

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



ACTION PLAN AMENDMENT NUMBER 6 – SUBSTANTIAL AMENDMENT AMENDMENT FOR THE TRANSFER OF SANDY CDBG-DR FUNDS

- Transfer of Funds from the Landlord Incentive Program to the Supportive Services Program
- Creation of the Lead Hazard Reduction Program

PUBLIC COMMENT PERIOD: February 3 – March 5, 2014

DATE SUBMITTED TO HUD: March 25, 2014

DATE APPROVED BY HUD: May 2, 2014

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**Action Plan Amendment Number 6 (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 on April 29, 2013. Subsequently, five ensuing Action Plan Amendments (APAs) as posted on the DCA website have been approved. The Action Plan and Amendments describe the recovery programs and associated funding for the first allocation of Superstorm Sandy disaster award authorized by P.L. 113-2, 2013 with an allocation of \$1,829,250,000 under this appropriation.

This **Action Plan Amendment Number Six (APA 6)** is the State's second *Substantial Amendment*. 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 also creates a new program related to addressing lead based paint hazards.

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 to sandy.recovery@dca.state.nj.us with attention to Jaime Saults. The proposed Action Plan Amendment is published in English and Spanish on the same website.

Written comments on the proposed Action Plan Amendment were accepted for the minimum of thirty days from the date of posting. Comments were submitted from Monday, February 3, 2014 to 5:00 PM (EST) on Wednesday, March 5, 2014. Three public hearings were held during the comment period.

Comments were accepted at the hearings, via U.S. mail, and via email to sandy.publiccomment@dca.state.nj.us.

II. ACTION PLAN MODIFICATIONS

The following table describes the funding transfer between approved recovery activities contained in Substantial Action Plan Amendment Number 5.

Approved NJ Action Plan Program	Activity Previous Amount	Amount of Transfer	Activity Revised Amount
Supportive Services	\$10,000,000	(+) \$22,000,000	\$32,000,000
Landlord Incentive Program	\$40,000,000	(-) \$22,000,000	\$18,000,000

A. Transfer of Funds from the Landlord Incentive Program to the Supportive Services Program

The Landlord Incentive Program was launched to provide rental subsidies for units set aside to serve low and moderate income individuals and families. Given the Department of Community Affairs’ commitment to increasing the availability of affordable rental units, coupled with an increased demand for individual rental assistance, the State is proposing to shift \$17,000,000 in project-based rental assistance, to provide tenant-based rental assistance. The ultimate goal is preserved in this funding shift -- to increase provision of affordable rental units to low-to-moderate income households. The program is already established within *Section 4.5 Supportive Services Program* under an activity designed to prevent homelessness among low income residents in counties impacted by Superstorm Sandy. *This transfer of funds is subject to HUD’s approval of a waiver request from the State to allow the program to proceed as planned.*

Additionally, the State will transfer \$5,000,000 from the Landlord Incentive Program to the new Lead Hazard Reduction Program. Details of the program are noted as follows.

B. Creation of the Lead Hazard Reduction Program

The Department of Health received Social Services Block Grant (SSBG) funding for a Lead Risk Assessment Program for Young Children. This program provides funding for community outreach and testing of young children, pregnant women, and adults performing physical recovery work for blood lead levels and case management services. However, the SSBG funding does not cover lead assessment and remediation. To address this need, DCA proposes to implement a **Lead Hazard Reduction Program** with a primary focus on providing funding for lead assessment, lead hazard reduction, and clearance. Homes targeted for hazard reduction will be homes impacted by Superstorm Sandy. Paint will typically begin to flake once surfaces that were submerged in water begin to dry. As a result, flooded homes built prior to 1978 are more likely to experience increased lead and other health hazards.

This program will fall under *Section 4.5 Supportive Services Programs*. The program is funded with \$5,000,000 reallocated to the program from the Landlord Incentive Program. The program will be inserted into the Action Plan as below:

{insert section} 4.5.1 Lead Hazard Reduction Program

Lead Agency: Department of Community Affairs

Allocation for Activity: \$5,000,000

Eligible Entities: Community based organizations and units of local and county government with experience in administering lead hazard reduction and/or weatherization programs.

Process: DCA will issue a request for proposals to identify qualified nonprofit community based organizations and local public agencies to conduct lead hazard reduction programs.

Eligible Activities:

- Assessment of lead based paint hazards in single and multi-family residential units

- Abatement, remediation or reduction of lead paint hazards in residential units

DCA may also elect to allow other moderate levels of repair to occur in combination with the lead paint abatement, including addressing other environmental hazards such as mold, as well as other ancillary costs to performing the abatement.

Eligibility: Section 105(a)(4) and (a)(25)

National Objective: Low and moderate income; urgent need

PUBLIC COMMENTS AND STAFF RESPONSES

Per HUD requirements, this proposed Substantial Amendment was made available for public comment over a thirty-day period. While the State was required to hold one public hearing to solicit comments in connection with this proposed amendment, it held three hearings (February 11, 2014; February 12, 2014; and February 21, 2014). Commenters could submit comments to this proposed amendment (i) via email; (ii) via U.S. mail; or (iii) via oral or written comments at the public hearings.

Consistent with HUD guidance, the State has synthesized the comments submitted with respect to this proposed Substantial Amendment, and provides responses to those comments below.

COMMENT 1 SUPPORT FOR STATE PROPOSALS

Commenter expressed support for different components of proposed Substantial Amendment No. 6.

Staff Response:

The State appreciates the support offered by the commenter for the Action Plan Amendment.

COMMENT 2 FUNDING ALLOCATION

Three commenters raised issues relating to the overall funding allocation proposed in this Substantial Amendment, asserting that: (i) more funding should be allocated to the voucher program; (ii) no funding should be transferred from the Landlord Incentive Program; and (iii) funding should be instead allocated to the RREM waiting list. Notably, one commenter's concern appears to be driven by a mistaken belief that funds are being transferred from the Landlord Rental Repair Program (LRRP). In fact, funds are being transferred from the Landlord Incentive Program (LIP).

Staff Response:

The Landlord Incentive Program (LIP) provides affordable rental housing through rental subsidies to property owners who agree to set aside affordable units. The transfer of funds from LIP to a tenant-based voucher program preserves the ultimate goal of providing affordable rental units in a rental market depleted by Superstorm Sandy.

Moreover, because the new assistance is tenant-based, households may choose to live in any affordable, standard unit in New Jersey where the owner agrees to participate, providing the family with flexibility to make choices about which units, neighborhoods and towns best meet their needs. It is anticipated that providing individuals with the choice of where to live rather than requiring them to choose from a pool of participating landlords will result in a higher rate of participation. Further, to be clear, no funds are being transferred as part of this proposed Substantial Amendment from the fully subscribed Landlord Rental Repair Program.

Finally, because the amount of recovery needs far exceed available funding to address those needs, the State must make difficult choices and balance diverse interests. The State agrees with the commenter's assertion that additional funding is required to serve households on the RREM waitlist, and has proposed in Substantial Amendment No. 7 to commit an additional \$390 million to the RREM program from its second tranche of funds, assisting approximately 3,000 applicants. However, many rental households were also significantly impacted by Superstorm Sandy, and providing significant assistance to those households, including through this program, is also a critical recovery priority.

COMMENT 3 LIP SUBSCRIPTION

Commenter expressed that the State should evaluate what factors caused the Landlord Incentive Program (LIP) to be undersubscribed before transferring funds to another rental assistance program.

Staff Response:

The State undertook a detailed review of the Landlord Incentive Program in connection with proposing this Substantial Amendment. The State has received and approved 53 applications from landlords who applied to LIP for close to 350 units, resulting in assistance of over seven million dollars to property owners. There are many advantages for a landlord to participate, including a stable stream of rental income and the State conducts some of the administrative review typically done by an owner before renting a unit, such as income verification. The application period remains open until May 31, 2014 and the State encourages any eligible landlord to apply: https://njdcasage.state.nj.us/RFPMAILINGREQUEST_List.asp.

However, given the pace of applications, a portion of LIP funds by projection will likely remain unspent at the expected rate. Yet, families remain displaced by Superstorm Sandy and continue to need rental assistance. As a result, and with permission from HUD to proceed in light of applicable federal regulations, the State has proposed a program to provide rental vouchers to households. The State anticipates that this approach, which provides individuals with more choice as to the units, neighborhoods and towns that best meet their needs rather than requiring them to choose from a pool of participating landlords, will result in a higher rate of participation. As stated above, the LIP funds will be transferred to a program that will achieve the same ultimate goal and will assist individuals displaced by Superstorm Sandy through rental assistance.

**COMMENT 4
PROGRAM DETAILS**

Commenter stated that the proposed Substantial Amendment does not provide sufficient information regarding how the voucher program or Lead Hazard Reduction Program will operate.

Staff Response:

The Action Plan, and by extension this proposed Substantial Amendment to the Action Plan, is intended to describe the basic framework for proposed programs. More specific programmatic details are set forth in the policies and procedures created after HUD has approved the basic framework. The policies and procedures for each program will be available on the DCA website, as they are for other Sandy recovery programs, once the Action Plan Amendment is approved by HUD and the policies and procedures are developed.