

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 27

SUBSTANTIAL AMENDMENT

- **Transferring Funds to the Housing Counseling Program from the Tenant-Based Rental Assistance Program**
- **Transferring Funds for Program Administration Costs for the general management, oversight and coordination of the CDBG-DR grant.**
- **Transferring Funds to the Rental Assistance Program from the Lead Hazard Reduction Program**
- **Clarification of Funding for the Fund for the Restoration of Multi-Family Housing**

PUBLIC COMMENT PERIOD: July 9 to August 7, 2018.

DATE SUBMITTED TO HUD: September 7, 2018

DATE APPROVED BY HUD: October 18, 2018

Philip D. Murphy
Governor

Lt. Governor Sheila Y. Oliver
Commissioner



SECTION 1: OVERVIEW

New Jersey received approval from the U.S. Department of Housing and Urban Development (HUD) for the State's Community Development Block Grant-Disaster Recovery (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, HUD has approved twenty-six amendments to the Action Plan, including Substantial Amendment Number 7, which detailed the allocation of \$1,463,000,000 of second round CDBG-DR funds across the recovery programs, and Substantial Amendment Number 11, which described the allocation of \$501,909,000 of the third (and final) round of CDBG-DR funds intended to address unmet recovery needs.

This Action Plan Amendment Number 27 is considered a substantial amendment according to the definition stipulated in the March 5, 2013 HUD Federal Register Notice and in accordance with the State's Citizen Participation Plan because it involves a reallocation of more than \$1,000,000 of CDBG-DR funds.

This Amendment is available in English and Spanish through DCA's website - <http://www.renewjerseystronger.org> - and can also be obtained by email to sandy.recovery@dca.nj.gov (Subject: APA 27) or by contacting Sandy Recovery Division Constituent Services at 609-292-3750. To obtain a translated copy in a language other than Spanish, please call 1-855-SANDYHM (1-855-726-3946). When the agent answers the line, inform them of the requested 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 Action Plan Amendment 27 is open on July 9, 2018 to 5:00 p.m. on August 7, 2018. Per HUD requirements, a public hearing will be held during the comment period on July 31, 2018 from 4:00 p.m. to 6:00 p. m. at the following location:

Toms River Municipal Complex, Council Meeting Room
33 Washington Street
Toms River, New Jersey 08753

Comments on this proposed amendment were submitted at the hearing, or via email to sandy.publiccomment@dca.nj.gov or to the attention of Lisa Ryan, New Jersey Department of Community Affairs, 101 South Broad Street, Post Office Box 800, Trenton, New Jersey 08625-0800. All comments are given the same consideration regardless of the method of submission.

SECTION 2: FUNDING TRANSFERS

Through this Amendment, the State proposes the following Community Development Block Grant-Disaster Recovery (CDBG-DR) funding transfers. First, the State proposes a reallocation of \$3.1 million in surplus funds from the Tenant-Based Rental Assistance Program to the Housing Counseling Program to comply with the terms of the Voluntary Compliance Agreement and to meet the continuing needs of highly vulnerable Sandy-impacted individuals. Second, the State proposes a reallocation of \$4.3 million in surpluses from 14 programs for program administration costs for the general management, oversight and coordination of the CDBG-DR grant. Lastly, the State proposes a reallocation of \$3 million in surplus funds from the Lead Hazard Risk Reduction Program to the Rental Assistance program (RAP) to meet the ongoing rental assistance demand for families who are displaced while rebuilding their storm damaged homes through the RREM Program or the LMI Homeowners Rebuilding Program.

Transfer of Funds to the Housing Counseling Program

Approved New Jersey Action Plan Program	Activity Previous Allocation	Amount of Transfer	Activity Revised Allocation
Tenant-Based Rental Assistance Program	\$32,000,000	(-)\$3,113,983	\$28,886,017
Housing Counseling Program	\$7,848,611	(+)\$3,113,983	\$10,962,594

Housing Counseling Program

Action Plan Amendment 9 established the Housing Counseling Program in accordance with the State’s Voluntary Compliance Agreement with the HUD Fair Housing and Equal Opportunity Office (FHEO) and the Latino Action Network, the NAACP, and the Fair Share Housing Center.

The Housing Counseling Program is a collaboration of HUD-certified, non-profit, community-based organizations which provide a wide range of counseling services to both renters and homeowners impacted by Superstorm Sandy. Counselors provide supportive services, such as foreclosure prevention, relocation services, and debt management, and have assisted with application intake for the LMI Homeowners Rebuilding Program and the Tenant-Based Rental Assistance Program. The agencies participating in the program have also been trained to use the State’s language line and the “I-Speak” cards in order to assist any applicant of limited English proficiency. The Housing Counseling Program has been a valuable resource for vulnerable populations in hard hit communities.

The State’s Voluntary Compliance Agreement stipulates that a minimum of \$2 million per year be available for housing counseling services “until and including the year when the HUD closeout for the CDBG-DR funding occurs, with the final year to be prorated depending

on when the closeout occurs and if CDBG-DR funds are available.” The proposed allocation of \$3.1 million is necessary to comply with the Voluntary Compliance Agreement and meet the needs of those impacted by Superstorm Sandy through HUD’s 2022 deadline.

Transfer from Tenant-Based Rental Assistance Program

The Tenant-Based Rental Assistance (TBRA) Program was created in Action Plan Amendment 11 and provides temporary rental assistance to LMI residents. Rental assistance is provided for twelve months with an option to renew, but not to exceed twenty-four months. TBRA targets vulnerable families who need stable affordable housing. TBRA families work with community-based housing counselors through the Housing Counseling Program throughout the period of their subsidy and receive a priority when applying for affordable housing units that receive CDBG-DR funds.

Per the federal waiver provided in Federal Register (FR) Notice 5961-N-02, all subsidies are scheduled to end December 31, 2018. The program has spent nearly the entire allocation prior to the prescribed deadline, resulting in assistance being provided to 1,788 families throughout 115 municipalities.

The transfer of \$3.1 million from TBRA to the Housing Counseling Program allows the State continue to serve highly vulnerable populations within the nine most-impacted counties. The State has concluded that transferring the remaining funding to the Housing Counseling Program will not impact DCA’s ability to fully serve all eligible TBRA applicants or to pay for program delivery costs. The State remains committed to funding up to the maximum allowable assistance for all eligible applicants to fully comply with the Voluntary Compliance Agreement.

Reallocation of Funds for Program Administration Costs

Table 2: Transfer of Funds for Program Administration Costs				
Approved NJ Action Plan Program	Activity Previous Allocation	Amount of Transfer	Activity Revised Allocation	
Housing Resettlement Program	\$205,000,000	(-) \$1,358,483	\$203,641,517	
Sandy Home Buyer Assistance	\$18,936,320	(-) \$3,037	\$18,933,283	
Incentives for Landlords	\$17,773,703	(-) \$584,072	\$17,189,631	
Pre-Development Fund	\$3,769,001	(-) \$102,295	\$3,666,706	
Essential Services Grants	\$134,254,426	(-) \$15,712	\$134,238,714	
Unsafe Structures Demolition	\$3,990,950	(-) \$34,981	\$3,955,969	
Code Enforcement	\$4,193,122	(-) \$14,598	\$4,178,524	
Zoning	\$1,103,997	(-) \$3,854	\$1,100,143	
Supportive Services- DEP Mosquito Control	\$1,286,672	(-) \$146,579	\$1,140,093	
Lead Hazard Risk Reduction Program	\$5,000,000	(-) \$801,893	\$1,198,107*	
Planning Programs	<i>Local/Region Planning</i>	\$13,442,676	(-) \$655,958	\$12,786,718
	<i>State Planning (DCA)</i>	\$4,200,000	(-) \$52,155	\$4,147,845
Administration (EDA)	\$2,375,000	(-) \$538,647	\$1,836,353	
Administration (NJRA)	\$50,000	(-) \$50,000	-	
Administration (General)	\$182,651,100	(+) \$4,362,264	\$187,013,364	

*Inclusive of the \$3,000,000 transferred to the Rental Assistance Program

The State proposes to reallocate \$4.3 million to allow for the continued general management, oversight and coordination in disbursing CDBG-DR funding for recovery programs. Section VI(10)(b) of Federal Register (FR) Notice 5696-N-01 provides that the aggregate total of funding spent on Program Administration Costs must not exceed five percent of the aggregate CDBG-DR funding awarded to a Grantee. In reallocating \$4.3 million, the State remains below the five percent cap HUD has placed on program administration costs.

Excluding funding for Rebuild by Design projects, New Jersey has received \$3,794,429,000 across three CDBG-DR funding rounds: \$1,829,520,000 (Round 1); \$1,463,000,000 (Round 2); \$501,909,000 (Round 3). Thus, the five percent cap on Program Administrative Costs is \$189,721,450.

New Jersey's CDBG-DR Action Plan (Round 1), Action Plan Amendment 7 (Round 2), and Action Plan Amendment 11 (Round 3) each contained a funding budget for "Administration." Separately, each of the CDBG-DR programs run by a CDBG-DR Subrecipient included within their individual allocations a 0.5 percent set aside to be used for eligible Program Administrative Costs. Following discussion with HUD, the State submitted non-substantial Action Plan Amendment 15, which stipulated that all eligible program administration costs, whether incurred by DCA or by a Subrecipient in connection with operating a Partner Program, will be reported as line items under the "Administration" budget for ease of reporting.

Continuing the same effort, the State seeks to transfer remaining balances from closed or closing programs to cover existing program administration costs. As stated, even with the transfer of these funds, the percentage of funds dedicated for program administration costs remains below HUD's five percent cap.

Transfer from the Housing Resettlement Program

The Housing Resettlement Program provided \$10,000 grants which households could use toward addressing any increases in insurance premiums, in addition to other needs, to incentivize them to remain part of their communities during New Jersey's recovery and rebuilding effort and beyond. By awarding grants to over 18,000 households, the program has been critical in helping families stay in their communities, preserving the character of storm-impacted neighborhoods, stabilizing the municipal tax base, and helping bring a return to normalcy after Sandy.

DCA has completed monitoring the Resettlement Program's required three-year residency requirement and has served all eligible applicants. Thus, transferring the remaining \$1,358,483 in surplus funds will not impact DCA's ability to close the program.

Transfer from the Sandy Home Buyer Assistance Program

The Sandy Home Buyer Assistance Program is overseen by HMFA and provided LMI households the opportunity to purchase a home in a Sandy impacted area by providing up to \$50,000 in grants toward the purchase of the home. In providing grants of up to \$50,000, the program provided an affordable alternative to leasing for nearly 350 homeowners and helped create a market for rebuilt and restored homes.

The Sandy Home Buyer Assistance Program has expended nearly 100% of its allocation and continues to monitor the residency condition on the existing loans. Transferring the Program's remaining \$3,037 in funding will not impact HMFA's ability to fully serve all eligible applicants or to pay for program delivery costs.

Transfer from the Landlord Incentive Program

Incentive payments were provided to qualified rental property owners through the Landlord Incentive Program to quickly address the need for affordable housing in the State and to provide for the immediate needs of displaced LMI households. Subsidies for units were provided based on the level of affordability mirroring the federal Section 8 project-based methodology. Priority was given to households earning at or below 50% of Area Median Income (AMI). All grant agreements have expired, tenants have transitioned to alternative housing and final reimbursements to landlords are complete. Accordingly, transferring the remaining \$584,072 will not impact DCA's ability to close the program.

Transfer from the Pre-Development Fund

The Pre-Development Fund was overseen by the New Jersey Redevelopment Authority (NJRA) and provided financing to help nonprofit developers cover the pre-development costs of properties that are unsafe, underutilized, or in foreclosure. The program offered

support at the early stages of development to allow nonprofit developers to complete site preparation work as well as work to finalize construction and permanent financing.

The Pre-Development fund targeted areas of redevelopment in which New Jersey was working with local leadership to meet the development needs of the municipality in the aftermath of the storm. The program facilitated the development of real property deemed unsafe or counterproductive to the welfare (including economic welfare of its residents). The program provided funding for pre-development loans resulting in the construction of over 200 rental units.

The program has fully served all eligible nonprofit developers and surplus funds remain. Transferring the remaining \$102,295 funds from the Pre-Development Fund and from NJRA's allocation for program administration costs will not impact the DCA's ability to close the program.

Transfer from the Essential Services Grant Program

The Essential Services Grant Program provided financial assistance to municipalities in instances where other sources of assistance were unavailable or insufficient to fund the continuation of eligible essential public services, such as police protection, fire protection, health and welfare (including public works, garbage collection/disposal, water and sewer), and education. The program targeted essential public services needs existing after exhausting other federal and State resources available for the same purpose and applicants were required to seek a Community Disaster Loan prior to applying.

The program funded nearly sixty units of local government and school districts and expended \$134 million in three rounds of funding that ended in 2016. Transferring the remaining \$15,712 funding will not impact DCA's ability to close this program.

Transfer from Unsafe Structures Demolition Program

The Unsafe Structures Demolition Program provided funding to state agencies to obtain resources to identify unsafe structures in need of demolition, to demolish unsafe structures, to remove debris, and to perform any additional activities or address other costs ancillary or related to demolitions. Buildings eligible for the program were those deemed structurally unsound and qualified as an "unsafe structure" pursuant to the Uniform Construction Code (N.J.A.C. 5:23-2.32); buildings left in place since Superstorm Sandy and unmitigated in any way; and buildings that were partially mitigated but showed no sign of ongoing repair.

The program has completed all planned demolitions. Thus, transferring the remaining \$34,981 in funding will not impact DCA's ability to close this program.

Transfer from Code Enforcement and Zoning Programs

The Code Enforcement and Zoning Programs were created to supplement local code enforcement offices with additional personnel and related costs, both directly and through funds to individual municipalities to provide an online plan review and permitting process,

increase the municipalities' capacity to respond to increased demand for zoning code and building code enforcement as a direct result of the damage caused by the storm, the resultant increase in rebuilding activity, and to enhance DCA's continuing education curriculum for code officials to include training in flood hazard mitigation practices and other storm-related code issues. The Zoning program provided grants to municipalities in the nine most-impacted counties to support the efficient operations of the local zoning offices to hire additional or technical staff, fund extended hours of operation, or rent additional space.

The Code Enforcement Program conducted over 97,000 inspections. By 2016, municipalities established their own financial capacity to hire newly trained personnel entering the job market. The program has thus served all eligible applicants and has since ended operations. Similarly, the Zoning program provided grants to fourteen municipalities and concluded operations in September 2017. Thus, transferring the programs' remaining \$18,452 in funding will not impact DCA's ability to close these programs.

Transfer from the Mosquito Control Program

The Mosquito Control Program was part of the Supportive Services program and was overseen by the Department of Environmental Protection (DEP). The program supported efforts to address the increased mosquito population resulting from changes in the environment due to the storm, including responding to requests for aerial spraying and pesticides. The program assisted twenty-one county-based mosquito commissioners or control agencies to expand their efforts in mosquito surveillance and control and ceased operating in early 2017. Transferring the remaining \$146,579 will not impact DCA's ability to close this program.

Transfer from Lead Hazard Reduction Program

In Action Plan Amendment 6, the State created the Lead Hazard Reduction Program to provide funding for lead assessment, lead hazard reduction, and clearance in homes impacted by Superstorm Sandy. The State initially allocated \$5 million of CDBG-DR funds to eligible non-profit organizations and units of local and county government for lead assessment and remediation in Sandy-impacted homes, which were potentially at greater risk of lead threats due to flooding that may have caused lead-based paint to flake. The program complemented an effort to test young children, pregnant mothers and Sandy recovery workers for blood lead levels that was administered by the New Jersey Department of Health with Social Services Block Grant funding from the federal government.

The program expended \$1.2 million towards providing lead assessment, lead remediation, mold and moisture testing and repair of conditions contributing to the hazardous environmental factors. The program also included support for any temporary relocation required while remediation occurred. In addition to the households served under this program, the State provided funding for lead remediation to thousands of homeowners through the RREM, LMI, and Landlord Rental Repair programs.

The Lead Hazard Reduction Program has served all applicants and DCA is now preparing to close the program. The \$3.8 million in surplus Lead Hazard Reduction Program funds are therefore available for transfer to RAP and to DCA’s Administrative Costs (as described below).

Transfer from Planning Programs

In its initial Action Plan, the State committed to coordinating planning activities with communities statewide to ensure that the long-term planning process benefits New Jersey citizens and meets CDBG-DR objectives. Contemporaneously, efforts were pledged to balance the need to preserve open space and promote sustainable communities. DCA’s Office of Local Planning Services was tasked with working to provide municipalities with sound planning strategies to ensure long-term recovery.

To meet planning needs across multiple platforms, the State created the Post Sandy Planning Grant Program, which provides Local and Regional Planning Grants to address ongoing planning needs resulting from Superstorm Sandy by allowing communities to develop community recovery plans that strategically address vulnerabilities exposed by the storm and to then hire certified planners to address conditions created or exacerbated by the storm and identify approaches to more resilient building and sustainable economic growth. Statewide Planning Grants are provided to state agencies for activities required by HUD for the implementation of programs, including historic preservation, archeological, and other mitigation studies.

Through the Post-Sandy Planning Assistant Grant Program, over 300 municipal plans have been produced. The State has concluded that transferring the remaining \$708,113 in funding will not impact DCA’s ability to meet the remaining obligations and close this program.

Transfer of Funds to the Rental Assistance Program

Approved New Jersey Action Plan Program	Previous Allocation	Amount of Transfer	Revised Allocation
Lead Hazard Reduction Program	\$5,000,000	(-) \$3,000,000	\$1,198,107*
Rental Assistance Program	\$12,500,000	(+) \$3,000,000	\$15,500,000

*Inclusive of the \$801,893 transferred for program administration costs.

Rental Assistance Program

The CDBG-DR funded Rental Assistance Program (RAP) currently provides rental assistance payments of up to \$1,300 per month for a maximum period of twenty-one months to homeowners in the Reconstruction, Rehabilitation, Elevation and Mitigation (RREM) Program or the Low- to Moderate-Income (LMI) Homeowners Rebuilding Program while they are displaced.

In Action Plan Amendment 18, the State allocated \$12.5 million in CDBG-DR funds to the Rental Assistance Program, administered by the Housing and Mortgage Finance Agency (HMFA), to meet the ongoing need for temporary rental assistance. To use CDBG-DR funds for this purpose, HUD issued 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 to allow the State to allocate up to \$30 million of CDBG-DR funds to provide up to 21 months of temporary rental assistance to eligible RREM and LMI Program applicants. Pursuant to stipulations included in that waiver, the program ceased accepting new applications on December 31, 2017.

Immediately after HUD's approval of Action Plan Amendment 18, there were approximately 1,540 applicants to RAP, 44% of which were LMI and 23% of those were low-income. Now, the majority of those continuing to need assistance are LMI. These homeowners continue to work towards completing construction, but financial strain and a lack of available resources make an additional rental payment the difference between completing construction and abandoning the project. While the need for such rental assistance is diminishing, the program is currently forecasting a deficit to meet the needs of existing applicants. With an additional allocation of \$3 million to RAP, the State can continue to fund all eligible applicants until the expenditure deadline of June 2019.

Transfer from Lead Hazard Reduction Program

As previously stated in this proposed Amendment, the Lead Hazard Reduction Program is in the process of closing. As such, the State has concluded that transferring \$3.0 million from the Lead Hazard Reduction Program to the Rental Assistance Program will not impact DCA's ability to close this program.

SECTION 3: CLARIFICATION

The State is proposing clarifying language related to the Fund for the Restoration of Multi-Family Housing (FRM) Program. The FRM program provides funding to facilitate the creation or rehabilitation of quality, affordable rental housing units in the nine most impacted counties.

In the initial Action Plan, the State had established a set-aside of \$20 million to provide the necessary resources to support repairs to damaged public housing units, damaged federally-owned housing units, and damaged HUD-assisted multi-family housing. The State committed to continue reviewing the unmet needs of public housing and to allocate an appropriate level of funding as needs were determined. An additional \$10 million was then initially reserved for Public Housing Authority (PHA) recovery projects in the second allocation of federal funding. As of May 2018, over \$12 million has been expended towards the creation of 528 LMI units under the PHA set-aside and another 1,173 units are in the pipeline.

Many of the PHA projects in the pipeline have not yet determined a start date. Therefore, this amendment allows for a portion of the \$30 million initially reserved for public housing authority projects through FRM to be used for other FRM projects in the event the identified public housing authority projects will not be completed by the 2022 federal expenditure deadline. This clarification does not impact the overall allocation provided for the FRM program.

SECTION 4: PUBLIC COMMENTS/RESPONSES

Consistent with HUD requirements, APA 27 was made available for public review and comment for a period of thirty (30) days. Written public comments were submitted to the Department of Community Affairs via email at sandy.publiccomment@dca.nj.gov or via regular mail to the attention of Lisa Ryan, Sandy Recovery Division, NJ Department of Community Affairs, 101 South Broad Street, P.O. Box 823, Trenton, NJ 08625. The State also solicited public comments at a public hearing held on July 31, 2018 from 4 p.m. to 6 p.m. in Toms River, New Jersey.

The State reviewed the public comments provided during the comment period. All comments received equal consideration regardless of whether they were submitted by email, U.S. mail, or in person at the public hearing. Per HUD guidelines, the State has synthesized the public comments received through this process. The comments and written responses prepared by the State are provided below.

COMMENT 1

SUPPORT FOR ACTION PLAN AMENDMENT NO. 27

Commenters expressed support for Action Plan Amendment No. 27.

Staff Response:

DCA appreciates the commenters' support for Action Plan Amendment No. 27.

COMMENT 2

INDIVIDUAL CASES

Commenters detailed case-specific questions and/or concerns about their individual rebuilding projects within the Reconstruction, Rehabilitation, Elevation and Mitigation (RREM) Program and Low-to-Moderate Income (LMI) Homeowners Rebuilding Program.

Staff Response:

Because these public comments are case-specific and in many cases include private information, DCA is responding to them individually through the Department's Sandy Constituent Services Office to provide information and assistance specific to their needs.

COMMENT 3

ADDITIONAL FUNDING FOR NON-PROFIT GROUPS AND ADVOCACY ORGANIZATIONS

A commenter sought funding for non-profit groups and advocacy organizations to provide services to individuals who continue to recover from Superstorm Sandy.

Staff Response:

Throughout the recovery effort, DCA has partnered with various resources, including the non-profit community, in providing assistance to affected New Jerseyans and in realizing

critical recovery initiatives. As described in the proposed Action Plan Amendment No. 27, DCA continues to partner with non-profit groups. Under this amendment, DCA would transfer \$3.1 million in Community Development Block Grant Disaster Recovery (CDBG-DR) funding to the Sandy Recovery Housing Counseling Program, which is a collaboration of non-profit, community-based agencies certified by HUD whose counselors provide free supportive services such as foreclosure prevention, debt management, and rental guidance to Sandy-impacted individuals. Counselors at the non-profit agencies have been trained to use resources such as a language access phone line and “I Speak” cards to assist any applicant of limited English proficiency.

DCA will continue to evaluate areas where non-profit groups and other organizations can be leveraged in the recovery.

**COMMENT 4
FUNDING FOR SECOND HOMES**

A commenter expressed concern that CDBG-DR funds cannot be used for rehabilitation and reconstruction of second homes and stated this is unfair since owners of second homes contribute property taxes to their local communities. The commenter suggested second homeowners were impacted just as much or more by Superstorm Sandy and should not be treated differently.

Staff Response:

The State is restricted by HUD’s Federal Register Notice FR-5696-N-01, which expressly prohibits using any CDBG-DR funds to assist second homes. The State must comply with this regulation.

**COMMENT 5
REOPEN RENTAL ASSISTANCE PROGRAM TO NEW APPLICANTS**

A commenter stated that proposed additional funding for the Rental Assistance Program should be made available for new applicants instead of being limited to current participants of the program.

Staff Response:

In order to enable the State to use CDBG-DR funds for the Rental Assistance Program, HUD issued 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. This waiver allows the State to provide up to 21 months of temporary rental assistance to eligible RREM and LMI Program homeowners who are displaced from their homes as a result of construction. Pursuant to stipulations included in that waiver from HUD, the Rental Assistance Program had to stop accepting new applications on December 31, 2017.

COMMENT 6

HOMEOWNER RESETTLEMENT PROGRAM

A commenter stated that second homeowners should have been eligible for the Homeowner Resettlement Program, which provided \$10,000 grants to eligible homeowners to encourage them to remain in their existing primary residence or resettle in the same county for three consecutive years following the grant award. The commenter expressed that second homeowners pay property taxes just like primary homeowners do and, therefore, should have received the same financial incentive to keep their home and not leave.

Staff Response:

As noted in a response to an earlier comment, HUD's Federal Register Notice FR-5696-N-01 expressly prohibits using any CDBG-DR funds to assist second homes. The State must comply with this regulation.

COMMENT 7

MAKE BUYOUTS AVAILABLE

Commenters stated that buyouts should be made available to Sandy-impacted homeowners who cannot move forward with their rebuilding project, so they can recover the home equity they have built up and afford another home. Commenters also expressed concern that the existing Blue Acres Buyout Program significantly restricts, by location and other factors, who is able to take advantage of a buyout. They suggested buyouts should be available to any Sandy-impacted homeowner who is willing to sell because buyouts remove vulnerable properties from the probability of future storm losses and return developed properties to natural lands, which can provide a defense against future storms.

Staff Response:

DCA appreciates the comment and will take the suggestions into consideration. Buyouts are an important component of the State's approach to resilient housing recovery. The total CDBG-DR contribution of \$174.5 million to the Blue Acres Buyout Program builds on other funding that has been committed for the program, which in total approaches \$400 million. The buyout program is not designed to protect a single residence from repetitive damage loss. Instead, the purpose of the program is to convert wide expanses of contiguous properties to open space to create more open areas that can help absorb flood waters in future storms, making New Jersey more resilient to future weather events. The focus on creating large, permanent open spaces also has the dual benefit of making the administration of the buyout program more cost efficient and maximizing program funding. As such, the buyout program is limited to homeowners in targeted buyout areas.

COMMENT 8

FUNDING FOR HOME ELEVATIONS

Commenters stated that a funding source is needed to help homeowners who are not in the

RREM Program or LMI Program elevate their houses since flood insurance premiums are beginning to increase for people whose homes are not lifted.

Staff Response:

On an annual basis, FEMA may provide elevation funding to homeowners in communities that apply for the Flood Mitigation Assistance (FMA) or the Pre-Disaster Mitigation (PDM) Program. Also, during a federally-declared disaster, elevation funding may be available through the Hazard Mitigation Grant Program (HMGP). The purpose of each of these programs is to reduce the risk of loss of life and property due to natural disasters and to enable mitigation measures to be implemented in the short-, mid-, and long-term recovery from a disaster. These mitigation programs may provide funding for elevations, as well as acquisitions (“buy-outs”), flood-resilience infrastructure projects, energy resilience, and long-term flood planning activities. Key criteria to determine eligibility for these types of funds include: the benefits of a particular project, overall costs, risks of flooding, and the substance of the community’s application.

To access these funds, local communities must submit applications for homeowner projects to FEMA through the New Jersey Office of Emergency Management (NJOEM). NJOEM will be accepting applications for the FMA and PDM program for federal fiscal year 2018 beginning October 1, 2018. Homeowners interested in seeking elevation funds are encouraged to contact their local mayor or floodplain manager to initiate this process.

Information on these mitigation programs and the process for applying is available online at <http://ready.nj.gov/mitigation/index.shtml>.

COMMENT 9

TENANT-BASED RENTAL ASSISTANCE PROGRAM

Commenters stated additional funding should be allocated for the Tenant-Based Rental Assistance (TBRA) Program so that more Sandy-impacted renters can receive help and existing TBRA recipients can continue to receive assistance. The commenters expressed that people face the prospect of homelessness and serious health problems without the TBRA program.

Staff Response:

Normally, CDBG-DR funding can only be used to provide tenant-based rental assistance for a maximum of three months. In order to allow DCA to extend the length of rental assistance for low-to-moderate income tenants affected by Superstorm Sandy, HUD issued several waivers of 42 U.S.C. 5305(a) at the State’s request. These waivers allowed DCA to extend the period of rental assistance to up to 24 months and to extend the TBRA Program’s expenditure deadline to January 1, 2019, to enable as many TBRA recipients as possible to receive a full two years of assistance under the TBRA program. The January 1, 2019 expenditure deadline is fixed and not extendable.

DCA has successfully coordinated with HUD-certified housing counseling agencies in New Jersey to help TBRA recipients who are nearing the end of their rental assistance relocate to decent and affordable housing. The Department is also working to transition TBRA recipients to permanent housing vouchers through the State Rental Assistance Program and the Housing Choice Voucher Program whenever feasible. Additionally, DCA and its housing counseling agency partners continue to regularly host Sandy Housing Resource Fairs to connect Sandy-impacted households, including those receiving TBRA assistance, with multi-family affordable housing developments that have rental units available for lease. Many of these affordable housing developments are funded, in part, with CDBG-DR funds and prioritize applications received from households who demonstrate they were affected by Superstorm Sandy. To date, approximately 3,500 affordable rental units have been created with the help of CDBG-DR funds and the State anticipates another 2,200 affordable units will be created in the near future.

COMMENT 10

HELP FOR SANDY-IMPACTED HOUSEHOLDS BURDENED WITH DEBT

Commenters sought funding for people, especially elderly residents, who exhausted all their savings in rebuilding from Superstorm Sandy, accrued significant debt, and risk falling into poverty.

Staff Response:

DCA created many programs to address the needs arising from Superstorm Sandy for vulnerable populations, including the elderly. These initiatives include the Reconstruction, Rehabilitation, Elevation, and Mitigation (RREM) Program and Low-to-Moderate Income (LMI) Homeowners Rebuilding Program, both of which provide Sandy-impacted homeowners with up to \$150,000 in grants to rebuild their storm-damaged primary residence. DCA also assists homeowners in RREM and the LMI Program with up to 21 months of temporary rental assistance while they are displaced from their homes as a result of construction, and DCA provided mortgage forbearance certifications to Sandy-impacted homeowners who are still rebuilding to help ease their financial burden.

Additionally, the State created such programs as the Homeowner Resettlement Program, which provided \$10,000 grants to eligible homeowners to encourage them to resettle in their existing home or resettle in the same county; the Home Repair and Advocacy Program, which helped seniors and individuals with disabilities whose primary homes were damaged by Superstorm Sandy; and the Working Families Living Expenses Voucher program (also known as SHRAP), which provided Sandy-impacted households assistance with current or past due rent or mortgage payments, current or past due utility payments and certain essential furniture and appliances.

DCA understands that, despite the State's best efforts, some households have amassed debt in their individual recovery from Superstorm Sandy. However, the federal government prohibits CDBG-DR funds to be used for debt relief.

Free housing counseling assistance is still available to help households facing financial issues as a result of the storm. The Sandy Recovery Housing Counseling Program provides free, HUD-certified housing guidance to renters and homeowners who were impacted by the storm and lived in one of the nine counties the federal government determined were most affected by Sandy. The housing counseling services cover a wide array of housing-related issues, including foreclosure prevention, mortgages, budgeting, and rental guidance.

For more information on the Sandy Recovery Housing Counseling Program, including contact information for each of the five non-profit agencies providing counseling, people can visit <https://www.renewjerseystronger.org/homeowners/sandy-recovery-housing-counseling-program/>.

COMMENT 11

SBA LOANS

Commenters stated that funding should be used to reimburse people who took out SBA loans to rebuild their homes. Commenters expressed that FEMA and other government officials directed Sandy-impacted homeowners to accept SBA loans, which ultimately shortchanged these homeowners on RREM and LMI Program grants because SBA loans are considered a duplication of benefits.

Staff Response:

The Federal Register notice issued on November 16, 2011 (FR Doc. 2011-29634) stipulates that CDBG-DR funds should not be used to pay down an SBA loan. The same Federal Register notice states that SBA loans are among the federal government's primary and standard forms of disaster assistance and that CDBG-DR funds are intended to supplement rather than supplant SBA loan assistance. Under the federal Stafford Act, SBA loans must be factored into any duplication of benefits analysis, which may limit the amount of CDBG-DR funding for which a person is eligible. The duplication of benefits requirements are established by federal regulation and the State has no flexibility in that respect.

COMMENT 12

UNSPENT CDBG-DR FUNDING

A commenter expressed frustration that there is still CDBG-DR funding left unspent when Sandy-impacted households had to struggle with FEMA and the National Flood Insurance Program (NFIP) to get assistance and insurance payouts to recover and rebuild from the storm.

Staff Response:

All \$4.1 billion that the State received in CDBG-DR funds from HUD is allocated to existing Sandy recovery programs. Of this amount, \$2.8 billion – or approximately 70 percent – has been spent. Most of the funds that have not yet been spent are allocated to just a few programs, including the Blue Acres Buyout Program, the Fund for Restoration of Multifamily Housing, the Energy Resilience Bank, the Flood Hazard Risk Reduction and Resiliency Grant Program, and Rebuild By Design. DCA will continue to evaluate existing programs and the unmet needs that Sandy-impacted people have. If necessary, the Department can and does reallocate funds by amending the State’s CDBG-DR Action Plan through a public process that requires HUD approval.

COMMENT 13**“CROSS THE FINISH LINE” FUND**

Commenters stated a “cross the finish line” fund is needed to help people who are struggling to complete their rebuilding project because they started late and missed financial assistance opportunities provided by long-term recovery groups, churches, non-profit organizations, and civic associations.

Staff Response:

The State continues to evaluate the unmet needs of those households struggling to complete their rebuilding project.

COMMENT 14**ELEVATORS AND LIFTS**

Commenters stated that some people have experienced new or worsening health issues since Superstorm Sandy and now need help in getting in and out of their elevated homes since they can no longer navigate stairs. They sought funding to assist families with a lift or elevator to access their home.

Staff Response:

Lifts and elevators are an allowable expense under the Reconstruction, Rehabilitation, Elevation, and Mitigation (RREM) Program and the Low-to-Moderate Income (LMI) Homeowners Rebuilding Program, which are the State’s main housing recovery programs. Also, the State created the Ramp Rebuild, Replacement and Installation Program, which provided custom-built modular ramps to eligible applicants to help them access their home. The Ramp Rebuild, Replacement and Installation Program is no longer accepting applications.

DCA recognizes the health impacts related to Superstorm Sandy and is committed to working with people who could benefit from a lift or elevator to determine what additional resources or solutions may be available.

COMMENT 15

RECOUPMENT OF GRANT FUNDING

Commenters stated that DCA should stop issuing new recoupment letters to homeowners in the RREM Program and LMI Program and should forgive all existing recoupment claims.

Staff Response:

DCA has pledged to review the current grant reconciliation policy for the RREM Program and LMI Program, in association with the applicable federal guidelines, to ensure that Sandy-impacted homeowners are not unfairly burdened by requests to return grant funds. DCA acknowledges and appreciates the commenters' concerns and will keep them in mind as its review of the policy continues.

COMMENT 16

LEGAL ASSISTANCE

Commenters sought funding to provide free legal assistance to Sandy-impacted households dealing with contractor fraud and other storm-related issues.

Staff Response:

DCA appreciates this comment and will follow up with the commenters to find out what issues they are facing and to see in what ways the Department may be of assistance.

Notably, DCA has revised its contractor fraud policies to allow homeowners in the RREM Program and LMI Program access to additional federal funding to cover the amount allegedly defrauded prior to a case being adjudicated. The policy previously required homeowners to submit a charging document to DCA before replacement funds could be provided. DCA now allows homeowners who fell victim to repeat offenders to receive additional funding while their allegations are investigated.