

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 30

SUBSTANTIAL AMENDMENT

- **Transferring Funds to the Fund for the Restoration of Multi-Family Housing (FRM)**

PUBLIC COMMENT PERIOD: December 21, 2018 to January 19, 2019
DATE SUBMITTED TO HUD: January 23, 2019
DATE APPROVED BY HUD: February 12, 2019

Philip D. Murphy
Governor

Lt. Governor Sheila Y. Oliver
Commissioner



SECTION 1: OVERVIEW

New Jersey (State) 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-seven 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 30 (APA 30)** is considered a substantial amendment according to the definition stipulated in the March 5, 2013 HUD [Federal Register Notice 5696-N-01](#).

This Amendment is available in English and Spanish through DCA's website at <http://www.renewjerseystronger.org>, and can be obtained by email to sandy.recovery@dca.nj.gov (Subject: APA 30) 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 30 was open on December 21, 2018 to 5:00 p.m. on January 19, 2019. Per HUD requirements, a public hearing was held during the comment period on January 8, 2019 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 to transfer \$10 million in Community Development Block Grant-Disaster Recovery (CDBG-DR) funds to the Fund for the Restoration of Multi-Family Housing (FRM) for the creation of affordable housing units.

Transfer of Funds to the Fund for the Restoration of Multi-Family Housing

Approved New Jersey Action Plan Program	Activity Previous Allocation	Amount of Transfer	Activity Revised Allocation
Blue Acres Buyout Program	\$166,548,826*	(-)\$10,000,000	\$156,548,826
Fund for Restoration of Multi-Family Housing	\$651,926,901*	(+)\$10,000,000	\$661,926,901

*Allocations assume approval of Action Plan Amendment 28.

Superstorm Sandy significantly reduced the supply of rental housing stock, and displacement caused by the storm increased the demand for rental housing. In fact, the initial Action Plan placed the number of rental units receiving major or severe damage at 15,611, based on FEMA damage data. Increased demand, coupled with the storm-related depletion of rental stock, increased (and in some cases substantially increased) rents in all the impacted counties.

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. CDBG-DR funds are provided as zero- and low-interest loans to leverage 9 percent and 4 percent low-income housing tax credits and tax-exempt bonds to facilitate development projects. FRM funds also can be provided as standalone project financing. Once FRM-funded affordable housing projects are completed, priority for residency is given to Sandy-impacted individuals during the first 90 days of lease-up.

The State has allocated a total of \$651,926,901 to FRM. As of December 1, 2018, 60 FRM projects have been completed, generating a total of 4,221 units. Of these 4,221 completed units, 3,908 are affordable units. 13 FRM projects are actively under construction and will yield another 1,008 rental units, 724 of which will be affordable. In addition, HMFA has committed nearly \$36 million in FRM to an additional 3 projects that are expected to begin construction in 2019, which will yield another 214 units, 212 of which will be affordable rental units.

Yet, there are still underserved markets that qualify for FRM funding. Therefore, the State is proposing to reallocate \$10 million of CDBG-DR funds to the FRM program. As with previous funding rounds, HMFA has set a goal that at least 80 percent of FRM funds from

this reallocation will be initially prioritized for projects to repair, replace or construct new multi-family housing within the nine most-impacted counties, as determined by HUD. DCA estimates that an additional \$10 million in FRM subsidy will produce an additional 60 to 80 affordable housing units, based on the type and number of projects submitted.

Transfer from the Blue Acres Buyout Program

Overseen by the Department of Environmental Protection (DEP), the Blue Acres Buyout program offers buyouts to property owners in a floodway, a flood-prone area, or an area that has sustained severe repetitive loss to remove residents from harm's way. Moreover, through the demolition of the properties and the creation of open space, the program enhances natural protections against future severe weather events.

The State has concluded that transferring \$10,000,000 will not impact DEP's ability to meet obligations under the program.

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:

Tuesday, January 8, 2019 (4:00p.m.-6:00p.m. EST)
Toms River Municipal Complex, Council Meeting Room
33 Washington Street,
Toms River, NJ 08753

Commenters were able to submit comments to this proposed amendment (i) via email to sandy.publiccomment@dca.nj.gov (Subject: ACTION PLAN AMENDMENT 30); (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.

The State reviewed all public comments provided during the comment period and, per HUD guidelines, has synthesized public comments submitted regarding this proposed amendment. The State has included written responses to those comments below as part of the final amendment submitted to HUD for review and approval.

COMMENT 1

SUPPORT FOR ACTION PLAN AMENDMENT NO. 30

Commenters expressed support for Action Plan Amendment No. 30, specifically the plan to prioritize projects to repair, replace or construct affordable multi-family housing within the counties most impacted by Superstorm Sandy.

Staff Response:

DCA appreciates the commenters' support for Action Plan Amendment No. 30.

COMMENT 2

BLUE ACRES BUYOUT

Commenters expressed that while they support Action Plan Amendment 30, they also believe the Blue Acres Buyout program is a valuable initiative that should continue for homeowners in flood-prone areas who want to move out of harm's way.

Staff Response:

The State recognizes the importance of the Blue Acres Buyout program, which will continue to help New Jersey families in flood zones move to safer ground and help communities enhance their flood resiliency. Action Plan Amendment 30 will not impact the State's ability to meet obligations under the Blue Acres Buyout program.