 LMI Project 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 subcontractor(s) within ten (10) days of receipt of Program funds. If the applicant does not pay the subcontractor(s) within the ten (10) day period, s/he may be administratively withdrawn from the Program for non-compliance.

As with all applicants (except for activities eligible under the reimbursement policy), only invoices that are for work completed post-grant signing and DEP Tier 2 environmental clearance will be approved. The first invoice must include copies of all required permits. Homeowners acting as their own General Contractor are exempt from Section 3 reporting and are not required to have bonding.

6.4.4 Homeowner Acting as Own General Contractor: Self-Performing Work

A homeowner is permitted to act as their own General Contractor and invoice the LMI Program for self-performed work. Construction work is considered "self-performed" if completed directly by the homeowner or completed by a company that the homeowner owns and operates as a licensed company authorized to complete such work within the State of New Jersey. In addition

to the requirements outlined in section 6.4.3 above, any payment request for self-performed work is subject to the follow requirements:

1. If performing work under homeowner's company, homeowner must be licensed, and not debarred, to complete construction work in the State of New Jersey,
2. If homeowner does not complete the self-performed work directly, but uses authorized employees from his/her own company, labor costs will only be eligible if homeowner submits documentation from a payroll certified by a Certified Public Accountant (CPA), and
3. The LMI Program will not fund self-performance costs including, but not limited to, profit mark-ups and overhead. All costs for self-performance are subject to DCA review and approval.

Homeowners self-performing work may submit invoices for labor costs only if the homeowner submits documentation proving that (i) the laborer is a verified staff member of the general contractor or subcontractor, and (ii) the cost of the labor provided via a payroll certified from a CPA.

6.4.5 Contractor Addendum

Applicants must submit a *Contractor Addendum* signed by the Program validated contractor of their choice, where the contractor acknowledges and agrees to complete construction performed on or after environmental clearance in accordance with applicable Federal requirements and rules within the LMI Program. The *Contractor Addendum* form is intended to ensure that contractor's performing partially or fully-funded under the LMI Program are aware of applicable federal requirements and rules. If the applicant is using a general contractor, that firm must sign for itself and all of its subcontractors. Once completed, homeowners must provide the signed copy of the contractor addendum to their LMI Project Manager. If the homeowner is directly contracting with tradespersons, or acting as their own general contractor, then the Contractor Addendum is not required.

The Addendum lists the requirements of all LMI affiliated contractors which include:

- Contractor(s) acknowledges the Addendum is enforceable upon the homeowner's date of environmental clearance.
- Contractor(s) and all Subcontractors must be licensed and in good standing with the State of New Jersey to undertake construction work. All licensed must be current and furnished on request.
- Contractor(s) must have General Liability (minimum \$500,000) insurance and should maintain other insurance to protect the homeowner such as Builder's Risk (recommended to at least the amount of the construction contract) and Worker's Compensation

(recommended for all employees working on site). The contractor must maintain documentation of this insurance.

- Contractor(s) agree to review homeowner's Estimated Cost to Repair (ECR) if performing rehabilitation and/or elevation work to ensure remaining construction meets or exceeds Program needs.
- Contractor(s) agree to complete all environmental/historic review construction requirements identified in the environmental review developed by the State of New Jersey's Department of Environmental Protection.
- For homes built prior to 1978 where the presence of lead has been determined through a lead risk assessment, the contractor(s) must use EPA Lead Designated Renovator and HUD Lead Trained Workforce and employ lead safe practices in the remediation of lead hazards. The contractor(s) agrees to address corrective measures prescribed in the lead risk assessment and must provide proof of required qualification for performing lead safe work prior to final disbursement from LMI Program to Homeowner. Upon completion of construction, a third-party proof of lead clearance is required.
- Contractor agrees to review the asbestos survey performed by the LMI Program and properly remove and dispose of any asbestos which is friable or will be disturbed by renovation or demolition in compliance with federal and state regulation.
- Contractor agrees, to the extent feasible, to comply with the HUD CPD Green Building Retrofit Checklist and properties undergoing reconstruction must comply with ENERGY STAR construction standards. These standards shall be met to the extent feasible for remaining construction, but are not required for construction projects completed, under construction, or under contract prior to grant assistance. If contractor has started construction or is under contract with homeowner prior to the date of receiving LMI grant assistance, as defined by date of Homeowner execution of their LMI Grant Agreement, these standards shall be met to the extent feasible for remaining construction but are not required for costs incurred prior to grant assistance. If contract is executed after date of grant assistance, Contractor will have reconstruction plans reviewed and certified by a Home Energy Rating System (HERS) rater as meeting ENERGY STAR standards, using the ENERGY STAR Plan Review Checklist version 3.0 and furnish said documentation to the homeowner.
 - All construction completed after date of environmental clearance must meet state and local building code requirements and meet or exceed Minimum Housing Rehabilitation Standards (if performing rehabilitation). If elevating, property will be elevated at minimum to the most current Base Flood Elevation maps plus one foot, or local building standards if more stringent.

- Contractor(s) agree to furnish to homeowner, documentation necessary for homeowner to request construction draws and conduct final inspections under the LMI Program, as indicated in the *Homeowner Request for Payment for Use of Own Contractor* form.
- At the conclusion of the construction, LMI Project Manager will conduct a final inspection. The property must pass this final inspection to ensure that all items within the scope of work and invoice for were completed in a workman-like manner that addressed the property standards. The property must also pass any applicable local code building or zoning inspection and the homeowner must be granted a Certificate of Occupancy.
- Contractor(s) agree to complete construction and elevation, if applicable, within one (1) year from the date of homeowner’s grant award signing, unless an alternative date is approved in writing by DCA.
- Contractor(s) agree to make all of its records related to the LMI-funded rehabilitation, reconstruction, or elevation available to and cooperate with HUD and the State of New Jersey if requested to conduct an audit of LMI funds. The LMI Program reserves the right to conduct on-site inspections and review documents to ensure compliance. Contractor agrees to retain records for a minimum of five (5) years from the date of grant award signing.
- The General Contractor is responsible for the compliance of not only its firm but also its Subcontractors. The Contractor(s) and its Subcontractor(s) will comply with requirements of all Federal laws, Executive Orders, regulations, and policies governing the LMI Program.

The LMI Program references the New Jersey Division of Consumer Affairs for insurance requirements listed in the contractor addendum. The New Jersey Division of Consumer Affairs periodically updates its insurance requirements. Therefore, it is the responsibility of the contractor to follow current insurance requirements per the New Jersey Division of Consumer Affairs or the LMI Program, whichever is more stringent from the date the addendum is signed. This includes insurance requirements for elevation contractors, such as cargo and riggers insurance.

6.4.6 Grant Award Draw Requests and Review Process

Homeowner’s may submit up to two (2) payment requests, in addition to requests for *Reimbursement* and *Construction Advance*, for payment of construction work under of the LMI Program. Payments are submitted to the LMI Project Manager for review and approval. Homeowners must submit photo documentation of “work performed” with each payment request. Homeowners must submit any and all required supporting documentation, as indicated on the LMI Program Payment Request Form. DCA will review each payment request, review the

photo documentation, and give secondary approval prior to release of funds. The review to determine the amount approved for the payment request is recorded on the *Payment Summary Checklist*. Effective January 1, 2019, applicants will no longer be limited to two (2) construction payment requests. Payments will now be disbursed after work is completed with submission of an invoice. In addition to homeowners submitting any and all required supporting documentation, as indicated on the *LMI Program Payment Request* form, LMI Project 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 LMI Project 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.

The LMI Program can only consider construction payments for work done on or after the date of Tier 2 environmental review clearance. Definition of work done on or after date of Tier 2 environmental review clearance will be determined by date of invoice submitted by homeowner, unless other documentation is provided that indicates a different date. Additionally, the Program cannot pay for any work determined ineligible for funding (e.g. detached garages, fencing, hot tubs, etc.). The Program will cap its payment requests at the remaining construction award amount, less retainage, indicated on the applicant's award calculation. This amount reflects the cost reasonable amount of funding the Program has determined is needed to address the necessary rehabilitation/elevation/reconstruction activities to bring the house up to the Program-required building standards.

6.4.7 Scope Adjustments

Applicants who use a homeowner-selected contractor may account for unforeseen costs that arise during construction by requesting a scope adjustment to their grant award. The procedures for requesting scope adjustments will include, but not limited to, the following procedural requirements as outlined in this section.

Applicants may request no more than two (2) scope adjustments. The amount of the scope adjustment will be limited to the lesser of the scope adjustment subtotal of the applicant's unforeseen eligible scope items, based on the appropriate required documentation, or the scope adjustment subtotal of the Program estimated costs for missed scope of work. Scope adjustment requests for \$2,500.00 or less will be considered "de minimis." De minimis scope adjustment requests will not be considered by DCA for review and approval. Finally, applicants who have received the Program cap grant award of \$150,000 and have an unmet need may not

request additional grant award funds through the scope adjustment process because the request will not impact their grant award. Scope adjustment requests for applicants who are applying for additional Program funding will be considered by DCA on a case-by-case basis, pending a full review of supporting documentation.

Appropriate required documentation includes:

- Architect/Engineers Reports,
- Municipal Requirements,
- Accessibility Modifications,
- Environmental/Historic Conditions, and/or
- Failed Mechanical, Electrical or Plumbing Systems.

At final inspection, the LMI Project Manager will review the applicant's Estimated Cost to Repair (ECR), including all approved scope adjustments, and inspect the home to verify all LMI Program work is complete. Any cost variance between the project scope and the final scope as determined by the LMI Project Manager, above and beyond the \$2,500.00 de minimis threshold will, result in a failed final inspection.

6.5 General Construction Considerations

Scope of Work/Estimated Cost of Repair Report

Properties classified as rehabilitation in the initial feasibility determination will have a draft scope of work document that includes the estimated costs for repairs sited at the initial site inspection (ISI). The items listed as required for repair should serve as a guideline for homeowners when submitting the Request *for Payment* form and associated invoices.

Properties classified as a reconstruction at the time of the initial feasibility determination will most likely not have a scope of work with estimated cost of repair items, if for example the property was a vacant lot or was severely damaged without a reasonable cost to rehabilitate the property.

The costs to address lead and asbestos hazards in the structure are eligible, up to the maximum grant amount, including the inspection to provide proof of lead clearance which will be priced into the applicant's scope of work. All contractors must employ lead and asbestos safe practices when doing renovations at the damaged property. A copy of the lead and asbestos assessment related to the subject damaged property will be provided to applicants to indicate all hazards that must be addressed to complete the scope of work, in accordance with state and HUD requirements.

Rehabilitation Standards

Applicants are directly responsible for ensuring their selected contractor(s) comply with the requirements documented in the approved Minimum Housing Rehabilitation Standards. The Minimum Housing Rehabilitation Standards is provided to all applicable applicants at their 5A Meeting with the LMI Project Manager.

Special Needs Verification

Special Needs Verifications are documented on several LMI Program forms as related to accessibility modifications that an applicant or household member may require. The following forms capture this information and are recorded in an applicant's file:

- The applicant indicates whether accessibility requirements may be necessary on the *Duplication of Benefits* form which is completed in the early eligibility stage;
- The LMI Program *Form 7* is completed if major accessibility items such as lifts and elevators are required. This form is signed by a medical professional to authorize the requirement, and
- The *Mobility Modification Form* is completed at the Step 5A meeting to identify the specific requirements

Environmental Review/Tier 2 Report

The Environmental Tier 2 Review will be included within the packet of materials and provided to the applicant at the 5A Meeting. If applicable, the DEP Tier 2 Review will include any findings and prescribed actions related to the damaged property. Environmental mitigation costs as listed on the DEP Tier 2 Review are eligible to be paid within the homeowner's existing LMI award.

Lead Based Paint Report

All homes built prior to 1978 will receive a copy of a lead risk assessment to determine the presence of lead-based paint. Applicants will also be provided with a list of state certified lead abatement contractors in the packet of materials to contact, if necessary. Applicants must sign and return both the *Certification of Construction Requirements* form and the *Program Lead Certification* forms indicating receipt of the lead assessment report and certifying their selected contractor will mitigate or abate any lead findings identified as prescribed in the report. Homeowner's contractor(s) must use a state certified lead abatement contractor for hazardous lead-based paint and/or Renovation, Repair, and Painting (RRP) certified contractors for non-hazardous lead-based paint found in the home.

If a homeowner undertakes rehabilitation on his/her own property where lead-based paint has been identified, s/he is not required to be state certified in lead abatement, RRP certified, or have undergone lead safe work practice training. If a homeowner hires a contractor who is not a certified state lead abatement contractor or a RRP certified contractor, the homeowner is required to accept all responsibility and liability associated with lead-based paint safety within the property. In both of the above instances, the LMI Program will determine which associated lead costs to remove from the scope of work based on the work done and type of contractor used. In either case, the homeowner will still be required to produce a Lead Clearance Examination Report for final inspection and the LMI Project Managers will have the homeowner sign a Lead Abatement Applicant Liability Acceptance form to acknowledge either of the above circumstances.

Asbestos Containing Material Report

If an applicant's ECR and/or Asbestos Containing Material Report at time of ISI determines asbestos is present, the applicant will be responsible for hiring a certified asbestos-abatement contractor for proper removal and disposal of the asbestos. Applicants will be required to submit an asbestos disposal manifest as evidence of proper disposal. If a homeowner is unable to produce an asbestos disposal manifest, the homeowner must certify that either (1) s/he disposed of any asbestos on the property in an appropriate manner and in accordance with local and state requirements or (2) a third party certified contractor has tested for and confirmed asbestos is either not present where presumed and/or due to the required repairs, asbestos condition (non-friable), and/or the location of asbestos material, that no asbestos containing materials were distributed/removed from the site at any time during the construction process. In either of the above instances, the homeowner is required to accept all responsibility and liability associated with asbestos safety within the property. Any asbestos-abatement or hazard removal costs from the scope of work will be removed if not attributable to a certified-asbestos abatement contractor. In such cases, if a homeowner or contractor provides an asbestos disposal manifest, the cost of disposal only will be eligible.

Energy Star and HUD Green Building Document

The applicant will be instructed by the LMI Project Manager as to whether the Green Building Retrofit Checklist (for rehabilitation) or ENERGY STAR (for reconstruction) is required for construction activities. If applicable, the applicant is required to incorporate these energy efficiency items within the final scope of work. Energy Star and Green Building retrofit costs are eligible to be invoiced by the applicant for funds disbursement up to the maximum grant award. If during final inspection it has been determined that non-energy efficiency materials were used in place of ECR prescribed energy efficiency line items, the LMI Program will deduct the value of the prescribed energy efficiency line items from an applicant's final grant

award in their entirety. Thus, applicants will not receive funding for any non-energy efficiency materials as observed during final inspection. Please reference the discussion of the *Contractor Addendum* above for additional Energy Star and/or Green Building standards requirements.

Construction Complete

The LMI Program will consider construction complete upon submission of the Certificate of Occupancy, or equivalent.

6.6 Administrative Signings

The purpose of this section is to provide guidance to the program in the event that upon certain key events, the homeowner fails or refuses to act in a manner consistent with the contract, that Department of Community Affairs can take actions necessary with the action plan, the HUD CDBG Rules, and the guidelines to meet the Program requirements, as outlined in these policies and procedures.

From time-to-time a homeowner may refuse to sign a key document required before other program processes can proceed. There can be a variety of reasons for this decision by the homeowner and therefore it must be determined if the reason for not moving forward is valid within the scope and requirements of the program.

Effective September 30, 2015, any Amendments and Final Grant Reconciliation Calculation is allowed to be administratively signed as long as the terms of the Amendment or Final Grant Reconciliation have been communicated to the applicant and the applicant has been given a sufficient opportunity to discuss same with DCA Operations Staff.

All other documents, unless specifically stated may not be signed by an administrative signing, the LMI Project Managers may refer to the DCA for their review as to the appropriateness of an administrative signing. DCA shall have the final decision on what documents are eligible to be signed under this policy.

7 PROGRAM CLOSEOUT

7.1 Final Inspections

Final Inspection (Pathway A)

Pathway A projects are defined as projects with a zero or nominal ECR at the ISI and do not require a final site inspection. Remaining work is nominal if the project meets all Minimum Housing Rehabilitation Standards and the estimated cost to complete is less than \$5,000. Upon collection of the required documentation, the project may be closed out based on the ISI.

All Pathway A applicants must have a Certificate of Occupancy (CO) or Program-approved equivalent on file certifying construction is complete.

For applicants where the local municipality does not require permits for the amount of work completed and/or does not issue COs, the LMI Project Manager will refer to the Standard Operating Procedures on “LMI Self-Certification of CO.” An applicant may require the use of a self-certification form in lieu of a CO. It is the LMI Project Manager’s responsibility to determine if the use of the self-certification form is appropriate.

Final Inspection (Pathway B)

The applicant will initiate the closeout process through the submittal of a Certificate of Occupancy (CO), or Program-approved equivalent. Applicants may submit this through any member of the Program; if not submitted directly to the LMI Project Manager. Effective September 30, 2015, if a CO or Program-approved equivalent is scanned in SIROMS, an automated notification is sent to the LMI Project Manager to review this document to ensure it is valid for closeout purposes. If it is, the LMI Project Manager can then proceed with closeout of that application.

For applicants where the local municipality does not require permits for the amount of work completed and/or does not issue COs, the LMI Project Manager will refer to the Standard Operating Procedures on “LMI Self-Certification of CO.” An applicant may require the use of a self-certification form in lieu of a CO. It is the LMI Project Manager’s responsibility to determine if the use of the self-certification form is appropriate.

When the LMI Project Manager has verified that construction to occupancy has been completed, and all payment requests have been approved, the LMI Project Manager will move the file from the “Construction” stage into “Pending Final Inspection” stage. Applicants unable to provide or successfully meet standards, e.g. failure to pass Alternative Energy Efficiency Compliance Checklist, if applicable, will be unable to proceed to final inspection. Failure to supply any of the required documents for a property

may result in the administrative withdrawal of the application from the Program. The applicant can reach out to the LMI Project Manager for any questions on how to prepare, including required documentation.

Once all required documents are verified, the LMI Project Manager will move the application into the “Final Inspection in Process” stage. Coordination between the LMI Project Manager and the applicant results in a scheduled final inspection. The file will remain in the “Final Inspection in Process” stage until the property passes the LMI Program final inspection. An authorized adult of at least eighteen (18) years of age must be present during the final inspection. Applicants must work with their LMI Project Managers to inform them of any eligible work that was completed, but not reflected in the original scope of work. LMI Project Managers will capture this information for any revisions that need to be done to the grant calculation.

After the final inspection has taken place, the LMI Project Manager will give a carbon copy of the inspection results to the applicant or authorized adult representing the homeowner during final inspection, indicating whether or not the property passed or failed final inspection. If the property passed, then the LMI Project Manager will move the file forward upon completion of all closeout documentation. A notification will be sent to the homeowner indicating that s/he passed final inspection. However, if the property fails at final inspection, a notification will be sent to the applicant including all reasons for the failed inspection, as well as the corrective actions that are required to fix the deficiency(ies). Applicant is notified that s/he has sixty (60) days to correct the deficiency(ies) and contact the LMI Project Manager to schedule a re-inspection, and failure to do so may result in the administrative withdrawal of the application from the Program.

At final inspection, the LMI Project Manager is verifying line-items in the ECR Report have been completed. If that line-item met or exceeded Program Specifications, then it is deemed a “Pass.” However, if there is a failure for a non-safety hazard line-item, then the cost of that repair gets deducted at closeout through a negative scope adjustment to the ECR.

The following are examples of situations that, if observed at final inspection, will result in the property to receive a “Fail” and will require corrective actions be taken in a timely manner, as stipulated above:

- Smell of gas or sewage;
- Improper venting of gas equipment, boiler, dryer, or plumbing system;
- Apparent plumbing or water leaks;
- Missing carbon monoxide or smoke detectors;
- Apparent electrical hazards, such as exposed wiring or missing outlet/switch cover plates;
or
- Apparent electrical circuit issues.

7.2 LMI Construction Closeout Process and File Checklist for LMI Project Manager

After a successful final inspection for Pathway B or ISI for Pathway A, a desk review of the file is done to review all documentation. An Operations QA/QC Checklist is also completed and reviewed internally by the LMI Project Manager. The LMI Project Manager will move the file forward and, upon completion of all closeout documentation, will send via the iDone Interface to the “Operations QA/QC” stage. The iDone Interface shall include, but is not limited to, the following required documents:

Each LMI Project 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 HUD, DPP, DCA, the New Jersey Office of the State Comptroller 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. All documents required to verify construction is complete must be maintained by the LMI Project Manager in accordance with the record retention policy.

7.3 Operations Quality Assurance/Quality Control (“QAQC”) Review

Once the LMI Project Manager has verified construction has been completed to occupancy and uploaded all required documents to the file, the application will be reviewed by QA/QC Operations Staff to confirm all program construction requirements are complete. QA/QC Operations Staff will confirm the required documentation is on file for applicable construction requirements, final inspection, and verify that all payment requests have been properly disbursed, less retainage when applicable. Upon confirmation that all applicable program requirements have been completed and appropriately documented in the applicant’s file, QA/QC Operations Staff will submit the file to the “Final Grant Reconciliation” stage to account for any changes in DOB and/or scope adjustments.

The QA/QC Operations Staff member will utilize one of two checklists based on pathway, submitted by the LMI Project Manager through the iDone Interface. The LMI Project Manager must indicate whether or not a listed document was required or not applicable. Should QA/QC Operations Staff find discrepancies and/or determine that the file cannot pass QA/QC, they will reject the file in the system and send the file back for review by the LMI Project Manager to complete the file. However, if the QA/QC review yields positive results and the file passes, the QA/QC Operations Staff then moves the file forward to Final Grant Reconciliation.

7.4 Final Grant Reconciliation

Once the file has been reviewed by Operations QA/QC Staff to confirm all applicable Program construction requirements have been completed, Operations QA/QC Staff will move the file forward to complete a final grant award reconciliation. During this review, Grant Reconciliation Operations Staff will conduct a preliminary DOB analysis and revise the grant award calculation to include any scope adjustments. Grant Reconciliation Operations Staff, upon submission of the final grant reconciliation, must justify any change to the grant award in case notes in the system of record. A final grant award calculation will be created for review by the DCA Office of Compliance and Monitoring. After the final award calculation is prepared, those applicants who are found to have a grant award reduction can submit any ineligible receipts/invoices for construction costs that were not previously captured by the Program. The value of Program determined ineligible completed work may be used to reduce the impact of an applicant's DOB funds.

7.5 Final Grant Award Calculation Review and Final Closeout Process

Before a project file can be moved to archive, there must be a final review by DCA Compliance and Monitoring to validate the final grant award calculation and ensure all required documentation is on file. During this final grant award calculation review, the Program will conduct a final DOB review if necessary and incorporate any final scope adjustments. If, upon approval of this grant reconciliation, it is determined that there has been an over-disbursement of grant funds, Compliance and Monitoring Staff will be unable to submit the final grant award calculation unless an accounts receivable has been established for that applicant for the total amount of funds owed back to the Program.

Upon approval by the Office of Compliance and Monitoring, a notification will be sent to the applicant indicating the applicant owes funds back to the Program, the applicant is owed grant funds, or no change has been made to the grant award. The applicant will receive a side-by-side comparison of the last-executed grant award calculation and the approved final grant reconciliation calculator. The applicant must return a signed copy of the Final Grant Reconciliation within thirty (30) days. SIROMS has been designed to accommodate applicants that seek to change either the scope of work and/or DOB. If there is no response from the applicant within thirty (30) days, the program may administratively sign the Final Grant Reconciliation on the applicant's behalf in order to facilitate project closeout.

If the applicant owes funds back to the LMI Program and there is an open accounts receivable, the file will not move forward until the requested funds are repaid back to the Program. If a final payment or retainage payment is owed to the applicant, then upon receipt of the signed Final Grant Reconciliation, final payment or retainage payment will be issued to the applicant.

Finally, after any disbursement or over-disbursement reconciliations, the file is ready for final closeout and archive. The applicant is then notified that the DCA Office of Compliance and Monitoring has requested the removal of the Declaration of Covenants and Restrictions from the County Clerk's Office in the county in which the damaged property is located. In addition, the applicant is notified in this correspondence that s/he no longer has any obligation to the Program. The applicant is instructed to keep all receipts and documentation for at least five (5) years in the event his/her file gets audited or reviewed. Compliance and Monitoring will then push the file forward to Operations Staff to validate all documents prior to archiving. Once complete, the file will now move to the "Application Complete" stage for archiving.

GLOSSARY

Abatement – Means a set of measures/techniques to carry out “permanent” removal of lead hazards, Abatement techniques includes: (1) The removal of lead-based paint and dust-lead hazards, (2) the permanent enclosure of lead-based paint, (3) the encapsulation of lead-based paint, or, (4) the replacement of components or fixtures painted with lead-based paint, and the removal or permanent covering of soil-lead hazards. Abatement includes all preparation, cleanup, disposal, and post abatement clearance testing activities associated with such measures.

Action Plan – The State of New Jersey Action Plan for Superstorm Sandy as approved by HUD on April 29, 2013.

Activity / PO Number – An official tracking number issued by the DCA that formally notifies the LMI and construction contractors that a project has been setup in the contracts system and LMI Program funds have been obligated to the project.

Adequate Quality Control – A plan or design which ensures 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.

Administrative Signing – Where DCA will act on behalf of the homeowner and sign documents that allow for subsequent program actions.

Asbestos – The asbestos form varieties of Chrysotile (serpentine); Crocidolite (Riebeckite); Amosite (Cummingtonite-grunerite); Anthophyllite; Tremolite; and Actinolite.

Asbestos-Containing Material – Any material or product which contains more than 1% asbestos.

Architect or Engineer of Record (AOR) – Architect or Engineer of Record (AOR) is the recognized licensed design professional in General Responsible Charge. 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 LMI Project Managers and/or jurisdictional authority, as required.

Bare soil – Soil or sand not covered by grass, sod, other live ground covers, wood chips, gravel, artificial turf, or similar covering.

Change Order (CO) – A written instrument that authorizes additions, deletions and/or revisions in the Contract Work, Contract Amount, Contract Milestones or Contract Time 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, Time, in response to a directed and/or proposed addition, deletion or revision in Work scope or project conditions as perceived by GENERAL CONTRACTOR.

Clearance Examination – An activity conducted following lead-based paint 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.

Code – Means the New Jersey Code of Construction, Minimum Housing Rehabilitation Standards, HUD HQS standards (where applicable) the IRC 2009, the relevant Construction Agreement, the program Guidelines and the Policy and Procedure manuals.

Community-certified Substantial Damage – A determination of either SD or no SD has been made by the community using a methodology acceptable to FEMA that also meets the NFIP requirements for SD determinations.

Component – 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.

Containment – Physical separation and engineering controls required to prevent contamination of undamaged materials and occupied areas. The level of containment varies depending on the extent of the contamination.

Contract – Means the Homeowner-Contractor Construction Agreement or the Design-Build Agreement that creates a contractual relationship between the homeowner and the Contractor regarding the type, cost and timing of the repair or reconstruction project and/or the grant agreement between homeowner and New Jersey for grant funds.

Composite Pricing – Competitive pricing developed for prototypical designs by soliciting bids from general contractors and conducting a detailed analysis of bids received to develop a pricing model that can be utilized equally and fairly across the LMI Program.

Construction Documents – A set of documents prepared by the LMI Project Managers or Builders that provide the information to properly prepare pricing documents on the project and submit to the local code officials for review to obtain a building permit.

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, HUD Community Planning

and Development Green Building Retrofit checklist, HUD Green Building Standards, Minimum Housing Rehabilitation Standards, and preparing Damage Assessment reports

Deteriorated Paint – 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.

DFIRM – Digital Flood Insurance Rate Map. Developed by FEMA to show the SFHAs for the community.

Documented Methodologies – Methods or protocols used to sample for the presence of lead in paint, dust, and soil.

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 (insurance, etc.). The LMI Program will allow for the most permissive current interpretation provided by HUD in determining Duplication of Benefits.

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, from which coded information is retrievable only by a machine.

Elevation – Elevating a home to the applicable advisory base flood elevation (ABFE), including the elevation of existing storm-damaged properties and the reconstruction of homes at the appropriate height as determined by elevation certificates and FEMA requirements.

Existing Footprint – The area on the ground that is or was occupied by the homeowner’s original damaged structure prior to the damage sustained by Hurricane Sandy.

Existing General Contractor – A general contractor previously selected and under a construction contract with an applicant to perform rehabilitation work on a damaged dwelling where work has been performed.

Facility – Any institutional, commercial, public, industrial, or residential structure, installation, or building (including any structure, installation, or building containing condominiums or individual dwelling units operated as a residential cooperative, but excluding residential buildings having four or fewer dwelling units); any ship; and any active or inactive waste disposal site. For purposes of this definition, any building, structure, or installation that contains a loft used as a dwelling is not considered a residential structure, installation, or building.

Fair Cost Estimate (FCE) – The probable cost of the Work independently determined by quantifying the amount of labor, materials and equipment 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 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.

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.

Friable – The material, when dry, may be crumbled, pulverized, or reduced to powder by hand pressure, and includes previously non-friable material after such previously non-friable material becomes damaged to the extent that when dry it may be crumbled, pulverized, or reduced to powder by hand pressure.

Friable Asbestos Material – Any material containing more than 1 percent (1%) asbestos as determined by PLM, that, when dry, can be crumbled, pulverized, or reduced to powder by hand pressure. If the asbestos content is less than 10 percent (10%) as determined by a method other than point counting by PLM, verify the asbestos content by point counting using PLM.

General Contractor (GC)/Builder – Company contracted by an applicant to complete construction activities on an LMI Program-funded home.

Grant Agreement – Agreement between the homeowner and the DCA regarding the terms and conditions set forth for receiving financial assistance from the State of New Jersey and the US Department of Housing and Urban Development.

Guidelines – The LMI Program guidelines.

Hazard Communication – OSHA Hazard Communication Standard 29 CFR 1910.1200.

Hazard Reduction – Measures designed to reduce or eliminate human exposure to lead-based paint hazards through methods including interim controls and/or abatement.

HEPA Filter – A High Efficiency Particulate Air (HEPA) filter capable of trapping and retaining 99.97 percent of all particulate larger than 0.3 microns.

Homeowner – The person or persons that have signed a grant agreement with the State of New Jersey to repair or reconstruct a home using program funds.

Homeowner Upgrade – Any homeowner option that deviates away from the standard materials and finishes as defined by the LMI Program Design Standards and Specifications listed on the Prototypical Designs.

Homogenous Area – An area of surfacing material, thermal system insulation (TSI), or miscellaneous material that is uniform in color and texture.

HUD CDBG Rules – The rules governing the CDBG-DR program generally found at 24 CFR Section 570.

HUD Funds Notice – Notice of Distribution of Funds as published in the Federal Register Volume 78 No. 43 Published March 15, 2013.

HUD Waiver Notice – Notice outlining clarifications and common waiver as published in the Federal Register Volume 78 No. 43 Published April 19, 2013.

Industrial Hygienist (IH) – Refers to an individual designated and provided by the Contractor that is a professional qualified by education, training, and experience to anticipate, recognize, evaluate, and develop controls for occupational and indoor air quality hazards. Education must include a minimum 12 semester hours or quarter hour equivalent of chemistry and 18 additional semester hours or quarter hour equivalent of courses in any combination of chemistry, physics, engineering, health physics, environmental health, biostatistics, biology, physiology, toxicology, epidemiology, or industrial hygiene. The Industrial Hygienist shall be under the supervision of a Certified Industrial Hygienist.

Inspector – The inspector hired by the LMI Project Managers to ensure quality and compliance of the repairs or reconstruction of the homeowner property.

Installation – Any building or structure or any group of buildings or structures at a single demolition or renovation site that are under the control of the same owner or operator (or owner or operator under common control).

Interim Controls – A set of measures designed to reduce temporarily human exposure or likely exposure to lead-based paint hazards. Interim controls include, but are not limited to, repairs, painting, temporary containment, specialized cleaning, clearance, ongoing lead-based paint maintenance activities, and the establishment and operation of management and resident education programs.

Lead-Based Paint – 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.

Lead-Based Paint Hazard – Any condition that causes exposure to lead from dust-lead hazards, soil-lead hazards, or lead-based paint 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.)

Living Area – Any area of a residential dwelling used by one or more children age 6 and under, including, but not limited to, living rooms, kitchen areas, dens, play rooms, and children’s bedrooms.

Management Information System (MIS) – LMI Project Manager’s staff workflow, record storage, and interface tool.

Manufactured Housing Unit (MHU) – 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 body-feet or more in width and forty 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 Manufactured Homes 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.

Materials and Finishes – Items within the scope of the house that when changed do not affect the dimensions of the floorplan or existing footprint.

Mitigation – Activity to protect the home from future storm damage (*e.g.*; elevation, shutters, elevated HVAC, strengthen 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.

Mold – Molds are fungi and occur naturally in the environment. Many different species of mold exist in New Jersey. Molds can be found almost anywhere and can grow on just about any material as long as conditions are favorable. For growth, molds need nutrients such as oxygen and moisture and a material to grow on.

Mold Abatement – Cleanup or removal of mold affected material in order to control mold hazard.

National Environmental Protection Act (NEPA) – Signed into law on January 1, 1970, the National Environmental Policy Act is the U.S.’s National policy for the protection of the environment. NEPA requires all Federal agencies to assess the environmental impacts of their proposed actions prior to taking actions, including issuing permits or spending Federal dollars.

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.

No Substantial Damage – Damage of any origin sustained by a structure whereby the cost of restoring the structure to it's before damaged condition is less than 50 percent (50%) of the market value of the structure before the damage occurred.

Non-English Language Speakers – Individuals who lack the level of English language proficiency in verbal and written communication necessary to represent themselves in the LMI Program process.

Non-friable – Material which when dry may not be crumbled, pulverized, or reduced to powder by hand pressure.

Non-friable Asbestos-Containing Material – Any material containing more than 1 percent asbestos as determined using the method specified in [Appendix G](#), subpart E, 40 CFR Part 763, Section 1, PLM, which, when dry, cannot be crumbled, pulverized, or reduced to powder by hand pressure.

Non-responsive Homeowner – A homeowner that does not respond to five (5) or more attempts, over a 3-day period, to schedule an ISI or any other critical meeting or data request.

Notice to Proceed (NTP) – A letter from the LMI Project Manager to the construction contractor stating the date the contractor can begin work subject to the conditions of the construction contract. The performance time of the contract starts from the NTP date.

OMB Circular – The Federal Rules Governing grant expenditures.

Owner or operator of a demolition or renovation activity – Any person, who owns, leases, operates, controls, or supervises the facility being demolished or renovated or any person who owns, leases, operates, controls, or supervises the demolition or renovation operation, or both.

Paint Stabilization – 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.

Painted Surface to be Disturbed – 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 lead-based paint hazard by generating dust, fumes, or paint chips.

Policy and Procedures – This policy and procedures manual.

President's Council on Environmental Quality – NEPA established the [President's Council on Environmental Quality](#) (CEQ), which oversees NEPA for all Federal agencies and developed regulations for implementing the Act. These regulations are at 40 CFR 1500-1508.

Presumed Asbestos-Containing Material (PACM) – Thermal system insulation and surfacing material found in buildings, building some components constructed no later than 1980 that are assumed to contain greater than one percent (1%) asbestos but have not been sampled or analyzed to verify or negate the presence of asbestos.

Prevailing Wage(s) – Rules and requirements related to the New Jersey State Prevailing Wage Act and the Federal Davis Bacon Act.

Project Manager (PM) – An individual assigned to the project by the LMI Project Manager responsible for administering the contract between the homeowner and general contractor.

Qualified Person – Industrial Hygienist, Certification as an industrial hygienist (CIH) as certified by the American Board of Industrial Hygienists, safety professional (CSP) as certified by the Board of Certified Safety Professionals or engineer (PE). Additionally, one-year experience in conducting microbial investigations is required.

Quality Assurance (QA) – Post-field review of the collected SDE data to ensure the accuracy of the data.

Recognized Laboratory – An environmental laboratory recognized by the U.S. Environmental Protection Agency (EPA) pursuant to Toxic Substances Control Act section 405(b) as being capable of performing an analysis for lead compounds in paint, soil, and dust.

Reconstruction – Demolition and re-building of a stick-built unit on the same lot in substantially the same footprint and manner. Activity also includes replacing an existing substandard manufactured housing unit (MHU) with a new MHU or Gap stick-built housing unit. Modular Homes will 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 be increased.

Reconstruction standards – Conformance with construction standards identified in the 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, Minimum Housing Rehabilitation 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.

Regulated asbestos-containing material (RACM) – (a) Friable asbestos material, (b) Category I non-friable ACM that has become friable, (c) Category I non-friable ACM that will be or has been subjected to sanding, grinding, cutting, or abrading, or (d) 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 regulated by this subpart.

Rehabilitation – 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, improvements to increase the efficient use of energy, and installation of security devices.

Rehabilitation standards – Conformance with 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 Minimum Housing Rehabilitation Standards. At completion, properties must also meet minimum construction and design standards established by the New Jersey Construction Manual for Rehabilitation and approved by the DCA.

Request for Clarification (RFC) – A written instrument issued by GENERAL CONTRACTOR and issued to ARCHITECT and LMI 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, Milestones and/or Contract Time.

Risk Assessment – An on-site investigation to determine and report the existence, nature, severity, and location of lead-based paint hazards in residential dwellings including; information gathering regarding the age and history of the housing and occupancy by children under age 6; Visual Inspection; Limited wipe sampling or other environmental sampling techniques; Other activity as may be appropriate; and Provision of a report explaining the results of the investigation.

Schedule of Unit Values – Competitive pricing developed for site specific conditions that vary from one site to another for a reconstructed prototypical home.

Scope of Work (SOW) – Description of activities to be performed by GC in the rehabilitation or reconstruction process of applicant homes.

SDDC – Substantial Damage Data Collection.

SDE – The Substantial Damage Estimator Version 2.0.2 Tool was developed by FEMA to assist State and community officials in estimating SD to residential and non-residential structures. The SDE tool allows community officials with limited appraisal or construction backgrounds to develop reasonable estimates of structure values and damage in accordance with the NFIP requirements.

Sensitive Populations – Those populations with health deficiencies such as people with immune deficiencies. Facilities where they are found include hospital wings and medical clinics. Children in day care centers or senior citizens in nursing homes are also examples of sensitive populations.

Self-certified Substantial Damage – A determination of either SD or no SD based on an assessment by the home owner without using a methodology acceptable to FEMA and meeting the NFIP requirements for SD determinations.

SOP – Standard Operating Procedure. A written document that provides the steps, decisions and outcomes or deliverables required to complete a designated task or project.

Special Flood Hazard Area (SFHA) – An area having special flood, mudflow, or flood-related erosion hazards, and shown on a Flood Hazard Boundary Map or a Flood Insurance Rate Map as Zone A, AO, A1-A30, AE, A99, AH, AR, AR/A, AR/AE, AR/AH, AR/AO, AR/A1-A30, V1-V30, VE, or V.

Standard Program Home – Home offered by the LMI Program that is equal in the number of bedrooms to and within 300 sf of an applicant’s Superstorm Sandy damaged home.

Substantial Damage (SD) – Refers to damage of any origin sustained by a structure whereby the cost of restoring the structure to it’s before damaged condition would equal or exceed fifty percent (50%) of the market value of the structure before the damage occurred.

Target Housing – Any housing constructed prior to 1978, except housing for the elderly or persons with disabilities (unless a child of less than 6 years of age resides or is expected to reside in such housing for the elderly or persons with disabilities) or any zero-bedroom dwelling.

The Act – The Disaster Relief Appropriations Act of 2013 that provided CDBG-DR funding for the State of New Jersey.

Tier 2 Environmental Clearance – An evaluation conducted of site specific conditions to determine if the proposed construction action will have a significant impact on the environment based on Review Topics from 24 CFR Part 58.

Tier 2 Review – A sight specific environmental review that develops the environmental mitigation necessary prior to home construction.

Total Development Cost (TDC) – Total cost from applicant approved scope of work to be performed by program.

Universal Design Features – The broad ideas meant to produce buildings, products, and environments that are inherently accessible to older people, people with disabilities and people without disabilities.

Unmet Need – The amount required after duplicative assistance has been subtracted from the homeowner’s total need prior to any assistance.

APPENDIX A: Uncapped Income Limits

DEPARTMENT OF COMMUNITY AFFAIRS SANDY RECOVERY DIVISION
HUD INCOME LIMITS 2014 - 2016
UNCAPPED INCOME LIMITS* BY COUNTY AND HOUSEHOLD SIZE

(Effective: April 8, 2014; March 6, 2015; April 1, 2016)

County	Year	One (1) Person	Two (2) Persons	Three (3) Persons	Four (4) Persons	Five (5) Persons	Six (6) Persons	Seven (7) Persons	Eight (8) Persons
Atlantic	2014	\$38,150	\$43,600	\$49,050	\$54,500	\$58,900	\$63,250	\$67,600	\$71,950
	2015	\$38,400	\$43,850	\$49,350	\$54,800	\$59,200	\$63,600	\$68,000	\$72,350
	2016	\$37,600	\$43,000	\$48,350	\$53,700	\$58,000	\$62,300	\$66,600	\$70,900
Bergen*	2014	\$49,000	\$56,000	\$63,000	\$70,000	\$75,600	\$81,200	\$86,800	\$92,400
	2015	\$49,000	\$56,000	\$63,000	\$70,000	\$75,600	\$81,200	\$86,800	\$92,400
	2016	\$49,000	\$56,000	\$63,000	\$70,000	\$75,600	\$81,200	\$86,800	\$92,400
Cape May	2014	\$41,200	\$47,050	\$52,950	\$58,800	\$63,550	\$68,250	\$72,950	\$77,650
	2015	\$42,150	\$48,150	\$54,150	\$60,150	\$65,000	\$69,800	\$74,600	\$79,400
	2016	\$44,200	\$50,500	\$56,800	\$63,100	\$68,150	\$73,200	\$78,250	\$83,300
Essex*	2014	\$49,150	\$56,150	\$63,200	\$70,200	\$75,800	\$81,450	\$87,050	\$92,650
	2015	\$49,150	\$56,150	\$63,200	\$70,200	\$75,800	\$81,450	\$87,050	\$92,650
	2016	\$49,150	\$56,150	\$63,200	\$70,200	\$75,800	\$81,450	\$87,050	\$92,650
Hudson	2014	\$42,150	\$48,150	\$54,150	\$60,150	\$65,000	\$69,800	\$74,600	\$79,400
	2015	\$42,950	\$49,050	\$55,200	\$61,300	\$66,250	\$71,150	\$76,050	\$80,950
	2016	\$45,050	\$51,450	\$57,900	\$64,300	\$69,450	\$74,600	\$79,750	\$84,900
Middlesex*	2014	\$56,300	\$64,300	\$72,350	\$80,400	\$86,850	\$93,250	\$99,700	\$106,150
	2015	\$56,300	\$64,300	\$72,350	\$80,400	\$86,850	\$93,250	\$99,700	\$106,150
	2016	\$56,300	\$64,300	\$72,350	\$80,400	\$86,850	\$93,250	\$99,700	\$106,150
Monmouth*	2014	\$48,850	\$55,850	\$62,800	\$69,800	\$75,400	\$80,950	\$86,550	\$92,150
	2015	\$48,850	\$55,850	\$62,800	\$69,800	\$75,400	\$80,950	\$86,550	\$92,150
	2016	\$48,850	\$55,850	\$62,800	\$69,800	\$75,400	\$80,950	\$86,550	\$92,150
Ocean*	2014	\$48,850	\$55,850	\$62,800	\$69,800	\$75,400	\$80,950	\$86,550	\$92,150
	2015	\$48,850	\$55,850	\$62,800	\$69,800	\$75,400	\$80,950	\$86,550	\$92,150
	2016	\$48,850	\$55,850	\$62,800	\$69,800	\$75,400	\$80,950	\$86,550	\$92,150
Union*	2014	\$49,150	\$56,150	\$63,200	\$70,200	\$75,800	\$81,450	\$87,050	\$92,650
	2015	\$49,150	\$56,150	\$63,200	\$70,200	\$75,800	\$81,450	\$87,050	\$92,650
	2016	\$49,150	\$56,150	\$63,200	\$70,200	\$75,800	\$81,450	\$87,050	\$92,650

INCOME DOCUMENT REQUIREMENTS

INCOME INCLUSIONS	WHAT DOCUMENTS CAN I PROVIDE (You do not need to provide every document on the list , just the document that best explains your expected 2014 income as listed on your Income Certification Form.)	
Wages	<input type="checkbox"/>	Paystub
Taxable interest	<input type="checkbox"/>	Bank Statement; AND/OR <input type="checkbox"/> Brokerage Statement
Dividend income, Capital gain (or loss), Other gains (or losses)	<input type="checkbox"/>	Brokerage Statement
Taxable refunds/ credits/offsets of state/ local income taxes	<input type="checkbox"/>	Statement from state and/or local Tax Entity
Alimony received	<input type="checkbox"/>	Records of payments actually received
Business income (or loss)	<input type="checkbox"/>	<p>If you own a business and give yourself a salary, report that under Earned Income above and provide appropriate pay records; OR</p> <p><input type="checkbox"/> If you own the same business as in 2012 and expect the same level of net income, provide your 2012 tax return; OR</p> <p>If you have started a new business in 2013 provide profit and loss information and your estimate of end of year net income.</p>
Retirement Income: Taxable amount of IRA distributions, pensions and annuities	<input type="checkbox"/>	For any retirement income you are receiving from pensions or retirement accounts provide a statement from the pension fund or institution that administers the investment that show how much income you are receiving.
Rental real estate, royalties, partnerships, trusts, etc.	<input type="checkbox"/>	If you rented the property in 2012 and expect the same amount of rental income in 2013, provide 2012 tax return; OR

	<input type="checkbox"/>	Leases or rent rolls that show the amount of rents received and expenses related to the rental property.
Farm income (or loss)	<input type="checkbox"/>	If you ran a farm yourself report income or loss by providing a Bank Statement. A profit and loss statement listing the income and expenses related to the farming activities.
Benefit Income: Unemployment compensation, Taxable amount of Social Security benefits	<input type="checkbox"/>	For any benefit you receive, provide an award letter, or statement of income that you received from the provider of the benefit. It must show the amount you receive and how often you receive it.
Other income	<input type="checkbox"/>	If you regularly receive income that is not covered above, report that income and bring document that show how much income is received.

APPENDIX C: Duplication of Benefits Questionnaire

	<p>State of New Jersey LMI Duplication of Benefits</p> <p>Low-to-Moderate Income (LMI) Homeowner Rebuilding Program</p>	
<p>Last Name _____ LMI _____</p>		
<p>Applicant Name: _____</p>	<p>Application ID Number: _____</p>	
<p>Co-Applicant Name: _____</p>		
<p>Damaged Residence Address: _____</p>		
<p>To enable us to continue to process your application, please provide the information requested below.</p>		
<p>1. How many bedrooms were in your damaged residence at the time of the storm? <input type="text"/></p>		
<p>2. Have you received a substantial damage letter from the Flood Plain Manager indicating your home was over 50% damaged as a result of Superstorm Sandy? Yes <input type="checkbox"/> No <input type="checkbox"/></p>		
<p>3. Was your home destroyed or so seriously damaged that you believe it is likely a new home will have to be rebuilt rather than repairing your home? Yes <input type="checkbox"/> No <input type="checkbox"/></p>		
<p>4. Does anyone in your household have a disability or mobility impairment that requires special adaptations to your home (such as a wheel chair ramp or lowered cabinets) Yes <input type="checkbox"/> No <input type="checkbox"/></p>		
<p>5. Do you currently have a builder working on your home? Yes <input type="checkbox"/> No <input type="checkbox"/> If yes, please provide contact information for your builder.</p>		
<p>Builder Company Name _____</p>	<p>Representative: _____</p>	
<p>Address _____</p>	<p>Telephone: (____) - ____ - ____ Email Address: _____</p>	
<p>Duplication of Benefits</p> <p>Federal regulations require the State of New Jersey to conduct a duplication of benefits (DOB) analysis to ensure that (1) applicants do not receive more federal funds than needed and (2) LMI funds are used to meet a need the applicant still has after considering other funds received.</p> <p><u>LMI applicants must report all assistance they have received for damage to their homes from such sources as insurance, Small Business Administration (SBA), Federal Emergency Management Agency (FEMA), National Flood Insurance Program (NFIP), such as Increased Cost of Compliance Coverage (ICC), and other local, state, or Federal programs, and private or nonprofit charitable organizations.</u></p> <p>Any funds you received from these sources for repairs to your home must be considered when the amount of your LMI grant is determined. If you received funds for a purpose other than the repair or reconstruct of your home, they do not need to be reported (e.g. contents).</p>		
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State of New Jersey LMI Duplication of Benefits

Low-to-Moderate Income (LMI) Homeowner Rebuilding Program

Last Name _____ LMI _____

Use the chart on the next page to describe the funds you have received to repair or reconstruct your home.

FUNDS RECEIVED FOR REPAIRS/RECONSTRUCTION OF THE
DAMAGED RESIDENCE AS A RESULT OF SUPERSTORM
SANDY DAMAGE

SOURCE OF FUNDS	Amount you have received to repair your home (1)	Enter any more funds you expect from insurance or SBA (2)	How much of these funds have you spent? (3)	How much of these funds still remains to complete repairs to your home? (4)
SBA	\$ _____	\$ _____	\$ _____	\$ _____
FEMA	\$ _____	\$ _____	\$ _____	\$ _____
Flood Insurance	\$ _____	\$ _____	\$ _____	\$ _____
Homeowners Insurance	\$ _____	\$ _____	\$ _____	\$ _____
ICC Coverage Funds	\$ _____	\$ _____	\$ _____	\$ _____
Nonprofit organizations	\$ _____	\$ _____	\$ _____	\$ _____
Other Source _____	\$ _____	\$ _____	\$ _____	\$ _____
TOTAL	\$ _____	\$ _____	\$ _____	\$ _____

Column (1) - Column (3) = Column (4) Example: \$50,500 - \$15,000 = \$35,500

Please Note: If you have already spent any of the funds you identified above please complete the next chart that shows how the money was spent. You should provide as much detail as possible so the Program can document and account for the full amount of funds you have already spent on repair or reconstruction in your LMI grant award.



State of New Jersey LMI Duplication of Benefits

Low-to-Moderate Income (LMI) Homeowner Rebuilding Program

Last Name _____ LMI _____

COMPLETE THIS SECTION ONLY IF YOU HAVE USED FEMA, SBA, INSURANCE, OR OTHER FUNDS TO MAKE REPAIRS ON YOUR HOME

Please provide as much detail as you can about the work completed

Purpose	Description (what work was done, location of work, and quantities where possible e.g. 6 windows)	Total Spent
EXAMPLE:	Repair: Replaced windows Location; Living Room and 2 Bedrooms; Quantity: 6 windows	Example: \$10,000.00
Mold/Water Remediation		\$
Debris Clean Up/Demolition		\$
Interior Repairs		\$
Roof Repairs / Exterior Repairs		\$
Windows		\$
Wells / Septic Tanks		\$
Electrical Repairs		\$
Plumbing Repairs		\$
Appliances		\$
Engineer / Surveyor / Public Adjuster*		\$
Outbuilding (Garages, Fences, Sheds)*		\$
Interim Housing*		\$
Other Purposes		\$
TOTAL		\$

*Generally ineligible for reimbursement.



State of New Jersey LMI Duplication of Benefits

Low-to-Moderate Income (LMI) Homeowner Rebuilding Program

Last Name _____ LMI _____

BENEFIT FROM PREVIOUSLY-DECLARED DISASTER: Prior to Superstorm Sandy , have you applied for, and received, any flood event related assistance for damage to this property from any Federal source for any previous Presidentially-declared disaster (occurring after September 14, 1994) that required the mandatory purchase of flood insurance pursuant to National Flood Insurance Program (NFIP) regulations? If YES, proceed with this section. If NO, do not proceed.	<input type="checkbox"/> Yes <input type="checkbox"/> No
1. For which flood disaster event(s) did you receive federal funds (i.e. FEMA, SBA, NFIP) for rehabilitation or structure damage to your home?	<input type="text"/>
2. How much federal assistance related to flood did you receive?	\$ <input type="text"/>
3. Were you carrying flood insurance at the time of Superstorm Sandy?	<input type="checkbox"/> Yes <input type="checkbox"/> No
4. Is the insurance coverage currently in effect?	<input type="checkbox"/> Yes <input type="checkbox"/> No

APPLICANT CERTIFICATION

I certify that the information provided in this questionnaire is true and accurate to the best of my/our ability. I understand that if this information is not correct, it may affect the amount of any grant I may receive.

Applicant Name (Typed or Printed)	Applicant Signature	Date
<input type="text"/>	<input type="text"/>	<input type="text"/>
Co-Applicant Name (Typed or Printed)	Co-Applicant Signature	Date
<input type="text"/>	<input type="text"/>	<input type="text"/>

WARNING: The information provided on this form is subject to verification by the State of New Jersey and the Department of Housing and Urban Development (HUD) at any time. Title 18, Section 1001 of the U.S. Code states that knowingly and willingly making a false or fraudulent statement to a department of the United States Government can result in termination of assistance and civil and criminal penalties.

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APPENDIX D: LMI Program Selection Process

NEW JERSEY ACTION PLAN PRIORITIES & ELIGIBILITY CRITERIA

- Priorities established to ensure that the focus of this first tranche of CDBG-DR funds is placed where storm damage was greatest.
- Three priorities for selection:
- Priority 1: Manufactured Housing Units funded up to the VCA mandated \$10 Million, with “substantial damage,” as determined by New Jersey floodplain managers or as determined by DCA, regardless of zone, and,
- Priority 2: Manufactured Housing Units funded up the VC mandated \$10 Million with “major or severe damage”
- Priority 3: All eligible homes with “substantial damage,” as determined by New Jersey floodplain managers or as determined by DCA, regardless of zone, and,
- Priority 4: (if demand and funds remain after Priority 1 -3): Homes with severe/major damage.

REASONS FOR RANDOMIZED PROCESS

- **Ensures equal access for LMI, disabled and elderly persons:** The proposed approach is intended to address important fair housing issues by enabling equal access for elderly, LMI and disabled persons who may have difficulties to apply directly on-line due to technology access. The program launch of the online application on January 5, 2015; with opening of in-person housing counseling agencies.
- **Target the most damaged homes:** The selection process prioritizes households with substantial damage located in any of the nine-impacted counties before households with major or severe damage.
- **Addresses safety and convenience issues by not requiring applications to arrive in person (and potentially wait in line) at housing counseling agencies:** The proposed process avoids the safety issues of having people wait in line to be first to apply in person. These housing counseling agencies are likely to serve a higher percentage of disadvantaged, the elderly, and persons with disabilities who may require more personalized attention to submit their applications. Early experiences with the intake process for the housing programs support the need for this approach. Based on early mis-reporting in a local publication about limited funds and a “first come, first served” approach, more than 600 individuals called in the first 30 minutes of call center operations. Some callers reported that they had been waiting for hours to make sure they were “first.”
- **Complies with intent of the Action Plan regarding addressing both fair housing and LMI goals:** The proposed process is a reasonable implementation of the Action Plan in the context of the issues above. This modified process does not trigger a change in the intended type or preference for beneficiaries. The planned process, in line with the Action Plan, ensures that the priority beneficiaries

are served in the percentages stated. If applications were processed in a purely time stamp order, this could not be assured.

- **Ensure fairness in the geographic distribution:** The process will ensure that no county is significantly underserved as an unintended result of the LMI goals, substantial damage targeting and the randomization process.

HOW THE SELECTION PROCESS WORKS

- Random numbers are assigned to applications based on the prioritization criteria listed in the “New Jersey Action Plan Priorities & Eligibility Criteria” section above.

Priority 1 – Randomize complete pool of Priority 1 applications with the highest ranking random numbers (e.g, 1, 2, 3, 4, 5)

Priority 2 – Randomize complete pool of Priority 2 applications with the highest ranking random numbers available, beginning with the next sequential number (e.g, 6, 7, 8, 9, 10).

Priority 3 – Randomize complete pool of Priority 3 applications, assigning the highest ranking random numbers available beginning with the next sequential number, (e.g., 11, 12, 13, 14, 15) proportionally to applicants from each county – using the FEMA Substantial Damage percentages in each of the nine impacted counties. If the proportional percentage for each county is met OR if all applications for a county with remaining space under the proportional number are assigned random numbers, AND there are applications remaining within the priority pool without an assigned random number the algorithm shall continue to assign the highest ranking random numbers available proportionally to remaining applicants from each county – using the FEMA Substantial Damage percentages, until all applicants within the priority pool are assigned a random number.

- a. If the FEMA Substantial Damage percentages, when calculated against the remaining pool of applicants within the priority, calculate to less than one application for a particular county – that county shall be afforded one application within that particular cycle of randomization.
 - b. If the FEMA Substantial Damage percentages, when calculated against the remaining pool of applicants within the priority, calculate to a fraction of an application (e.g., 9.3 applications) for a particular county – the number of slots available for that county in that cycle of randomization will be rounded up (e.g., 10 applications).
- All applications are reviewed for eligibility.
 - Based on demand and available funding the program will serve applications with “substantial damage” in the randomized order.
 - At a future date, if funds remain after all “substantial damage” applications have been processed, any otherwise eligible “major and severe damage” applications (Priority 4) will be processed.
 - As noted above, one of the State’s priorities is to assure approximate geographic fairness in the distribution of funds, based on level of damage. To achieve this goal, the State will continually

monitor the distribution of funds and the number of assisted households by county. DCA will determine whether any county has been significantly underserved.

- The definition of an underserved county is based on the level of major/severe damage sustained to households in that county, as determined by FEMA and the number of households assisted. An underserved county will be defined as a county whose number of assisted households or aggregate level of assistance is outside a range from their damage level.
- This range will be determined by the following process;
 - Apply the percent major/severe damage level by county, using FEMA data (listed in the State's Action Plan, page 2-15, normalized to 100%).
 - On a weekly basis, DCA will assess the approved households and the dollar assistance by county as a percent of the total awards made to date.
 - DCA will compare the percent of households awarded to the damage level percentages for each by county.

Example:

- **(1)** Ocean County has 38.5% of the damage among the nine impacted counties. The percentage threshold for Ocean County is 38.5%. Assume that 55% of the assisted households have been awarded to residents of Ocean County. The county is above its minimum thresholds and no action is taken.
- **(2)** The percentage threshold for Bergen County is 5.5%. Assume that less than 1% of the assisted households have been awarded to residents of Bergen County. The county is below its damage percentage for assisted households. If there are applications not yet processed for Bergen, the next funded applications meeting all eligibility criteria in randomized number order according the prioritization (structure type, then substantially damaged) will come from Bergen until the minimum is reached.
- **(3)** The percentage threshold for Hudson County is 6.59%. Assume that 1% of the assisted funds and 1% of the assisted households have been awarded to residents of Hudson County. The county is below its minimum threshold for dollars and assisted households. However, all applicants from Hudson have already been served. The application with the next random number will be processed.

APPENDIX E: Lead-Based Paint Notification Receipts



Lead-Based Paint Notification Receipt #1

Low-to-Moderate Income (LMI) Homeowner Rebuilding Program

Instructions: Upon receipt of the booklet listed in Box 1 below please sign, acknowledging receipt of your Lead-Based Paint Notice.

Applicant Name:		LMI App ID:	
Damaged Property Address:			

Receipt of Lead-Based Paint Notice	
I have read the booklet "Protect Your Family from Lead in Your Home" that explains the dangers of Lead-Based Paint and the steps I can take to protect my family.	
Applicant:	Date:



Lead-Based Paint Evaluation Receipt # 2

Low-to-Moderate Income (LMI) Homeowner Rebuilding Program

Instructions: LMI Program Managers will request the applicant to sign the receipt listed in Box 2 (if necessary) after they have provided the applicant with the document listed in Box 2.

Applicant Name:		LMI App ID:	
Damaged Property Address:			

1. Receipt of Lead-Based Paint Evaluation (if evaluation is required)	
I have received and understand the notification of lead-based paint evaluation. The evaluation was completed on _____ (date) and I received the notice on _____ (date).	
Program Participant Signature:	Date:



Lead-Based Paint Hazard Reduction Notification Receipt #3

Low-to-Moderate Income (LMI) Homeowner Rebuilding Program

Instructions: LMI Program Managers will request the applicant to sign the receipt listed in Box 3 (if necessary) after they have provided the applicant with the document listed in Box 3.

+		Applicant Name:		LMI App ID:	
Damaged Property Address:					

1. Receipt of Notification of Lead-Based Paint Hazard Reduction (if hazard reduction is required)	
I have received and understand the notification of lead-based paint hazard reduction. The hazard reduction was completed on _____ (date) and I received the notice on _____ (date).	
Program Participant Signature:	Date:



Lead-Based Paint Clearance Notification Receipt

Low-to-Moderate Income (LMI) Homeowner Rebuilding Program

Instructions: LMI Program Managers will request the applicant to sign the receipt listed in Box 4 (if necessary) after they have provided the applicant with the document listed in Box 4.

+		Applicant Name:		LMI App ID:	
Damaged Property Address:					

1. Receipt of Notification of Lead-Based Clearance (if clearance is required)	
I have received and understand the notification of lead-based paint clearance. The clearance was completed on _____ (date) and I received the notice on _____ (date).	
Program Participant Signature:	Date:

APPENDIX F: Procedures for Complying with Lead-Based Paint Requirements

Procedures for Performance of Lead (Pb) Risk Assessment

Determination of Date of Construction. Prior to contact with homeowner, the LMI Project Manager or their lead hazard evaluation firm will make every attempt to confirm subject property date of construction. Properties with date of construction post January 1, 1978 are exempt from Title X of the Housing and Community Development Act of 1992 (Residential Lead-based Paint Hazard Reduction Act) and all implementing regulations (24 CFR Part 35; 40 CFR Part 745). Acceptable methods to verify the date of construction of the subject property will be accepted using the below prioritization (in order):

- 1) New Jersey Assessment Records Search
http://tax1.co.monmouth.nj.us/cgi-bin/prc6.cgi?menu=index&ms_user=monm&passwd=data&district=1301&mode=11
- 2) Review with local building/zoning officials
- 3) Title report/deed/mortgage documents
- 4) Applicants' insurance endorsement
- 5) Zillow www.zillow.com
- 6) SGM information
- 7) Year structure built as reported by applicant in SGM or verbally

Documentation of identified source used to determine age of structure should be maintained with the file by the LMI Project Manager. At the time of initial site inspection, if the property is determined with a high level of certainty to require reconstruction, such as being destroyed, structurally unsafe to enter, or existing conditions are such that the building cannot be rehabilitated, a Lead-Based Paint Risk Assessment will not be conducted unless the determination of reconstruction is changed to rehabilitation.

Appointment and Site Visit. After a homeowner has been determined to be eligible by the intake group, the lead hazard evaluation firm scheduling/logistical coordinator will contact the homeowner to schedule an appointment for an on-site Lead (Pb) Risk Assessment (generally within 3 days).

In cases where the homeowner has been unresponsive to communications via his or her preferred communication method (phone/email/mail) for 3 days, the LMI Project 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.

Upon receiving an assignment to conduct a Lead (Pb) Risk Assessment, the New Jersey Certified Inspector/Risk Assessor (IRA) will travel to the address provided for the homeowner to perform the assigned tasks. The IRA will verify that the address provided for the homeowner is correct. The

homeowner will be encouraged to accompany the IRA during the Lead (Pb) Risk Assessment and provide access to all living areas within the primary dwelling unit(s) for which rehabilitation assistance will be provided by the LMI Program.

Lead (Pb) Risk Assessment Protocols. 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 lead-based paint hazard (i.e. dust-lead and soil-lead) determinations in accordance with 40 CFR § 745.227(h) determinations. All lead-based paint activities will be performed in accordance with applicable work practice standards for a Lead (Pb) Risk Assessment (40 CFR § 745.227 and 24 CFR § 35.930). Sampling methods to conclude lead-based paint 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 lead-based paint activities including Lead (Pb) Risk Assessment. A written quality control plan should be developed that ensures the authenticity, integrity, and accuracy of samples, including dust, soil, and paint chips or paint film samples. Adequate quality control also includes provisions for representative sampling.

Lead in paint content determinations are not required as part of the Lead (Pb) Risk Assessment 24 CFR § 35.930(a). If Lead-Based paint content determinations are performed, the lead hazard evaluation contractor will utilize X-ray fluorescence (XRF) spectrum analyzer or paint chip collection with laboratory analysis. XRF analyzers (if used) must be operated in accordance with Chapter 7 (2012 Revision) from the “HUD Guidelines for the Evaluation and Control of Lead-based Paint Hazards in Housing”, manufactures guidance and recommendations, and applicable requirements of the instruments Performance Characteristic Sheet. Paint chip collection (if performed) must be performed according to American Society for Testing and Materials (ASTM) Designation E 1729-05, Standard Practice for Field Collection of Dried Paint Samples for Subsequent Lead Determination, or its HUD-approved equivalent.

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 dust wipe samples should be collected near room or building entry areas, friction or impact spots, or in areas nearest to deteriorated paint. 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:

- Entrance floor;
- Selective room equivalents – floor or window sill; and

- Testing combinations of floor or window sill in selected areas where defective paint is 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:

- Each exterior children’s play area where bare soil is present;
- 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 during LMI rehabilitation project by the assigned general contractor. At the conclusion of all rehabilitation activities, all painted surfaces are required to be intact. Lead (Pb) Risk Assessment recommendations, including the correction of deteriorated paint and lead hazard controls, will be included in the ECR.

Occupant/owner questionnaires will not be included as part of the Lead (Pb) Risk Assessment site visit.

The LMI Program Lead (Pb) Risk Assessment includes:

1. The presumption that all paint, stain, shellac, and varnish in target housing (housing constructed prior to 1978, housing with an unknown date of construction or a “not provided” date of construction) is lead-based paint and is regulated under both Federal and State rules.
2. 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).
3. Generating all final deliverable(s) within five (5) business days of “on-site” completion.
 - Lead (Pb) Risk Assessment Report
 - Notice of Risk Assessment with Summary (24 CFR § 35.125)
 - XLS version of “Raw” inspection Data (i.e. spreadsheet) as applicable
 - Visual Assessment of Paint Conditions
 - XRF Testing Results
 - Dust-lead Analysis
 - Soil-lead Analysis
4. Providing a digital copy of all deliverables listed in item 2) above and delivery confirmation listed in item 4) below for documentation inside the LMI Program management tool within five (5) business days of “on-site” completion.
5. Providing a hardcopy of the final report Lead (Pb) Risk Assessment and Notice of Risk Assessment to the homeowner using a commercially available delivery service within 15 days of delivery confirmation within 15 days of Final Deliverable(s) report date.

Mitigation of Lead-based Paint Hazards and Deteriorated Paint. The LMI Program includes the rehabilitation of target housing. Target housing is any housing constructed prior to 1978 (including construction dates of unknown), except for housing for the elderly or persons with disabilities (unless a child of less than six years of age resides in or is expected to reside in such housing for the elderly or persons with disabilities) or any zero-bedroom dwelling. 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 (i.e. dust-lead and soil-lead). 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 LMI Program has therefore required (in-line with applicable Federal and State regulations listed in section 1.3) 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 construction contractor has the means to effectively treat all identified, assumed, or potentially created lead-based paint hazards according to published regulation 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 to treat dust-lead hazards. The ECR will include a provision for a Clearance Examination following routine maintenance and renovation activities to document that property is free of deteriorated paint, dust-lead, and soil-lead upon completion of the restoration activities. These actions may be done as part of the rehabilitation activity, an abatement activity, or both - as determined on a case-by-case basis.

In accordance with 24 CFR § 35.930(c), residential property receiving an average of more than \$5,000 and up to and including \$25,000 per unit in Federal rehabilitation assistance the ECR will include a scope of work to perform interim controls of all lead-based paint hazards identified from the Lead (Pb) Risk Assessment, implement safe work practices during rehabilitation work, and repair any paint that is disturbed and is known or presumed to be lead-based paint.

In accordance with 24 CFR § 35.930(d), residential property receiving an average of more than \$25,000 per unit in Federal rehabilitation assistance the ECR will include a scope of work to abate all lead-based paint hazards identified from the Lead (Pb) Risk Assessment, implement safe work practices during rehabilitation work, and repair any paint that is disturbed and is known or presumed to be lead-based.

Interim controls are acceptable on exterior painted surfaces that are not disturbed by rehabilitation. Abatement is only required on the surface are with hazardous conditions.

Historical Properties and Lead-based Paint Hazard Abatement. Where abatement of lead-based paint hazards is required in accordance with 24 CFR § 35.930(d) *Residential property receiving an average of more than \$25,000 per unit in Federal rehabilitation assistance* and the property is listed or has been determined to be eligible for listing in the National Register of Historic Places or contributing to a National Historic Register District, the LMI Project Manager may implement interim controls instead of abatement, if requested by the State Historic Preservation Office.

Soil-lead hazards and abatement: In accordance with 24 CFR § 35.1330(d)(f)(1) and (2) interim controls shall be utilized to control soil-lead hazards. Soil-lead concentrations identified to be equal to or greater than 5,000 µg/g of lead shall be abated in accordance with 40 CFR 745.227(e).

Use of Properly Certified Firms and Certified Individuals Required

Rehabilitation. All firms performing, offering, or claiming to perform renovations for compensation in target housing must comply with EPA's RRP Rule and EPA's Lead-Pre Renovation Education (Lead-Pre) Rule. Regulatory requirements can be found at 40 CFR Part 745 Subpart E – Residential Property Renovation. This means that all general contractors performing rehabilitation assistance in this CDBG-DR disaster recovery program must be EPA certified firms. EPA has published a list of frequently asked questions which can be accessed on the website: <http://www2.epa.gov/lead/fqs-rrp-rule>.

EPA Certified Renovation Firms and Certified Renovators must also comply with additional requirements of HUD's Lead Safe Housing Rule when performing interim controls or standard treatments. All workers must successfully complete either a one-day RRP course or another lead-safe work practices course approved by HUD, unless supervised by a New Jersey Department of Health Permitted Lead Abatement Supervisor who is also an EPA Certified Renovator. A list of approved courses is located at: <http://www.hud.gov/offices/lead/training/hudtraining.pdf>.

Lead-Based Paint Hazard Abatement. In accordance with 24 CFR § 35.930(d), residential property receiving an average of more than \$25,000 per unit in Federal rehabilitation assistance the ECR will include a scope of work to abate all lead-based paint hazards identified from the Lead (Pb) Risk Assessment. All lead-based paint hazard abatement work must comply with the New Jersey Lead Hazard Evaluation and Abatement Code (N.J.A.C. 5:17).

If lead abatement is required as determined by the LMI Project Manager, the general construction contractor is responsible for procuring a New Jersey state-certified lead abatement firm to conduct the abatement work using state-certified lead abatement supervisor(s) and state-certified lead abatement worker(s). For applicants who maintain pre-existing contractors, that general contractor must ensure that either (1) a state-certified abatement supervisor overseeing project or (2) every worker has attended HUD/EPA lead safe work practices training and that firm is lead registered with the EPA. General contractors in the pre-approved contractor pool will have already been verified to meet this compliance.

Clearance Examination(s). All rehabilitation projects in this program are funded by Federal assistance. Therefore, clearance examination is required for all identified target housing structures, which have not been determined to be free of lead-based paint (24 CFR § 35.1340). At the conclusion of all rehabilitation activities, including (if required) lead-based paint hazard abatement, the assigned general construction contractor will request a clearance examination from the LMI Project Manager. The LMI Project Manager will be responsible for conducting and obtaining an independent clearance examination.

Where the scope of work (documented within the ECR) does not disturb painted surfaces of a total area more than that set forth in § 35.1350(d) (HUD's De Minimis Levels) and no lead-based paint hazards (i.e. dust-lead and soil-lead) or areas of deteriorated paint on presumed lead-based painted building components were identified during the initial Lead (Pb) Risk Assessment, the rehabilitation assistance project is exempt from the requirement to perform a clearance examination.

Clearance examinations following lead-based paint hazard abatement shall be performed in accordance with New Jersey Lead Hazard Evaluation and Abatement Code (N.J.A.C. 5:17). Clearance examinations following other activities, such as the rehabilitation of target housing, shall be performed in accordance with 24 CFR § 35.1340 paragraphs (b) through (g). All clearance examinations will be performed by a New Jersey lead hazard evaluation firm utilizing a New Jersey certified inspector/risk assessor (IRA).

Lead Hazard Evaluation Contractor will implement an adequate quality control protocol to be followed by each IRA while performing lead-based paint activities, including clearance examinations. A written quality control plan should be developed that ensures 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.

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. 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 child's play area where bare soil is present.
2. Drip-line/foundation where bare soil is present.

The LMI Program clearance examination includes:

1. Performance of a clearance examination 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 all final deliverable(s) within five (5) business days of “on-site” completion:
 - a. Clearance examination report;
 - b. Notice of lead hazard reduction and clearance with summary (24 CFR § 35.125);
 - c. XLS version of “raw” inspection data (i.e. spreadsheet), as applicable;
 - d. Visual assessment of paint conditions;
 - e. Dust-lead analysis, as necessary; and
 - f. Soil-lead analysis, as necessary.
3. Providing a digital copy of all deliverables listed in item 2) above and delivery confirmation listed in item 4) below for documentation inside the LMI Program management tool within five (5) business days of “on-site” completion.
4. Providing a hardcopy of the final clearance examination report and notice of lead hazard reduction and clearance to the homeowner using a commercially available delivery service with delivery confirmation within 15 days of final deliverable(s) report date.

Lead-based Paint Deliverables. CDBG Disaster Recovery Funding used for rehabilitation of target housing where hard costs are greater than \$5,000 per homeowner require the designated party (New Jersey DCA) to perform a Lead (Pb) Risk Assessment. The results of the Lead (Pb) Risk Assessment will be used to determine the level of regulatory compliance intended to reduce or eliminate lead-based paint hazards with recommendations to the property owner / property owner representative to correct lead-based paint hazards. Lead-based paint hazards are defined by EPA. A detailed definition of a lead-based paint hazard can be located at 40 CFR §745.65.

All rehabilitation projects in this program are funded by Federal assistance; therefore, clearance examination is required for all identified target housing, which have not been determined to be free of lead-based paint, (24 CFR § 35.1340). At the conclusion of all rehabilitation activities, including (if required) lead-based paint hazard abatement, the assigned general construction contractor will request a clearance examination from the LMI Project Manager.

Required Notices to Occupants. The LMI Project Manager or their lead hazard evaluation firm shall prepare all required notices to occupants in accordance with 24 CFR § 35.125 Notice of evaluation and hazard reduction activities. Notices shall be included as part of the final lead-based paint deliverables described in this section. Each notice shall be delivered to the homeowner using a commercially available delivery service with delivery confirmation within 15 days of final deliverable(s) report date.

Notice of Lead (Pb) Risk Assessment shall include:

1. A summary of the nature, dates, scope and results of the evaluation.
2. A contact name, address and telephone number for more information and to obtain access to the actual evaluation report.
3. Date of the Notice.

Notice of Hazard Reduction Activity and Clearance shall include:

1. A summary of the nature, dates, scope, and results (including clearance) of the hazard reduction activities.
2. A contact name, address, and telephone number for more information.
3. Available information on the location of any remaining lead-based paint in the rooms, spaces, or areas where hazard reduction activities were conducted, on a surface-by surfaces basis.
4. Date of the Notice.

APPENDIX G: Asbestos Survey Requirements

The Scope of an Asbestos Hazard Emergency Response Act (AHERA) Inspection

The technical aspects of an AHERA inspection will include the following:

- **Material Classification:** There are three main kinds of material according to EPA sampling guidelines. They are surfacing material, TSI, and miscellaneous material. The classification bears implications for number of samples to be collected. For surfacing materials, there is the 3-5-7 rule, meaning 3 samples collected from less than 1,000 square feet area, 5 samples from 1,000 to 5,000 square feet area, and 7 samples from greater than 5,000 square feet area. For TSI, with some exceptions, 3 samples should be collected from each homogeneous area. For miscellaneous material, at least one sample should be taken from each homogeneous material.
- **Recognition of Homogeneous Areas:** Homogeneous material means an area of surfacing material, TSI, or miscellaneous material that is uniform in color and texture. It should be pointed out that materials appear to be homogeneous and adjacent to each other may in fact have different contents in terms of asbestos and only laboratory testing will indicate whether they are really the same homogeneous area.
- **Differentiation of Friable vs. Non-Friable:** A material that contains asbestos is friable if the material, when dry, may be crumbled, pulverized, or reduced to powder by hand pressure, and includes previously non-friable material after such previous non-friable material becomes damaged to the extent that it meets the criteria as a friable material. The following proposal for inspection procedure is based on AHERA sampling protocol found under 40 CFR 763.86 Sampling.

Purpose

The following sampling guidance shall be specific for the New Jersey LMI Program. The proposed sampling plan is intended to address and minimize potential environmental and personnel impacts and exposures. The goal of the proposed sampling guidance is to assist with the completion of asbestos inspections of homes damaged by Superstorm Sandy while meeting the applicable regulations. The following sampling plan meets the regulatory requirements for an AHERA inspection.

1. An accredited asbestos inspector conducts visual inspection of the facility and assumes all suspect asbestos-containing material (SACM) as ACM. No sampling is conducted. This option would be the least expensive upfront; however, result in significantly higher cost estimate for abatement and disposal.
2. An accredited asbestos inspector conducts an inspection and collects required number of samples of all SACM for laboratory analysis. This option would be most expensive upfront due to inspector time in completing the sampling, laboratory cost, burdensome to the home owner due to

increased inspection time, potential concerns regarding intrusive testing and repairs of roofing and various spaces. This option will result in an accurate abatement cost estimate.

3. An accredited asbestos inspector conducts a visual inspection and assumes certain non-friable and friable SACM as ACM (example: roofing and TSI) per Table 1 and collect samples of certain other suspect material (example: floor tile and plaster) per Table 2. This option would be less disruptive, less intrusive to the home owner while providing data for a fairly accurate abatement cost estimate.

LMI Project Managers shall implement Option 3, in the interest of controlling the cost of the assessment while providing protection to the environment, and personnel.

Sampling Protocol

Under AHERA, an inspector is required to collect the following number of samples:

1. Thermal System Insulation: Minimum 3 samples.
2. Miscellaneous Materials: Minimum 1 sample.
3. Surfacing Materials: 3 samples for area up to 1,000 square feet (SF), 5 samples for area between 1,000 SF and 5,000 SF, and 7 samples for areas greater than 7,000 SF.

The following tables present LMI Project Managers' proposed sampling protocol. Materials such as the majority of suspect TSI will be presumed to be ACM. The asbestos inspection will include materials that can be visually observed by the inspector without destructive testing. SACM shall be sampled with per sampling protocol as indicated in Tables 1 and 2. The sampling protocol will be to collect 2 samples for SACM listed below except plaster. The collected samples will be submitted to the laboratory with first positive stop instruction. Our proposal consists of the following:

1. TSI: Presume all TSI is ACM except fiberglass and rubber;
2. Miscellaneous Materials: Collect 1 samples for each of the materials listed in Table 2;
3. Roofing material, window caulking, and SACM on electrical systems shall be presumed ACM;
4. Surfacing Materials: Collect 3-5-7 samples of each surfacing material based on the square footage of each homogeneous area; and,
5. SACM less than 3 linear feet or 3 square feet per material type will be excluded from sampling.

Sampling Guidance

The following sampling guidance shall be specific for the New Jersey LMI Program. The proposed sampling plan is intended to address and minimize potential environmental and personnel impacts and exposures.

Suspect Materials and PACM

The nature of the home asbestos inspection is to determine the location and extent of ACM that will be disturbed during construction or demolition activities. Certain materials shall be assumed as ACM based on the inspectors experience and the guidelines below. In addition, any suspect material on an energized system (such as electrical wire insulation) shall be presumed. The following materials shall be presumed to be ACM and will not be sampled.

1. All pipe insulation other than fiberglass or rubber shall be presumed to be ACM. This includes air cell, magnesia block, cementitious insulation, etc.
2. Pipe fitting insulation other than fiberglass or rubber shall be presumed to be ACM. This includes mudded pipe fittings, magnesia block, etc.
3. Any cloth electrical wire insulation shall be presumed to be ACM. Rubber wire insulation is not SACM.
4. Electrical panel backing boards and/or bus boards made of Bakelite or similar material. Newer panels with plastic materials are not SACM.

If, in the opinion of the qualified asbestos inspector, materials presumed to be ACM (PACM) under the guidelines have a high probability of not being ACM, they may make the determination to sample those PACMs to resolve the lowest-cost remediation solution for the home.

The following table itemizes typical suspect materials that may be present in a residential home:

Exhibit 5-2: Suspect Materials Potentially Present in a Residential Home

Acoustical Plaster	Electrical Panel Partitions
Adhesives	Fireproofing Materials
Asphalt Floor Tile	Flooring Backing
Base Flashing	Heating and Electrical Ducts
Blown-in Insulation	HVAC Duct Insulation
Boiler Insulation	Joint Compounds
Breaching Insulation	Packing Materials (for wall/floor penetrations)
Caulking/Putties	Pipe Insulation
Ceiling Tiles and Lay-in Panels	Spackling Compounds
Cement Pipes	Spray-Applied Insulation
Cement Siding	Taping Compounds (thermal)

Cement Wallboard	Textured Paints/Coatings
Chalkboards	Thermal Paper Products
Construction Mastics (floor tile, carpet, ceiling tile, etc.)	Vapor Barriers in wall cavities
Decorative Plaster	Vinyl Floor Tile and Mastic
Door Caulking	Vinyl Sheet Flooring
Ductwork Flexible Fabric Connections	Vinyl Wall Coverings
Electric Wiring Insulation	Wallboard
Electrical Cloth	Window Glazing and caulking (Interior and/or Exterior)

*- This list is not intended to be comprehensive and any suspect material identified not on this list shall be either assumed as ACM or sampled accordingly.

Exhibit 5-3: Suggested Materials to Presume ACM (PACM) by Visual Inspection Only*

Material	Present?		Description and Location	Quantity (SF or LF)
	Y	N		
Cloth Electrical Wire Insulation	Y	N		
Non-Plastic Electrical Panel Bus board or terminals	Y	N		
Thermal System Insulation other than fiberglass, i.e. <ul style="list-style-type: none"> • Air cell or Magnesia Block Pipe Insulation • Any type of pipe joint insulation • Gaskets • Other 	Y	N		
Boiler Materials	Y	N		
Roofing Materials	Y	N		
Window and Door Caulking	Y	N		

***No sampling or destructive investigation techniques will be applied.**

Exhibit 5-4: Suggested SACM to Sample

Material	Friable/ Friable	Non	No. of Samples per homogeneous area	Description and Location	Quantity (SF or LF)
9" x 9" Floor Tile	NF		2		
9" x 9" Floor Tile Mastic	NF		2		
12"x12" Floor Tile	NF		2		
12"x12" Floor Tile Mastic	NF		2		
Adhesives	NF		2		
Blown-In Insulation, vermiculite protocol, depth of sample. Multiple samples into one composite sample.	F		2		
Ceiling Tiles	F		2		
Drywall	F		2		
Joint Compound	F		2		
Linoleum Flooring	NF		2		
Linoleum Flooring Mastic	NF		2		
Plaster	F		3-5-7		
Vapor Barrier	NF		3-5-7		
Building Siding material	NF		2		

Procedures for Performance of Asbestos Survey

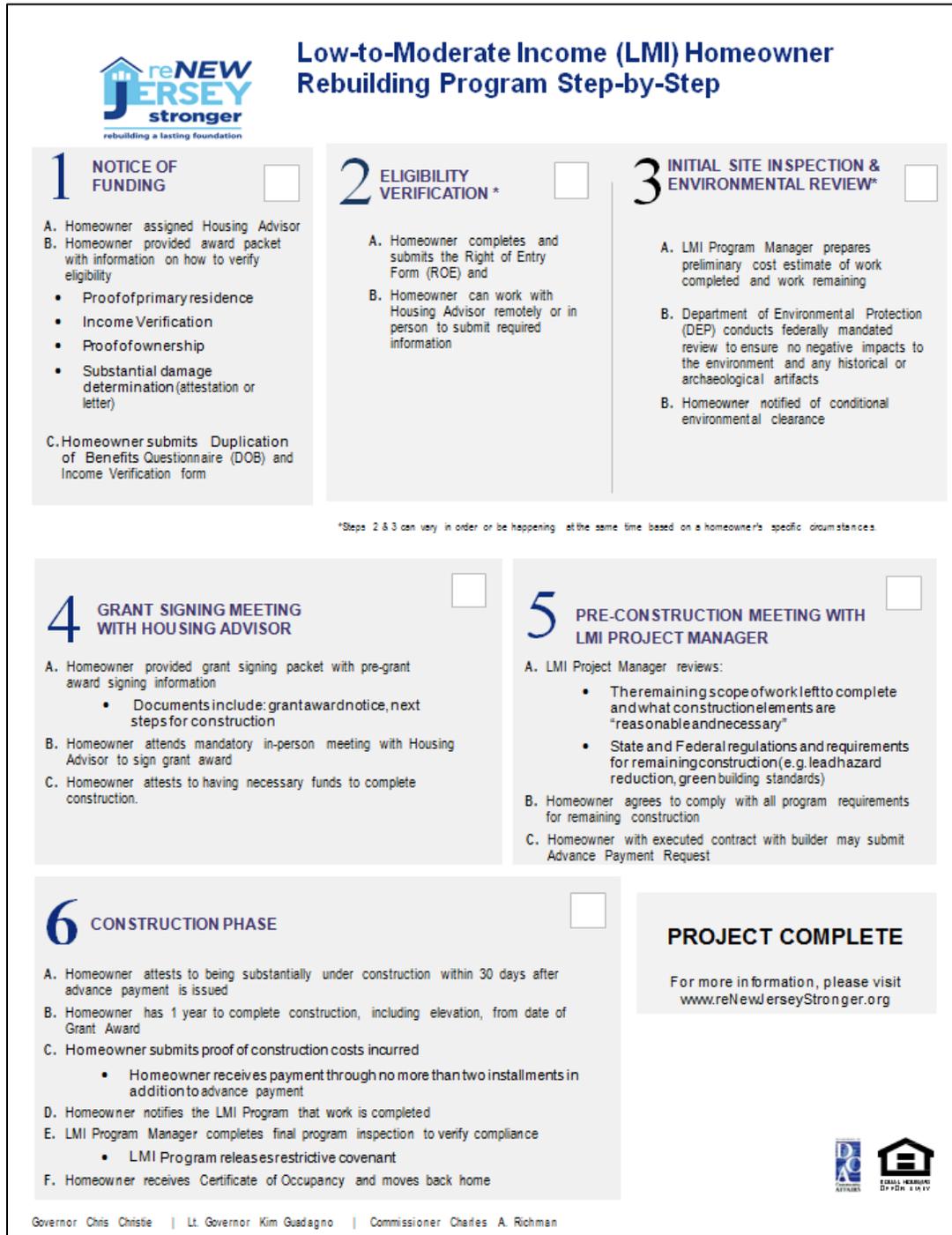
Appointment and Site Visit.

1. After a homeowner has been determined to be eligible by DCA operations, the lead evaluation firm scheduling/logistical coordinator will contact the homeowner to schedule an appointment for an on-site asbestos survey (generally within three (3) business days).
2. In cases where the homeowner has been nonresponsive to communications via his or her preferred communication method (phone/email/mail) for three (3) business days, LMI Project

Manager will notify DCA operations. These attempts to schedule the on-site asbestos survey will be fully documented. If contact is successful, an appointment is scheduled for the Lead (Pb) Risk Assessment and asbestos survey at the same time.

3. Upon receiving an assignment to conduct an asbestos survey, the accredited asbestos inspector will travel to the address provided for the homeowner to perform the assigned tasks. The inspector will verify that the address provided for the homeowner is correct. The homeowner will be encouraged to accompany the inspector during the asbestos survey and provide access to all living areas within the primary dwelling unit(s) for which rehabilitation assistance will be provided by the LMI Program.
4. The accredited inspector is to perform an asbestos survey according to applicable regulatory standards established by EPA 40 CFR 763.86 (AHERA sampling requirements). The accredited asbestos inspector will make asbestos hazard determinations in accordance with 40 CFR 763. Asbestos activities will be performed in accordance with applicable work practice standards for an asbestos survey. Laboratories which process or evaluate samples will be recognized under the EPA National Voluntary Accreditation Program (NVLAP) by American Industrial Hygiene Association to analyze asbestos samples.
5. Asbestos survey contractor will implement an adequate quality control protocol to be followed by each inspector while performing asbestos activities including visual inspection and sampling. A written quality control plan should be developed that ensures the authenticity, integrity, and accuracy of samples, including various types of samples. Adequate quality control also includes provisions for representative sampling.
6. Asbestos content determinations will be performed, as necessary, by utilizing PLM, Point Counting and Transmission Electron Microscopy (TEM). Analytical procedures used must be conducted in accordance with EPA, State, and local regulations and recommendations, and applicable requirements of the instruments specifications. Asbestos analysis will be conducted using the following methods:
 - i. Bulk Material by PLM- EPA 600/R-93/116
 - ii. PLM- EPA 600/R-93/116 (400 point count)
 - iii. PLM NOB- EPA 600/R-93/116 (400 point count) with gravimetric reduction
 - iv. TEM- EPA NOB- 600/R-93/116b
 - v. “Positive Stop” - Laboratory will stop analyzing homogeneous area bulk samples for asbestos content once ACM is identified greater than or equal to 10% by PLM or greater than or equal to 1% by Point Count Method.

APPENDIX H: LMI Program Step-by-Step Diagram



APPENDIX I: Ineligible Costs

Please see the *RREM and LMI Guideline on Ineligible Costs*.

APPENDIX J: Ineligible Additional Scope

Please see the *RREM and LMI DOB Offset Guideline on Ineligible Additional Scope*.