

**New Jersey**  
**Community Development Block Grant**  
**Disaster Recovery (Irene) Program**  
**Action Plan**  
**State Fiscal Year 2013**

**Amendment No. 4 Draft Revised March 13, 2017**

**State of New Jersey**  
**Chris Christie, *Governor***

**Department of Community Affairs**  
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**New Jersey  
Community Development Block Grant  
Disaster Recovery Program  
CDBG-DR (Irene)**

**Administered by the  
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**CDBG Disaster Recovery (Irene) Program**  
**Department of Community Affairs**  
**State Fiscal Year 2013**  
**Revised March 13, 2017**

**TABLE OF CONTENTS**

Introduction . . . . .	6
Impact of Hurricane Irene in New Jersey . . . . .	6
Aftermath . . . . .	7
HUD Table – Estimate of Damaged Homes & Businesses . . . . .	9
Consultation with Affected Communities to Meet Unmet Need . . . . .	9
Categories . . . . .	10
Funding and Method of Distribution . . . . .	10
Pre-application . . . . .	10
SAGE Full Application . . . . .	10
Distribution of Allocation . . . . .	11
Administration and Technical Assistance . . . . .	11
Distribution of Allocation Table (Revised 3/13/2017) . . . . .	11
Housing Rehabilitation. . . . .	12
Passaic County . . . . .	12
Statewide . . . . .	12
Housing Buyouts (Revised 3/13/2017, Funds Reduced). . . . .	12
Passaic County . . . . .	12
Statewide . . . . .	12
Resettlement Incentives and Demolition (Revised 3/13/2017, Funds Reduced) . . . . .	13
Passaic County . . . . .	13
Statewide . . . . .	13
Infrastructure (Revised 3/13/2017, Funds Increased) . . . . .	14
Passaic County . . . . .	14
Statewide . . . . .	14
Economic Revitalization. . . . .	15
Passaic County . . . . .	15
Statewide . . . . .	15
Public Services, Relocation (Revised 7/8/2016, Funds Reduced), and Clearance (Addition 5/15/2013). . . . .	15
Passaic County . . . . .	15
Statewide . . . . .	15
Optional Relocation Policy & Clearance (Revised 3/13/2017, Funds Reduced) . . . . .	16
Passaic County . . . . .	16
Statewide . . . . .	16
Resettlement Incentive for Renters (Revised 3/13/2017, Funds Reduced) . . . . .	17
Passaic County . . . . .	17
Statewide . . . . .	17
Acquisition, Standard CDBG (Revised 3/13/2017, Funds Reduced) . . . . .	17
Passaic County . . . . .	17
Statewide . . . . .	17
Other Sources of Funds . . . . .	18
Duplication of Benefits . . . . .	18

**TABLE OF CONTENTS** continued

Promote a sound, sustainable, long-term recovery planning . . . . .	18
Passaic County . . . . .	18
Rest of New Jersey . . . . .	18
Action Plan Also Promotes . . . . .	18
Sound sustainable long term planning. . . . .	18
Coordination . . . . .	18
Energy efficient construction. . . . .	18
Flood resistant for all incomes . . . . .	18
Minimize displacement . . . . .	18
Individuals with special needs . . . . .	18
Shelters and transitional housing . . . . .	18
Reduce language barriers. . . . .	19
State Conformance to National Objectives . . . . .	19
Disaster Recovery Objectives . . . . .	19
Eligible Applicants . . . . .	19
Number of Applications. . . . .	19
Reallocation of Funds . . . . .	19
Evaluation Criteria - for funding consideration . . . . .	20
Needs and Costs Statement . . . . .	20
Application Review Process . . . . .	21
Threshold Requirements . . . . .	21
Federal Compliance Items . . . . .	21
All Statewide Housing Rehabilitation Applications . . . . .	22
Rating Criteria . . . . .	22
Benefit to People of Low and Moderate Income . . . . .	22
Responses to Documented Need . . . . .	22
Readiness to Proceed . . . . .	22
Better Prepared for the Next Disaster, or Eliminate Future Flood Impacts . . . . .	22
Control of Project Site . . . . .	22
Ability to Obligate Funds . . . . .	22
Past Performance . . . . .	23
Regulatory Requirements . . . . .	24
Eligible Activities . . . . .	24-25
Project Performance Measures (Revised 5/15/2013, 12/12/2014, 7/8/2016 and 3/13/17)	25
Monitoring Standards and Procedures . . . . .	26
Avoid or Mitigate Occurrences of Fraud, Abuse, or Mismanagement . . . . .	27
1. Administration and Staffing . . . . .	27
2. Increasing Capacity at the Local Level . . . . .	27
3. Prevention of Misuse through Duplication of Benefits . . . . .	27
4. National Objective . . . . .	27
5. Administrative Cost . . . . .	27
6. Contract Amendments . . . . .	27
7. Reporting . . . . .	27
8. Internal Audits . . . . .	28
Program Income- Grant Funds Recaptured and Other Recaptured Funds . . . . .	29
Recaptured Funds Statement . . . . .	29
Action Plan Amendments . . . . .	29
Applicable Waivers . . . . .	30

**TABLE OF CONTENTS** continued

Public Comment Period . . . . .	30
Public Comments . . . . .	30-33
Notice of Awards . . . . .	33
Action Plan Amendment No. 1 Public Comment Period (May 15, 2013) . . . . .	32
Action Plan Amendment No. 2 Public Comment Period (December 12, 2014) . . . . .	34
Action Plan Amendment No. 3 Public Comment Period (July 8, 2016) . . . . .	33
<b>Action Plan Amendment No. 4 Public Comment Period (March 15, 2017)</b> . . . . .	<b>34</b>
Appendix . . . . .	<b>35</b>
I. CDBG-DR Public Notice	
II. Disaster Recovery Action Plan Certifications	
III. CDBG-DR Application Review Form	
IV. Pre-Application and Table	
V. Flood Insurance and Severe Repetitive Loses, Passaic County	
VI. Table of Preliminary Passaic County Projects and Activities	
VII. Federal Register 77 FR 22583, April 16, 2012	
VIII. NJ CDBG-DR Action Plan (Hurricane Irene) Amendment No. 1, No. 2, No. 3 <b>and No. 4</b>	

## **Introduction**

The State of New Jersey is required to publish an Action Plan for Disaster Recovery (Action Plan) that describes the proposed use of U.S. Department of Housing and Urban Development (HUD) Community Development Block Grant (CDBG) funding associated with the Department of Housing and Urban Development Appropriations Act, 2012 (Public Law 112-55, approved November 18, 2012). The Act provides for disaster relief for unmet needs, long-term recovery and restoration of infrastructure, housing, and economic revitalization resulting from Hurricane Irene that occurred in the summer of 2011, for which the President declared a major disaster under Title IV of the Stafford Disaster Relief and Emergency Assistance Act (42 U.S.C. 5121 et seq.). The HUD guidance for the funding was published April 16, 2012 in the *Federal Register* as Docket Number FR-5628-N-01 (Appendix VII).

This Action Plan identifies the County of Passaic as the eligible entity and recipient of 80% of the CDBG-DR (Irene) funds as well as the entire State of New Jersey as an eligible “affected area”; the methodology to be used to distribute funds to those areas and applicants; activities for which funding may be used; the citizen participation procedures; and grant administration standards. The NJ Department of Community Affairs (DCA) is the recipient and state administrative agency for the use of CDBG Disaster Relief (CDBG-DR) funds for the State of New Jersey.

The New Jersey CDBG-DR (Irene) Program is a subprogram of the State’s Small Cities CDBG Program and provides funds to only be used for specific disaster-related purposes for recovery efforts involving housing, economic development, and infrastructure, if such use does not duplicate funding available from Federal Emergency Management Agency (FEMA), the U.S. Army Corps of Engineers (USACE), or the Small Business Administration (SBA). The Federal Register Notice strongly encourages incorporating preparedness and mitigation measures into rebuilding activities in the affected areas. This Action Plan was originally submitted to HUD on July 23, 2012. After an initial review, HUD returned the Plan to DCA and asked for modifications. The Plan was revised and resubmitted on September 25, 2012.

CDBG-DR activities shall be entered into HUD’s Disaster Recover Grant Reporting system (DRGR) before and after submission of the Action Plan to HUD. Once activities are programed or budgeted at a generalized level in the DRGR system and environmental reviews are completed, HUD will provide a release of funds. Disbursement of grant funds must begin no later than October 22, 2012, which can be for administration.

## **Impact of Hurricane Irene in New Jersey**

The northern and central regions of New Jersey were most impacted by Hurricane Irene and the preceding storms in the summer of 2011. According to FEMA, Passaic County experienced the most significant damage and has received the fourth highest amount of significant repetitive loss claims in the Nation. While the northern part of the State was most impacted, the storm also caused extensive damage and flooding throughout the entire State. Floods in Cumberland County were prevalent, particularly in Bridgeton, which also received damage to infrastructure from a storm a one week earlier. Severe flooding also occurred at the Raritan (Middlesex Co.), Millstone

(Morris Co.), Rockaway (Morris Co.), Rahway (Union), Delaware and Passaic Rivers due to record rainfall. Highest rainfall recorded in the state was in Freehold in Monmouth County (11.27 inches), followed by Jefferson in Morris County (10.54 inches) and Wayne in Passaic County (10 inches). Record flows were reported at the Musconetcong River in the rural northwest. Eleven rivers and major streams reached record levels, and a week after the storm all rivers in the state reached "moderate flooding levels". The flooding affected roads, including the heavily used Interstate 287 in Boonton where the northbound shoulder collapsed from the force of the Rockaway River, and Garden State Parkway which flooded in Cranford (Union) from the Rahway River and in Toms River near exit 98. Along the Hudson River, in parts of Jersey City and Hoboken (Hudson Counties) flood waters rose more than 5 feet and the north tube of the Holland Tunnel was briefly closed.

In addition to major flooding, the combination of saturated ground from a wet summer and heavy winds, made New Jersey especially vulnerable to wind damage. One of the hardest hit areas due to high winds was Union County in Central Jersey. Fallen trees, many pulled from the soaked ground with their roots attached, blocked vital roads from being accessed by local emergency services. This was not isolated to local streets, but also parts of vital arteries New Jersey Route 28 and U.S. Route 22. Numerous homes suffered structural damages from the winds and limbs impacting their roofs. Perhaps the most critical damage due to wind, was fallen wires. Around Union County, fallen wires in combination with flooded electrical substations left parts of Union County, including Cranford, Garwood, and Westfield without power or phone service for nearly a week. Many areas with a high number of downed wires did not lose power, as wires on the ground remained live. This includes one documented case in Roselle Park where a 13kV (13,000 volt) primary power line remained down, tangled in trees for four days due to the lack of available PSE&G crews.

## **Aftermath**

Flooding continued throughout much of the State for another three days. On August 29th, New Jersey Governor Chris Christie petitioned President Obama to expedite the release of emergency funds to the state. The President toured Paterson on September 4th to view damage to the area. Paterson City (Passaic) counted 6,000 displaced persons; three of four bridges crossing the Passaic River remained closed. Touring the state on August 31 with FEMA Administrator Craig Fugate, U.S. Homeland Security Secretary Janet Napolitano declared, "This is as bad as I've seen, and I've been in eight states that have been impacted by Irene." The President promptly declared the State a disaster area, making residents of Bergen, Essex, Morris, Passaic, and Somerset counties eligible for federal aid. Politicians and residents from other impacted areas claimed inconsistency in the designations, and as a result the area was later expanded to 16 counties. Soon after the President's visit, the declaration was expanded to include all 21 counties in the State making the entire State eligible for FEMA aid. President Obama vowed aid would be devoid of politics.

More than 31,000 residents filed assistance claims through FEMA. Within two weeks nearly \$38 million had been disbursed with others pending. Hardest-hit counties were Bergen and Passaic in the northeast, each with more than 4,000 claims. While the deadline for applications for disaster relief was set as October 31, as of September

28 more than 54,000 residents had shared in the \$116 million which had been distributed.

The Department of Community Affairs seeks to maximize CDBG-DR funding by coordinating and layering resources with FEMA, which approved the New Jersey's 2011 State Hazard Mitigation Plan. This approval (of the Plan) enables the State to continue its future eligibility to receive FEMA disaster and hazard mitigation assistance for the residents of the state through 2014. Phase I of the Accelerated Hazard Mitigation Program was announced in December; eight communities were eligible for acquisition funding under Phase I.

FEMA's Phase II funding included additional communities that have experienced major flood events over a period of years for the purpose of property elevations and buyouts. Seventy-five percent of the cost of the acquisitions is funded by FEMA with a 25 percent match for each project funded by the New Jersey Department of Environmental Protection's (DEP) Blue Acres Program for the acquisition portion of the Phase II. The homeowner's participation in an acquisition or elevation measures is voluntary. Wayne, on the Passaic River, will receive the most funding from the voluntary program — \$6.3 million to buy approximately 56 homes. Pompton Lakes, Little Falls, Lincoln Park, Fairfield and Pequannock will each receive between \$2.9 million and \$4.1 million to buy between 10 and 20 homes; Middlesex Borough will received \$1.9 million to purchase about seven homes. The homes will be demolished, returning the land to the floodplain and preserved as green space. In January 2012, the governor signed a bill introduced by the New Jersey Legislature in November 2011 allowing the use of state's open space funding for the purchase of homes in flood-prone areas.

HUD estimated that New Jersey's unmet needs for severely damaged housing caused by the Hurricane Irene is approximately 1,060 properties and exceeds \$48,013,578 in cost. New Jersey's unmet needs for severely damaged businesses were estimated at 146 properties and exceed \$30,897,688 in cost. Combine, these costs exceed \$78,911,246 in unmet recoveries needs; far outstripping the amount of the New Jersey's CDBG-DR allocation. The New Jersey CDBG-DR Action Plan is designed to both meet the most severe unmet needs and to maximize the leveraging of other resources to assist individuals, businesses and communities and to help prepare for future disasters.

Assisting households and business owners to recover what they lost to Hurricane Irene is a priority for the State. Repairing homes and multi-family rental units will help individuals return to safe and decent housing while restoring the state's housing stock. Financial counseling will help survivors make sound decisions and stabilize their lives. Homeowner buy-out assistance will enable some to return to homeownership, give them the flexibility to relocate, and make the most of the state's existing housing stock.

## HUD Table – Estimate of Damaged Homes & Businesses

		HUD Estimate of the Number of Damaged Homes and Businesses with Remaining Unmet Needs (As of December 2011)		HUD Estimate of Severe Housing and Business Unmet Needs (As of December 2011)		
State	County	Severely Damaged Homes	Severely Damaged Businesses	TOTAL SEVERE HOUSING AND BUSINESS NEEDS	Severe Housing Unmet Needs	Severe Business Unmet Needs
New Jersey		1,060	146	\$78,911,246	\$48,013,578	\$30,897,668
	Passaic County, New Jersey	166	39	14,970,440	8,285,657	6,684,783
	Bergen County, New Jersey	99	28	9,901,216	4,449,136	5,452,080
	Morris County, New Jersey	179	27	9,566,187	8,094,782	1,471,405
	Somerset County, New Jersey	86	20	6,873,921	4,054,279	2,819,642
	Essex County, New Jersey	91	22	6,774,819	4,083,663	2,691,156
	Middlesex County, New Jersey	109	<10	5,944,518	4,686,162	1,258,356
	Union County, New Jersey	112	<10	4,849,381	4,258,885	590,496
	Cumberland County, New Jersey	<10	<10	4,794,507	239,054	4,555,453
	Monmouth County, New Jersey	66	<10	3,067,169	3,054,260	12,909
	Mercer County, New Jersey	14	10	2,928,060	605,022	2,323,038
	Camden County, New Jersey	10	<10	1,237,969	376,452	861,517
	Sussex County, New Jersey	22	<10	1,220,924	975,743	245,181
	Gloucester County, New Jersey	17	<10	1,191,359	653,080	538,279
	Warren County, New Jersey	16	<10	1,122,414	780,490	341,924
	Ocean County, New Jersey	18	<10	950,447	703,459	246,988
	Hunterdon County, New Jersey	17	<10	751,083	751,083	0
	Salem County, New Jersey	16	0	687,686	687,686	0
	Burlington County, New Jersey	12	0	591,823	591,823	0
	Hudson County, New Jersey	10	<10	560,013	342,849	217,164
	Cape May County, New Jersey	<10	<10	499,629	44,933	454,696
	Atlantic County, New Jersey	<10	<10	427,679	295,078	132,601

### Consultation with Affected Communities to meet Unmet Needs of the Disaster

NJ DCA representatives conducted several forums with nine Passaic County communities (most severely impacted by the disaster) to assess their needs. Representatives from FEMA, the State's Office of Emergency Management (OEM) and the Department of Environmental Protection (NJ DEP) were participants in these meetings. The nine communities evaluated their needs of recovery for housing, infrastructure, and the economy.

FEMA data for New Jersey indicated that 35 percent of properties classified as having severe and repetitive losses for housing were in Passaic County and 15 percent were classified as having repetitive losses. Based on this information these municipalities are seeking immediate relief and desire quick access to the funds. Activities most mentioned were housing buyouts and demolition/land acquisition for public use, housing rehabilitation including elevations, infrastructure reconstruction/improvements and business assistance. Funding priority will be given to housing and infrastructure projects. Assistance to business will be made only if funds remain available.

All municipalities expressed the desire to use the CDBG-DR (Irene) funds as a supplement (matching) to the funds for flood insurance and FEMA payments. Since Passaic County's 80% allocation was non-competitive, all towns were encouraged to submit a CDBG-DR (Irene) "pre-application" to DCA to provide insight of the amount of funds requested and the type of activities they intend to undertake. This pre-

application phase serves as the basis for this Plan. As a result of these meetings, NJDCA will allocate funds in the following categories:

1. **Housing Rehabilitation**
2. **Housing Buyouts**
3. **Infrastructure Improvements**
4. **Economic Revitalization** (no funds requested)
5. **Public Services** (added May 15, 2013)
6. **Relocation** (added May 15, 2013)
7. **Clearance** (added May 15, 2013)
8. **Resettlement Incentives** (added January 10, 2015)
9. **Demolition** (added January 10, 2015)
10. **Optional Relocation Policy** (added July 8, 2016)
11. **Resettlement Incentive - Renters** (added July 8, 2016)
12. **Acquisition – Standard CDBG** (added July 8, 2016)

### **Funding and Method of Distribution**

The State of New Jersey was allocated \$15,598,506 in CDBG-DR (Irene) funds for the purpose of assisting the most impacted and distressed communities following flooding as a result of Hurricane Irene. These funds are to address unmet needs in the areas of housing, economic recovery and municipal infrastructure.

New Jersey is required to dedicate 80% of its funding towards projects in Passaic County. Passaic County projects will be prioritized based upon needs and supporting FEMA data, which will be used for the formal application in NJ SAGE. The application process for Passaic County will be determined by need and feasibility.

The remaining 20% is available for recovery efforts in all other counties that received presidential disaster declarations. Those counties include: Atlantic, Bergen, Burlington, Camden, Cape May, Cumberland Essex, Gloucester, Hudson, Hunterdon, Mercer, Middlesex, Monmouth, Morris, Ocean, Salem, Somerset, Sussex, Union and Warren.

A technical assistance workshop will be provided once the Action Plan is approved by HUD.

- **Pre-application:** A Unit of Local Government must first complete a pre-application and submit for review and approval before a full SAGE application can be started. The Department will invite applicants that have successfully completed the pre-application to submit a full SAGE application. A copy of the pre-application is in Appendix IV.
- **SAGE Full Application:** Once a Pre-application is approved by DCA, the applicant (unit of local government) must formally enter the project information into a full SAGE application to be considered for funding. All applications will be reviewed, scored and ranked by DCA using the CDBG-DR Application Review Form found in Appendix III.

## Distribution of Allocation

Based on HUD's unmet needs information and forums held with the communities in Passaic County, DCA will allocate CDBG-DR (Irene) funds to the activities as listed in the table below. DCA may transfer funds (including those recaptured from cancellations or closeout balances and program income) among funding categories based on demand for assistance demonstrated by the number of pre-applications or applications received.

## Administration and Technical Assistance

The State will use up to a maximum of 5% of the allocation (\$779,925) for administration and technical assistance to ensure the appropriate and compliant management of the program over the next five years. The balance of \$14,818,581 is allocated for housing, housing buyouts, infrastructure improvements and economic revitalization as outlined below in the Distribution of Allocation Table.

### Distribution of Allocation Table (**Revised on March 13, 2017 \***)

Grant Activities	National Objective	Passaic County 80%	Competitive Statewide 20%	Percent of Total Funding	Total Funding
Housing Rehabilitation (no change)	LM/UR	\$7,012	\$65,000.00	0.5%	\$72,012
<b>Home Buyouts &amp; FEMA Match (total reduced from \$8,301,959)</b>	LM/UR	<b>\$6,994,302</b>	<b>\$545,580.00</b>	<b>48.3%</b>	<b>\$7,539,882</b>
<b>Resettlement Incentives (total reduced from \$600,000)</b>	UR	<b>\$400,000</b>	<b>\$25,000.00</b>	<b>2.7%</b>	<b>\$425,000</b>
<b>Demolition without Acquisition (total reduced from \$100,000)</b>	UR	<b>\$0</b>	<b>\$0</b>	<b>0.0%</b>	<b>\$0</b>
<b>Infrastructure Improvements (total increased from \$4,169,263)</b>	LM	<b>\$4,049,979</b>	<b>\$1,930,704.00</b>	<b>38.3%</b>	<b>\$5,980,683</b>
Economic Revitalization (no change)	LM	\$0	\$0	0%	\$0
Public Services (no change)	LM	\$0	\$256,088.00	1.6%	\$256,088
<b>Relocation (total reduced from \$543,017)</b>	LM	<b>\$100,872</b>	<b>\$94,617.00</b>	<b>1.3%</b>	<b>\$195,489</b>
<b>Optional Relocation Policy (total reduced from \$16,000)</b>	LM/UR	<b>\$2,700</b>	<b>\$11,920.00</b>	<b>0.1%</b>	<b>\$14,620</b>
Clearance (no change)	LM	\$0	\$34,807.00	0.2%	\$34,807
<b>Resettlement for Renters (total reduced from \$10,000)</b>	LM/UR	<b>\$0</b>	<b>\$0</b>	<b>0.0%</b>	<b>\$0</b>
<b>Acquisition, Standard CDBG (total reduced from \$700,000)</b>	LM/UR	<b>\$300,000</b>	<b>\$0</b>	<b>1.9%</b>	<b>\$300,000</b>
<b>Subtotals</b>		<b>\$11,854,865</b>	<b>\$2,963,716</b>	<b>95%</b>	<b>\$14,818,581</b>
<b>State Administration</b>		<b>\$623,940</b>	<b>\$155,985</b>	<b>5%</b>	<b>\$779,925</b>
<b>Totals</b>		<b>\$12,478,805</b>	<b>\$3,119,701</b>	<b>100%</b>	<b>\$15,598,506</b>

\* This reallocation does not change the funding to meet the CDBG-DR Program requirement that at least fifty (50%) of the funding shall be used to benefit people of low and moderate income.

## **1. Housing Rehabilitation –**

<b>Passaic County Funding</b>	<b>\$7,012</b>
<b>Statewide Funding</b>	<b>\$65,000</b>

This funding category has not been changed.

This fund was established to primarily rehabilitate eligible low and moderate income eligible housing damaged by Hurricane Irene. Assistance was proposed for households with incomes up to 120% of the area median income, and would not have counted as a benefit to low and moderate income. Activities were to include elevation of utilities or foundations and to rebuild safer and stronger structures. Only Pompton Lakes in Passaic County originally planned to use funds for this category. However, after examining structures many homes had concrete slab foundations that were not suitable for elevating. In addition, homeowners changed their minds and wanted to be bought out rather than face the risks of living in the floodplain and pay higher flood insurance premiums. Pompton Lakes instead shifted funds to property buyouts.

It was estimated that 12 houses would have been rehabilitated in Passaic County and approximately 20 houses from the statewide funding category. However, after the shift of funds only six apartments (statewide category) were rehabilitated. No additional units were planned. All housing rehabilitation projects should go through a FEMA Hazard Mitigation Assistance Property Settlement review for verification of eligibility, assess all benefits to avoid duplication of benefits and calculate unmet need. Applicants will be required to follow standard grant agreement provisions that the Department uses for the State CDBG Program. All rehabilitation must follow the New Jersey Uniform Construction Code, which contains the State's rehabilitation code. Homes assisted by the Housing Rehabilitation fund must meet a National Objective of either Low/Mod (L/M), or Urgent Need (UR).

## **2. Housing Buyouts – Revised (funds reduced)**

<b>Passaic County Funding</b>	<b>\$6,994,302</b>
<b>Statewide Funding</b>	<b>\$545,580</b>

This revision reduces Housing Buyouts and reallocates funding to Infrastructure in Passaic County. This reallocation will fund phases 3 and 4 of a drainage reconstruction project in Passaic City. Statewide funds were reallocated to Atlantic City for the seawall and boardwalk reconstruction project.

The last revision reduced Housing Buyouts and shifted funds to the Resettlement Incentive for Renters and Acquisition – Standard CDBG categories. A revision on January 28, 2015 reallocated funds to the Resettlement and Demolition funding categories as part of the revision to stimulate participation and to deal with abandoned properties.

Properties that participate in the Housing Buyout Program will require the house be demolished and returned to open space, or to a public park. The buyout will come with the stipulation that prohibits building structures on the property forever. Eligible applicants must have properties damaged by Hurricane Irene, suffered severe and

repetitive losses, participate in the FEMA Hazard Mitigation Grant Program and have a commitment from FEMA HMGP for a buyout. Eligible applicants will be working directly with FEMA and the State's Office of Emergency Management (OEM) to secure matching funds to complete the buyout process. Projects will be funded in order of priority determined by both the applicant and NJ OEM.

Awards under the Passaic County Fund may fund up to approximately \$2,107,000, which is based on maximum amount in the list of preliminary projects developed by the forums held recently. Awards under the statewide funding category serving only one municipality may not exceed \$300,000. However, DCA may consider exceeding this ceiling if an applicant presents compelling reasons for a larger award, such as a needs statement with supporting documentation that demonstrates need for additional funding. It is estimated that 39 houses in Passaic County and approximately 30 houses under the statewide category will participate in housing buyouts. Homeowners assisted by the Housing Buyout fund must meet a National Objective of either Low/Mod benefit (L/M) or Urgent Need (UR).

**3. Resettlement Incentives – (related to Buyouts) Revised (funds reduced)**

<b>Passaic County Funding</b>	<b>\$400,000</b>
<b>Statewide Funding</b>	<b>\$25,000</b>

This revision reduces Resettlement Incentives and reallocates funding to Infrastructure in Passaic County. This reallocation will fund phases 3 and 4 of a drainage reconstruction project in Passaic City. Statewide funds were reallocated to Atlantic City for the seawall and boardwalk reconstruction project.

Resettlement incentives were established as an option for communities to encourage more participation in the buyout project and get them to move forward. The buyout projects were having difficulty working with homeowners and lenders that are holding mortgages on properties that are valued less than the mortgage amount. The primary incentive will pay up to \$25,000 for resettling out of the floodplain and the additional incentive will pay up to \$5,000 to participants that commit to resettling in the same county. A total incentive payment of up to \$30,000 for resettlement could be supplemented to the real estate buyout transaction. Subrecipients in Passaic County must coordinate this activity with the County Representative. Subgrantees, Passaic County and the statewide projects must coordinate this option with NJDCA.

The above incentives are available only to owner occupants. Pre-disaster property owners of vacant lots and rental properties are not eligible to receive incentives as they did not occupy the property at the time of the disaster.

Each community must voluntarily opt into one or both of the Buyout Incentives. To participate each community must send a commitment letter to the appropriate contact including the amount offered for resettlement and/or for commitments to resettle in the same county. This action is required to add the incentives and to establish the budget categories for the amendment to the CDBG Disaster Recovery Action Plan as required by the Federal HUD.

**4. Demolition – no acquisition (related to Buyouts) – Revised (funds reduced)**

<b>Passaic County Funding</b>	<b>\$0</b>
<b>Statewide Funding</b>	<b>\$0</b>

This revision reduces Demolition - no acquisition and reallocates funding to Infrastructure in Passaic County. This reallocation will fund phases 3 and 4 of a drainage reconstruction project in Passaic City.

This funding category was established to deal with abandoned deteriorated housing structures. The property owners have abandoned these properties and cannot be found. Several communities in Passaic County have opted to use part of their buyout funding for demolition. As stated above demolition is part of the buyouts and the original intent was to acquire flood prone properties and eliminate repetitive flood losses. However, they can't acquire them because they are abandoned and have deteriorated to a point of causing a health and safety problem. Therefore to resolve this dilemma the deteriorated structures will be considered for demolition only as a last resort. Structures proposed for demolition without acquiring the properties will follow a set of procedures which will assure that each structure is handled in a fair manner, such as:

- documentation indicates the property has been vacant and abandoned for a long period
- code violation documentation shows that the property is a public hazard
- the proper notification has been provided to all owners and lienholders of the intent to demolish
- appraisals and cost estimates for rehabilitation were conducted to determine if the structure is not feasible for rehabilitation
- the site will be assessed for hazardous materials
- proposals for demolition in accordance with State and local public contract laws will be solicited
- liens will be placed on properties to cover all demolition costs as required by the CDBG-DR Program

**5. Infrastructure Improvement (Public Facilities) – Revised (Funding Increased)**

<b>Passaic County Funding</b>	<b>\$4,049,979</b>
<b>Statewide Funding</b>	<b>\$1,930,704</b>

This revision increases funds for this category to fund phase 3 and 4 of a drainage reconstruction project in Passaic City. Statewide funds were reallocated to Atlantic City for the seawall and boardwalk reconstruction project.

A prior amendment reduced this funding category slightly by shifting funds to the Buyout Incentives in the statewide funding category. This was due to the need for buyout incentives and because Springfield Township received a higher insurance settlement than expected and returned \$65,155 to NJDCA (January 28, 2015 revision).

This fund will be used for activities that assist local government units with the repair or reconstruction and improvement of essential public infrastructure (public facilities) that were impacted by the disaster. Please note the CDBG Program considers the previous listed Buyout Program as a public facility if the land will be used for the benefit of the general public in a neighborhood, or by the entire local government. Examples of infrastructure improvement activities include grants for reconstruction and/or rehabilitation/improvement of the public infrastructure, rehabilitation of building for the general use of government in accordance with the DR waiver, land restoration, clearance and demolition, to name a few.

**Awards under the Passaic County funding category may fund up to \$4,000,000 based on current need. Originally, the maximum was set at \$2,107,000, which was based on maximum amount established in the list of preliminary projects developed by the recent forums. Awards under the statewide funding category serving only one municipality may not exceed \$500,000. However, DCA may consider exceeding this ceiling if an applicant presents compelling reasons for a larger award, such as a needs statement with supporting documentation that demonstrates need for additional funding. It is estimated that 2 infrastructure type projects and 7 public park type projects in Passaic County category, and approximately 2 projects under the statewide funding category will participate in infrastructure improvement fund. All Infrastructure Improvement projects must meet a National Objective of either Low/Mod benefit (L/M) or Urgent Need (UR).**

**6. Economic Revitalization – No Change (there were no requests)**

<b>Passaic County Funding</b>	<b>\$0</b>
<b>Statewide Funding</b>	<b>\$0</b>

Originally this fund was for activities to assist local business that lost jobs resulting from the impact of Hurricane Irene. Examples of economic revitalization activities included repairs to buildings and/or facilities for the creation or restoration of jobs for people of low and moderate income. Maximum awards under the statewide funding category serving only one municipality were set at \$231,858. Only eligible local government units were allowed to apply on behalf of the businesses or nonprofit companies. Total funding was not expected to exceed \$463,716. DCA would have considered exceeding this ceiling if the applicant presented compelling evidence such as a needs statement with supporting documentation that demonstrates more funds were required. It was estimated that 2 economic type projects statewide would participated in economic revitalization. However, no funding requests were received.

**7. Public Services – No Change**

<b>Passaic County Funding</b>	<b>\$0</b>
<b>Statewide Funding</b>	<b>\$256,088</b>

This category was added in response to a request received for statewide funding from a nonprofit public service provider that received flooding to their main service building and several group homes. This funding category will cover loss of equipment, supplies and material used to carryout services to disabled clients. There were no requests from communities in Passaic County for public services. This funding will meet a National Objective of Low/Mod benefit (L/M).

**8. Relocation – Revised (funds reduced, overall)**

<b>Passaic County Funding</b>	<b>\$100,872</b>
<b>Statewide Funding</b>	<b>\$94,617</b>

This revision reduces Relocation and reallocates funding to Infrastructure in Passaic County. This reallocation will fund phases 3 and 4 of a drainage reconstruction project in Passaic City. Statewide funds were increase slightly to meet need at the ARC of Union County.

A prior revision shifted funds from Relocation to the Optional Relocation Policy for tenants that were improperly displaced and to pay moving costs for tenants classified as Section 414 of the Stafford Act, see below.

On January 28, 2015 this funding category was revised by shifting funds from Buyouts in both the Passaic and Statewide funding categories to address potential costs for relocation of eligible tenants. The buyouts are voluntary acquisitions, but if tenants are present they are eligible for relocation assistance under the Federal Uniform Relocation and Acquisition Act (URA).

This category was first added on May 20, 2013 in response to a request received for statewide funding from a nonprofit public service provider that received flooding to their main service building and several group homes. This funding category will cover cost incurred to relocate the main service building and disabled residents until facilities were restored. There were no requests from communities in Passaic County for relocation. This funding will meet a National Objective of Low/Mod benefit (L/M).

**9. Optional Relocation Policy – related to Buyouts, Revised (funds reduced)**

<b>Passaic County Funding</b>	<b>\$2,700</b>
<b>Statewide Funding</b>	<b>\$11,920</b>

This revision reduces the Optional Relocation Policy slightly and reallocates funding to Infrastructure in Passaic County. Statewide funds were reallocated to Atlantic City for the seawall and boardwalk reconstruction project.

A prior revision added this category to provide assistance to tenants that may not qualify for URA and moving costs. The payment for moving costs will be in accordance with the Fixed Residential Moving Cost Schedule, FHWA and the URA. This category is available to Passaic County and Statewide subgrantees. Funds for this category will be taken from Relocation.

**10. Clearance – No Change**

<b>Passaic County Funding</b>	<b>\$0</b>
<b>Statewide Funding</b>	<b>\$34,807</b>

This category was added in response to a request received for statewide funding from a nonprofit public service provider that received flooding to their main service building and several group homes. This funding category will cover costs incurred for

document cleaning and restoration. There were no requests from communities in Passaic County for clearance. This funding will meet a National Objective of Low/Mod benefit (L/M).

**11. Resettlement Incentive for Renters – related to Buyouts Revised (funds reduced)**

<b>Passaic County Funding</b>	<b>\$0</b>
<b>Statewide Funding</b>	<b>\$0</b>

This revision reallocates \$10,000 to Infrastructure in Passaic County for the drainage reconstruction project in Passaic City.

This activity was established for Paterson City’s Buyout Project. However, the City did not utilize the funds. A prior revision added this category in response to the need to assist tenants displaced by the Housing Buyout Project in the City of Paterson. This incentive was to encourage tenants to cooperate with the relocation process, encourage relocation out of the flood plain and help them pay security deposits for a new apartment. This is one-time payment to the tenant upon accepting the comparable unit offered, or providing a copy of a new lease, or similar documentation. This is in addition to assistance for moving costs and the rental housing payment, RHP as required by the URA – 49 CFR, Part 24. The amount of assistance provided will be based on the number of bedrooms in the apartment a tenant is moving from, see table below. This category is available to Passaic County and Statewide subgrantees. Funds for this category will be taken from Housing Buyouts.

Resettlement Incentive for Renters (RIR)

- 1.) Efficiency Unit: \$2,100 < FMR of \$1,070
- 2.) 1 Bedroom Unit: \$2,250 < FMR of \$1,156
- 3.) 2 Bedroom Unit: \$2,500 < FMR of \$1,371
- 4.) 3 Bedroom Unit: \$3,100 < FMR of \$1,776
- 5.) 4 Bedroom Unit: \$3,500 < FMR of \$2,014

**12. Acquisition, Standard CDBG – Revised (funds reduced), related to Buyouts**

<b>Passaic County Funding</b>	<b>\$300,000</b>
<b>Statewide Funding</b>	<b>\$0</b>

This revision reallocates funds to Infrastructure in Passaic County for the drainage reconstruction project in Passaic City.

A prior revision added this category in response to the need to acquire properties in the flood plain that were in tax lien foreclosure during and after the disaster. The City of Paterson must acquire these properties in order to create a park along the river. This category will enable the City to make offers to acquire properties based on the current market value (post disaster), which is different from Housing Buyouts that are based on a pre-disaster value. This category is available to Passaic County and subrecipients. Funds for this category will be taken from Housing Buyouts.

### ***Other Sources of Funds***

All applicants in Passaic County and statewide funding category will be required to list other sources of funds for their project. Inquiries will be made to FEMA, SBA, USEDA, US Army Corps of Engineers, USDA and NJDEP as part of the full application to the Department. Applicant will be referred to the appropriate funding agencies if it appears that a project is eligible to receive funding from these other sources.

### ***Duplication of Benefits***

Units of local government seeking assistance for CDBG-DR funding must assure that the use of disaster recovery funds does not duplicate funding available from individuals (estimated insurance), the Federal Emergency Management Agency (FEMA), the Small Business Administration, and the US Army Corps of Engineers.

### ***Promote a sound, sustainable, long-term recovery planning***

*Passaic County* - Communities will comply with the Passaic River Basin Plan to the extent possible. Refer to the webpage at <http://www.nj.gov/dep/passaicriver/>. Proposed project will be required to comply with the requirements in the Federal Register Notice, i.e., to rebuild safer and stronger as stated below.

*Rest of New Jersey (Statewide)* - Proposed projects will be required to incorporate in the design for their projects preparedness and mitigation (i.e., elevating homes over the flood stage or moving utilities to a level over flood stage) with the goal to rebuild safer and stronger housing. CDBG –DR funding will be used with other funding sources such as individuals (estimated insurance), FEMA, the Small Business Administration, and the US Army Corps of Engineers to the extent possible.

### **The Action Plan also:**

(a) Promotes sound, sustainable long-term recovery planning informed by a post-disaster evaluation of hazard risk, especially land-use decisions that reflect responsible flood plain management, and

(b) Coordinates with other local and regional planning efforts and leverages with funding provided by other federal, state, local, private, and nonprofit sources to generate a more effective and comprehensive recovery.

(c) Encourages energy efficient construction methods that emphasize high quality, durability, sustainability, and mold resistance, including how it will support adoption and enforcement of modern building codes and mitigation of hazard risk, where appropriate. All construction in the State of New Jersey must follow the State's Uniform Construction Code, which also contains the State's Rehabilitation Code.

(d) Encourages the provision of adequate, flood resistant housing for all income groups including the activities planned to address, if needed and appropriate, in the flood damaged communities of the State. The State has considered how planning decisions may affect racial, ethnic, and low-income concentrations and is considering ways to promote the availability of affordable housing in low-poverty,

non-minority areas where appropriate and in response to disaster related impacts in the flood damaged communities of the State;

(e) Will seek to minimize involuntary displacement of persons from their neighborhoods and homes and to mitigate the adverse effects of any such displacement on low-and moderate-income persons. The State will require applicants to assess all feasible alternatives to any activity resulting in involuntary displacement.

In the event that involuntary displacement is the only feasible alternative, the State will require that grantees comply with the requirements of the Housing and Community Development Act of 1974, as amended; the Uniform Relocation Assistance and Real Property Acquisition Policies Act of 1970, as amended; and the statutory amendments implementing regulations (CFR Part 24). In addition, the State will require that grantees comply with the requirements of the New Jersey Relocation Assistance Acts (P.L. 1971, c.362 and P.L. 1967, c. 79) and the New Jersey Regulations for Provision of Relocation Assistance (N.J.A.C. 5:40-1 et seq.).

(f) Recognizes that the State has a broad array of programs and initiatives to serve individuals with special needs, including the elderly and frail elderly, persons with disabilities, those who are homeless, in danger of becoming homeless, or are making the transition to permanent housing and independent living for people located in the flood damaged communities of the State.

(g) Recognizes that DCA provides financing to emergency shelters and transitional housing facilities via the federal Emergency Solutions Grant and the State's Shelter Support Program to those who reside in the flood damaged communities. Rental assistance is provided to people who are homeless and working towards self-sufficiency through the Housing Choice Voucher, State Rental Assistance and HOME Tenant-Based Rental Assistance programs. DCA also provides assistance to stabilize and rapidly re-house households who are at risk of being homeless through the Homeless Prevention and Rapid Re-Housing Program. In addition, DCA in collaboration with local Continuum of Care serves as the "project sponsor" for 20 Shelter Plus Care grants and 1 transitional housing grant.

(h) Recognizes that the Department of Community Affairs (DCA), as a recipient of federal assistance, has taken steps to ensure that New Jersey residents have access to all of its programs by reducing language barriers. DCA has developed a Limited English Proficiency Policy that outlines its procedures to address the language barriers of its applicants and participants. Additionally, DCA has submitted this document for translation into Spanish and that version will be posted online (on the Small Cities CDBG website) when the translation is completed.

### ***State Conformance to National Objectives***

The State of New Jersey will be guided by applicable federal rules and regulations in carrying out the Community Development Block Grant Disaster Recovery (CDBG-DR) Program. All project activities must meet one of the three national program objectives set forth in the Housing and Community Development Act of 1974, as amended:

1. To undertake community development activities that principally **benefit persons of low and moderate income** (Federal regulations for disaster recovery require that at least 50 percent of the funds meet this national objective);
2. To prevent or **eliminate slums and blight**;
3. To meet **urgent community development needs** for which no other resources are available.

### ***Disaster Recovery Objectives***

1. Fifty percent (50%) of the funding must benefit people of low and moderate-income (80% AMI)
2. Rebuild safer and stronger structures that will use construction methods that emphasize high quality, durability, energy efficiency, sustainability, and mold resistance. We will support adoption enforce of modern building codes and mitigation of hazard risk
3. Avoid duplication of benefits
4. Prevent fraud and abuse of funds

### ***Eligible Applicants***

Eligible applicants are units of local government, municipalities and counties with disaster related impacts caused by Hurricane Irene on or about August 31, 2011 by declaration notice (FEMA-4021-DR).

### ***Number of Applications (Statewide Funding Category)***

Applicants may apply for funding for more than one project. The applicant must prioritize projects and provide documentation based on demonstrated need. The Department retains the discretion to award only one grant per jurisdiction.

### ***Reallocation of Funds***

The Department may transfer funds (including those recaptured from cancellations or closeout balances and program income) among funding categories based on demand for assistance demonstrated by the number of applications received, or the current need at the time funds become available. Funds from Passaic County will only be redistributed in Passaic County.

### ***Evaluation Criteria***

Funding will take into consideration the following items and will be based on the applicant's demonstrated need and proposal to address disaster related impacts.

**Priority consideration will be given to projects that address severe and repetitive losses and provide benefit to people of low and moderate income.**

A pre-application must be submitted first, which is found in Appendix IV. The NJDCA will invite an applicant to submit a full application if the pre-application is fundable.

### ***Needs and Costs Statement***

Applicants of Disaster Recovery funds are required to document the needs and costs for their proposed projects. Each of the following (a. through e.) must be addressed in the full SAGE application.

- a. The problem your proposed project will address. How long has the problem existed and how did it developed? The specific problem the proposed project will address.
- b. The extent to which the proposed project provides a long-term solution to the problem you have identified.
- c. Deficiencies with a certification from a qualified person or persons who is /are not employed in any manner by the applicant. This person must address the specific problem or problems that you have identified and intend to correct with the CDBG-DR funds requested. Projects that clearly address a severe situation affecting the health or safety of the residents of the service area must provide evidence in this section.

The certification of deficiencies must be included in this section. Do not include letters of support from local residents or others with this item.

- d. Document costs with a certification from a person qualified in the field, such as an architect or engineer. The cost estimate must appear on the letterhead of the qualified person's firm and bear an original signature of the person. This documentation must be included in this section.

Federal Davis-Bacon and NJ Prevailing Wage Acts apply to projects assisted with CDBG-DR funds; applicants must certify that prevailing wage rates were used in developing the cost estimates.

- e. Provide data before and after the disaster, including photographs where available that describe the proposed project.

### ***Application Review Process***

The application review process consists of two parts, a review of the threshold items and a review of rated criteria. Utilizing a standardized Application Review Form, Appendix III, DCA staff will review all SAGE applications to determine if threshold requirements are met. Applications that fail to meet a threshold requirement may not be funded. Applications that meet the threshold requirements will then have the rated criteria reviewed.

### ***Threshold Requirements***

Application Review Form: Refer to the Threshold Requirements in the Small Cities Application Review Form attached (Appendix III) and the SAGE Application Instructions for more details.

- **Federal Compliance Items:** (submit the following as part of the SAGE application)
  - 1) Public notice for proposed project for citizen participation
  - 2) Resolution for affirmatively furthering fair housing

- 3) Grant management plan and resolution
- 4) Environmental Review Record (ERR), one of the following may be submitted:
  - a. Complete draft of the environmental review record (ERR) for the level of review required (completed to the point before publishing a public notice) and include a draft Notice of Intent to Request Release of Funds, (NOI/RROF), or combined notice of Finding of No Significant Impact (FONSI) and NOI/RROF, and comments on potential problems encountered with the ERR
  - b. Final or completed ERR, the final ERR must include proof of official public notice, NOI/RROF or combined notice FONSI and NOI/RROF, and letters documenting findings, a phase I environmental site assessment if required, (Refer to the Small Cities ERR Handbook section on the Program's webpage or contact the Small Cities Program for more information)
- 5) Draft of professional services agreements specific to the project
- 6) Draft of third party cooperative agreements for economic projects and other agreements to implement the project
- 7) Adopted policies and procedures manual and resolution for housing programs
- 8) Certification of matching or other sources of funds

Items 1 through 3 must be complete and executed before submitting the application. Applicants that do not complete the above items and do not submit them with the application may not be eligible for funding. Please refer to the Program's webpage at <http://www.nj.gov/dca/divisions/dhcr/offices/cdbg.html> and the SAGE Application Instructions for more information.

All Statewide Category Housing Rehabilitation Applications: Housing programs must establish a revolving loan fund and include such provision in an adopted policies and procedures manual. At least 25 percent of the funds provided to homeowners must in the form of a loan.

### ***Rating Criteria***

Applications that meet all threshold requirements will be scored based upon the following criteria:

- **Benefit to People of Low and Moderate Income:** If 51 percent or more of the beneficiaries of the project are people of low and moderate income the project will receive 100 points. Projects that do not reach 51 percent or more will receive zero points.

<b>Percent Benefit to People of L/M Income</b>	<b>Score</b>
0 to 50	0 Points
51 to 100	100 Points

- **Response to Documented Need:** Applicants can receive up to 100 points for the degree to which the proposal addresses severe and repetitive losses and for satisfactorily documenting their needs. Applicants must assess and address severe and repetitive losses using verifiable data sources; NJOEM and FEMA. Applicants that do not document the need sufficiently will receive a lower score.
- **Readiness to Proceed:** The degree to which an applicant is ready to proceed with the proposed project will be evaluated as follows: Housing Rehabilitation - applications that include a list of three or more income-eligible households with biddable work write-ups will receive 100 points. Buyout, Public Facilities and Economic Revitalization Projects - applications that include biddable plans and specifications will receive 100 points. Applications that cannot demonstrate readiness to proceed will receive 0 points.
- **Better Prepared for the Next Disaster, or Eliminate Future Flood Impacts:** Applications that can document and show that the proposed project will better prepare them or eliminate future flood impacts can receive up to 100 points. Applications that cannot demonstrate better preparedness or eliminate future flood impacts will receive a lower score.
- **Control of the Project Site:** Applicants will receive 100 for documenting control of the project for project implementation. Applicants that do not document project site control sufficiently will receive 0 points.
- **Ability to Obligate Funds within 9 months for Housing and Economic, 12 months for Buyout and Public Facilities Projects:** Applicants can receive up to 100 points for documenting that they will be able to obligate funds within the required time of receiving an award. Applications that cannot demonstrate obligating funds within the above time frames will receive a lower score.
- **Past Performance:** Past performance will affect an applicant's overall rated score. The applicant's grant management history will be evaluated. Good past performance can receive up to 100 points. Fair performance will receive up to 50 points and a poor performance will receive 0 points. Applicants that have not managed CDBG projects in the past with the State must document experience with implementing the type of project they propose.

<b>Past Performance Rating</b>	<b>Score</b>
Good	100 Points

Fair or No Prior History	50 Points
Poor	0 Points

The Department reserves the right not to fund an applicant based on past performance, grant management plan, competency and experience of the management team including the project coordinator, which may be an employee or consultant. Slow progress, multiple and repetitive instances of noncompliance with program requirements will weigh heavily in the decision-making process.

***Regulatory Requirements***

Grantees must comply with fair housing, non-discrimination, labor standards and environmental requirements applicable to the CDBG program (except as provided-for in CDBG-DR notices and waivers; refer to the CDBG program webpage: <http://www.nj.gov/dca/divisions/dhcr/offices/cdbg.html>)

***Eligible Activities***

Activities assisted under the CDBG-DR Program are limited to the following:

1. Acquisition of real property that is blighted, appropriate for rehabilitation, appropriate for preservation as a historic site, or used for provision of public works or other public purposes.
2. Acquisition, construction, reconstruction, or installation of public works or facilities (except buildings for the general conduct of government) and site and other improvements.
3. Code enforcement in deteriorated or deteriorating areas in which such enforcement may arrest the area’s decline.
4. Clearance, demolition, removal, and rehabilitation of buildings.
5. Special projects directed to the removal of architectural barriers that restrict the accessibility of the elderly and handicapped.
6. Payments to housing owners for losses of rental income incurred in holding units for relocated individuals and families displaced by activities under the program.
7. Disposition of real property acquired pursuant to the program.
8. Provision of public services if the local government has not provided such services during the 12-month period immediately preceding implementation of the program.
9. Payment of the non-Federal share required in connection with a Federal grant-in-aid program undertaken as part of this program.
10. Payment of the cost of completing a project funded under Title I of the Housing Act of 1949.
11. Relocation payments for displaced individuals, families, businesses, and organizations as a result of activities under the program.

12. Activities necessary to develop a comprehensive community development plan and to develop a policy-planning-management capacity to enable the recipient to more effectively administer the program.
13. Payment of reasonable administrative costs.
14. Activities carried out by public or private non-profit organizations including:
  - a. Planning
  - b. Acquisition, construction, reconstruction, rehabilitation, or installation of public facilities (except for buildings for the general conduct of government), site improvements, and utilities and commercial or industrial buildings or structures.
15. Assistance to non-profit organizations serving non-entitlement areas, local development corporations or entities organized under the Small Business Investment Act of 1985 to carry out a neighborhood revitalization or community economic development or energy conservation projects, including the development of shared housing opportunities for the elderly (other than by construction of new facilities).
16. Activities necessary to the development of a comprehensive community-wide energy-use strategy.
17. Assistance to private, for-profit entities, when the assistance is appropriate to carry out an economic development project.
18. Rehabilitation or development of housing assisted under Section 17 of the United States Housing Act of 1937.
19. Assistance to facilitate the substantial reconstruction of housing owned and occupied by low- and moderate-income persons.
20. Technical assistance to increase the capacity of public or non-profit entities to carry out eligible neighborhood revitalization or economic development activities.
21. Housing services designed to assist homeowners, tenants, and others seeking to participate in eligible housing activities.
22. Assistance to institutions of higher education capable of implementing eligible activities.
23. Assistance to public and private organizations (for-profit as well as non-profit) to facilitate the development, stabilization, and expansion of micro-enterprises.
24. Assistance to facilitate and expand homeownership by subsidizing interest rates, financing acquisition, guaranteeing mortgages, paying up to 50% of down payments, or paying reasonable closing costs for income-eligible people.

### ***Project Performance Measures***

The CDBG-DR program estimates that all funds should be disbursed within the standard CDBG performance period of five years. However, project performance will be required to follow the schedule presented in the table below. All Pre-applications must be submitted by October 31, 2012 for priority consideration. All projects will be

required to adhere to calendar quarterly reporting and submission of a final performance report before the final disbursement is made.

Activity Types	Grant Process	Estimated Completion from October 31, 2012
Housing	Application Submittal & Award	3 months
	Environmental Review	6 months
	Grant Preparation & Execution	6 months
	Subrecipient Obligation of Funds <sup>^</sup>	9 months
	All Funds Disbursed	24 months
Infrastructure includes buyouts, demolition incentives - added 1/28/15, related categories: optional relocation policy, resettlement incentives for renters and acquisition – added 7/8/16)	Application Submittal & Award	3 months
	Environmental Review	6 months
	Grant Preparation & Execution	6 months
	Subrecipient Obligation of Funds	12 months
	All Funds Disbursed	62* months
Economy	Application Submittal & Award	3 months
	Environmental Review	6 months
	Grant Preparation & Execution	6 months
	Subrecipient Obligation of Funds	9 months
	All Funds Disbursed	12 months
Public Service, Clearance – (added 5/13/13) Relocation – revised 7/8/16.	Application Submittal & Award	5 months
	Environmental Review	9 months
	Grant Preparation & Execution	7 months
	Subrecipient Obligation of Funds	10 months
	All Funds Disbursed	59* months
Administration	Start Disbursement to Completion	By 10/22/12 up to 60 months
Technical Assistance & Training	Start Disbursement to Completion	By 10/22/12 up to 60 months

\* **December 30, 2017** is the current end date for the Disaster Recovery Grant with Passaic County. **The grant with Atlantic City will end on September 30, 2017.**

<sup>^</sup> *Obligation of Funds* refers to the amounts of orders placed, contracts awarded, goods and services received, and similar transactions during a given period that will require payment by the subrecipient during the same or a future period. The obligation action must be related to a specific CDBG-DR activity, must be for a specific activity and can be linked to a specific address and/or household.

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

Monitoring standards will follow DCAs' Division of Housing and Community Resources standard policies and procedures for the federal CDBG Program. The goal is to ensure compliance with state and federal regulations and provide an independent review and accountability of the public funds. CDBG-DR projects will receive on-site monitoring to document local accountability and prevent inappropriate

activities. The monitoring procedures that are implemented will cover the following activities:

*Checklists-* a monitoring checklist is a vital component of the Department's monitoring process. Checklists allow for consistency, completeness, and documentation of monitoring activities. Monitoring will include the standard CDBG programmatic areas such as determining eligibility of activities, financial management, citizens' participation, environmental, procurement, and review of contract provisions, acquisition, rehabilitation, clearance, and disposition of any properties. The areas will be expanded to include a "duplication of benefits" analysis which will be completed for each grant.

*Desk Review-* a desk review is a review of documents submitted by the grantee to the state. Proper monitoring of all grants will include some type of desk review. Progress reports and processing project payment request (FSRs) are also part of the desk review.

*Onsite Monitoring-* site visits help the funding agency to become more familiar with the operations of the grantee; to conduct a thorough review of supporting documentation than can be conducted in a desk review; to learn about the grantee's programmatic results or verify reported outcomes problems; and to provide technical assistance for compliance with state and federal regulations specific to the various grants. A site visit may also be conducted for the purpose of investigating a specific problem or issue that was uncovered during a desk review. At the minimum each activity will be monitored at least once on site. Should any findings occur, recipients will be required to correct the problem or else the ineligible expenditures will be disallowed and funds recaptured by the DCA.

*Audit Reviews-* audited financial statements (and associated audit reports, including single audits, if applicable) may be reviewed as part of a Department's monitoring activities. Any negative findings that may impact funded grants shall be followed up with the grantee.

### ***Avoid or Mitigate Occurrences of Fraud, Abuse, or Mismanagement***

#### ***1. Administration and Staffing***

The DCA Division of Housing Community Resources (DHCR) staff has extensive experience in successfully managing the State's CDBG program since Small Cities (State Program) inception in 1983; HOME since 1992; NSP 1 since 2008; NSP 3 since 2011; and CDBG-R since 2009. With many years of experience in HUD-DPD programs and the systems in place to track performance and monitor compliance, the DCA DHCR staff can guarantee the CDBG-DR program will be fully compliant.

#### ***2. Increasing Capacity at the Local Level***

The DCA DHCR staff will provide technical and grant management assistance to the grant recipients. The assistance will be in the form of workshops and training assistance specific to the CDBG-DR grant requirements. General CDBG requirements will also be covered for those individuals less familiar with CDBG rules and regulations. The DCA DHCR staff will be available to provide ongoing technical assistance by telephone, email, and on-site visits as needed.

### *3. Prevention of Misuse through Duplication of Benefits*

The Department will ensure that assistance is provided only to the extent that the individual or entity has a disaster recovery need that has not been fully met through other sources of assistance.

### *4. National Objective*

All activities must meet one of the national Objectives (LMI benefit, slum and blight, or urgent need). At least 50% of the funding will be used for activities that meet the LMI National Objective.

### *5. Administrative Costs*

Grantees are encouraged to minimize activity administration costs in order to maximize the funding available for program activities. The grantee's activity administrative costs may be charged to the grant, but are capped at 6% per activity (project) and shall only be applied toward the implementation of a project.

### *6. Contract Amendments*

Grantees will be required to submit a request for an amendment to the Department's Grant Agreement if there is a substantial change in the project scope or budget. Work initiated and/or expenditures incurred prior to Department approval of a revised scope or budget is at risk of being disallowed by the Department.

### *7. Reporting*

A fiscal monitoring report including documentation of expenditures comparing the Grantee's actual project expenditures with the approved project budget is required with each request for payment. The Fiscal Monitoring Report must be certified by the Grantee's Chief Financial Officer (CFO) and submitted with the State voucher through the State's SAGE reporting system to request payment. Performance reports describing a project's progress in meeting the performance outcomes are required to be submitted quarterly. A final report must be submitted to the Department within 60 days after the expiration of the Grant Agreement. Ten percent (10%) of the total award is withheld and released upon the approval of the final report by the Department.

### *8. Internal Audits*

The State of NJ has several audit functions that will have oversight responsibilities for the use of CDBG-DR funds.

A. The NJ Department of Community Affairs (DCA), Office of Auditing is an independent office established within DCA to examine and evaluate the Department's compliance with federal and state law, regulations and policy, internal controls and the efficiency and effectiveness of programs. To this end, the Office of Auditing reports directly to the Office of the Commissioner- Assistant Commissioner.

B. The State of New Jersey's Office of Legislative Services' Office of the State Auditor (OSA) is a constitutional officer appointed by the Legislature. OSA is within the Office of Legislative Services which is an agency that is organized under the New Jersey Legislature thereby making it independent of the executive branch of government. OSA conducts periodic audits (both financial and performance) of

administrative functions and programmatic areas concerning the Department of Community Affairs, Division of Housing and Community Resources.

C. The NJ Office of the State Comptroller (OSC) is an independent office organized under the executive branch of government. It was created in January 2008 with the mission to bring greater efficiency and transparency to the operation of all levels of New Jersey's government and identify areas of fraud, waste and abuse.

### ***Program Income- Grant Funds Recaptured and Other Recaptured Funds***

Grant funds recaptured will remain with the grantee when the grantee demonstrates, as determined by the Department, that recaptured funds can be distributed in a timely way to carry out the same activity for a specific project in accordance with a reuse plan that has been approved by the Department.

The Department interprets the phrase “the same eligible activity” to mean that the grantee must use the recaptured funds for the same activity for which it was originally funded, as taken from the list of eligible activities (see pages 18-20). For example, if the recaptured funds were derived from a loan to a private firm, it must be used again for loans to private firms. This does not mean that the income may only be used for an additional loan to the same firm. Nor can “continuing the activity” be so broadly defined as to mean use for the same general purpose, such as economic development.

The Department will consider exceptions to this policy on a case-by-case basis. However, in the event a grantee fails to demonstrate an acceptable reuse of recaptured funds, the Department will recapture program funds and distribute such funds in accordance with the provisions set forth in the Action Plan for **Distribution of Allocation and Table**.

In the event the grant agreement has been closed funds may remain with the sub-grantee or sub-recipient provided that funds continue to meet the CDBG Program's national objective and eligible activity. Funds may be transferred to the County CDBG Entitlement Program for reallocation if the sub-grantee or sub-recipient decides not conduct a project, or cannot meet the Program's requirements.

### ***Recaptured Funds Statement***

Applicants are required to submit a summary statement each year on the balance of the revolving loan funds. The funds must be in separate accounts that are based on the original activity of the local program. Refer to the CDBG Program Handbook, Grant Management Section, and Revolving Loan Fund Reporting Procedures for further guidance at <http://www.nj.gov/dca/divisions/dhcr/offices/cdbg.html> .

### ***Action Plan Amendments***

The CDBG-DR Action Plan will be amended as described by the Federal Register Notice. The Action Plan is a living document that may be subject to amendments in response to new information and data that is realized during the life of the project. Any amendments to the budget chart will display how funds are reallocated. The entire Action Plan as amended shall be viewable as a single document.

The State will give the public an opportunity to comment on all substantial amendments to the Plan. The State defines a substantial amendment as the following: a change in program benefit or eligibility criteria; the allocation or re-allocation of more than \$1 million; or the addition or deletion of any activity. In the case of a substantial amendment the State will publish these changes on the Division of Housing and Community Resources' website and provide citizens with a 7 day comment period. The same citizen participation requirements and comment period will also be required for all DR grant recipients.

### ***Applicable Waivers***

Summary of waivers granted to New Jersey's CDBG-DR Program. The following were waived:

- 70 percent overall benefit to people of low and moderate-income was reduced down to 50 percent
- the requirement to distribute funds to units of local government only
- require consistency with the consolidated plan
- action plan requirements; substituting an Action Plan for Disaster Recovery
- certain citizen participation requirements for a streamlined process
- administration cap to allow 5 percent
- annual reporting requirements; substituting quarterly reporting
- to allow new housing construction
- rehabilitation assistance to households with incomes up to 120 percent of the HUD median income limits
- anti-pirating provisions for business assistance
- to allow flexibility on requirements regarding program income
- standard certifications; substituting alternative certifications
- allowing reimbursement for pre-agreement costs
- allowing the use of the exception criteria (low and moderate-income area benefit requirement) for entitlement communities in Passaic, Bergen, Morris, Somerset, Essex, Middlesex and Monmouth Counties
- allowing the reviews and handing of noncompliance as may be appropriate to prevent continuance of the deficiency, mitigate any adverse effects or consequences, and prevent a recurrence
- allowing housing incentives to resettle in disaster-affected communities
- limitations on emergency grant payments to expend interim mortgage assistance up to 20 months
- allowing building for the general conduct of government
- one for one replacement housing, relocation, and real property acquisition requirements

Regardless of the waiver, CDBG-DR funds may not be used for activities reimbursable by, or for which funds are made available by, FEMA or the Army Corps of Engineers.

### ***Public Comment Period***

NJ DCA posted the draft Action Plan on its website, <http://www.nj.gov/dca/> on July 16, 2012 and accepted comments through July 23, 2012. After an initial review, HUD

asked the State for modifications to the Plan and DCA re-posted the revised Action Plan on September 18, 2012 and will accept comments through September 25, 2012.

Once approved by HUD, this Action Plan will remain posted on the NJ Small Cities CDBG/CDBG-DR webpage at <http://www.nj.gov/dca/divisions/dhcr/offices/cdbg.html>

### ***Public Comments***

The Department of Community Affairs received comments from the County of Passaic on July 19, 2012. The following comments and responses are listed below:

Question 1: The dollar value of the Passaic County projects is not correctly referenced in the Action Plan. We submitted \$6,530,524 in low-mod income projects and \$5,324,340 under Urgent Need.

Response: The plan allocates funding based on the Federal Register Notice of April 16, 2012 and the CDBG-DR program requirements, which stipulates that at least 50 percent of the CDBG-DR funds benefit people of low and moderate income. In addition, the plan allows the Department to transfer funds among funding categories based on demand for assistance demonstrated by the number of applications received, see page 10 of the draft action plan.

Question 2: The application process continues to require a certification of project costs. However, as we noted in the draft Passaic County Pre-Application, the costs for residential buyouts will not be able to be documented for most projects when Passaic County completes the SAGE submission. There is a significant degree of uncertainty in confirming which owners will participate in the buyout program, the cost of their properties, the cost for appraisals, environmental evaluations, demolition and legal costs until these activities are procured in accordance with state and federal regulations. It would be highly inappropriate and impossible for Passaic County to expend funding for the above referenced costs without a grant commitment to buyout over 200 units. We have offered the best estimate in our Pre-Application based upon the experience of the communities who have been implementing FEMA buyouts for years.

Response: Pre-applications should contain good estimates and grantees are encouraged to document costs with a certification from a person qualified in the field, such as an appraiser, architect or engineer. The cost estimate must appear on the letterhead of the qualified person's firm and bear an original signature of the person. This documentation will be required for the full application. This is a standard application requirement and will be the basis of the award. In addition, since the Davis-Bacon and NJ Prevailing Wage Acts may apply to projects assisted with CDBG-DR funds, whoever provides the cost estimates must certify that prevailing wage rates were used in developing the estimates.

Question 3: Passaic County will hold one public hearing for the entire application in accordance with the intention of the NJDCA Commissioner.

Response: The Department initially considered using the standard CDBG Program's citizen participation requirement. However, the Department will follow the April 16,

2012 Federal Register notice, which waived the standard CDBG Citizen Participation requirements to permit a more streamlined process, and to ensure that disaster recovery grants are awarded in a timely manner for the grantee, State of New Jersey. The streamlined requirements do not mandate public hearings at a state, entitlement, or local government level, but do require providing a reasonable opportunity (at least 7 days) for citizen comment and ongoing citizen access to information about the use of the grant funds for the Action Plan. This process requires the State to publish the proposed plan for the CDBG-DR grant or any substantial amendment on the Department's web site (homepage) and afford citizens, affected local governments, and other interested parties reasonable opportunity to examine the plan or amendment's contents. These same requirements will be required for recipients of CDBG-DR for application submittals, substantial amendments to awards and to the action plan affecting recipients' projects. The Department will use the minimum criteria stipulated in the April 16, 2012 *Federal Register* Notices that constitutes a substantial amendment to the plan.

Question 4: Part 1, We are requesting that you seek a waiver from HUD allowing rehabilitation under URGENT NEED to be completed on homes occupied by families with incomes over 120% of median income. The purpose of this program is to elevate homes over the flood stage, not make general property improvements. Homeowners with incomes over 120% of median income are at as much risk of flooding as those with lower incomes. We have not performed income surveys, but we believe that some owners may have higher incomes.

Part 2, on page 17, the Action Plan require that all housing rehabilitation programs must establish a revolving loan fund which requires a 25% repayment from the home owners. Passaic County's home elevation program requires that CDBG-DR funding is a grant to all homeowners. It is imperative that you remove this requirement for homes that are being elevated.

Response: Part 1, A waiver of the 120% of Median Income requirement is not necessary under the Urgent Need National Objective. The property to be assisted must have been directly impacted by the Hurricane. However, Passaic County must still meet the overall low-moderate income benefit – at least 50% of the total Disaster Recovery award must benefit people with incomes below 80% of Median Income.

Response: Part 2, other funding sources may be in the form of a grant. However, as an option recipients may stipulate that a portion of the CDBG-DR funding for housing rehabilitation assistance will be in the form of a loan. The Department encourages communities to build capacity at the local level so that funds are available to deal with future emergency housing repairs and housing rehabilitation. The Department encourages recipients to stipulate that at least 25 percent be in the form of a deferred loan payable upon sale or transfer of the property. The local government may set a higher percent for the loan amount. These funds can revolve back to the community year after year as funds are paid back. However, if funds are not recycled within one year the funds must be transferred to the Passaic County's CDBG Program or returned to the Department for transfer to the State's CDBG Program.

Question 5: The Action Plan refers to a cap of \$1 million per project. This is not appropriate for the Passaic County application since four of our communities will require funding of over \$2,000,000 (Passaic City, Little Falls, Wayne and Paterson City). This requirement must be removed from the Action Plan.

Response: The maximum grant award per activity/category will be \$1,000,000; this is not applicable for Passaic County. However, the DCA will consider exceeding this ceiling if compelling reasons are presented to and accepted by the Department; see section on Distribution of the Allocation in the draft Action Plan.

Question 6: On page 13, the Action Plan references the number of applications. Passaic County has specifically requested that we submit one application for all nine participating municipalities. These municipalities have already established their priorities in the Pre-Application.

Response: The CDBG-DR Action Plan covers areas in Passaic County and the State of New Jersey that sustained disaster related impacts. Passaic County may submit one application on behalf of its local government units. However, local government units outside Passaic County will be required to submit one application for each specific project.

Question 7: Passaic County has already drafted their Pre-Application and will plan to submit an executed version by the end of July 2012.

Response: The Department looks forward to working with Passaic County and the communities impacted by the disaster.

### ***Notice of Awards***

The Department will announce the CDBG-DR SAGE awards on the CDBG-DR website at <http://www.nj.gov/dca/divisions/dhcr/offices/cdbg.html> .

### ***Public Comment Period – Action Plan Amendment 1 (May 15, 2013)***

NJ DCA posted the draft Action Plan Amendment 1 on its website, <http://www.nj.gov/dca/> on April 30, 2013 and accepted comments through May 7, 2013. No comments were received on Action Plan Amendment.

This Action Plan Amendment 1 will remain posted on the NJ Small Cities CDBG/CDBG-DR webpage at <http://www.nj.gov/dca/divisions/dhcr/offices/cdbg.html>

Action Plan Amendment 1 was approved by HUD on May 20, 2013.

### ***Public Comment Period – Action Plan Amendment 2 (December 5, 2014)***

NJ DCA posted the draft Action Plan Amendment 2 on its website, <http://www.nj.gov/dca/> on December 5, 2014 and accepted comments through December 12, 2014. NJDCA received one comment from Mr. William Bedford, CPD Specialist at U.S. HUD, Newark. **Comment:** Mr. Bedford requested clarification that the amount of funds budgeted towards LMI will remaining the same and in no event will fall under 50 percent. **Response:** the NJDCA added an asterisk after Grant Activities in the Distribution of Allocation Table (Page 10) in the DR Action Plan, which added a line that states the following:

This reallocation does not change the funding to meet the CDBG-DR Program requirement that at least fifty (50%) of the funding shall be used to benefit people of low and moderate income.

No additional comments were received.

This Action Plan Amendment 2 will remain posted on the NJ Small Cities CDBG/CDBG-DR webpage at <http://www.nj.gov/dca/divisions/dhcr/offices/cdbg.html>

Action Plan Amendment 2 was approved by HUD on January 28, 2015.

***Public Comment Period – Action Plan Amendment 3 (July 8, 2016)***

NJ DCA posted the draft Action Plan Amendment 3 on its website, <http://www.nj.gov/dca/> on July 8, 2016 and accepted comments through July 15, 2016. No comments were received on Action Plan Amendment.

This Action Plan Amendment 3 will remain posted on the NJ Small Cities CDBG/CDBG-DR webpage at <http://www.nj.gov/dca/divisions/dhcr/offices/cdbg.html>

Action Plan Amendment 3 was approved by HUD on August 1, 2016.

***Public Comment Period – Action Plan Amendment 4 (March 15, 2017)***

NJ DCA posted the draft Action Plan Amendment 4 on its website, <http://www.nj.gov/dca/> on March 15, 2017 and accepted comments through March 23, 2017. No comments were received.

This Action Plan Amendment 4 will remain posted on the NJ Small Cities CDBG/CDBG-DR webpage at <http://www.nj.gov/dca/divisions/dhcr/offices/cdbg.html>

***NJ CDBG-DR Action Plan***  
***Appendix (no changes this amendment)***

- I. CDBG-DR Public Notice**
- II. Disaster Recovery Action Plan Certifications**
- III. CDBG-DR Application Review Form**
- IV. Pre-application and table for projects**
- V. Flood Insurance and Severe Repetitive Loses Data, Passaic County**
- VI. Table of Preliminary Passaic County Projects**
- VII. Federal Register April 16, 2012, 77 FR 22583**
- VIII. NJ CDBG-DR Action Plan (Hurricane Irene) Amendment No. 1, 2, 3**

## Appendix I

**PUBLIC NOTICE**  
**NEW JERSEY COMMUNITY DEVELOPMENT BLOCK GRANT -**  
**DISASTER RECOVERY (CDBG-DR)**  
**Draft Action Plan**

Posted below is the link to the State of New Jersey's draft Action Plan for distributing \$15,598,506 in Federal Community Development Block Grant – Disaster Recovery funds. Any written comments regarding the draft action plan can be forwarded to Terence Schrider, [Terence.Schrider@dca.state.nj.us](mailto:Terence.Schrider@dca.state.nj.us) , at the NJ Department of Community Affairs, Division of Housing and Community Resources, PO Box 811, Trenton, New Jersey 08625-0811 by close of business on September 25, 2012.

## Appendix II

### Disaster Recovery Action Plan Certifications P.L. 112-55

A "The grantee certifies that it will affirmatively further fair housing, which means that it will conduct an analysis to identify impediments to fair housing choice within its disaster-affected communities, take appropriate actions to overcome the effects of any impediments identified through that analysis, and maintain records reflecting the analysis and actions in this regard. (See 24 CFR 570.487(b)(2).) Non-entitlement communities receiving grants under this Notice may submit an abbreviated analysis to identify impediments by providing an update on actions taken consistent with the State's analysis of impediments."

B The grantee certifies that it has in effect and is following a residential anti-displacement and relocation assistance plan in connection with any activity assisted with funding under the CDBG program.

C "The grantee certifies that its activities concerning lead-based paint will comply with the requirements of part 35, subparts A, B, J, K, and R of this title."

D "The grantee certifies its compliance with restrictions on lobbying required by 24 CFR part 87, together with disclosure forms, if required by part 87."

E "The grantee certifies that the Action Plan for Disaster Recovery is authorized under State and local law and that the grantee, and any entity or entities designated by the State, possess(es) the legal authority to carry out the program for which it is seeking funding, in accordance with applicable HUD regulations and this Notice."

F "The grantee certifies that it will comply with the acquisition and relocation requirements of the URA, as amended, and implementing regulations at 49 CFR part 24, except where waivers or alternative requirements are provided for this grant."

G "The grantee certifies that it will comply with section 3 of the Housing and Urban Development Act of 1968 (12 U.S.C. 1701u), and implementing regulations at 24 CFR part 135."

H "The grantee certifies that it is following a detailed citizen participation plan that satisfies the requirements of 24 CFR 91.105 or 91.115, as applicable (except as provided for in notices providing waivers and alternative requirements for this grant). Also, each unit of local government receiving assistance from a State grantee must follow a detailed citizen participation plan that satisfies the requirements of 24 CFR 570.486 (except as provided for in notices providing waivers and alternative requirements for this grant)."

Certifications P.L. 112-55

Page 1 of 3

I "Each State receiving a direct award under this Notice certifies that it has consulted with affected units of local government in counties designated in covered major disaster declarations in the non-entitlement, entitlement, and tribal areas of the State in determining the method of distribution of funding. "

J "The grantee certifies that it is complying with each of the following criteria:

(1) Funds will be used solely for necessary expenses related to disaster relief, long-term recovery, restoration of infrastructure and housing, and economic revitalization in the most impacted and distressed areas for which the President declared a major disaster in 2011, pursuant to the Robert T. Stafford Disaster Relief and Emergency Assistance Act of 1974 (42 U.S.C. 5121 et seq.).

(2) With respect to activities expected to be assisted with CDBG disaster recovery funds, the Action Plan has been developed so as to give the maximum feasible priority to activities that will benefit low- and moderate-income families.

(3) The aggregate use of CDBG disaster recovery funds shall principally benefit low- and moderate-income families in a manner that ensures that at least 50 percent of the amount is expended for activities that benefit such persons during the designated period.

(4) The grantee will not attempt to recover any capital costs of public improvements assisted with CDBG disaster recovery grant funds, by assessing any amount against properties owned and occupied by persons of low- and moderate-income, including any fee charged or assessment made as a condition of obtaining access to such public improvements, unless: (A) disaster recovery grant funds are used to pay the proportion of such fee or assessment that relates to the capital costs of such public improvements that are financed from revenue sources other than under this title; or (B) for purposes of assessing any amount against properties owned and occupied by persons of moderate income, the grantee certifies to the Secretary that it lacks sufficient CDBG funds (in any form) to comply with the requirements of clause (A)."

K The grantee certifies that the grant will be conducted and administered in conformity with title VI of the Civil Rights Act of 1964 (42 U.S.C. 2000d) and the Fair Housing Act (42 U.S.C. 3601-3619) and implementing regulations.

L "The grantee certifies that it has adopted and is enforcing the following policies. In addition, States receiving a direct award must certify that they will require units of general local government that receive grant funds to certify that they have adopted and are enforcing:

(1) A policy prohibiting the use of excessive force by law enforcement agencies within its jurisdiction against any individuals engaged in nonviolent civil rights demonstrations; and

(2) A policy of enforcing applicable State and local laws against physically barring entrance to or exit from a facility or location that is the subject of such nonviolent civil rights demonstrations within its jurisdiction."

Certifications P.L. 112-55  
Page 2 of 3

M Each State or unit of local government receiving a direct award under this Notice certifies that it (and any subrecipient or administering entity) has the capacity to carry out disaster recovery activities in a timely manner; or the State or unit of local government will develop a plan to increase capacity where such capacity is lacking.

N "The grantee certifies that it will not use CDBG disaster recovery funds for any activity in an area delineated as a special flood hazard area in FEMA's most current flood advisory maps, unless it also ensures that the action is designed or modified to minimize harm to or within the floodplain, in accordance with Executive Order 11988 and 24 CFR part 55."

O The grantee certifies that it will comply with applicable laws.

\_\_\_\_\_  
Signature of Authorized Representative

\_\_\_\_\_  
Date

\_\_\_\_\_  
Name

\_\_\_\_\_  
Title

Certifications P.L. 112-55  
Page 3 of 3

**Appendix III**

CDBG – Disaster Recovery Application Review Form (CDBG-DR SFY 2013)

Applicant: \_\_\_\_\_ \$ \_\_\_\_\_ Requested

Project Type:  Housing Rehabilitation     Buyout     Public Facilities     Economic    Application No. \_\_\_\_\_

Threshold Requirements	Comment	
Does the proposal meet one of the National Objectives set forth in the Housing and Community Development Act?	<input type="checkbox"/> Yes <input type="checkbox"/> No	<input type="checkbox"/> Benefit to Low/Moderate Income People <input type="checkbox"/> Prevention or Elimination of Slums & Blight <input type="checkbox"/> Urgent Need
Where Benefit to Low/Moderate Income people is claimed, indicate the source of the claim and whether the claim is Area-Wide or targeted at a Special Population or HR.		<input type="checkbox"/> Census or <input type="checkbox"/> Survey or <input type="checkbox"/> Application - Housing Rehabilitation, <input type="checkbox"/> Area-Wide or <input type="checkbox"/> Special Population or <input type="checkbox"/> Housing Limited Clientele Rehabilitation
For all proposals, provide the jurisdiction-wide population, number of low/ moderate income people and L/M percent. Provide the total number of people served and number of low/moderate income people served and the percent L/M.		Jurisdiction-wide (Municipal/County/Target) Number Benefiting: Population _____ Number of L/M _____ Percent L/M _____  Total number of people served by project: Population _____ Number of L/M _____ Percent L/M _____
Does the proposed project address disaster related impacts from Hurricane Irene?	<input type="checkbox"/> Yes <input type="checkbox"/> No	
Are the proposed activities permitted by the FR Notice and the HCD Act?	<input type="checkbox"/> Yes <input type="checkbox"/> No	
Does the application include evidence of a public notice in compliance with Citizen Participation and CDBG-DR requirements?	<input type="checkbox"/> Yes <input type="checkbox"/> No	
Does the proposed project address at least one of the areas identified in the applicant's Disaster Recovery Needs Statement?	<input type="checkbox"/> Yes <input type="checkbox"/> No	
Does the application include evidence that other funds or match will be met to complete Project Objectives?	<input type="checkbox"/> Yes <input type="checkbox"/> No	
Statewide applications - Does the application establish a revolving loan fund and include a provision in the policies and procedures manual? (Statewide HR programs only)	<input type="checkbox"/> Yes <input type="checkbox"/> No	
Does the application include evidence that the required compliance items have been completed?  Note: The application may be rejected if applicant failed to complete the required compliance items and the establishment of a revolving loan fund (Statewide HR programs – only).	<input type="checkbox"/> Yes <input type="checkbox"/> No	Compliance Items: 1 <input type="checkbox"/> Public notice for Citizen Participation, as above 2 <input type="checkbox"/> Fair Housing Resolution 3 <input type="checkbox"/> Matching Funds Certification 4 <input type="checkbox"/> Grant Management Plan & Resolution 5 <input type="checkbox"/> Professional Services Agreements & Other Agreement Drafts 6 <input type="checkbox"/> Complete Draft Environmental Review Record, or <input type="checkbox"/> 100 % Complete Final ERR 7 <input type="checkbox"/> Policies & Procedures Manual & Resolution (HR Only) 8 <input type="checkbox"/> Cooperative Agreement (ER Only - Draft)
Rated Criteria	Comment	
<b>Benefit to People of Low &amp; Moderate Income: 51 percent of the beneficiaries of the project L/M income people? Scoring: 1 to 50% = 0 points, ≥ 51% = 100 points.</b>	<input type="checkbox"/> Yes <input type="checkbox"/> No <input type="checkbox"/> 1 to 50% _____ <input type="checkbox"/> ≥ 51% _____ Score: _____ (100 Max.)	Justification for score:
What is the project's "Response to documented need"? Address severe and repetitive losses (FEMA Data).	<input type="checkbox"/> Yes <input type="checkbox"/> No Score: _____ (100 Max.)	Score for Documented Need, Applicants can receive up to 100 points. Justification for score:
Does the applicant claim "Readiness to Proceed"? Scoring: Applicants that meet the requirement will receive 100 points, if not will receive 0 points.	<input type="checkbox"/> Yes <input type="checkbox"/> No Score: _____ (100 Max.)	1 <input type="checkbox"/> A list of income-eligible housing units to be improved including biddable work write-ups, can include households with up to 120% of HUD median income, LMMI (HR Only). 2 <input type="checkbox"/> Biddable Plans and Specifications (BO, PF & ER Only)

**Appendix III**

CDBG – Disaster Recovery (Irene) Application Review Form (CDBG-DR SFY 2013)

Applicant: \_\_\_\_\_ \$ \_\_\_\_\_ Requested

Project Type:  Housing Rehabilitation     Buyout     Public Facilities     Economic Application No. \_\_\_\_\_

Rated Criteria (Continued)	Comment	
<p><b>Better prepared for the next disaster, or eliminate future flood impacts:</b>  <input type="checkbox"/> Yes <input type="checkbox"/> No  <i>Scoring: Up to 100 points.</i></p> <p><b>Control of the Project Site(s):</b>  <input type="checkbox"/> Yes <input type="checkbox"/> No  <i>Scoring: Yes = 100 points, No = 0 points.</i></p> <p><b>Ability to Obligate Funds within - 9 months HR, ER, - 12 months BO, PF:</b>  <input type="checkbox"/> Yes <input type="checkbox"/> No  <i>Scoring: Up to 100 points</i></p> <p><b>Past Performance:</b> Does the applicant show past experience to perform the type of project proposed?  <i>Scoring: Good = 100 points, Fair = 50 points, Poor = 0 points</i></p> <p>Audit findings?                      <u>        </u>  <span style="margin-left: 150px;">Audit Findings</span></p> <p>1.) Applicant                              _____                  2.) Management &amp; Nonprofit or for Profit Corp. _____</p>	<p>Score: _____ (100 Max.)</p> <p>Score: _____ (100 Max.)</p> <p>Score: _____ (100 Max.)</p> <p><input type="checkbox"/> Good, _____  <input type="checkbox"/> Fair, _____  <input type="checkbox"/> Poor, _____                  Score: _____ (100 Max.)</p>	<p>Justification for score:</p> <p>Justification for score:</p> <p>Justification for score:</p> <p>Dates of Audit Findings:                  Does the application include evidence that an experienced and competent management team/coordinator will implement the project? <input type="checkbox"/> Yes <input type="checkbox"/> No If no, explain below.</p> <p>Did applicant provide a copy of just the audit finding section of their most recent audit? <input type="checkbox"/> Yes <input type="checkbox"/> No If no, explain below.</p>
Additional Policy Considerations	Comment	
<p>Will other funds be leveraged if an award is made? <input type="checkbox"/> Yes <input type="checkbox"/> No</p>	<p>If yes, provide the amount \$ _____ and source below.</p>	
Application Scoring Summary	Comment	
<p>Does the application meet threshold requirements? <input type="checkbox"/> Yes <input type="checkbox"/> No                  Rated criteria? <input type="checkbox"/> Yes <input type="checkbox"/> No</p> <p>Does the applicant have a balance in prior awards? <input type="checkbox"/> Yes <input type="checkbox"/> No</p> <p>Based on the above threshold requirements and rated criteria, do you find this application:                  Eligible? <input type="checkbox"/> Yes <input type="checkbox"/> No If no, provide Comment.                  Fundable? <input type="checkbox"/> Yes <input type="checkbox"/> No If no, provide comment.                  Amount \$ _____</p>	<p>Total Score: _____ (out of a maximum of 700)</p> <p>If yes, provide the amount of the balance \$ _____</p> <p>Comments:</p>	
Date:	Name of Reviewer:	

***New Jersey Community Development Block Grant -Disaster  
Recovery Program***

***NJ CDBG-DR (Irene) Pre-Application***

***Administered by the  
New Jersey Department of Community Affairs  
Division of Housing and Community Resources  
Neighborhood Programs Unit/NJ Small Cities CDBG Program***

***For Information  
Please Contact:***

***The NJ Small Cities CDBG Program  
New Jersey Department of Community Affairs, NJDCA  
101 South Broad Street, 5<sup>th</sup> Floor  
Post Office Box 811  
Trenton, New Jersey 08625-0811***

***Attention: Administrator, Neighborhood Programs Unit (NPU) / NJ Small  
Cities CDBG Program  
(609) 633-6283, or (609)-633-6277***

***Or***

***Go to:***

***<http://www.nj.gov/dca/divisions/dhcr/offices/cdbq.html>***

## **INTRODUCTION**

The purpose of this pre-application is to bring the applicant and the Department together in order to determine the eligibility and feasibility of a proposed New Jersey CDBG-DR project. It is designed to begin a discussion that may lead to the submission of a full SAGE application and funding or to determine that the proposal as structured does not meet NJ CDBG-DR Program requirements.

New Jersey's CDBG-DR Program is intended to assist with the recovery in the most impacted and distressed areas, which have been declared a major disaster in 2011 under title IV of the Robert T. Stafford Disaster Relief and Emergency Assistance Act (42 U.S.C. 5121 et seq.) the November 16, 2011 (76 FR 71060) and April 16, 2012 (77 FR 22583) issues of the Federal Register (FR). Funds are to be used only for specific disaster-related purposes. Eligible grantees may use CDBG-DR funds for recovery efforts involving housing, economic development, and infrastructure, if such use does not duplicate funding available from Federal Emergency Management Agency (FEMA), the U.S. Army Corps of Engineers (USACE), or the Small Business Administration (SBA). The FR Notice strongly encourages incorporating preparedness and mitigation measures into rebuilding activities in the affected areas. This pre-application will be used in the assessment of community impacts and unmet needs to guide the development and prioritization of planned recovery activities. Prospective applicants for assistance from this DR Program are required to submit a pre-application prior to submitting a formal request.

Requests must clearly meet one of the three National Objectives of the Housing and Community Development Act of 1974, section 105(a) and (24 CFR 570.480 et seq.), as amended. Applicants must describe the problem to be addressed and certify that the actions proposed will provide an appropriate solution and can be readily implemented. Grants may not exceed \$1,000,000 unless compelling reasons for exceeding that amount are accepted by the Department.

Only eligible municipal or county governments may apply. They may apply on behalf of public agencies and may sponsor assistance to non-profit agencies, developers, and other entities to support qualified activities. Direct assistance to for-profits must be in the form of a loan to acquire or renovate fixed assets (plant and equipment); not for operating capital or inventory. Loan terms are negotiable based on the borrower's ability to carry debt, a reasonable rate of return, and benefits to low income people and to the community at large. However, NJ CDBG-DR funds may not be the primary source of financing. Similar requirements apply when non-profits are assisted; however, the terms may be more generous and NJ CDBG-DR funds may be the primary funding source in such cases.

A public hearing is **NOT** required at this time, but one must be held prior to the submission of a full SAGE application.

The chief elected official of the unit of local government filing the pre-application must sign where indicated on Page 2.

### **SUBMIT AN ORIGINAL & ONE COPY OF THE PRE-APPLICATION TO:**

**New Jersey Department of Community Affairs  
Neighborhood Programs Unit (NPU)/NJ Small Cities CDBG Program, 5<sup>th</sup> Floor  
101 South Broad Street  
Post Office Box 811  
Trenton, New Jersey 08625-0811**

**PROJECT SUMMARY**

**1. Name of Applicant**

\_\_\_\_\_ Municipality/County

\_\_\_\_\_ Address

\_\_\_\_\_ City Zip Code

**2. In \_\_\_\_\_ County**

**3. State Legislative District \_\_\_\_\_**

**4. Name of Contact Person**

\_\_\_\_\_ Name Title Phone

**5. Name of Chief Financial Officer**

\_\_\_\_\_ Name Title Phone

**6. Name of Project \_\_\_\_\_**

**7. NJ CDBG-DR Grant Request \$ \_\_\_\_\_**

**IF APPLICABLE**

**Certification by Borrower: To the best of my knowledge and belief, the information provided herein is true and correct.**

\_\_\_\_\_ Date \_\_\_\_\_  
Name and Title

**REQUIRED**

**Certification by Applicant: To the best of my knowledge and belief, the information herein is true and correct.**

\_\_\_\_\_ Date \_\_\_\_\_  
Name and Title (Chief Elected Official)

## **PRE-APPLICATION INSTRUCTIONS**

### **1. Project Summary Description**

Specifically describe the project by addressing the following in your statement:

- What will be done;
- What need(s) will be addressed;
- What is the total cost of the project (itemize component and associated costs);
- What will the NJ CDBG-DR funds be used for;
- Where will other financing be obtained and what are the likely terms, if any; and
- What is the prospective schedule, from starting date to completion?

### **2. Qualifying Statements**

Identify which National Objective (benefit to people of low/moderate income; prevention/elimination of slums and blight; urgent need) your project will address and describe the basis for your claim.

### **3. Necessity of Funding**

Explain why this project would not proceed without NJ CDBG-DR funds.

### **4. Construction Cost Estimates/Prevailing Wage Acknowledgement/ Certification of Deficiencies**

Submit a signed cost estimate, prepared by an engineer or architect, including certification that prevailing wage rates were factored into the cost estimate presented.

Submit a certification from a qualified person or persons who is /are not employed in any manner by the applicant. This person must address the specific problem or problems that you have identified and intend to correct with the funds requested. Projects that clearly address a severe situation affecting the health or safety of the residents of the service area must provide evidence in this section. Do not include letters of support from local residents or elected officials with this item. You may contact the NPU/NJ Small Cities CDBG Program at 609-633-6283, or 609-633-6277 for further assistance.

**Please read the attached appendix concerning meeting a National Objective.**

## APPENDIX Pre-Application – NJ CDBG-DR Program

### Compliance with National Objectives

Applicants must document how each activity for assistance addresses at least one of the national objectives of the Housing and Community Development Act of 1974:

- 1.) primarily benefit people of low and moderate-income,
- 2.) prevent or eliminate slums or blight,
- 3.) address an urgent need of recent origin when no other funds are available

If your application is intended to primarily benefit people of low and moderate-income and to eliminate slums or blight, please follow the instructions below and the application instructions in this document. If you are claiming 3 and need further guidance, contact NJDCA's Neighborhood Programs Unit/NJ Small Cities CDBG Program at 609-633-6283, or 609-633-6277 for guidance.

### Benefit to Low and Moderate-Income People

If several activities, the percentage benefit must be calculated for each activity. Then the separate calculations must be combined to obtain a percentage benefit for your project as a whole. Before you start your calculations, take a moment to understand the following standards, definitions, and requirements.

#### Definition of Low and Moderate Income (L/M)

Low and moderate income people are those having incomes not more than the "moderate-income" level set by the federal government for the HUD assisted Housing Programs. This income standard changes from year to year and varies by household size and the metropolitan statistical area. The HUD Income Guidelines for communities are posted on the Program's webpage under General Information, <http://www.nj.gov/dca/divisions/dhcr/offices/cdbg.html>.

#### L/M Benefit Requirements

For each activity principally benefiting low and moderate income people the applicant must document that:

- 1.) those served by the activity are presumed to be low and moderate-income and provide 100 percent benefit to persons of low and moderate-income, e.g., elderly (senior citizens), disabled adults, homeless persons;
- 2.) at least 51 percent of the people in an area served by the activity are low and moderate-income. **Note:** counties and municipalities that have been granted an exception by HUD to the above percentage may continue to use the exception for CDBG-DR funds; or
- 3.) housing (see Housing Programs next page).

#### Area Documentation (Required only if claiming number 2 directly above)

To document that the activity primarily benefits people of low and moderate income, the applicant must determine the area that will be served by each activity and submit one or more maps that show clearly:

- a. the extent of the facility service area;
- b. the location of the specific structures and facilities to be assisted with CDBG-DR Program funds;
- c. the names of the streets in the facility service area;
- d. a delineation of all structures by use with vacant structures noted; and
- e. the census tracts and block groups and their boundaries within which part or all of the facility service area is located.

Document each claim for area wide low and moderate-income benefit with the most recent US Census data or with a current income survey of area residents. Surveys must be conducted within 18 months of the application's submission.

**Census:** If the area that will benefit is the entire municipality or a discrete Census area, submit the low and moderate income percentage of the Census area. You may obtain low and moderate-income percentages from the Small Cities

program, if you identify the specific census area(s) in which the proposed activity is to take place. Census data is available on the NJ CDBG Program's webpage at <http://www.nj.gov/dca/divisions/dhcr/offices/cdbg.html>.

Note: If the area of benefit is smaller than the smallest Census area, you may still use the Census information rather than conduct a survey IF the area of benefit contains at least 50 percent of the total number of people residing in the complete Census area. **However, Census data covering an area smaller than a block group is not acceptable.**

Survey: If the service area cannot be described with Census data, you must conduct an income survey using the Low/Moderate Income Benefit Worksheet and Income Survey Form included in the Instructions for completing an Income Survey on the NJ Small Cities CDBG Program's website.

**Note**: The applicant or grantee must show how the percentage of LMI persons was calculated. The percentage of LMI persons must be calculated from the entire population of the service area, and not from the proportion of participants who responded to the survey. If for example, a town in rural America with a population of 640 conducts a census of the entire population to determine the percentage of LMI persons, and gets an 80 percent response rate. Fifty-one percent of 640 is 326, and 80 percent of 640 is 512. Of the 512 respondents, 326 of them should be LMI persons. It is inaccurate to use 51 percent of 512 which is 261. (HUD, Notice CPD-05-06, July 26, 2005)

### **Housing Programs**

All housing rehabilitation programs must be certified and targeted to people of low and moderate-income, as defined by the US Department of Housing and Urban Development. The HUD Income Guidelines for communities are posted on the Program's webpage under General Information, <http://www.nj.gov/dca/divisions/dhcr/offices/cdbg.html>. CDBG-DR allows for the rehabilitation of housing occupied by people with incomes up to 120 percent of the HUD median income limit for the county. Households with incomes above the HUD income limits will not be considered to meet the national objective of benefit to low and moderate-income.

### **Preventing or Elimination of Slums or Blight**

Applicants who claim that their activities meet the national objective of eliminating or preventing slums or blight (rather than claiming benefit to low and moderate income people) must document this claim by showing that the activities proposed will be carried out in an "area in need of rehabilitation" or a "redevelopment area" as set forth in the New Jersey Local Redevelopment and Housing Law (NJSA 40A:12A). There must be a substantial number of deteriorated buildings in the area. The boundaries of the redevelopment area and all proposed improvements must be clearly delineated, and the activities to be assisted with funds must be limited to those that address one or more of the conditions that contributed to the deterioration of the area. The disaster declaration will fulfill the requirement for the area in need of rehabilitation or redevelopment.

**Note**: Projects that remove slums and blight either through rehabilitation or by demolition, which when completed provides an area benefit, may be considered as meeting the national objective of benefit low and moderate-income, if at least 51 percent or the exception percent of the beneficiaries in the service area are people of low and moderate-income. Refer to the L/M Income requirements above.

### **Urgent Need**

Under the Federal Register Notice for the CDBG-DR Program, the County and municipalities are not required to issue formal certification statements. Instead, they must document how each project or activity funded under the urgent need national objective responds to the disaster related impact identified by the local community. In addition, since major disasters present unique challenges and recovery can take years, it is not necessary for an activity to begin within 18 months of the disaster in order to use the urgent need national objective.

The county and municipalities should still be mindful of the low and moderate-income benefit national objective for all activities that qualify under such criteria. At least 50 percent of the entire CDBG-DR grant award must be used for activities that benefit low and moderate-income persons.

## Appendix V

Flood Insurance and Severe Repetitive Loses Data, Passaic County Table

## **Appendix VI**

### Table of Preliminary Passaic County Projects

## **Appendix VII**

Federal Register April 16, 2012, 77 FR 22583

## Appendix VIII

NJ CDBG-DR Action Plan (Hurricane Irene) Amendment No. 1

NJ CDBG-DR Action Plan (Hurricane Irene) Amendment No. 2

NJ CDBG-DR Action Plan (Hurricane Irene) Amendment No. 3

NJ CDBG-DR Action Plan (Hurricane Irene) Amendment No. 4 (this document)