New Jersey
Department of Community Affairs

SUPERSTORM SANDY COMMUNITY DEVELOPMENT BLOCK GRANT – DISASTER RECOVERY

Public Law 113-2; January 29, 2013
FR-5696-N-01; March 5, 2013
FR-5696-N-06; November 18, 2013
FR-5696-N-11; October 16, 2014

ACTION PLAN AMENDMENT NUMBER 21 - SUBSTANTIAL AMENDMENT

- **Transferring Funds to the Blue Acres Buyout Program from the Reconstruction, Rehabilitation, Elevation and Mitigation Program, the Landlord Rental Repair Program and the Unsafe Structures Demolition Program**

- **Transferring Funds to the Fund for Restoration of Multifamily Housing**

PUBLIC COMMENT PERIOD: April 19, 2017 to May 19, 2017
DATE SUBMITTED TO HUD: May 30, 2017
DATE APPROVED BY HUD: June 29, 2017

Chris Christie
Governor

Kim Guadagno
Lt. Governor

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Commissioner

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SECTION 1: OVERVIEW

New Jersey received approval from the U.S. Department of Housing and Urban Development (HUD) for its Community Development Block Grant–Disaster Recovery (CDBG-DR) Action Plan on April 29, 2013. The Action Plan described the State's allocation of $1,829,520,000 of first round CDBG-DR funds allocated by HUD to support New Jersey recovery efforts. Since that time, HUD has approved nineteen amendments to the Action Plan, including Substantial Amendment Number 7, which described the allocation of $1,463,000,000 of second round CDBG-DR funds across recovery programs, and Substantial Amendment Number 11, which described the allocation of $501,909,000 of the third (and final) round of CDBG-DR funds intended to address unmet recovery needs.

This **Action Plan Amendment Number 21 (APA 21)** is considered a substantial amendment according to the definition in the HUD Federal Register Notice and in accordance with the State's Citizen Participation Plan because it involves a re-allocation of more than $1,000,000 of CDBG-DR funds.

This Amendment is available in English and Spanish via the Internet at DCA's website -- http://www.renewjerseystronger.org -- and also can be obtained through email to sandy.recovery@dca.nj.gov (Subject: APA 21) or by contacting Constituent Services at 609-292-3750. If additional language translation services are needed please call 1-855-SANDYHM (1-855-726-3946). When the agent answers the line, inform them of the appropriate language. For Hearing Impaired Users, Text Telephone Service is available at (TTY/TDD) 609-984-7300 or 1-800-286-6613.

The public comment period for APA 21 was open from April 19, 2017 to 5:00 PM (EST) on May 19, 2017. Per HUD requirements, a public hearing was held during the comment period on the following date and at the following location:

Thursday, May 11, 2017 (5:00 p.m. – 8:00 p.m. EST)
Little Ferry Borough Hall
215-217 Liberty Street
Little Ferry, New Jersey 07643

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

SECTION 2: FUNDING TRANSFERS

By this Amendment, the State proposes two funding transfers. The first reallocates $75 million from three programs: the Reconstruction, Rehabilitation, Elevation and Mitigation (RREM) Program, the Landlord Rental Repair Program (LRRP), and the Unsafe Structures Demolition Program to the Blue Acres Buyout Program (Blue Acres). The State remains committed to its goal of funding buyouts in targeted repetitive flood loss areas to reduce the number of homes in these areas and to enhance community flood resiliency. With an additional $75 million, the State will be able to continue buyouts in many of its most vulnerable flood zones and expand into new communities in order to meet its buyouts goals.

The second reallocation shifts $60 million in total from 16 programs to the Fund for Restoration of Multifamily Housing (FRM). The $60 million in additional funding will allow the State to fund a fourth round of FRM affordable housing projects to repair or replace multi-family housing with 80% of the funding to be prioritized within the nine-most Sandy impacted counties, as determined by HUD.

Importantly, none of the funding transfers affect any existing commitment of program funds to any individual, business, community or project, as detailed below.

A. Transfer of Funds to the Blue Acres Buyout Program

Table 1: Transfer of Funds to the Blue Acres Buyout Program			
Approved NJ Action Plan Program	Activity Previous Allocation	Amount of Transfer	Activity Revised Allocation
Reconstruction, Rehabilitation, Elevation and Mitigation Program	$1,344,043,202	($40,358,421)	$1,303,684,781
Landlord Rental Repair Program	$70,000,000	($15,936,337)	$54,063,663
*Unsafe Structures Demolition	$25,000,000	($18,705,242)	$6,294,758
Blue Acres Buyout Program	99,500,000	(+)$75,000,000	$174,500,000

**Note: The Unsafe Structures Demolition Program surplus is funding the transfer to both Blue Acres as indicated above as well as the transfer to FRM in Table 2. The total reduction in funding for the Unsafe Structures Demolition Program is $21,009,050 with a total revised allocation of $3,990,950.*

Blue Acres Buyout Program

At the time the initial Action Plan was approved, more than 30,000 additional homes were included in the 100 year flood plain as a result of revision of Federal Emergency Management Agency (FEMA) Flood Maps:

	Total Units
Structures within 100-year flood plain pre-ABFEs	234,448
Structures within 100-year flood plain with new ABFE guidelines	267,944
Source: FEMA HAZUS Multi-Hazard version 2.1	

Consequently, the State prioritized providing buyout assistance for homeowners residing in flood-prone areas where large scale buyouts would serve a public health and safety benefit, as well as an environmental benefit. Initial funding for buyouts came from the Hazard Mitigation Grant Program (HMGP). At that time, the State set a goal of buying out at least 1,300 homes and targeted the funding goal at $300 million.

Since that time, the State has allocated $185 million in HMGP funds and $15 million in funding through the Department of Environmental Protection's (DEP) Green Acres program and the United States Department of Agriculture's (USDA) Natural Resources Conservation Service for Blue Acres Program buyouts. The State also previously committed $100 million of second tranche CDBG-DR funds for additional buyouts. Experience has now shown that the original funding projection of $300 million was low and that demand for buyouts continues, leaving the State with an unmet need for funding to acquire and demolish approximately 300 homes that remain in harm's way.

To evaluate New Jersey's flooding vulnerabilities, the State collaborated with the U.S. Army Corps of Engineers on a comprehensive study funded through the Disaster Relief Appropriation Act of 2013. In addition, DEP engaged six universities to devise flood mitigation strategies for particularly flood-prone communities located near the Hudson River, Hackensack River, Arthur Kill, Barnegat Bay and Delaware Bay. The studies focused on repetitive flooding regions that are not already being addressed by current or planned U.S. Army Corps projects and incorporate local perspective and data.

DEP and the U.S. Army Corps also are working together to advance beach and dune construction projects that will reduce risk to life, property and infrastructure by rebuilding 44 miles of New Jersey coastline – from Cape May to Sandy Hook – providing the State with the most comprehensive and continuous coastal protection system it has ever had at a cost of more than $1 billion. Superstorm Sandy substantially affected certain New Jersey communities that repeatedly sustain significant losses due to flooding. Many residents of these communities have expressed a preference for buyouts to allow them to relocate to less flood-prone areas. The decision to pursue a buyout is a difficult, personal choice unique to every household, and the State is committed to an expedited, voluntary buyout process to assist those households that want to relocate.

Buyouts are an important component of the State's holistic approach to smart and resilient housing sector recovery. Buying out flood-prone properties not only reasonably compensates people for moving out of harm's way, but it also results in the conversion of the developed land to open space. This creates more open areas that can help absorb flood waters in future storms, making the State more resilient to future weather events. Buyouts may also allow communities to create, or add to, local park lands, or expand wetlands, forests and wildlife management areas. And, as an added benefit of reducing the amount of homes in flood-plains, fewer homeowners are required to purchase flood insurance policies through the National

Flood Insurance Program (NFIP), leading to reduced flood risk ratings and premiums for entire communities.

Recognized by FEMA as a "National Best Practice," the goal of the Blue Acres Buyout Program is to dramatically reduce the risk of future catastrophic flood damage, and to help New Jersey families move out of harm's way.

Blue Acres is administered and overseen by DEP. DEP has a long and successful history of voluntary acquisition of real estate for open space, recreation, and natural resource restoration. For instance, DEP's Green Acres Program has been purchasing land for preservation for over fifty years. Through the Blue Acres Program, the State has been purchasing flood-prone properties and restoring the natural landscape for the past two decades.

The State continues to make substantial progress in DEP's Blue Acres program by acquiring properties in flood-prone areas to remove residents from harm's way and, through the creation of open space, enhancing natural protections against future severe weather events.

Additional coastal flooding has occurred as a result of a number of Nor'easters in recent months in coastal areas still recovering from Superstorm Sandy. This has contributed to a continued high level of interest in buyouts on the part of these communities and their residents. The rate of acceptance of buyout offers has increased from 63% in the fall of 2014 to over 75.5% in March 2017, as more homeowners seek to avoid the emotional and financial toll that severe repetitive flooding has taken on their families.

The State continues to evaluate homes located in repetitive flooding communities, as many significantly damaged homes remain. This assessment underlies New Jersey's request for additional funding to support more buyouts in these vulnerable areas.

In some neighborhoods, flood-damaged properties have been abandoned by owners as the houses are considered "unsaleable" due to their location. This unfortunate situation has contributed to New Jersey's status a one of the states with continuing high rates of foreclosures. The Blue Acres staff has learned how to successfully work with lenders to facilitate payoff approvals, thus enabling the reduction of these "zombie" properties.

Blue Acres has established a track record of success in helping the State become more flood-resilient, highlighted by the following program accomplishments:

- Secured funding for buyouts of 934 properties in 14 municipalities across 8 counties;
- Offered to purchase 847 homes in 14 municipalities;
- 640 families accepted buyout offers;
- 584 completed property closings;

- 453 demolitions; and
- Facilitated the short sale/payoff approvals from 32 lenders for 62 homeowners who were upside-down on their mortgage, for total debt forgiveness that surpasses $4.4 million.

With an additional $75 million, the State will be able to continue buyouts in many of its most vulnerable flood zones and expand into other communities that have yet to be served by the Blue Acres program.

To reduce administrative burden and maximize funding available for buyouts, the program initially is limited to homeowners in pre-defined targeted buyout areas. DEP will notify communities in the buy-out area of their eligibility.

Homes are purchased at 100 percent of their pre-Sandy fair market value as determined through Blue Acres' established valuation process. Consistent with Federal Register Notice FR-5696-N-01, the State will uniformly apply its valuation methodology. Until a written agreement on the purchase price of the home has been reached, DEP, at its discretion, may decide not to move forward with the purchase of any home being considered for a buyout (as may the homeowner). After properties are acquired, CDBG-DR funds through this program also may be used to conduct demolition and debris removal activities, and other related activities necessary to convert the purchased property to open space.

Additional Allocation for Activity: $75,000,000

Maximum Award: Amount set through the Blue Acres valuation process at pre-storm fair market value, and also may include additional funding in the amount of costs for eligible necessary activities as defined by program criteria necessary to purchase property or convert purchased property to open space.

Eligible Applicants: Property owners in a floodway, a flood-prone area or an area that has sustained severe repetitive flood losses in all counties.

Eligibility Criteria:

- Property must be located in the floodplain.
- Property must be in a floodway, flood-prone area or an area that has sustained severe repetitive flood losses.
- Property must have been impacted by Superstorm Sandy.
- Property must be a one-unit, two-unit, three-unit or four-unit private residence.

Criteria for Selection:

- Property is located in pre-defined targeted buyout area determined by the State.
- Pre-defined targeted buyout area may include LMI households targeted for buyouts.
- Purchase of property will meaningfully enhance resilience against future storms.

Eligibility for CDBG-DR: Section 105(a) (1); Section 105(a) (2); Section 105(a) (4); Section 105(a) (11); Federal Register Notice FR-5696-N-01

National Objective: Low and moderate income area and/or limited clientele; alleviate slums and blight; urgent need.

Transfer of Funds from the RREM Program

The RREM Program provides grant awards to eligible primary homeowners for activities necessary to repair storm-damaged homes, including rehabilitation, reconstruction, elevation and mitigation. The State has allocated more than $1.3 billion to the RREM program. To date, RREM has already completed more than 5,000 projects, and disbursed more than $874 million to eligible homeowners.

With RREM now projected to serve approximately 7,600 applicants, DCA has concluded that the funding shift of $40,358,421 (amounting to 3% of the total RREM allocation) to the Blue Acres Buyout Program, will not impact the ability to fully serve all eligible RREM grantees or to pay for program delivery costs. The State remains committed to funding up to the maximum award of $150,000 for all eligible applicants in RREM.

Transfer of Funds from the LRRP

LRRP is designed to restore rental properties that were damaged by Superstorm Sandy by providing grants to assist eligible landlords in repairing their residential rental properties. To be eligible for the award, the landlord must rent the assisted-unit(s) to LMI households at approved affordable rents following completion of repairs. The State previously allocated $70 million to LRRP.

To date, LRRP has awarded $27 million and disbursed $23 million to landlords. Additionally, 337 units are now occupied by low and moderate income households. DCA anticipates rehabilitating 600 housing units in total through LRRP.

DCA has concluded that transferring funding of $15,936,337 to the Blue Acres Program will not impact DCA's ability to fully serve all eligible landlords or to pay for program delivery costs. The State remains committed to funding up to the maximum award of $50,000 per unit for all eligible landlords in LRRP.

Transfer of Funds from the Unsafe Structures Demolition Program

Because of regulations governing the use of CDBG-DR funds, demolishing structures using CDBG-DR funds without consent of a property owner is generally cost prohibitive. Therefore, the Unsafe Structures Demolition Program will proceed with demolitions for the approximately 95 eligible properties where the property owner has consented to the demolition.

In light of the reduced number of demolitions that will take place under the Unsafe Structures Demolition Program, not all of the funding originally allocated to this program will be utilized by the program. This transfer of $18,705,242 to Blue Acres does not inhibit DCA's ability to demolish all the homes that qualified for the program as well as pay for all program delivery costs.

B. Transfer of Funds to the Fund for Restoration of Multifamily Housing

Table 2: Transfer of Funds to the Fund for Restoration of Multifamily Housing			
Approved NJ Action Plan Program	Activity Previous Allocation	Amount of Transfer	Activity Revised Allocation
Tourism	$25,000,000	($246)	$24,999,754
LMI Homeowners Rebuilding	$69,000,000	($18,705,242)	$50,294,758
Sandy Homebuyer Assistance	$24,875,000	($5,938,680)	$18,936,320
Neighborhood Enhancement	$40,000,000	($1,272,994)	$38,727,006
Landlord Incentive	$18,000,000	($226,297)	$17,773,703
Essential Services Grants	$136,000,000	($1,745,574)	$134,254,426
*Unsafe Structures Demolition	$25,000,000	($2,303,808)	$22,696,192
Code Enforcement	$8,000,000	($3,806,878)	$4,193,122
Pre-Development Fund for Affordable Rental Housing	$9,950,000	($6,180,999)	$3,769,001
Non-Federal Cost Shares (Match) – FHWA	$76,000,000	($6,159,573)	$69,840,427
Non-Federal Cost Shares (Match) – State and Local	$101,000,000	($10,000,000)	$91,000,000
Non-Federal Cost Shares (Match) – EPA Cleanwater	$40,122,183	($272,281)	$39,849,902
Zoning	$3,000,000	($1,896,003)	1,103,997
Mosquito Surveillance	$598,397	($110,832)	$487,565
Mosquito Control	$1,542,250	($255,578)	$1,286,672
Local Planning Grants	14,567,690	($1,125,014)	$13,442,676
Fund for Restoration of Multifamily Housing	$591,547,400	(+)$60,000,000	$651,547,400

**Note: The Unsafe Structures Demolition Program's surplus is funding the transfer to both FRM as indicated above as well as the transfer to Blue Acres in Table 1. The total reduction in funding for the Unsafe Structures Demolition Program is $21,009,050 with a total revised allocation of $3,990,950.*

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

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

The chart below shows the change in Fair Market Rents between 2015 and 2017 for a 2-bedroom unit:

County	Fair Market Rent for 2-bedroom Apartment			Percentage Change in Fair Market Rental Rates from 2015-2017
	2015	2016	2017	
Atlantic	$1,176	$1,152	$1,310	11.4%
Bergen	$1,371	$1,440	$1,557	13.6%
Cape May	$1,122	$1,051	$1,133	1.0%
Essex	$1,269	$1,324	$1,288	1.5%
Hudson	$1,315	$1,460	$1,519	15.5%
Middlesex	$1,495	$1,578	$1,654	10.6%
Monmouth	$1,373	$1,417	$1,484	8.1%
Ocean	$1,373	$1,417	$1,484	8.1%
Union	$1,269	$1,324	$1,288	1.5%

Recent reports indicate that almost one-third of New Jersey households are tenants facing rents that rank among the most costly in the nation, with only California, the District of Columbia, Hawaii and New York being less affordable than the New Jersey.

Taken together, the loss of units, low vacancy rates and increased costs created particular hardships for LMI households seeking affordable rental housing.

The State's foremost unmet rental need remains the repair or replacement of storm-damaged rental housing stock, which will stabilize the rental market and create more affordable housing. The State has funded a number of housing recovery programs with first and second round CDBG-DR funds to address this need. At the present time, the Fund for the Restoration of Multifamily Housing, along with several smaller rental programs, are projected to create over 5,000 new affordable units. While these new units will address a critical need, it will only replace slightly more than 25% of the units lost to the rental inventory as a result of Superstorm Sandy.

FRM is administered by the New Jersey Housing and Mortgage Finance Agency (HMFA) and provides funding to facilitate the creation or rehabilitation of quality, affordable rental housing units to address the loss of multi-family housing caused by Superstorm Sandy. CDBG-DR funds are provided as zero- and low-interest loans to qualified developers to leverage 9 percent and 4 percent low-income housing tax credits and tax-exempt bonds to facilitate development projects. FRM funds also can be provided as standalone project financing. Once FRM-funded affordable housing projects are completed, priority for residency is given to Sandy-impacted individuals during the first 90 days of lease-up.

From the first three rounds of CDBG-DR funds allocated to New Jersey by HUD, the State has allocated a total of $594,520,000 to FRM – $179,520,000 in the first round, $200,000,000 in the second round and $215,000,000 in the third round. Of that total, $30 million has been reserved expressly to support the recovery of Sandy-affected public housing units, federally owned housing units, and HUD-assisted multifamily housing.

As of March 2017, 38 FRM projects have been completed, generating a total of 2,652 units. Of these 2,652 completed units, 2,363 are affordable units. 17 FRM projects are actively under construction and will yield another 1,970 rental units, 1,690 of which will be affordable. In addition, HMFA has committed nearly $165 million in FRM to an additional 17 projects that are expected to begin construction before year-end, which will yield another 1,120 units, 1,096 of which will be affordable rental units.

The State will dedicate $60 million of reallocated CDBG-DR funds to the FRM program. As with previous funding rounds, HMFA has set a goal that at least 80 percent of FRM funds from this reallocation will be initially prioritized for projects to repair, replace or construct new multi-family housing within the nine most-impacted counties, as determined by HUD. DCA estimates that $60 million in FRM subsidy could produce an additional 255 to 350 affordable housing units, based on the type and number of projects submitted.

The State incorporates the description of FRM in its Action Plan, as amended, as well as all eligibility and other criteria, except to the extent different from the descriptions below.

Re-Allocation for Activity: $60,000,000

Maximum Award: $170,000/unit

Eligible Applicants: Private for-profit and nonprofit housing developers, as well as public housing authorities capable of developing and managing large multi-family developments.

Eligibility Criteria: Projects must:

- Rehabilitate or replace affordable rental units that were damaged as a result of the storm
- Build new rental housing that addresses an unmet need resulting from the storm;
- Convert existing structures into affordable housing that addresses an

unmet need resulting from the storm. This conversion may include conducting substantial rehabilitation and as a result transitioning market rate units to affordable units, changing a property that was not a rental housing use into permanent, affordable rental housing or rehabilitating vacant, dilapidated units.

Criteria for Selection:

- Eighty percent of FRM funds from this tranche will be initially prioritized for projects to repair or replace multi-family housing within the nine most-impacted counties as determined by HUD.

Eligibility for CDBG-DR: Section 105(a) (1); Section 105(a) (4); Federal Register Notice FR-5696-N-01

National Objective: Low and moderate income housing; alleviate slum and blight; urgent need.

Transfer of Funds from the Tourism Program

The Tourism Marketing Program, administered by the Economic Development Authority, was established in 2013. $25 million in CDBG-DR funds was initially allocated through the HUD-approved Action Plan to support New Jersey's "Stronger than the Storm" campaign. The campaign included: outreach and community events; local, regional and national advertising; and marketing tools and techniques. This campaign began in May 2013, immediately after HUD approved New Jersey's CDBG-DR Action Plan. The majority of the campaign occurred between Memorial Day and Labor Day 2013. The Program has since ended and there is balance of unused funding remaining in the amount $246. DCA proposes transfer of this $246 to FRM to address the remaining unmet need of multi-family housing caused by Superstorm Sandy.

Transfer of Funds from LMI Homeowners Rebuilding Program

The LMI Homeowners Rebuilding Program is designed to provide reconstruction, rehabilitation, elevation and mitigation assistance to homeowners of low to moderate income who were impacted by Superstorm Sandy and whose damaged primary residence is located in one of the nine most impacted counties, as determined by HUD. This program is additionally designed to serve LMI homeowners of Limited English Proficiency and owners of Manufactured Housing Units, as well as those LMI homeowners who did not apply for RREM. The State previously allocated $69 million to the LMI Homeowners Rebuilding Program.

The LMI Homeowners Rebuilding Program anticipates serving more than 300 LMI homeowners. To date, 73 homes have been rebuilt (inclusive of 27 manufactured housing units), with more than $29 million disbursed to LMI homeowners. DCA has concluded that transferring funding of $18,705,242 to FRM will not impact DCA's ability to fully serve all eligible grantees or to pay for program delivery costs. The

State remains committed to funding up to the maximum award of $150,000 for all eligible applicants in the LMI Homeowners Rebuilding Program. The $18.7 million will be transferred to FRM to address the remaining unmet need of multi-family housing caused by Superstorm Sandy.

Transfer of Funds from the Sandy Homebuyer Assistance (SHAP) Program

The SHAP Program, administered by the New Jersey Housing and Mortgage Finance Agency, provides equity contributions of up to $50,000 to eligible applicants seeking to purchase homes within the nine counties most-impacted by Superstorm Sandy as determined by HUD. Among other things, the program helps renters become homeowners and helps protect ratable bases in the counties hardest hit by the storm. The State allocated $25,000,000 to the SHAP Program under the initial CDBG-DR Action Plan approved by HUD in April 2013. The application period for the SHAP Program closed in September 2013.

As of March 2017, 347 of 348 SHAP Program applications had been approved and closed, totaling approximately $16.36 million. If the remaining application is approved and closed, total SHAP funding commitments would increase to approximately $16.41 million. Even after accounting for program delivery costs, transferring $5,938,680 from SHAP will not affect HMFA's ability to fund all eligible applicants. The $5.9 million will be transferred to FRM to address the remaining unmet need of multi-family housing caused by Superstorm Sandy.

Transfer of Funds from the Neighborhood Enhancement Program

The State has allocated $40 million of CDBG-DR funds to the Neighborhood Enhancement Program (NEP), previously termed as the Blight Reduction Program in the CDBG-DR Action Plan. NEP was established to fund the rehabilitation or re-use of foreclosed, vacant or abandoned properties that present risk of neighborhood blight to create affordable housing.

The final application period for NEP closed on June 26, 2015. Even after serving all eligible NEP applicants, there remains $1,272,994 in available funding. The uncommitted $1.3 million of NEP funds will be transferred to FRM to address the remaining unmet need of multi-family housing caused by Superstorm Sandy.

Transfer of Funds from the Landlord Incentive Program

The Landlord Incentive Program was created to provide rental subsidies for units set aside to serve LMI individuals and families. Given DCA's commitment to increasing the availability of affordable rental units, the State is proposing to shift $226,297 out of the Landlord Incentive Program to FRM to address the remaining unmet need of multi-family housing caused by Superstorm Sandy. The ultimate goal is preserved in this funding shift -- to increase provision of affordable rental units to LMI households. Additionally, all landlord agreements in the program will be expiring in August 2017.

Transfer of Funds from the Essential Services Grants (ESG) Program

The Essential Services Grant Program provided competitive grants to eligible counties, municipalities, school districts and other local government entities hit hard by Superstorm Sandy. Without ESG funding, these entities would not have been able to provide essential public services (public safety; public works; sanitation; education; etc.) to residents. As an ancillary benefit, ESG mitigated risk of unsustainable property tax increases to community members in hard-hit municipalities facing budgets strained by recovery-related expenses and, in many cases, depleted ratable bases. Among others, this program has benefitted hard-hit areas like Atlantic City, Brick, Keansburg, Sea Bright, Seaside Heights and Toms River. ESG, administered by DCA's Division of Local Government Services, was allocated $136 million of CDBG-DR funds and has disbursed grant funding in three separate funding rounds -- one in each of 2013, 2014 and 2015. The program was not extended beyond 2015. Accounting for distributions across all three years, as well as program delivery costs, the DCA has concluded that $134 million will be sufficient to fully fund the program. As a result, the remaining $1,745,574 will be transferred to FRM to address the remaining unmet need of multi-family housing caused by Superstorm Sandy.

Transfer of Funds from the Unsafe Structures Demolition Program

Because of regulations governing the use of CDBG-DR funds, demolishing structures using CDBG-DR funds without consent of a property owner is generally cost prohibitive. Therefore, the Unsafe Structures Demolition Program will proceed with demolitions for the approximately 95 eligible properties where the property owner has consented to the demolition.

In light of the reduced number of demolitions that will take place under the Unsafe Structures Demolition Program, not all of the funding originally allocated to this program will be utilized by the program. This proposed transfer of $2,303,808 does not inhibit DCA's ability to demolish all the homes that qualified for the program as well as pay for all program delivery costs. The funds will be transferred to FRM to address the remaining unmet need of multi-family housing caused by Superstorm Sandy.

Transfer of Funds from the Code Enforcement Program

The Code Enforcement Grant Program is an $8 million CDBG-DR initiative that ensured that homes were rebuilt safer and up to code requirements. Through the program, the State supplemented local code enforcement offices with additional personnel, and related costs, in an effort to bolster municipalities' capacity to respond to increased demand for building code enforcement as a result of the damage caused by Sandy. The Program is now closed and has a remaining balance of unused funds totaling $3,806,878. These funds will be transferred to FRM to address the remaining unmet need of multi-family housing caused by Superstorm Sandy.

Transfer of Funds from the Pre-Development Fund for Affordable Rental Housing

The New Jersey Redevelopment Authority received $10 million in CDBG-DR funds to administer the Predevelopment Loan Fund for Affordable Rental Housing, which was created to address the affordable rental housing shortage exacerbated by Superstorm Sandy. Given DCA's commitment to increasing the availability of affordable rental units, the State is proposing to shift $6,180,999 out of the Predevelopment Loan Fund for Affordable Rental Housing to FRM. The ultimate goal of the Predevelopment Loan Fund is preserved in this funding shift -- to increase provision of affordable rental units to Sandy-impacted households.

The Predevelopment Loan Fund has an unused balance of funding in the amount of $6,180,999. These uncommitted funds will be transferred to FRM to address the remaining unmet need of multi-family housing caused by Superstorm Sandy.

Transfer of Funds from the State and Local Non-Federal Cost Shares (Match) Program

The State allocated $76 million of CDBG-DR funds to the Non-Federal Cost Shares Program to cover the 20 percent non-federal cost share to the Federal Highway Administration funded Route 35 project on the Barrier Island where the State highway was reconstructed with flood vents, pump stations, and other "best practice" mitigation measures. Reconstruction was completed in 2016 at a total cost of approximately $341 million. Consequently, the applicable State match is less than anticipated, leaving a surplus of $6,159,573. The uncommitted $6.1 million of Non-Federal Cost Shares (Match) Program funding dedicated to cover match for the Federal Highway Administration funded Route 35 project will be transferred to FRM to address the remaining unmet need of multi-family housing caused by Superstorm Sandy.

Additionally, the State allocated $101 million to the Non-Federal Cost Shares (Match) Program to offset the cost to State, county, municipality or other government entities for their funding portion of a FEMA Public Assistance Program-funded disaster recovery projects. FEMA's Public Assistance program requires the State and local government entities to pay a 10 percent match for disaster recovery projects while FEMA pays the remaining 90 percent. Rather than see property taxes increase in communities affected by Sandy, the State covered some or all of the 10 percent cost share for many projects through the Non-Federal Cost Share (Match) Program. This is in addition to the funding provided to State agencies to cover the required match for their FEMA Public Assistance Program projects.

After covering the eligible match for local governments and reserving enough funding to cover the required match for the State agencies' FEMA Public Assistance projects, there remains $10 million of surplus funding in the State and Local Non-Federal Cost Shares (Match) Program. These funds will be transferred to FRM to address the remaining unmet need of multi-family housing caused by Superstorm Sandy.

Lastly, the State allocated $40,122,183 of CDBG-DR funds to the Non-Federal Cost Shares Program to cover the match to Environmental Protection Agency (EPA) funds the State was awarded to address storm impacts on water and wastewater systems and associated resilience measures. However, only $39,849,902 will be required to satisfy the eligible State match requirement. As such, there is a surplus in the amount of $272,281. These funds will be transferred to FRM to address the remaining unmet need of multi-family housing caused by Superstorm Sandy.

Transfer of Funds from the Zoning Code Enforcement Grant Program for Municipalities

The Zoning Code Enforcement Grant Program is a $3 million CDBG-DR initiative that provided up to $60,000 to municipalities experiencing record demand for zoning permit approvals due to the high number of property owners rebuilding structures damaged in Superstorm Sandy. Municipal grantees used the funds for salaries and overhead related to the enforcement of State and local development and zoning code regulations.

Even after the Zoning Code Enforcement Grant Program fully served all eligible applicants there will be a remaining surplus in the amount of $1,896,003. The uncommitted $1.8 million of Zoning Code Enforcement Program funds will be transferred to FRM to address the remaining unmet need of multi-family housing caused by Superstorm Sandy.

Transfer of Funds from the Mosquito Surveillance Program

The Mosquito Surveillance Program was allocated $598,397 and was administered by the Department of Health. The program has been completed and has a remaining surplus of $110,832 that will be transferred to FRM to address the remaining unmet need of multi-family housing caused by Superstorm Sandy.

Transfer of Funds from the Mosquito Control Program

The Mosquito Control Program was allocated $1,542,250 and was administered by the Department of Environmental Protection. The Program has been completed and has a remaining surplus of $255,578 that will be transferred to FRM to address the remaining unmet need of multi-family housing caused by Superstorm Sandy.

Transfer of Funds from Post Sandy Planning Assistance Grant Program

To assist the State's recovery efforts, $14,567,690 was allocated to the Post Sandy Planning Assistance Grant Program. This program supports planning for community redevelopment in municipalities and counties that sustained damage from Superstorm Sandy. This support is in the form of grants to municipalities and counties to hire certified planners to address conditions created or exacerbated by the storm and then identify approaches to rebuilding that will be more resistant to damage from future storm events and which will encourage sustainable economic growth.

Additionally, DCA has allocated funding to support coordinated statewide and regional planning activities to address unmet recovery-related planning needs. Grants were awarded to nonprofit organizations, universities, or colleges in need of planning support for statewide and regional recovery-related activities for reducing the risks and recovering from the impacts of natural disasters and which advance statewide and regional resiliency planning.

In total, there remains an uncommitted $1,125,014 of CDBG-DR funding in the Post Sandy Planning Assistance Grant Program. This funding will be transferred to FRM to address the remaining unmet need of multi-family housing caused by Superstorm Sandy.

C. Rebuild by Design Administrative Costs

Table 3: RBD Administrative Costs

Approved NJ Action Plan Program	Activity Previous Allocation	Amount of Transfer	Activity Revised Allocation
Rebuild by Design - Hoboken	$230,000,000	($2,900,000)	$227,100,000
Rebuild by Design - Meadowland	$150,000,000	($1,900,000)	$148,100,000
RBD-Admin	0	(+)$4,800,000	4,800,000

Transfer of Funds to Administration

The Rebuild by Design (RBD) Program is administered by the Department of Environmental Protection (DEP) and was granted an allocation of $380 million in CDBG-DR funding. Per HUD guidelines, up to 5 percent of this allocation can be spent on administrative costs. DCA and DEP are anticipating $4.8 million, or slightly more than 1% of the total $380 million RBD allocation is required to support administrative expenses; therefore, we are dedicating this $4.8M to RBD-Administrative costs.

SECTION 3: PUBLIC COMMENTS/RESPONSES

As required by HUD, this proposed Substantial Amendment was made available for public comment over a period of at least thirty days. Also per HUD requirements, the State held a public hearing to solicit comments in connection with this proposed amendment. The date and location of the public hearing were:

Thursday, May 11, 2017 (5:00 p.m. – 8:00 p.m. EST)
Little Ferry Borough Hall
215-217 Liberty St
Little Ferry, NJ 07643

Commenters were able to submit comments to this proposed amendment (i) via email to sandy.publiccomment@dca.nj.gov (Subject: APA 21); (ii) via U.S. mail; or (iii) via oral or written comments at the public hearing. All comments are given the same amount of consideration regardless of the method of submission.

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

COMMENT 1
LANDLORD RENTAL REPAIR PROGRAM (LRRP)

A commenter opposed the transfer of funds from LRRP to the Blue Acres Program based on a continuing need from landlords who were withdrawn from the program.

Staff Response:
Applicants in LRRP are required to abide by program requirements in order to remain eligible for funding. Program requirements include, but are not limited to: use of New Jersey licensed contractors, adherence to building codes (local, state, and federal), appropriate hazardous material remediation, and elevation of structure if substantially damaged and located in a flood zone.

As per the extension process for those applicants who require additional time beyond the one year construction period, the LRRP requires the submission of any missing documentation or information to exhibit that an applicant continues to abide by program requirements while progressing towards project completion. Applicants who do not provide such requested documentation or information may have an extension request denied and be administratively withdrawn. Withdrawn applicants are afforded the opportunity to submit a request for reinstatement. Such a request is thoroughly reviewed. Applicants must exhibit compliance with program requirements in order to be reinstated. Those who do not exhibit compliance with program requirements may have their reinstatement request denied.