

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



ACTION PLAN AMENDMENT NUMBER 4 – SUBSTANTIAL AMENDMENT AMENDMENT FOR THE TRANSFER OF SANDY CDBG-DR FUNDS

- Transfer of Funds from the Grants/Forgivable Loans to Small Businesses Program to the Homeowner Reconstruction, Rehabilitation, Elevation and Mitigation (RREM) Program
- Transfer of Funds from the Grants/Forgivable Loans to Small Businesses Program to the Homeowner Resettlement Program
- Creation of New Program on Demolition of Unsafe Structures

PUBLIC COMMENT PERIOD: November 6, 2013 - November 20, 2013

DATE SUBMITTED TO HUD: November 22, 2013

DATE APPROVED BY HUD: January 8, 2014

Chris Christie
Governor

Kim Guadagno
Lt. Governor

Richard E. Constable, III
Commissioner



101 South Broad Street, P.O. Box 800
Trenton, NJ 08625-0800

**Action Plan Amendment Number 4 (Substantial) to Superstorm Sandy Disaster Relief Appropriation,
Public Law 113-2, 2013**

I. OVERVIEW

The State of New Jersey has submitted and received approval for its Action Plan and for three ensuing Non-Substantial Action Plan Amendments (APAs). The Action Plan describes the recovery programs and associated funding for the total Superstorm Sandy disaster award authorized by P.L. 113-2, 2013 with an allocation of \$1,829,520,000 under this appropriation. The original approval of the State's Disaster Recovery Action Plan was received on April 29, 2013.

This **Action Plan Amendment Number Four (APA 4)** is the State's first *Substantial Amendment*, which is intended to transfer funds between approved economic development programs to homeowner recovery programs. This amendment is considered a substantial amendment according to the definition in the HUD Federal Register and in accordance with the State's Citizen Participation Plan since it involves a re-allocation of more than \$1,000,000. This amendment does not make any changes in program, benefits or eligibility criteria for existing programs, but it does create one new program related to the removal of unsafe structures.

This Amendment may be obtained 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 sandy.recovery@dca.state.nj.us with attention to Jaime Saults. The Proposed Action Plan Amendment will be published in English and Spanish on the same website.

Written comments on the proposed Action Plan Amendment will be accepted for 14 days from the date it is posted. Comments may be submitted beginning Wednesday, November 6, 2013, and must be received no later than 5:00 PM (EST) on Wednesday, November 20, 2013.

Comments will be accepted during the comment period at Sandy.Recovery@dca.state.nj.us.

II. ACTION PLAN MODIFICATIONS

The following table describes the funding transfer between recovery activities contained in Substantial Action Plan Amendment Number 4.

Approved NJ Action Plan Program	Activity Previous Amount	Amount of Transfer	Activity Revised Amount
RREM	\$600,000,000	(+) \$110,000,000	\$710,000,000
Housing Resettlement	\$180,000,000	(+) \$ 35,000,000	\$215,000,000
Grants/Forgivable Loans to Small Businesses	\$260,000,000	(-) \$160,000,000	\$100,000,000

New Action Plan Program	Activity Previous Amount	Amount of Transfer	Activity Revised Amount
Unsafe Structure Demolition Program	\$0	(+)\$15,000,000	\$15,000,000

A. Transfer of Funds from the Grants/Forgivable Loans to Small Businesses to the Homeowner Reconstruction, Rehabilitation, Elevation and Mitigation (RREM) Program

This amendment transfers \$110,000,000 from the *Grants/Forgivable Loans to Small Businesses* to the *Homeowner Reconstruction, Rehabilitation, Elevation, and Mitigation (RREM) Program* allocation.

The RREM program provides grant awards to eligible homeowners for activities necessary to restore their storm-damaged homes, including rehabilitation, reconstruction, elevation and/or other mitigation activities. The program also provides reimbursement for eligible expenses incurred since the date of the storm but before the application date. The demand for this program has far exceeded available funding. The program application period closed on August 1, 2013. To date, this program has reserved funding for 4,303 homeowners, effectively committing 100% of the initial allocation under the Action Plan, inclusive of program delivery costs, while 8,746 applicants remain on the program’s waitlist. It is estimated that the \$110,000,000 in additional funding will allow between 800 and 1,100 Sandy-impacted families currently on the waitlist to receive a RREM grant award.

The New Jersey Economic Development Authority (NJEDA) recently completed an analysis of the demand for the *Grant/Forgivable Loan Program for Small Business*, designed to provide small businesses in the nine most impacted counties with funding to cover costs related to construction, refinancing, and working capital. At the present time, NJEDA believes that \$100,000,000 is sufficient to address the remaining need for this program, allowing \$110,000,000 to be reallocated to RREM.

No additional program changes are anticipated at this point.

B. Transfer of Funds from the Grants/Forgivable Loans to Small Businesses to the Homeowner Resettlement Program

This amendment transfers \$35,000,000 from the allocation to *Grants/Forgivable Loans to Small Businesses* to the *Homeowner Resettlement Program* allocation. The Resettlement Program provides a \$10,000 grant to eligible households to incentivize them to stay in their home community and participate in the rebuilding effort rather than relocating. Awardees can use the funds to address increases in insurance premiums, in addition to other non-construction storm-related expenses. To date the program has provided a grant payment to 15,000 households, with funds fully committed, inclusive of program delivery costs. The application period closed on August 1, 2013. Over 2,100 Sandy-impacted households remain on the waiting list. This amendment does not re-open the program to new applications. The Department of Community Affairs will use the reallocated funds to provide funding for existing eligible applicants.

As stated above, NJEDA recently completed an analysis of the demand for the *Grant/Forgivable Loan Program for Small Business*, designed to provide small businesses in the nine most impacted counties with funding to cover costs related to construction, refinancing, and working capital. At the present

time, NJEDA believes that \$100,000,000 is sufficient to address the remaining need for this program, allowing \$35,000,000 to be reallocated to the Resettlement Program.

No additional program changes are anticipated at this point.

C. Creation of Unsafe Structure Demolition Program

The State detailed in its Action Plan the substantial damage that Superstorm Sandy caused to the housing sector. Among other things, numerous homes were knocked off their foundations, were left in a state of dilapidation or disrepair, or were made a fire hazard or danger to public health or welfare (collectively, “unsafe structures”). Remediating threats to health or public safety is of utmost importance. Moreover, these homes present a significant risk of blight that, left unaddressed, undermines community and State recovery efforts.

Municipalities have been responsible for addressing unsafe structures within their borders. In many cases, property owners have taken steps to remediate or demolish Sandy-impacted unsafe structures on their properties. Some municipalities also have offered programs to impacted property owners whereby, with the consent of the property owner, the town will incur all costs of demolition, provided that the structure being demolished is considered by FEMA to be in “imminent danger of partial or total collapse.” Under FEMA’s Private Property Debris Removal (PPDR) program, FEMA will reimburse 90% of eligible costs to demolish these structures. The philanthropic community also has provided assistance to some impacted property owners needing to demolish unsafe structures. By these combined efforts, substantial strides have been made toward addressing unsafe structures.

Nevertheless, a number of unsafe structures remain to be addressed. Many, though not all, are vacant or abandoned, such that the methods that have commonly used to address Sandy-impacted unsafe structures -- property owner remediation/demolition or PPDR-eligible demolition by the municipality with property owner consent -- are unavailable. These structures continue to pose significant risks to communities and undermine recovery efforts.

This program will provide funding to be used by 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. Where applicable, demolition and debris removal activities under this program will comply with the New Jersey Superstorm Sandy Demolition Guidance Document issued in April 2013, which incorporates the federal requirements imposed by the National Emission Standards for Hazardous Air Pollutants.

This program is funded with \$15,000,000 transferred from the *Grants/Forgivable Loans to Small Businesses* program allocation. As indicated above, NJEDA believes that \$100,000,000 is sufficient to address the remaining need for this program, allowing \$15,000,000 to be reallocated to the Unsafe Structure Demolition Program.

Allocation for Activity: \$15,000,000

Eligibility Criteria:

- Property must be damaged by Superstorm Sandy
- Property must be identified as an “unsafe structure” as defined by the New Jersey Department of Community Affairs, Division of Codes.

Eligibility: Section 105(a)(4); Section 105(a)(3); Section105(a)(11)

National Objective: Low and Moderate Income; Elimination of Slum and Blight; Urgent Need