

# 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 16, 2014



### ACTION PLAN AMENDMENT NUMBER 18 - SUBSTANTIAL AMENDMENT

- **Transferring Funds to the Stronger NJ Business Loans Program**
- **Transferring Funds to the Rental Assistance Program**
- **Clarifying Potential Uses of CDBG-DR Program Income**

PUBLIC COMMENT PERIOD: March 8, 2016 – April 7, 2016

DATE SUBMITTED TO HUD: April 15, 2016

DATE APPROVED BY HUD: June 16, 2016

Chris Christie  
Governor

Kim Guadagno  
Lt. Governor

Charles A. Richman  
Commissioner



## SECTION 1: OVERVIEW

New Jersey received approval from the U.S. Department of Housing and Urban Development (HUD) for its CDBG-DR Action Plan on April 29, 2013. The Action Plan described the State's allocation of \$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, seventeen amendments to the Action Plan, including Substantial Amendment Number 7, which described the allocation of \$1,463,000,000 of second round CDBG-DR funds across recovery programs, and Substantial Amendment Number 11, which described the allocation of \$501,909,000 of the third (and final) round of discretionary CDBG-DR funds intended to address unmet recovery needs.

This **Action Plan Amendment Number 18 (APA 18)** is considered a substantial amendment according to the definition in the HUD Federal Register Notice 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 is being made available in English and Spanish via the Internet at DCA's website -- <http://www.renewjerseystronger.org> -- and also can be obtained through email to [sandy.recovery@dca.nj.gov](mailto:sandy.recovery@dca.nj.gov) (Subject: APA 18) or by contacting Constituent Services at 609-292-3750. If additional language translation services are needed please call 1-855-SANDYHM (1-855-726-3946). When the agent answers the line, inform them of the appropriate language. For Hearing Impaired Users, Text Telephone Service is available at (TTY/TDD) 609-984-7300 or 1-800-286-6613.

The public comment period for APA 18 was open from March 8, 2016 to 5:00 PM (EST) on April 7, 2016. Per HUD requirements, a public hearing was held during the comment period on the following date and at the following location:

- March 22, 2016; Brookdale Community College (Monmouth County); Student Life Center, Upper Level; 765 Newman Springs Road, Lincroft, NJ 07738; 4–7 pm.

Comments on this proposed amendment could be submitted at the hearing, or via email to [sandy.publiccomment@dca.nj.gov](mailto:sandy.publiccomment@dca.nj.gov) or U.S. mail addressed to Sandy Recovery Division, Constituent Services, NJ Department of Community Affairs, 101 South Broad Street, Post Office Box 823, Trenton, New Jersey 08625-0823. All comments are given the same consideration regardless of the method of submission.

## SECTION 2: FUNDING TRANSFERS & PROGRAM INCOME CLARIFICATION

By this Amendment, the State proposed three funding transfers. The first transfer shifts \$24 million of Stronger NJ Business Grants Program funds to the Stronger NJ Business Loan Program. The transfer will allow the New Jersey Economic Development Authority (EDA) to satisfy all eligible but unfunded applicants and waitlisted applicants in the Loans program.

The second transfer shifts \$12.5 million of Rehabilitation, Reconstruction, Elevation and Mitigation (RREM) Program funds to the Rental Assistance Program. To meet ongoing rental assistance demand for families who are displaced while rebuilding through the RREM Program or the LMI Homeowners Rebuilding Program, the State has extended rental assistance through the Rental Assistance Program (RAP) to a total of twenty-one months at up to \$1,300 per month. The extension is available to RAP applicants who have exhausted, or subsequently exhaust, all nine months of eligible RAP payments and still have a rental assistance need. Because this extension will hasten the disbursement of SSBG funds through RAP, once all SSBG funds are spent the State will begin to draw on these CDBG-DR funds to continue to meet demand. This proposal required not only HUD approval of this Amendment, but also a waiver by HUD permitting this specific use of CDBG-DR funds. The State submitted a waiver request to HUD for that purpose.

A third transfer of \$4.5 million from the Sandy Homebuyer Assistance Program and \$10 million from the Unsafe Structures Demolition Program to the Essential Services Grant (ESG) Program was proposed, but subsequently disapproved by HUD.

Importantly, as detailed below, none of the HUD approved funding transfers affect any existing commitment of program funds to any individual, business, community or project.

Finally, this Substantial Amendment clarifies potential uses of CDBG-DR “Program Income” to more clearly align with permissible uses of program income as set forth in HUD Federal Register Notices. Program income is the gross income received by the State or its subrecipients that is directly generated from the use of CDBG-DR funds (e.g., principal and interest payments on CDBG-DR loans).

## A. Transfer of Funds to the Stronger NJ Business Loan Program

Table 2: Transfer of Funds to the Stronger NJ Business Loan Program			
Approved NJ Action Plan Program	Activity Previous Allocation	Amount of Transfer	Activity Revised Allocation
Stronger NJ Business Grant Program	\$100,000,000	(-) \$24,000,000	\$76,000,000
Stronger NJ Business Loan Program	\$100,000,000	(+) \$24,000,000	\$124,000,000

The New Jersey Economic Development Authority is administering two programs that directly assist the recovery of Sandy-impacted small businesses. The Stronger NJ Business Grants Program, currently funded with \$100,000,000 of CDBG-DR funds, provides grants/forgivable loans to small businesses of up to \$50,000 for working capital or construction needs. The Stronger NJ Business Loan Program, also currently funded with \$100,000,000 of CDBG-DR funds, provides low cost loans of up to \$5 million to eligible small businesses for Sandy-related repairs, working capital and/or to expand their businesses in order to create jobs and help economically revitalize Sandy-affected communities.

As of January 2016, in the Stronger NJ Business Loan Program, more than \$69.3 million has been obligated and \$46.9 million has been disbursed (68%) across 63 approved applicants. An additional 40 applicants have been deemed eligible for funds, and EDA is working with them to obtain necessary documentation. The funding request from these additional applicants totals approximately \$40 million. Additionally, the program has a waitlist of 10 applicants seeking a total of \$8 million in program funds. Satisfying approved applicant demand and waitlist demand, while also ensuring the program has sufficient funding for program delivery costs, including costs of monitoring and close out, is anticipated to require an additional \$24 million above the \$100 million of CDBG-DR funds allocated to the program.

In the Stronger NJ Business Grants Program, 1,138 small business applicants have been approved for funding. The program's application period closed on December 31, 2013. As of January 2016, \$56.3 million has been obligated and \$52.9 million (94%) has been disbursed. EDA is working with the 25 remaining applicants whose applications are still pending on providing information required to be approved to receive CDBG-DR funds, which could result in an additional disbursement of \$1.25 million. As a result, EDA has concluded that reducing the \$100 million program allocation by \$24 million will not affect EDA's ability to serve all eligible applicants and address program delivery costs, including costs of monitoring and close out. These funds will be transferred to the Stronger NJ Business Loan Program to satisfy the unmet need identified above.

## B. Transfer of Funds to the Rental Assistance Program

<b>NJ Sandy Recovery Program</b>	<b>Activity Previous Allocation</b>	<b>Amount of Transfer</b>	<b>Activity Revised Allocation</b>
Rehabilitation, Reconstruction, Elevation and Mitigation Program	\$1,356,543,202	(-) \$12,500,000	\$1,344,043,202
Rental Assistance Program	\$0	(+) \$12,500,000	\$12,500,000

Over the past three years, the State has allocated nearly \$320 million for mortgage and rental assistance for families displaced by Sandy damage or reconstruction. The Homeowner Resettlement Program, funded with approximately \$200 million of CDBG-DR funds, provided \$10,000 grants to homeowners for non-construction related recovery assistance, including mortgage and rent payments. After that program, the Sandy Homeowners and Renters Assistance Program (SHRAP), funded with nearly \$100 million of Social Services Block Grant (SSBG) monies, provided up to \$15,000 to homeowners and renters for rental assistance and/or to replace storm-damaged appliances. Once SHRAP funds were exhausted, the State created the Rental Assistance Program (RAP). Funded with \$19.5 million of SSBG monies, RAP provides rental assistance of up to \$1,300 per month for up to nine months to homeowners in RREM or the LMI Program paying rent because they are displaced by storm damage or construction. Through these State programs a homeowner could have received more than \$36,000 in interim financial assistance -- (\$10,000 from Resettlement; \$15,000 from SHRAP, and \$11,225 from RAP). This is in addition to assistance provided through FEMA's Individual Assistance Program.

These investments have made a difference for tens of thousands of families, and the breadth of the need for rental assistance for rebuilding applicants appears to be significantly diminishing. In the first group of 197 RAP applicants (May 2015 – January 2016), 157 (~80%) had completed construction, had received more than 90% of their RREM award, are expected to complete construction within three months, or did not need to use all nine months of RAP assistance. In the second group of 190 RAP applicants (June 2015 – February 2016), 147 (~77%) are in that group. Of the 83 applicants across these first two RAP groups that used all nine months of RAP assistance and have a clear, continuing need for rental assistance, 53 applicants (64%) are LMI, including 30 low-income applicants (36%), that is, households at less than or equal to 50% of Area Median Income.

These first two groups represent about 25% of the total current RAP population to date (~1,540 applicants). Currently across RAP, 681 applicants (44%) are LMI, inclusive of 356 applicants (23%) that are low-income. Recent, significant decreases in monthly RAP applications -- less than 70 applications received in

February 2016 -- may tend to indicate that the program is approaching saturation.

The figures above show that there is still an unmet need for interim rental assistance for some applicants rebuilding through RREM or the LMI Program. If the percentages hold, about 20%-30% of RAP recipients will have ongoing rental assistance needs after exhausting nine months of RAP assistance, and the majority of those needing ongoing rental assistance will be LMI.

In response to that need, the State recently announced that RAP payments would be extended from up to nine months to up to twenty-one months. Of course, RAP only can provide assistance while funding is available -- to date, \$8.5 million of the \$19.5 million allocation has been disbursed. There are no additional SSBG funds to recapitalize RAP, and the temporal expansion of the program will result in exhausting the remaining SSBG funds more quickly. As a result, the State looks to CDBG-DR funds to continue to provide interim rental assistance to families rebuilding through RREM or the LMI Program after SSBG funds are exhausted.

Specifically, after SSBG funds are exhausted, the New Jersey Housing and Mortgage Finance Agency (HMFA), which administers RAP, would begin drawing CDBG-DR funds for the rental payments of applicants in RAP who have an unmet need and who have not exhausted their 21 months of RAP assistance, as well as for applicants who seek RAP funds and meet RAP eligibility criteria after all SSBG monies are exhausted. Because the CDBG-DR funds will fund an existing recovery initiative, the program eligibility criteria, available on HMFA's website [here](#), remain unchanged.

As a mechanism to ensure the CDBG-DR funds are used for their authorized purpose (i.e., rental assistance), RAP funds will only be used toward rent. Rental deposits, utilities, moving expenses, and other types of out of pocket expenses are not eligible costs.

HMFA will affirmatively contact eligible RAP applicants who already have exhausted all nine months of RAP assistance to inform them about the RAP extension and their eligibility for additional rental assistance, assuming they still can show a need.

To use CDBG-DR funds for this purpose, in addition to approving this Amendment, HUD would have to issue a waiver of the prohibition in 24 C.F.R. § 570.207(b)(4) against providing direct income payments, which include rent, for more than three consecutive months. The State has submitted a waiver request to HUD for that purpose.

Finally, with RREM now projected to serve approximately 7,800 applicants, and the \$12.5 million to be shifted to meet ongoing rental assistance needs amounting to

less than 1% of the total RREM allocation, DCA has concluded that this funding shift will not impact DCA's ability to fully serve all eligible RREM applicants or to pay for program delivery and other ancillary program costs, including the cost of program monitoring and close out. The State remains committed to fully funding all eligible applicants in RREM and the LMI Program.

### **C. Clarification and Expansion of Potential Uses of CDBG-DR Program Income**

Program income is the gross income received by the CDBG-DR Grantee (here, DCA) or any of its subrecipients (e.g., EDA; HMFA; DEP) that is directly generated from the use of CDBG-DR funds. While program income can be generated various ways, perhaps the most common example is payments of principal and interest on loans that were made using CDBG-DR funds. Additional information regarding how program income may be generated and used is available at 24 CFR 570.489 and 24 CFR 570.504, as well as on HUD's website, available [here](#).

The receipt of program income can create challenges in recovery programs. For example, any program income generally must be disbursed before any other program funding. This can result in timing concerns for CDBG-DR funds that have strictly defined obligation and expenditure deadlines.

By this Amendment, the State clarifies the potential uses of CDBG-DR program income, in compliance with governing HUD regulations that may be generated through of its recovery initiatives. At this time, consistent with HUD Federal Register Notice FR-5696-N-01, New Jersey will allow three options for the use of program income. The first two options -- program income is maintained by the state agency administering the program (DCA or a subrecipient) to pay the agency's next CDBG-DR eligible expense; or program income is transferred from a subrecipient to DCA to pay the next CDBG-DR eligible expense -- to ensure rapid expenditure of program income, minimizing any impact on the timely obligation and expenditure of CDBG-DR funds. The third option -- using program income as a revolving loan fund for CDBG-DR eligible purposes -- is included to maintain the opportunity to use program income in this way.

Program income is referenced in a few sections of the Action Plan and in three Action Plan Amendments. Technical, conforming edits across relevant sections of the Action Plan and three Amendments are noted below so that all components of the Action Plan and Amendments are consistent with respect to the treatment of program income, and more specifically, conform to the three options outlined above.

## **CDBG-DR ACTION PLAN**

### **4.3.2 Direct Loans for Impacted Small Businesses**

~~<Delete> Repaid loans under this product are intended to be revolved as loans for CDBG uses to continue to assist small businesses. <Insert>~~ **Initially, all program income generated by the Small Businesses Loan Program will be retained by EDA. EDA will use this program income to pay subsequent eligible costs for its HUD-approved CDBG-DR programs prior to withdrawal of additional grant funds. The State may also elect to have program income returned to DCA, where it will be used to pay for subsequent eligible costs for any CDBG-DR funded eligible activity, prior to withdrawal of additional grant funds. The State also may elect to use program income to establish revolving loan fund(s) for existing CDBG-DR programs.**

### **6.5 Program Income**

The State will comply with HUD requirements found in 24 CFR 570.489. In the event the State's activities generate program income, those funds, to the maximum extent feasible, shall be distributed before the State makes additional withdrawals from the Treasury. ~~<Insert>~~ **New Jersey initially will permit its state agency or authority subrecipients to retain program income to be used by that agency or authority for their next CDBG-DR eligible expense, prior to requests for additional withdrawals by that subrecipient. The State may also elect to have program income returned to DCA, where it will be used to pay for subsequent eligible costs for any CDBG-DR funded eligible activity, prior to withdrawal of additional grant funds. The State also may permit any state agency or authority to use any program income to establish revolving loan fund(s) for existing CDBG-DR activities.**

### **6.6 Monitoring Standards and Procedures**

The monitoring will address program compliance with contract provisions, including, but not limited to environmental reviews, fair housing, Section 3 compliance, compliance with the Davis-Bacon Act as well as other labor standard provisions, procurement regulations, fair housing and equal opportunity requirements, and compliance with the OMB A-87, program income, and other CDBG financial requirements. ~~<Insert>~~ **Initially, the State <Delete> plans to retain all program income but may will allow certain subgrantees and will allow state agency and authority subrecipients to retain program income to pay eligible costs for <Delete> continue eligible CDBG-DR activities, prior to withdrawal of additional grant funds. <Insert> The State may also elect to have program income returned to DCA, where it will be used to pay for subsequent eligible costs for any CDBG-DR funded eligible activity, prior to withdrawal of additional grant funds. The State also may permit any state agency or authority to use any program income to establish revolving loan fund(s) for existing CDBG-DR activities. DCA and its subrecipients will develop and implement procedures**



to track, manage, and report program income as well as the oversight of any programs that may be funded with program income.

## **ACTION PLAN AMENDMENT 5**

### **B. Clarification to Section 4.3.3 Neighborhood and Community Revitalization Program to note the state's intention to allow for the eligible Community Development Finance Institutions (CDFIs) to qualify as 105(a)(15) non-profits.**

Under Section 4.3.3 Neighborhood and Community Revitalization, it is stated that funding provided to a CDFI for the purpose of lending to small businesses is not intended to be restricted to revolve for CDBG purposes only once loans are repaid, if the CDFI is designated as a Community Based Development Organization (CBDO). The section of the federal Housing and Community Development Act relating to CBDO designation is located within Section 105(a)(15) and provides similar requirements to the CBDO designation. Because the section is a more general reference, the State will amend Section 4.3.3 of the Action Plan to add Section 105(a)(15) nonprofit as more descriptive of the described intention. Clarification is in the following paragraph of Section 4.3.3 of the Action Plan as noted:

These funds will be administered directly by EDA... *<Insert>* **Any funds repaid to EDA are CDBG-DR program income and initially will be used to pay the next eligible costs for EDA CDBG-DR programs prior to withdrawal of additional grant funds.** *<Delete>* ~~If DCA later permits establishment of a revolving loan fund, funding described above is intended to revolve for CDBG purposes once loans are repaid, unless~~ *<Insert>* **The State may also elect to have program income returned to DCA, where it will be used to pay for subsequent eligible costs for any CDBG-DR funded eligible activity, prior to withdrawal of additional grant funds. The State also may permit EDA or any other state agency or authority to use any program income to establish revolving loan fund(s) for existing CDBG-DR activities. If the CDBG-DR funds are administered by a CDFI or other organization designated as a Community Based Development Organization (CBDO) {insert} or as a 105(a)(15) nonprofit *<Insert>* and funds are repaid to and retained by that entity, those funds are not considered program income.**

## **ACTION PLAN AMENDMENT 8**

The State is clarifying language in the approved Action Plan related to the Section 4.3 Economic Revitalization. This amendment is intended to ensure that the language is consistent and clear within the sections of the Action Plan and with the approved program policies and procedures. This is not a change to the program as designed and approved by the EDA Board, and as has been heavily communicated since inception. The clarification confirms clear communication in line with program intentions that the loans have a forgivable portion *<Delete>* ~~and remaining repayments revolve,~~ and that the loans are structured with no interest and low interest components.

“Repaid loans under this product *<Insert>* **will initially be retained by EDA and used to pay the next eligible CDBG-DR cost, prior to withdrawal of additional grant funds. The State may also elect to have program income returned to DCA, where it will be used to pay for subsequent eligible costs for any CDBG-DR funded eligible activity, prior to withdrawal of additional grant funds. The State may also elect to use program income to establish revolving loan fund(s) for existing CDBG-DR programs.** *<Delete>* ~~are intended to be revolved as loans for CDBG uses to continue to assist small businesses.~~ No repayment would be expected from the forgivable portion of the loans, provided that the conditions to forgive are satisfied.

## **ACTION PLAN AMENDMENT 14**

### **A. Clarification in Section 4.3 Economic Revitalization of the State’s Action Plan**

The State is clarifying language in the approved Action Plan related to the Section 4.3 Economic Revitalization. This amendment is specifically related to the program income generated from economic revitalization programs and the State’s intent to use that program income to further economic revitalization and other CDBG-eligible activities. The approved programs as defined in the Action Plan and ensuing Amendments remain unchanged. As noted, the “economic revitalization activities are intended to enable a broad spectrum of activities to support the varied needs of communities recovering from the disaster,” (paragraph 4). It is further stated that “eligible activities also may include infrastructure development for economic purposes as well as mitigation and resiliency to protect and strengthen investments” (paragraph 6). The State would like to make the language consistent related to program income among the economic revitalization programs, in line with the original intent for promoting revitalization and resiliency. This amendment does not relate to the original allocated and approved program funds. This clarification will allow the State to further meet its assessed priorities detailed in the second round of CDBG-DR funds. The State received approval from HUD on April 30, 2014 for Action Plan Amendment Number 7 for the second allocation of CDBG-DR funds to create the Energy Resilience Bank to support infrastructure for economic revitalization and resiliency. The clarification reflects that program income generated from the Economic Revitalization programs *<Insert>* **will retained by EDA and initially be used to pay EDA’s next eligible CDBG-DR expense, prior to withdrawal of additional grant funds. The State may also elect to have program income returned to DCA, where it will be used to pay for subsequent eligible costs for any CDBG-DR funded eligible activity, prior to withdrawal of additional grant funds. The State may also elect to use program income to establish revolving loan fund(s) for existing CDBG-DR programs.** *<Delete>* ~~can be attributed to support eligible CDBG activities, including projects under the Energy Resilience Bank, which may include public entities as well as businesses.—~~

~~<Delete> The following amendment will make Section 4.3.2 consistent with Section 4.3.3, both under the 4.3 Economic Revitalization programs. <Insert>~~  
**The following amendment is consistent with the previously listed action plan amendments and ensures consistency between sections 4.3.2, 4.3.3, 6.5 and 6.6.**

### **Section 4.3.3 Neighborhood and Community Revitalization (Action Plan and Amendment #5)(Paragraph 3)**

~~<Delete> “Funding described above is intended to revolve for CDBG purposes once loans are repaid, unless administered by a CDFI designated as a Community Based Development Organization (CBDO) or as a 105(a)(15) nonprofit, as applicable.”~~  
**<Insert> Any funds repaid to EDA are CDBG-DR program income and initially will be used to pay the next eligible costs for EDA CDBG-DR programs prior to withdrawal of additional grant funds. <Delete> If DCA later permits establishment of a revolving loan fund, funding described above is intended to revolve for CDBG purposes once loans are repaid, unless <Insert> The State may also elect to have program income returned to DCA, where it will be used to pay for subsequent eligible costs for any CDBG-DR funded eligible activity, prior to withdrawal of additional grant funds. The State may also permit EDA or any other state agency or authority to use any program income to establish revolving loan fund(s) for existing CDBG-DR activities. If the CDBG-DR funds are administered by a CDFI or other organization designated as a Community Based Development Organization (CBDO) {insert} or as a 105(a)(15) nonprofit <Insert> and funds are repaid to and retained by that entity, those funds are not considered program income.**

### **Section 4.3.2 Direct Loans for Impacted Small Businesses (Action Plan and Amendment #8) (Paragraph 3)**

~~<Delete> “Repaid loans under this product are intended to be revolved as loans for CDBG uses {delete} to continue to assist small businesses.” <Insert>~~  
**Initially, all program income generated by the Small Businesses Loan Program will be retained by EDA, and EDA will use this program income to pay subsequent eligible costs for its HUD-approved CDBG-DR programs, prior to withdrawal of additional grant funds. The State may also elect to have program income returned to DCA, where it will be used to pay for subsequent eligible costs for any CDBG-DR funded eligible activity, prior to withdrawal of additional grant funds. The State may also elect to use program income to establish revolving loan fund(s) for existing CDBG-DR programs. No repayment would be expected from the forgivable portion of the loans, provided that the conditions of loan forgiveness are satisfied.**

## SECTION 3: PUBLIC COMMENTS/RESPONSES

As required by HUD, this proposed Substantial Amendment was made available for public comment over a period of at least thirty days. Also per HUD requirements, the State held a public hearing to solicit comments in connection with this proposed amendment. The date and location of the public hearing were:

- March 22, 2016; Brookdale Community College (Monmouth County); Student Life Center, Upper Level; 765 Newman Springs Road, Lincroft, NJ 07738; 4–7 pm.

Commenters could submit comments to this proposed amendment (i) via email to [sandy.publiccomment@dca.nj.gov](mailto:sandy.publiccomment@dca.nj.gov) (Subject: APA 18); (ii) via U.S. mail; or (iii) via oral or written comments at the public hearing. All comments are given the same amount of consideration regardless of the method of submission.

Below, the State has synthesized the comments submitted on this proposed amendment and included responses to those comments.

### **COMMENT 1** **ESG PROGRAM ELIGIBILITY CRITERION**

Commenters stated that the definition of “Sandy-related budgetary impact,” as used in the additional eligibility criterion for the ESG Program, should be expanded to allow applicants to satisfy the criterion upon a showing that the applicant’s 2016 ratable base is at least 5% less than the applicant’s pre-storm ratable base. Commenters stated that with the expansion of the ESG Program to a fourth year arising out of the still-rebuilding ratable bases of certain hard-hit communities, the additional eligibility criterion also should be directly tied to the communities’ current ratable bases.

#### **Staff Response:**

DCA agrees with the commenters, and has expanded the definition of “Sandy-related budgetary impact” as used in the additional ESG Program eligibility criterion to be satisfied upon a showing that an applicant’s 2016 ratable base is at least 5% less than the applicant’s pre-storm ratable base. The applicant must show that the ratable base impact is a result of Sandy. School district applicants can satisfy this alternative eligibility criterion based on the ratable base of the municipality that is the primary source of the district’s local tax revenue.