

New Jersey

Department of Community Affairs

SUPERSTORM SANDY COMMUNITY DEVELOPMENT BLOCK GRANT – DISASTER RECOVERY

Public Law 113-2, January 29, 2013; FR-5696-N-01, March 5, 2013; FR-5696-N-06,
November 18, 2013; FR-5696-N-11, October 21, 2014



ACTION PLAN AMENDMENT NUMBER 13 – SUBSTANTIAL AMENDMENT AMENDMENT FOR THE TRANSFER OF SANDY CDBG-DR FUNDS

- Transfer of Funds from Tourism Marketing to the Rehabilitation, Reconstruction, Elevation and Mitigation (RREM) program
- Transfer of Funds from the Non-Federal Cost Share (Match) program to the Rehabilitation, Reconstruction, Elevation and Mitigation (RREM) program
- Clarification to HMFA definition of public housing units from APA 7

PUBLIC COMMENT PERIOD: December 16, 2014 – January 15, 2015

DATE SUBMITTED TO HUD: February 18, 2015

DATE APPROVED BY HUD: April 20, 2015

Chris Christie
Governor

Kim Guadagno
Lt. Governor

Richard E. Constable, III
Commissioner



SECTION 1: OVERVIEW

New Jersey received approval from HUD for its CDBG-DR Action Plan on April 29, 2013. The Action Plan described the allocation of the \$1,829,520,000 of first round CDBG-DR funds allocated by HUD to support New Jersey recovery efforts. Since that time, the State has submitted, and HUD has approved, ten amendments to the Action Plan, including Substantial Amendment No. 7, which described the allocation of the \$1,463,000,000 of second round CDBG-DR funds across recovery programs.

Two additional proposed Action Plan Amendments (APAs) – APA 11 (allocating third round CDBG-DR funds for programs other than Rebuild by Design) and APA 12 (allocating Rebuild by Design funds) – are now available for public comment and subsequently will be submitted to HUD for approval.

This **Action Plan Amendment Number Thirteen (APA 13)** is considered a substantial amendment according to the definition in the HUD Federal Register and in accordance with the State’s Citizen Participation Plan because it involves a re-allocation of more than \$1,000,000 of CDBG-DR funds.

This Amendment was made available via the Internet at the DCA website – <http://www.state.nj.us/dca/>, or by contacting Jaime Saults at 609-633-1328; or by email to sandy.recovery@dca.nj.gov. The Amendment was published in English and Spanish on the same website.

Written comments on the proposed Action Plan Amendment were accepted for the minimum of thirty days from the date of posting. The public comment period for APA 13 began on December 16, 2014 and was open through 5:00 PM (EST) on January 15, 2015. Two public hearings were held during the comment period on the following dates and at the following locations:

- January 6, 2015: Ocean County College, Jay and Linda Grunin Center for the Performing Arts, 1 College Drive, Building 12, Toms River, New Jersey, 08753 (4-7 pm)
- January 7, 2015: Bergen Community College, Moses Center, 400 Paramus Road, Paramus, New Jersey 07652 (4-7 pm)

Comments were submitted at the hearings, via email to sandy.publiccomment@dca.nj.gov and via U.S. mail to Jamie Saults, NJ Department of Community Affairs, 101 South Broad Street, Post Office Box 823, Trenton, New Jersey 08625-0823. All comments were given the same consideration regardless of the method of submission.

SECTION 2: ACTION PLAN MODIFICATIONS

The following table describes the funding transfers between approved recovery activities contained in Substantial Action Plan Amendment Number 13.

Approved NJ Action Plan Program	Activity Previous Amount	Amount of Transfer	Activity Revised Amount
Tourism Marketing	\$30,000,000	(-) \$5,000,000	\$25,000,000
Non-Federal Cost Share (Match)	\$250,000,000	(-) \$25,000,000	\$225,000,000
Rehabilitation, Reconstruction, Elevation & Mitigation (RREM)	\$1,100,000,000 ^a	(+) \$30,000,000	\$1,130,000,000

^a These figures do not include proposed third round CDBG-DR funds allocated to RREM.

A. Transfer of \$5 Million from Tourism Marketing to the Rehabilitation, Reconstruction, Elevation and Mitigation (RREM) Program

Tourism is the third largest industry in New Jersey, and is critical to the State, to municipalities with budgets that depend on tourism revenues to provide essential services, to small business owners with businesses in, or dependent on, the hospitality and leisure industry, and to their employees. As detailed in the Action Plan, the storm created a misperception that tourism assets throughout New Jersey had been destroyed by Superstorm Sandy, even in comparatively less-affected communities.

To combat that misperception, the State sought a waiver from HUD to use CDBG-DR funds to support a tourism marketing campaign. HUD granted the waiver request allowing New Jersey to use up to \$25 million of CDBG-DR funds for a tourism marketing campaign. The “Stronger than the Storm” campaign in 2013 incorporated various forms of advertising, as well as community events, to drive tourists toward New Jersey tourism assets.

Following the most devastating natural disaster in New Jersey’s history, tourism metrics showed that New Jersey’s 2013 summer season largely exceeded expectations, though some of the most-impacted communities saw a significant reduction in tourism revenues.

To support hardest hit businesses and municipalities that could not take full advantage of the 2013 tourism season, the State dedicated additional recovery resources for tourism marketing in 2014. Five million dollars of second round CDBG-DR funds were allocated to the tourism initiative, and the State simultaneously requested that HUD modify its waiver to increase New Jersey’s tourism marketing funding cap from \$25 million to \$30 million. Without that

waiver, even if HUD approved Action Plan Amendment No. 7, the second round tourism marketing funds could not be spent.

Action Plan Amendment No. 7 was approved, but no determination was initially made by HUD on extending the tourism funding cap. As a result, the New Jersey Economic Development Authority began executing a scaled back version of the planned 2014 “Going Strong” campaign – using remaining CDBG-DR funds from the first round and state funds – and was prepared to expand the campaign once the HUD tourism cap increase was approved. No determination was made on the waiver request as the summer of 2014 drew near an end, at which point the State withdrew the waiver request because the window to support 2014 summer tourism had closed.

As a result, the State will repurpose the \$5 million allocated for tourism marketing in 2014 to the Rehabilitation, Reconstruction, Elevation and Mitigation (RREM) program based on the unmet needs set forth in Action Plan Amendment No. 11.

B. Transfer of Funds from Non-Federal Cost Share Program to the RREM Program

Because Action Plan Amendment No. 11 identifies approximately \$250 million in unmet RREM needs and proposes to allocate \$225 million to the RREM program, the State by this amendment proposes to transfer \$25 million from the Non-Federal Cost Share (Match) to the RREM Program to ensure that the State can serve the households on the RREM program waitlist.

C. Clarification to Section 3.3.1 Fund for Restoration of Multi-Family Housing of Action Plan Amendment Number 7 (Second Allocation) related to definition of public housing units.

The *Fund for Restoration of Multi-Family Housing (FRM)* was established in the State’s Action Plan, approved by HUD on April 29, 2013. FRM is administered by the New Jersey Housing and Mortgage Finance Agency (HMFA) and provides funding to facilitate the creation or rehabilitation of quality, affordable rental housing units to address the loss of multi-family housing caused by Superstorm Sandy. In its Action Plan, Section 4.2.1, the State allocated \$179,520,000 of first tranche CDBG-DR funds to FRM. Of that total, \$20 million was reserved exclusively to support the recovery of public housing authorities.

In Section 3.3.1 of Action Plan Amendment No. 7 related to the second allocation of CDBG-DR funds, the State allocated an additional \$200,000,000 to FRM, with \$10,000,000 initially reserved for public housing. This amendment is a clarification to confirm the language is consistent among the initial Action Plan which establishes the program and the additional funds put into the existing program in APA 7.

Further, as noted in APA 7, Section 3.3.1, “the State incorporates the description of the FRM program in its Action Plan, as amended, as well as all eligibility and other criteria.” The statements in APA 7 were not intended to change the existing definitions. The following edit is to clarify this continuity of language.

Edit to Section 3.3.1 of APA 7: [para 3, first sentence]

The State will dedicate an additional \$200,000,000 of second tranche CDBG-DR funds to the FRM program, of which \$10 million will be initially reserved for ~~{delete}~~ PHA *{insert}: repairs to damaged public housing units, damaged federally-owned housing units, and damaged HUD assisted multifamily housing.* (This language directly replicates that of Action Plan Section 4.2.1).

Public Comments and Staff Responses

Per HUD requirements, this proposed Substantial Amendment was made available for public comment over a thirty-day period. While the State was required to hold one public hearing to solicit comments in connection with this proposed amendment, the State held two hearings. Commenters submitted comments to this proposed amendment (i) via email to sandy.publiccomment@dca.nj.gov (Subject: APA 13); (ii) via U.S. mail; or (iii) via oral or written comments at the public hearings.

As required by HUD, the State has synthesized the comments submitted with respect to this proposed Substantial Amendment, and provided written responses to those comments.

COMMENT 1

SUPPORT FOR ACTION PLAN AMENDMENT NO. 13

Various commenters expressed support for Action Plan Amendment No. 13.

Staff Response:

The State appreciates the support of the commenters for Action Plan Amendment No. 13.