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 21, 2014

ACTION PLAN AMENDMENT NUMBER 11
SUBSTANTIAL AMENDMENT
FOR THE
THIRD ALLOCATION OF CDBG-DR FUNDS

DATE SUBMITTED TO HUD: April 10, 2015
DATE APPROVED BY HUD: April 20, 2015

Chris Christie
Governor

Kim Guadagno
Lt. Governor

Charles A. Richman
Acting Commissioner
This Substantial Amendment to the Action Plan (as proposed) was made available for public review at www.state.nj.us/dca/. It was made available in English and Spanish.

For those who otherwise could obtain a copy of this Substantial Amendment to the Action Plan, the Department of Community Affairs made copies available upon request. Requests for copies were directed to the following address:

New Jersey Department of Community Affairs
1st Floor Information Desk
101 South Broad Street
Trenton, New Jersey 08625

The State considered comments received in writing or via email on the proposed Substantial Amendment to the Action Plan. Comments on the proposed Plan were accepted through January 15, 2014 at 5 p.m., Eastern Standard Time. Written comments were submitted to the Department of Community Affairs via email at sandy.publiccomment@dca.nj.gov, or to the attention of Jamie Saults, NJ Department of Community Affairs, 101 South Broad Street, Post Office Box 823, Trenton, New Jersey 08625-0823. A summary of all comments received and written responses is included in this final version of this Substantial Amendment submitted to HUD for approval.

While HUD requires that the State hold at least one public hearing on the proposed Action Plan Amendment, the State held two public hearings. The dates, locations and times of the hearings are:

- January 6, 2015: Ocean County College, Jay and Linda Grunin Center for the Performing Arts, 1 College Drive, Building 12, Toms River, New Jersey, 08753 (4-7 pm)
- January 7, 2015: Bergen Community College, Moses Center, 400 Paramus Road, Paramus, New Jersey 07652 (4-7 pm)

Per HUD requirements, the State has synthesized and responded to the comments it received in this final version of this Action Plan Amendment submitted to HUD for approval.
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SECTION 1: INTRODUCTION

It has been more than two years since Superstorm Sandy made landfall and devastated homes, businesses, communities and infrastructure across New Jersey. Thanks to the strong ongoing collaboration at all levels of government, the contributions of philanthropy, volunteers and stakeholders and, most importantly, the hard work and perseverance of New Jersey residents, the State has made substantial strides in recovering from the most costly disaster in its history. Together, we are meeting recovery challenges and building back better and stronger.

Since the outset of recovery, the State has remained committed to approaching disaster recovery holistically. To achieve this vision, the State continues to pursue and leverage available federal, state, private and philanthropic recovery funding to realize critical recovery initiatives across all storm impacted sectors (housing; economic; infrastructure; community finance; health and social services; and natural and cultural resources) and to maximize resources for recovering New Jerseyans. By addressing all sectors simultaneously, recovery progress in one sector is bolstered by progress in the others. Some examples of larger initiatives in the housing, economic and infrastructure sectors are described below.

Housing

Housing remains a central priority in the State’s recovery. State agencies are administering more than $1.5 billion in recovery programs to help homeowners rebuild and to repair or replace affordable rental housing stock damaged or destroyed during Sandy.

The State has seen considerable progress over the last year in the largest housing recovery program, the Reconstruction, Rehabilitation, Elevation, and Mitigation or RREM program. The Department of Community Affairs (DCA) increased staffing and took over the day-to-day program administration, which meaningfully accelerated the program’s pace. The Quarterly Performance Report submitted to the U.S. Department of Housing and Urban Development (HUD) in August 2014 showed that DCA disbursed more RREM funding during the second quarter of 2014 ($97.3 million) than in any prior quarter. DCA then improved on that mark, disbursing more than $103 million in RREM funds during the third quarter of 2014.

More than 8,800 RREM applicants have received preliminary award letters, including approximately 3,300 households who were moved off the program waitlist in June 2014 after the State received the second round of CDBG-DR funding from HUD. More than 4,500 homeowners have signed RREM grant agreements for
rebuilding. Of those, more than 3,700 applicants are in active construction or have completed construction on their homes. With the addition of this third round of CDBG-DR funds, DCA projects that it will serve all individuals on the RREM waitlist.

Beyond RREM, the State is assisting homeowners through the Hazard Mitigation Grant Program (HMGP) Elevation Program administered by DEP. Working closely with FEMA, DEP has secured FEMA approvals for more than 1,000 program applicants for elevations. DEP also has worked to streamline the Elevation Program by limiting the number of documents required to support reimbursement requests and accelerating environmental and historic reviews. Additionally, DEP streamlined the reimbursement policy for the Elevation Program to allow homeowners to request that grant proceeds be paid directly to the contractor. Homeowners do not have to front the $30,000 for the contractor and be reimbursed by the HMGP grant.

State recovery programs focused on repairing or replacing damaged rental housing also continue to move forward. As of November 2014, through the Fund for Restoration of Multi-Family Housing (FRM), the New Jersey Housing and Mortgage Finance Agency (HMFA) had obligated nearly $170 million across 36 projects that will repair or replace nearly 3,000 total units of rental housing, of which 2700 units will be affordable rental housing. Through November 2014, 23 FRM projects are actively under construction, which will create more than 2,000 units of rental housing. One project has completed construction, providing a total of 51 units of affordable housing. FRM has a robust pipeline, which will be addressed, at least in part, through $200 million in second round funding as well as monies that will be allocated to the program through the third funding round.

Additionally, approximately $23 million has been obligated through the Sandy Special Needs Housing Fund (SSNHF) for projects that will create nearly 250 affordable permanent supportive housing beds for special needs populations, which faced unique challenges following Sandy. As of November 2014 construction has begun on 10 projects. As with FRM, second- and third-round CDBG-DR funds committed to SSNHF will allow the State to continue to commit funds to important projects to develop housing for special needs individuals and households.

While thousands of homes and rental units are repaired, many Sandy-impacted households have had to juggle mortgage payments, rent, and repair costs. The State implemented two recovery programs to address this need. DCA awarded more than 18,500 homeowners $10,000 grants through the Homeowner Resettlement Program. To receive funding, homeowners committed to residing in their storm-affected communities for at least three years, combating the harm of post-storm out-migration seen in other disasters. The New Jersey Department of Human Services also has distributed close to $102 million through the Working Families Living Expenses Voucher Program (also called SHRAP), which provides assistance to
homeowners and renters of up to $15,000 per household to cover mortgage, rent and utility payments, and also to replace necessary household items. The program has benefitted approximately 24,500 individuals. Although the program ceased accepting new applications over the summer, eligible households will continue to receive benefits through March 2015, at which time all program funds likely will be expended. Both programs – Resettlement and SHRAP – supplemented funding that many households received through FEMA’s Individual Assistance program.

Economic

Superstorm Sandy affected thousands of businesses across New Jersey. The storm caused significant physical damage as well as short-term and long-term business operations losses. To address these impacts, EDA implemented the Stronger NJ Business Grants Program and the Stronger NJ Business Loans Program. The Stronger New Jersey Grants program provides grants of up to $50,000 for working capital or construction costs to eligible businesses. Through September 2014, 839 applications had been approved totaling $41.2 million in funds obligated, and nearly $33.5 million in disbursements under this program. The Stronger New Jersey Loan program provides loans of up to $5 million for new construction, renovation and expansion to spur economic development in storm-impacted communities. Through September 2014, 54 applications had been approved, totaling nearly $42.1 million in funds obligated and nearly $10.7 million in disbursements under this program, with an additional 6 applications totaling over $9.1 million pending environmental review.

EDA also is assisting hard hit communities through the Neighborhood and Community Revitalization (NCR) Program. The program includes three initiatives: (i) the Development and Improvement Projects initiative that provides grants up to $10 million for catalytic, transformative and innovative projects in hard hit communities; (ii) the Streetscape Revitalization initiative which provides grants up to $1.5 million to support main street revitalization initiatives such as streetscapes, sidewalks and other upgrades to commercial areas; and (iii) funding for Community Development Financial Institutions to support micro-lending, building off EDA’s existing Loans to Lenders program. All funding under these initiatives has been obligated.

Infrastructure and Resilience Initiatives

Sandy highlighted vulnerabilities in the State and underscored the need to build more resilient facilities and communities. State agencies have incorporated strategy and planning throughout the recovery process to address these vulnerabilities and rebuild better and more resilient. This has been done by, among many other things, establishing enhanced rebuilding standards, allocating funding for critical recovery
planning, and aggressively pursuing available resources to harden critical infrastructure. Some of the larger infrastructure initiatives are described below.

**Energy Resilience**

Following Sandy, the State partnered with the federal government to study New Jersey’s energy vulnerabilities and identify opportunities to leverage commercially available technologies to address back-up power generation needs at critical facilities. New Jersey is encouraging the use of innovative technologies, which combine energy efficiency, cleaner energy and enhanced resilience. The State announced $40 million in HMGP Energy Allocations to municipalities, counties and critical facilities that can support a variety of alternative energy solutions – microgrids, solar power with battery back-up, and natural gas-powered emergency generators, among others – so they can operate even if the power grid fails.

The State also established the New Jersey Energy Resilience Bank, a first-of-its-kind in the nation energy financing initiative, capitalized with $200 million of second round CDBG-DR funds. The Energy Bank will provide financing to critical facilities to invest in resilient distributed energy resource technologies that will allow the facilities to continue to operate when the power grid fails. These technologies should mitigate many of the severe impacts that occur following a major outage. The initial Energy Bank funding product, which launched in October 2014, was tailored to assist water and wastewater treatment plants. Subsequent funding rounds are expected to benefit other critical facilities such as hospitals and long-term care facilities, shelters, and transportation assets.

To address the liquid fuel shortages experienced during Sandy, the State formulated a multi-pronged approach. The State established a $10 million HMGP-funded initiative providing grants to retail fuel stations along key evacuation routes for backup generators or quick connect devices that allow a station to quickly connect to a portable generator. The New Jersey Office of Emergency Management also procured a cache of portable generators that are strategically positioned across the State and can be mobilized in the time of emergency to power, among other critical facilities, retail fuel stations. To address longer-term supply issues, the New Jersey Office of Homeland Security and Preparedness partnered with the U.S. Department of Homeland Security on a detailed assessment of the State’s liquid fuel supply and distribution system to explore ways to enhance resilience. The joint assessment is ongoing.

**Transportation**

Sandy’s strong storm surge and high winds wreaked havoc on New Jersey’s roads, bridges and transit systems. In rebuilding, the State has incorporated best practices
and a layered approach to hazard mitigation to make transportation infrastructure less susceptible to future storm damage.

Rebuilding Route 35 is one example of the types of layered mitigation projects being implemented in New Jersey. The State is installing a two-foot thick stone-and-asphalt roadway, providing a more stable road and smoother driving surface. A new storm-water drainage system has been designed to handle 25-year storms and will feature nine pump stations and treatment facilities to filter and purify the storm water prior to discharge into Barnegat Bay. In addition, the State has undertaken the installation of more than four miles of steel sheeting – funded by the Federal Highway Administration – to further protect Route 35 and surrounding communities. The steel sheeting project is expected to be completed by the middle of next month, and will be incorporated into a dune system as part of U.S. Army Corps’ engineered beach project. In addition to protecting the road infrastructure, these measures also provide increased protection for the surrounding communities.

On the transit side, more than $2 billion is being invested to enhance resilience. In September 2014, the State was awarded $1.276 billion by the Federal Transit Administration to fund five projects designed to enhance energy resilience and harden NJ Transit key infrastructure assets. One of the projects – “NJ TransitGrid” – will be a first-of-its-kind microgrid capable of providing highly reliable power to support regional transit services even when the power grid is compromised. In addition, NJ Transit is pursuing other resilience initiatives for its system, including: raising substations in flood prone areas; building new storage, service, and inspection facilities; and implementing various flood control strategies for vulnerable facilities.

**Water and Wastewater Treatment Plants**

To address impacts of Superstorm Sandy on water and wastewater facilities, the State will devote $229 million of recovery funding through the U.S. Environmental Protection Agency to resilience initiative. These funds, administered through the State Revolving Fund programs, will modernize and improve these critical facilities, including through projects aimed at preventing future sewage overflows. The SAIL Bridge Loan Program will assist with the financing for projects to repair Sandy damaged infrastructure and improve the resiliency of Clean Water and Drinking Water Systems. Additionally, Sandy NJEIFP Loans (with principal forgiveness up to 18%) are available for environmental infrastructure projects to improve the resilience of Sandy damaged systems in future natural disasters. Recognizing that the demand may exceed available funds, resilience projects will also receive funding priority in the Traditional SFY2015 NJEIFP, subject to the availability of funds.

The State also has sought to leverage other funding sources to support these and other critical facilities. As detailed above, the State is targeting Sandy-impacted
water and wastewater facilities in the first round of funding through the New Jersey Energy Resilience Bank. Additionally, the State, primarily through the New Jersey Office of Emergency Management, has sought to maximize the impact of mitigation funding available through Section 406 of the federal Stafford Act. Section 406 mitigation awards have been incorporated into approximately 87 percent of New Jersey’s large FEMA Public Assistance projects (i.e., projects over $500,000) – an unprecedented figure. In the most significant example of this effort, this past summer the State secured a $260 million FEMA Public Assistance Section 406 mitigation award – the largest mitigation award in FEMA history – to incorporate storm-hardening measures and energy resilience at the Newark wastewater treatment plant operated by the Passaic Valley Sewerage Commission, which serves more than two million customers in New Jersey and New York.

**Flood Protection**

Approximately 3.8 million New Jersey residents live in the flood plain and are susceptible to flooding. The State’s plan to address this flood risk includes enhancing building standards, studying both the cause of flooding and cost-effective, practical solutions to mitigate the risk, and funding initiatives to implement identified solutions.

When Sandy struck, many of the FEMA flood maps for the State’s coastal areas were more than two decades old and did not reflect present day risks. Consequently, in January 2013 the State adopted by emergency regulation the FEMA Advisory Base Flood Elevations in order to incorporate the best available science and data allowing our residents to better mitigate damage from future flood events, avoid higher flood insurance costs, and begin the rebuilding process without waiting for the FEMA flood map regulatory process to run its course. Federal agencies subsequently adopted this standard for all reconstruction activities funded by the Disaster Relief Appropriations Act of 2013.

To evaluate New Jersey’s flooding vulnerabilities, the State collaborated with the U.S. Army Corps of Engineers on a $20 million 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 focus 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 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. Many of the previously approved but unconstructed projects are slated to begin construction in the next few months.

The State continues to make substantial progress in DEP’s Blue Acres program, which acquires properties in flood-prone areas in order to remove residents from harm’s way and, through the creation of open space, enhance natural protections against future severe weather events. As of October 2014, approximately 500 voluntary buyout offers have been made, and 317 willing sellers have accepted. The State continues to evaluate homes located in repetitive flooding communities. The buyouts program also serves as one of many examples in which the State has leveraged multiple funding sources to maximize resources for critical recovery initiatives. Thus far, New Jersey has leveraged funding through HMGP, CDBG, and the federal Natural Resource Conservation Service, as well as State monies, to purchase properties in flood-prone areas.

DEP also is moving forward on two large-scale flood mitigation projects in the Meadowlands region and along the Hudson River. Both projects were selected by HUD and funded through HUD’s Rebuild by Design (RBD) initiative. Working with HUD, our local communities, and stakeholders, DEP will focus on scaling these projects to available funding to realize flood protection measures consistent with the vision in the RBD project submissions. These RBD projects are discussed in more detail in Action Plan Amendment No. 12.

Finally, DEP continues to evaluate and fund other critical flood protection initiatives leveraging various funding sources, including State funds, and funds from HUD, EPA, FEMA, and the U.S. Department of Interior, among others. These initiatives will continue to focus on critical risk reduction measures, which include, among other things, addressing flood risks posed by coastal lakes and inland waterways, enhancing storm water management systems, and incorporating both man-made flood barriers and nature-based solutions where appropriate.

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All of these programs and initiatives are only a portion of the numerous ongoing recovery efforts in New Jersey aimed at continuing to bring much-needed relief to residents, businesses and communities, and realizing New Jersey’s vision of a holistic approach to disaster recovery. Without question, developing and expediently implementing more than 80 recovery programs and initiatives has had a tangible, visible impact in the State. There has been clear and substantial progress in the two years since Sandy. Nevertheless, a full recovery from Sandy will take years and much work remains to be done.
Substantial Amendment to the Action Plan

On October 16, 2014, HUD issued Federal Register Notice FR-5696-N-11 (effective October 21, 2014) which allocated $881,909,000 of third round CDBG-DR funds to New Jersey. Of that total, $380 million must be expended in connection with two projects selected by HUD through HUD's Rebuild by Design (RBD) initiative. The RBD projects are described in detail in Action Plan Amendment No. 12 to New Jersey's CDBG-DR Action Plan.

This Substantial Amendment sets forth how the State will allocate the remaining $501,909,000 of third round CDBG-DR funds. Various laws and regulations apply to the use of third round CDBG-DR funds, including that at least 80% of aggregate CDBG-DR funding allocated to New Jersey under the federal Disaster Relief Act of 2013 be spent within the nine “most-impacted” counties as determined by HUD (i.e., Atlantic, Bergen, Cape May, Essex, Hudson, Middlesex, Monmouth, Ocean and Union Counties). And as with other CDBG-DR funding rounds, unmet recovery needs far exceed available resources, requiring difficult choices and a balancing of diverse interests.

The third round funds also likely will be the last allocation of CDBG-DR funds to New Jersey through the Sandy Supplemental for recovery programs. The remaining $1 billion of CDBG-DR funds not yet allocated by HUD will be disbursed through the National Disaster Resilience Competition. New Jersey is one of 67 eligible applicants for the competition, and it is notable that at least $181 million of competition funds must be allocated between New Jersey, New York and New York City. More information regarding the Competition is available here.

Because this likely will be the last CDBG-DR allocation for New Jersey recovery programs, the State has limited discretion in how third round funding is allocated. There are approximately 2,000 homeowners still on the RREM Program waitlist, and those households must be served. Funding also is needed for important rental housing initiatives and to satisfy an agreement reached between the State, HUD and certain stakeholder groups regarding funding levels for the programs. Consequently, it is anticipated that unmet housing needs will exhaust the State’s third round funding allocation.

Per Federal Register Notice FR-5696-N-11, to draw down third round CDBG-DR funds the State must prepare a substantial amendment to its Action Plan updating relevant portions of its unmet needs assessment and describing how third round CDBG-DR funds will be used to respond to Sandy-related unmet needs. In this Substantial Amendment:

- Section 2 updates the housing unmet needs assessment in the State’s Action Plan, as third round funds addressed pursuant to this Amendment will only
be allocated to housing programs. The needs assessment is based on available data and is subject to change. This Section also will address unmet needs of the Port Authority of New York and New Jersey, as required by FR-5696-N-11.

- Section 3 describes how third round CDBG-DR funds will be apportioned across existing State CDBG-DR funded housing programs, exclusive of funding expressly designated by HUD for the RBD projects which is addressed in Action Plan Amendment No. 12.
- Section 4 sets out a performance schedule with respect to the use of third round CDBG-DR funds.
- Section 5 describes the State’s outreach efforts and public comment process with respect to this Amendment.

This document serves as an amendment to New Jersey’s Action Plan. All sections of the Action Plan, as modified and updated by amendments 1 – 10, remain in effect unless otherwise noted herein.
SECTION 2: UPDATED IMPACT AND UNMET NEEDS ASSESSMENT

As set forth in Section 3 of this Substantial Amendment, third round CDBG-DR funds not expressly committed to HUD's Rebuild by Design initiative will be allocated exclusively to housing programs. As a result, this section updates the housing unmet needs assessment in the State's Action Plan. Additionally, this Section addresses the unmet needs of the Port Authority of New York and New Jersey, as required by FR-5696-N-11.

2.1 Housing

New Jersey’s Action Plan prepared in March 2013 estimated a total unmet housing need of $2,504,993,992. The assessment was based on FEMA Individual Assistance data from March 2013 indicating that approximately 40,500 homeowners’ primary residences and 15,600 rental units sustained “severe” or “major” damage from the storm, as those terms are defined by HUD.

The State has committed to housing initiatives approximately $2,077,000,000 (or 63 percent) from the first two rounds of CDBG-DR funds (including $145 million of first tranche CDBG-DR funds that were initially allocated for economic programs but later were moved to housing programs with HUD approval). Even with this significant commitment of funding to the housing sector, unmet housing needs in New Jersey remain significant.

2.1.1 Needs of Homeowners

A. RREM & Resettlement Programs

The Reconstruction, Rehabilitation, Elevation and Mitigation (RREM) Program and the Homeowner Resettlement Program are the State’s primary CDBG-DR funded recovery programs for homeowners. Thus far, the State has allocated $1.1 billion of CDBG-DR funds to the RREM Program to help homeowners reconstruct, rehabilitate and elevate their homes, and to incorporate mitigation measures.

More than 8,800 RREM applicants have received preliminary award letters, including approximately 3,300 households who were moved off the waitlist in June 2014 after the State received access to second round CDBG-DR funds. Many of those applicants are now working toward completion of grant agreements. As of October 2014, slightly more than 4,500 homeowners had signed grant agreements. Of those, about 3,700 applicants are in active construction or have completed construction.
As Table 2-1 shows, more than 2,000 homeowners remain on the RREM waitlist. These are all non-LMI households; all LMI households in the program were funded through the first two RREM funding rounds. Given the current average RREM grant award, driven primarily by rising costs of home elevations as a result of demand for that service, unmet needs remain substantial.

<table>
<thead>
<tr>
<th>Program</th>
<th>Remaining Applicants on RREM Waitlist</th>
<th>Average RREM Award</th>
<th>Excess/(Shortfall)</th>
</tr>
</thead>
<tbody>
<tr>
<td>RREM</td>
<td>2,031</td>
<td>$124,000</td>
<td>($251,844,000)</td>
</tr>
</tbody>
</table>

* This average award is as of October 30, 2014, and reflects the impact of private insurance, U.S. Small Business Administration (SBA) loans and other funding sources that are accounted for in the State’s duplication of benefits analyses performed to ensure that CDBG-DR funds only are provided to address unmet needs.

b These figures exclude program delivery costs.

The State prioritized funding in the RREM Program by severity of damage sustained to the home as a result of the storm. Homes that sustained substantial damage (i.e., damage equaling more than 50% of the home’s pre-storm value) received priority, followed then by applicants whose homes sustained “severe” or “major” damage, as those terms are defined by HUD. With the first two RREM funding allocations, the State has issued preliminary awards to most eligible applicants whose homes sustained substantial damage. Therefore, most third round funds are expected to benefit applicants with “severe” or “major,” but not substantial, damage.

The comparatively lesser amount of physical damage to homes of many third round applicants may put some downward pressure on average RREM grant award amounts, but that will be more than offset by rising costs of elevations given demand and other factors. The State expects that the average RREM award will increase over time. Increases in the size of grant awards is already evident in recent grant awards, as the $124,000 average award is already nearly $20,000 more than the average grant award as of January 2014.

Calculating unmet need based on program demand likely undervalues the reconstruction and rehabilitation needs of homeowners. It excludes the need of RREM Program applicants whose applications could not be funded because the applicants could not meet program eligibility criteria (e.g., second homeowners who, by federal rule, cannot receive CDBG-DR assistance). It also does not account for instances where unmet rehabilitation or reconstruction needs exceed the $150,000 RREM grant and other recovery funding resources available to a homeowner. Per federal regulations and the approved RREM Program requirements, if a homeowner’s reconstruction needs exceeded the maximum available $150,000 through the RREM grant, funding to cover the difference must be identified by the applicant before CDBG-DR funds will be invested in the rebuilding project. Philanthropic dollars committed through a “gap funding” program administered by the Community Development Financial Institution New Jersey.
Community Capital, with initial support of $15 million from the American Red Cross and the Superstorm Sandy New Jersey Relief Fund, was one source that was leveraged by LMI homeowners to address funding gaps. Other funding sources, including private loans, may be available for housing construction needs above the maximum $150,000 RREM grant for those who could qualify.

Finally, the State allocated $215 million of first round CDBG-DR funds to the Homeowner Resettlement Program. This program provided $10,000 grants to more than 18,500 households for various non-construction storm-related expenses. To receive a grant, applicants had to agree to continue to reside in their communities for at least three years after Sandy, combating the harm of out-migration from hard hit communities that occurred in other major disasters.

B. LMI Homeowners Rebuilding Program

DCA undertook extensive outreach in connection with its homeowner programs in areas impacted by Superstorm Sandy, emphasizing outreach to affected LMI communities. Among other things, during the more than two-month application period for the RREM program, LMI neighborhoods were canvassed with flyers and door hangers in many Sandy-impacted towns, including Atlantic City, Carteret, Jersey City, Keansburg, Little Egg Harbor Township, Long Branch, Union Beach and Wildwood. DCA also advertised the RREM program in newspapers and on radio stations that serve LMI and other communities. In addition, DCA reached out to a diverse group of partner organizations, including the long-term recovery groups in each of the nine most-impacted counties, which assist low- and moderate-income families affected by Superstorm Sandy. DCA also partnered with mayors and local officials to provide recovery information to affected communities, and numerous mobile cabinets also were held in various impacted communities. These are some examples of the considerable outreach prior to and during the more than two-month RREM application period. The RREM program also heavily weighted funding towards eligible LMI households, with 70 percent of first tranche program funding reserved for LMI households, and all remaining LMI households deemed eligible were preliminarily approved for awards in the second RREM funding round.

The State remains committed to providing assistance to those households with the most limited financial resources and significant rebuilding needs. Despite DCA’s extensive outreach efforts with respect to the RREM program, the State wanted to ensure that vulnerable LMI households eligible for RREM assistance are served. To do so, the State allocated $40 million of second tranche CDBG-DR funds to target LMI households that may have been eligible for RREM assistance but did not submit an application during the RREM application period, of which $10 million will be initially reserved for households in manufactured housing. The $10 million initially reserved for owners of manufactured housing units will provide grants of up to
$150,000 per household to repair, replace, mitigate and or elevate the manufactured housing unit. This assistance may be used in one of several ways. If the existing site remains viable, the owner may rehabilitate or replace the manufactured home on the same site. If it is not feasible to rehabilitate or replace the home on the same site, the owner may use the assistance to either purchase a new manufactured home and place it on a new site or acquire an existing mobile home or acquire and rehabilitate an existing manufactured home on a new site. The program will allow for reimbursement for eligible expenses to the extent permitted by HUD.

Since announcing the program, the State has worked with HUD and housing stakeholder groups to develop an outreach strategy for the program. Among other things, outreach will employ the expertise of community based organizations familiar with the needs of their communities, and will promote a “door-to-door,” grassroots approach to familiarizing eligible households with the program. At that same time, to further address the need for supportive services such as financial assistance and access to available community resources, the State has established a housing counseling program, which will assist homeowners interested in seeking funding through the LMI Homeowners Rebuilding Program, as well as participants in various other CDBG-DR funded programs. Outreach for the LMI Homeowners Rebuilding Program is currently underway and the application period likely will open in early January.

**C. Buyouts**

Targeted buyouts of clusters of homes in repetitive flood loss areas are also a critical recovery priority for the State. While the primary purpose of buyouts is to move people out of harm’s way, buyouts also convert properties to permanent open space, allowing communities to create natural buffers to absorb flood waters from future storms and make communities more resilient to future severe weather events. Buyouts also enable state and local governments to create or expand public recreation areas, wetlands, forests and wildlife management areas.

The State is leveraging multiple federal funding sources toward realizing its goal of purchasing up to 1,300 homes from willing sellers in flood-prone areas, many of which sustained severe flooding damage in past disasters as well as in Sandy. As of December 2014, DEP has approved 719 properties in 10 municipalities for buyouts.

The New Jersey Department of Environmental Protection (DEP) launched the Superstorm Sandy Blue Acres Buyouts Program in May 2013 with $100 million of FEMA HMGP funds and has since committed an additional $58 million of HMGP funds to the program. As of December 2014, DEP had made purchase offers to homeowners in Sayreville, South River, Woodbridge, Newark, East Brunswick and Lawrence (Cumberland County). Buyouts funded by FEMA HMGP are also underway in Manville and Pompton Lakes, with purchase offers to be made in
January 2015. In total, as of December 2014, DEP has made offers to 502 property owners, 343 of which have been accepted. DEP has closed on the purchase of 226 homes and 103 homes have been demolished to create open space.

Additionally, in December 2013, the State announced a partnership with the U.S. Department of Agriculture (USDA) to jointly fund buyouts and an ecological restoration project in the environmentally sensitive Bay Point section of Lawrence Township in Cumberland County, along the Delaware Bayshore. Funding for the project, which will include buyouts for 44 properties, will be provided through FEMA HMGP, the DEP Blue Acres Program and $4 million from USDA’s Natural Resource Conservation Service.

The State also committed $100 million of second round CDBG-DR monies to fund additional buyouts. Old Bridge and Linden are the first communities identified for buyouts using CDBG-DR funds. DEP also continues to work with officials and residents in other municipalities that have expressed interest in, and are being considered for, buyouts.

The State remains committed to its goal of securing at least $300 million in recovery funding for buyouts for targeted repetitive flood loss areas to reduce the number of homes in these areas and to enhance community resiliency. Through multiple funding streams the State already has committed $262 million in federal recovery funding toward buyouts thus far, and continues to evaluate funding opportunities to meet its buyouts goal.

D. Other Needs

The needs of homeowners are not limited to construction-related activities. Displaced homeowners are making both mortgage and rent payments on budgets still strained by other unanticipated storm-related expenses. As long as homeowners remain displaced, these storm-related expenses will persist, straining household budgets and reducing household disposable income that otherwise might support economic recovery and reconstruction.

The State has brought multiple funding sources to bear on this need. As described above, the Homeowner Resettlement Program alleviated storm-related financial pressures for homeowners, benefitting more than 18,500 households. FEMA Individual Assistance also provided relief. More than $418 million in FEMA Individual Assistance funds was disbursed to homeowners and renters in New Jersey, including nearly $362 million in Housing Assistance and more than $56 million in Other Needs Assistance. Additionally, through September 2014, the New Jersey Department of Human Services had distributed close to $102 million through the Working Families Living Expenses Voucher Program (also called SHRAP) benefitting more than 24,500 individuals. The program provides assistance to
homeowners and renters of up to $15,000 per household to cover mortgage, rent and utility payments, and also costs to replace necessary household items. The program ceased accepting new applications over the summer, but eligible households will continue to receive benefits through March 2015, at which time all program funds should be expended.

Based on this unmet needs assessment for homeowners, the State continues to prioritize using CDBG-DR funds toward the following objectives:

- Assisting homeowners with reconstruction or rehabilitation of their homes;
- Assisting homeowners in Sandy-impacted communities with home elevations;
- Providing individual construction management and technical assistance to help homeowners navigate the building and reconstruction process; and
- 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.

### 2.1.2 Needs of Renters

Superstorm Sandy significantly reduced the supply of rental housing stock, and displacement caused by the storm increased demand for rental housing. Increased demand, coupled with the storm-related depletion of rental stock, substantially increased rents in some areas. As of October 2014, Zillow reported increases in rental rates between 1% and 5% year-over-year for some of the nine most-impacted counties. This increase was confirmed by HUD's recently released Fair Market Rent tables. 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. As set forth in Table 2-2, the State projects that these investments will result in the repair or replacement of more than 9,000 affordable housing units.
In addition to providing CDBG-DR funding to repair or replace rental stock, the State has leveraged CDBG-DR and other funds to assist renters directly with storm-related needs. For example:

- The State committed first tranche CDBG-DR funds to the Landlord Incentive Program (LIP), which provides funding to landlords to make existing units available at affordable rates to low-to-moderate income renters. The program supplements rental payments to assist individual renters and increase the number of available affordable units.
- The State has targeted CDBG-DR funds to supplement housing vouchers to very low-income families displaced by Superstorm Sandy. The vouchers subsidized the rents of these families, making housing more affordable.
- Many storm-affected renters received funding for storm-related needs through FEMA Individual Assistance. More than $418 million in FEMA Individual Assistance was approved for homeowners and renters in New Jersey.
- The Working Families Living Expenses Voucher Program (also known as SHRAP), funded with U.S. Department of Health & Human Services Social Services Block Grant monies, provides funding directly to individuals for rent and to replace necessary households items damaged by Sandy.

- The State allocated first tranche CDBG-DR funds to the Sandy Homebuyer Assistance Program that provided grants up to $50,000 to assist low- and moderate-income individuals with home purchases. Among other things, this assistance provided some renters with financial support to become first-time homebuyers.

Additionally, following a regulatory waiver from HUD in July 2014 (FR-5696-N-10), the State transitioned $17 million of LIP funds to its Supportive Service program in order to provide direct rental assistance to renters (rather than having to provide funding to landlords through LIP to subsidize rent costs in order to comply with HUD regulations pertaining to direct income payments). This funding is in addition to the approximately $5 million of Supportive Services program funding that bolstered the above-mentioned housing vouchers to very-low income families. Based on experience with tenant-based rental assistance programs, the State projects that demand for Sandy-related Tenant-Based Rental Assistance in the form of housing vouchers will exceed that funding allocation.

**Public Housing**

Superstorm Sandy also affected public housing. Nearly all public housing authorities (PHAs) in New Jersey reported roof damage from high winds and minor to moderate flooding. Additionally, many PHAs identified resilience and mitigation needs, such as a need for back-up generators, a need to relocate critical infrastructure and a need to elevate public housing units that were storm-damaged but repaired.

The State has reserved $30,000,000 of the CDBG-DR allocations to FRM from the first two funding rounds specifically to address damages to public housing units and other federally-funded housing. As of November 2014, the New Jersey Housing and Mortgage Finance Authority (HMFA) has obligated approximately $13 million from these PHA recovery resources across three projects that, aggregately, will repair 576 units of affordable housing. Five additional projects requesting approximately $39 million to repair, replace, provide resiliency measures for approximately 705 units of affordable housing are in the program pipeline. HMFA is evaluating those applications against eligibility criteria. Notably, both the obligated amount and unfunded pipeline figures are captured within the FRM figures presented in Table 2-2.
HMFA has done extensive outreach to evaluate the needs of PHAs during the course of recovery, including distributing surveys to PHAs after the storm to assess recovery needs. HMFA separately contacted the directors of all PHAs to explain the State’s PHA recovery program and to provide contact information to direct any questions regarding the pursuit of recovery funding. HMFA again reached out directly to Sandy-affected PHAs and subsidized housing in connection with assessing unmet needs for distributing second round CDBG-DR funds. In June 2014, HMFA sought another update on remaining unmet needs as a result of Sandy. And as part of the direct outreach relating to third round CDBG-DR funding, in November 2014 DCA and HMFA met with PHAs to continue the discussion of Sandy needs.

At present, unmet PHA needs – separated between obligated projects (Table 2-3) and projects being reviewed for program eligibility (Table 2-4) – are as follows:

<table>
<thead>
<tr>
<th>Table 2-3: Public Housing Authorities – CDBG-DR Obligated Projects</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Project Name</strong></td>
</tr>
<tr>
<td>Keyport Leisure Bay Apartments</td>
</tr>
<tr>
<td>Thomas J. Stewart Apartments</td>
</tr>
<tr>
<td>Booker T. Washington Apartments</td>
</tr>
<tr>
<td><strong>Total</strong></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Table 2-4: Public Housing Authorities – Applications Under Review</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Project Name</strong></td>
</tr>
<tr>
<td>Booker T. Washington Apartments</td>
</tr>
<tr>
<td>Marion Gardens</td>
</tr>
<tr>
<td>Berry Gardens</td>
</tr>
<tr>
<td>Hoboken Housing Authority</td>
</tr>
<tr>
<td>Pecks Beach Village</td>
</tr>
<tr>
<td>Edward J. Dolan Homes</td>
</tr>
<tr>
<td><strong>Total</strong></td>
</tr>
</tbody>
</table>

Given the fact that HMFA will have to work with the PHAs to ensure that proposed expenses are CDBG-DR eligible, are eligible under the program, and are cost reasonable, the $30 million currently set aside expressly for PHA recovery needs should meaningfully address unmet needs of PHAs.
Other Subsidized Housing

Other subsidized affordable multi-family housing projects were also affected by Superstorm Sandy, including projects funded under the Low Income Housing Tax Credit Program, bond-financed properties, housing financed primarily for older adults or persons with disabilities, and housing for Housing Choice Voucher (HCV) recipients located in flood plains. After the storm, it was reported that 2,188 federally-subsidized units in 192 multi-family properties were damaged and that 740 HCV recipient households were displaced.

Several assisted properties experienced ground floor water intrusion from the flooding and many experienced loss of power. At least one such property experienced damage to the units that exceeded the property’s resources to repair; this property has submitted an application to the program under CDBG-DR first allocation funds. Twenty-six of fifty subsidized housing projects responded to a survey by HMFA to assess the needs for resiliency or hardening measures. Most of these housing projects cited the need for hurricane-proof windows, generators, and elevation of HVAC systems.

*****

Based on the revised unmet needs assessment for renters, the State continues to prioritize:

- Rental programs to repair or replace damaged rental units, particularly those that serve LMI households and provide affordable housing; and
- Rental programs that address the unique circumstances of New Jersey’s special needs population.

2.1.3 Needs of Special Needs Populations

Individuals with special needs oftentimes may be vulnerable as a result of natural disasters, due to disrupted support networks, accessibility issues or increases in cost of living. Special needs populations displaced by Superstorm Sandy include the elderly as well as adults, children, and youth who are homeless or at risk of homelessness, who have intellectual or developmental disabilities, who have physical disabilities or who have behavioral health needs.

To assist households and individuals having special needs, the State used $50,000,000 across the first two CDBG-DR funding rounds to capitalize the Sandy Special Needs Housing Fund. This program, which continues to receive significant demand, provides funding to experienced for-profit and nonprofit developers to construct quality, permanent affordable rental housing throughout New Jersey. Many of the housing units being developed under the Sandy Special Needs Housing Fund restore the availability of units in Sandy-impacted communities, and as an
ancillary effect, contribute to the Olmstead settlement requirements related to providing services and housing for persons moving out of institutionalized settings.

### 2.1.4 Needs of Low- and Moderate-Income (LMI) Populations

As described in the Action Plan, Superstorm Sandy had a particularly devastating impact on the affected LMI population. In response, the State has directed CDBG-DR resources to programs specifically targeted to assist LMI populations. For example, the State initially reserved 70 percent of its first tranche allocation of RREM Program funding for LMI households and was able to provide preliminary RREM awards to all eligible LMI applicants following the second tranche allocation. The State likewise funded all eligible LMI applicants to the Homeowner Resettlement Program. Additionally, the State’s renter programs overwhelmingly benefit LMI households; the projected LMI benefit for most renter programs exceeds 95 percent.

The State will continue to prioritize the use of CDBG-DR funds to address the housing needs of LMI populations, including through the LMI Homeowners Rebuilding Program, described above.

### 2.2 Port Authority of New York and New Jersey

The Port Authority of New York and New Jersey is a bi-state agency that provides transportation, terminal and other facilities of commerce in the New York-New Jersey Port District, including bridges, tunnels, airports, transit and bus terminals. In Federal Register Notice FR-5696-N-11, HUD directed New Jersey to “update the needs assessment” for Port Authority in Action Plan Amendment No. 7. Specifically, the State again must assist the Port Authority in “address[ing] resiliency and local cost share requirements for damage to . . . the Port Authority or demonstrate that such resiliency needs and local cost share has otherwise been met.”

Superstorm Sandy caused significant damage to Port Authority assets, including, but not limited to, extensive damage to the Port Authority Trans-Hudson (PATH) transit system, an interurban rapid transit system, which links Manhattan with neighboring New Jersey urban communities and suburban commuter railroads. The State worked with the Port Authority to assess the agency’s needs. The Port Authority’s General Counsel’s Office and other staff were consulted as part of this process. The Port Authority has estimated total damages from Superstorm Sandy to exceed approximately $2 billion, which does not include possible future latent damages. The Port Authority has also identified additional resiliency and mitigation projects.

Discussions with Port Authority in connection with preparing this Action Plan Amendment confirmed that the unmet needs assessment has not materially changed since Action Plan Amendment No. 7 was approved in May 2014. The Port
Authority’s recovery needs are anticipated to be satisfied, in part, by grant proceeds from the Federal Transit Administration and FEMA Public Assistance programs, among other federal sources. The Port Authority will meet remaining recovery needs, including funding for non-federal projects and meet non-federal cost shares associated with FTA and FEMA funding streams, through proceeds from insurance and available Port Authority capital funds, including through the issue of its debt obligations.
Based on the revised unmet housing needs assessment above as well as satisfying the State’s CDBG-DR program funding agreement with HUD and certain stakeholder groups, the State has prioritized third round CDBG-DR funding for the portfolio of programs described in Table 3-1. This portfolio does not include the $380 million in third round CDBG-DR funds allocated by HUD to New Jersey exclusively for the two HUD-selected Rebuild by Design (RBD) projects. The RBD projects are described in Action Plan Amendment No. 12.

<p>| Table 3-1: CDBG-DR Third Round Plan Programs |
| --- | --- | --- | --- | --- | --- |</p>
<table>
<thead>
<tr>
<th>Category</th>
<th>Total Amount</th>
<th>Total Estimated LMI Amount</th>
<th>Program</th>
<th>Allocation Level</th>
<th>LMI Estimate</th>
</tr>
</thead>
<tbody>
<tr>
<td>Homeowner Assistance Programs</td>
<td>$226,543,202</td>
<td>$0</td>
<td>Reconstruction, Rehabilitation, Elevation &amp; Mitigation</td>
<td>$226,543,202</td>
<td>0%</td>
</tr>
<tr>
<td>Rental Housing and Renter Programs</td>
<td>$240,000,000</td>
<td>$233,250,000</td>
<td>Fund for Restoration of Multi-Family Housing</td>
<td>$215,000,000</td>
<td>97%</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>Sandy Special Needs Housing Fund</td>
<td>$10,000,000</td>
<td>97%</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>Tenant-Based Rental Assistance</td>
<td>$15,000,000</td>
<td>100%</td>
</tr>
<tr>
<td>TOTAL</td>
<td>$466,543,202</td>
<td>$233,250,000</td>
<td>TOTAL FUNDED PROGRAMS</td>
<td>$466,543,202</td>
<td>50%</td>
</tr>
<tr>
<td>Planning, Oversight, and Monitoring</td>
<td>$35,365,798</td>
<td>N/A</td>
<td>Administration</td>
<td>$35,365,798</td>
<td>N/A</td>
</tr>
<tr>
<td>TOTAL</td>
<td>$501,909,000</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Consistent with HUD requirements, 50% of the aggregate CDBG-DR funds provided to the State for recovery must benefit LMI households, businesses or communities.

### 3.1 Housing Overview

Third round CDBG-DR funds should be sufficient to clear the RREM waitlist and to fund rental programs at levels agreed upon with HUD and certain stakeholder groups. Understandably, the State has made housing recovery a primary recovery priority. Significant unmet needs remain, however, particularly in the infrastructure sector as described in more detail in the initial CDBG Action Plan and Action Plan Amendment No. 7. The State will continue to assess ways to leverage existing funding streams to realize important recovery and resilience initiatives, in and beyond the housing sector, recognizing the challenges arising from unmet needs far exceeding available recovery resources.
Additionally, that funding for other existing housing programs, most notably buyouts, is not included in this Action Plan Amendment should not be construed to indicate that such programs do not continue to be important to recovery. Rather, this is also a function of recovery needs significantly exceeding available CDBG-DR resources. Recognizing these funding limitations, the State already had shifted additional FEMA Hazard Mitigation Grant Program funds to the buyouts initiative and continues to assess other funding sources that may be leveraged in support of this critical program, and to date has committed more than $267 million in recovery funds to purchase properties in flood-prone areas.

The State remains committed to affirmatively furthering fair housing through its housing programs, following all applicable federal and state statutes and regulations, and vigorously enforcing fair housing laws. The State will continue to ensure that housing assistance is prioritized and allocated based on financial hardship and disaster-related need, without regard to race or ethnicity, color, religion, sex, handicap, familial status or national origin. The State likewise affirms its commitment to implementing Section 3 requirements, as applicable, including as applied to jobs, training and contracting opportunities for Section 3 residents and businesses. The State likewise will continue to adhere to additional standards and requirements for housing programs identified in its Action Plan (including all amendments).

### 3.2 Homeowner Assistance Programs

To support the recovery of homeowners, the State will use third round CDBG-DR monies to increase funding for the RREM Program in order to fund all eligible households currently remaining on the RREM waitlist.

#### 3.2.1 Homeowner Reconstruction, Rehabilitation, Elevation and Mitigation (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. Through the first two CDBG-DR funding rounds, the State has allocated $1.1 billion to the RREM program, which is estimated to benefit more than 8,800 households. This includes approximately 3,300 applicants who were taken off the waitlist in June 2014 when the State received access to second round CDBG-DR funds.

As of October 2014, more than 4,500 homeowners have signed RREM grant agreements for rebuilding. Of those, more than 3,700 applicants either are in active construction or have completed construction on their homes. With the addition of $226,543,202 in third round of CDBG-DR funds, as well as $30 million transitioned
to the RREM program pursuant to Action Plan Amendment No. 13, the State projects to serve the needs of the waitlist. If additional funds are required in order to serve the RREM waitlist, the State will transition additional funds into the program.

The State incorporates the description of the RREM program in its Action Plan, as amended, and the description of the RREM program in Action Plan Amendment No. 7, as amended, as well as all eligibility and other criteria, except to the extent different from the descriptions below.

**Allocation for Activity:** $226,543,202

**Maximum Award:** $150,000, not inclusive of design and other soft costs, as applicable.

**Eligible Applicants and Eligibility Criteria:**

- Homeowner must have a household adjusted gross annual income of $250,000 or less
- Homeowner must have been registered with FEMA
- Home must have been owner-occupied at the time of the storm
- Home must have served as a primary residence
- Home must have been in one of the nine most-impacted and distressed counties
- The RREM program will follow the reconstruction and rehabilitation standards noted in the Action Plan.

**Eligibility Criteria:** Eligibility and prioritization criteria described in the Action Plan continue to apply.

**Criteria for Selection:** Criteria for selection as set forth in the Action Plan continue to apply.

**Eligibility for CDBG-DR:** Sections 105(a)(4); 105(a)(8); 105(a)(11)

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

### 3.3 Rental Housing and Renter Programs

To support the recovery of renters, the State will use third round CDBG-DR funds to increase funding for (i) the Fund for the Restoration of Multi-Family Housing, and (ii) the Sandy Special Needs Housing Fund. Both programs increase the supply of affordable rental housing in the State. The State also will provide additional funding for tenant-based rental assistance in a manner consistent with HUD’s July 2014
Federal Register Notice (FR-5696-N-10), as potentially modified and/or extended based on the State’s waiver requests.

3.3.1 Fund for Restoration of Multi-Family Housing

The Fund for the Restoration of Multi-Family Housing (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 stand-alone project financing.

From the first two rounds of CDBG-DR funds allocated to New Jersey by HUD, the State has allocated $379,520,000 to FRM – $179,520,000 in the first round and $200,000,000 in second 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 November 2014, 23 FRM projects are actively under construction that will yield over 2,000 rental units. Additionally, HMFA has obligated more than $50 million across 12 separate projects that will yield more than 1,200 affordable rental units. Applications for second round FRM funding were required to be submitted to HMFA by November 10, 2014. HMFA currently is scoring projects based on established, objective program criteria. The FRM proposed project pipeline currently exceeds $380 million.

The State will dedicate $215,000,000 of third round 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 tranche will be initially prioritized for projects to repair or replace multi-family housing within the nine most-impacted counties as determined by HUD.

The State incorporates the description of FRM in its Action Plan, as amended, and the description of FRM in Action Plan Amendment No. 7, as well as all eligibility and other criteria, except to the extent different from the descriptions below.

**Allocation for Activity:** $215,000,000

**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: (a) rehabilitate or replace affordable rental units that were damaged as a result of the storm; (b) build new rental housing that addresses an unmet need resulting from the storm; or (c) 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.

3.3.2 Sandy Special Needs Housing Fund

Superstorm Sandy reduced the available stock of permanent, affordable housing that supports special needs populations. In response, the State has dedicated $50 million in CDBG-DR funds – $25 million of first round funds and $25 million of second round funds – to establish the Sandy Special Needs Housing Fund (SSNHF). SSNHF repairs or replaces housing for special needs populations. The program provides low-interest loans or grants to these projects.

As of November 2014, HMFA has closed on 10 projects for more than $9 million of SSNHF monies. These projects will create almost 100 beds for individuals with special needs. HMFA additionally has obligated more than $13 million of SSNHF monies across 14 additional projects that will produce another 160 beds for individuals with special needs.

Continuing its commitment to the restoration or replacement of damaged housing that supports special needs populations, the State will allocate $10,000,000 in third round CDBG-DR funds to SSNHF. Seventy-five percent of funding will be reserved initially to benefit households with annual gross incomes at or below 30 percent of Area Median Income. The remaining 25 percent will be reserved initially to benefit households with annual gross incomes between 30 percent and 80 percent of Area Median Income. All funding in this program is projected to benefit LMI households.

The State incorporates the description of the SSNHF program in its Action Plan, as amended, and the description of SSNHF in Action Plan Amendment No. 7, as well as
all eligibility and other criteria, except to the extent different from the descriptions below.

**Allocation for Activity:** $10,000,000

**Maximum Award:** Amount of the award is to be based on underwriting the gap in the project, not to exceed the cap as stated in the Agency’s underwriting guidelines. Standard HMFA underwriting applies. However, more mixed occupancy projects only, there will be a CDBG-DR funding cap per unit of $170,000.

**Eligible Applicants:** For-profit and nonprofit housing developers and public housing authorities capable of developing and managing the permanent supportive housing projects, and providing supportive services directly or indirectly through a service provider, to the targeted special needs populations.

**Criteria for Selection:** Experienced for-profit and nonprofit housing developers preferably with experience developing permanent, supportive housing; public housing authorities.

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

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

### 3.3.3 Supportive Services (Tenant-Based Rental Assistance)

The State will allocate $15,000,000 of third round CDBG-DR funds to provide additional tenant-based rental assistance for up to two years. This investment will increase availability of rental units to low-to-moderate income households and revitalize impacted communities. Funds will be provided through the State’s Supportive Services program, and are in addition to the $17 million in second round CDBG-DR funds allocated to this program.

Intake for the program will open early next year and outreach will be undertaken leading up to, and during, the application period. Income eligible applicants must (i) have resided in one of the nine most-impacted counties at the time of the storm, or (ii) be moving into the nine-most impacted counties. The first group of applicants – residents of one of the nine most-impacted counties at the time of the storm – will receive first priority in this program. Based on the typical response rate when county tenant-based rental assistance wait lists open, the State projects to receive 500 applications a day, far greater demand than the State has funding to serve. Notably, housing counseling services will be provided to assist applicants...
with submission of on-line in-take forms, and all intake forms will be input into the State’s Housing Pro system.

An electronic lottery will be held to select approximately 1,400 applicants who can be served with the allotted funding. To prioritize based on need, in addition to the Criteria for Selection set forth below, seventy-five percent of program funds will be initially reserved for families at 30% or less of Area Median Income.

Importantly, HUD’s initial waiver in FR-5696-N-10 only allows up to $17 million of CDBG-DR funds to be used for tenant-based rental assistance. Therefore, this allocation of additional funding for the tenant-based rental assistance program is conditioned on HUD’s extending the CDBG-DR funding cap from $17 million to $32 million. That waiver request is pending with HUD.

**Allocation for Activity:** $15,000,000

**Eligible Applicants:** LMI rental households that: (i) resided in one of the nine most-impacted counties at the time of the storm, or (ii) will be moving into the nine-most impacted counties.

**Criteria for Selection:** Because demand for TBRA is expected to exceed available funding, funding will be distributed through a randomized lottery. Initially, funds will be disbursed (in order of lottery number) to applicants at 30% of Area Median Income directly impacted by Superstorm Sandy and residing within one of the nine-most impacted counties. If any funds are remaining, funding will then be disbursed (in order of lottery number) to applicants at 30% of Area Median Income residing or seeking to reside in one of the nine most-impacted counties. If any funds are remaining after that second distribution, remaining funds will be disbursed (in order of lottery number) to remaining eligible applicants, prioritizing first remaining applicants who were directly impacted by Superstorm Sandy.

Seventy-five percent of available program funds will be initially reserved for eligible households at or below 30 percent of Area Median Income.

**Eligibility for CDBG-DR:** Section 105(a)(8); FR-5696-N-10 (subject to pending request for expansion of TBRA funding cap from $17 million to $32 million)

**National Objective:** Low and moderate income

### 3.4 Oversight and Monitoring Activities

DCA will continue to administer its programs following policies and procedures outlined in the Action Plan with respect to receipt of CDBG-DR funds. As the designated CDBG-DR funds grantee, DCA also will continue to oversee all activities and expenditures of the CDBG-DR funds. Existing state employees are providing this function, with support of other personnel and contractors hired specifically to aid in
the administration of, and to carry out, recovery programs. These efforts ensure layers of financial control are in place, provide technical assistance to the State, and undertake administrative and monitoring activities to better assure compliance with applicable federal requirements, including without limitation: meeting the disaster threshold; eligibility; national objective compliance; fair housing; nondiscrimination; labor standards; environmental regulations; and applicable procurement regulations.

**Allocation for Activity:** $35,365,798

**Administration:** DCA has established a Sandy Recovery Division (SRD) with departmental and contracted staff. The SRD coordinates with existing DCA divisions and other state agencies to administer recovery programs. Tasks include providing overall program direction, financial controls, procurement, outreach and communications, compliance, information management, and recovery subject matter expertise. DCA has developed process maps and program guidelines to direct the work of all staff and subrecipients for each program. Written procedures address cross-cutting topics such as Davis Bacon, fair housing, Section 3, financial management, and file management for disaster recovery. The recovery staff also provides technical assistance to grantees, and undertakes monitoring activities to ensure regulatory compliance.

**Monitoring:** The primary purpose of the State’s monitoring strategy is to ensure that all projects comply with applicable federal and state regulations and are effectively meeting stated goals and projected timelines. DCA staff will continue to perform monitoring in accordance with its CDBG-DR monitoring plan, maintaining a high level of transparency and accountability through a combination of risk analysis of programs and activities, desk reviews, site visits, and checklists modeled after HUD’s Disaster Recovery Monitoring Checklists and existing monitoring checklists used in monitoring regular program activities. All projects will be monitored on a schedule determined by the risk analysis, but at least once on-site during the life of the activity. The results of monitoring and audit activities will be reported to the Commissioner of DCA, and status of the grant programs are reported on two public websites: http://nj.gov/comptroller/sandytransparency/ and https://www.newjerseyrebuild.org/. Both are updated regularly.

Monitoring will continue to address compliance with:

- CDBG-DR and other applicable regulations, such as fair housing, environmental, wage rates, and others
- Floodplain restrictions
- Applicant eligibility
Restrictions on duplication of benefits.

Moreover, the State will continue to follow all monitoring processes identified in the Action Plan, including those created in response to New Jersey Executive Order 125 as well as state legislation.

**Reporting:** Each awarded applicant will continue to report information necessary and relevant to the status of its activities, and other information as required by HUD. Additional reporting requirements (e.g., annual audits, contractual obligations, labor and minority business enterprise reports, as applicable) are specified in contract documents.

**Additional Steps to Avoid Occurrence of Fraud, Abuse and Mismanagement:**
The State will continue to follow all of the processes and procedures described in Section 6 of the Action Plan with respect to preventing and detecting waste, fraud and abuse, including those steps required pursuant to New Jersey Executive Order 125 as well as state legislation.

### 3.5 Pre-Agreement Costs and Reimbursement

New Jersey will follow provisions of 24 CFR 570.489(b), and the Pre-Award CPD Guidance issued by HUD in its March 5, 2013 Notice, as well as in 24 C.F.R. § 570.489(b), which permit the State to reimburse itself for otherwise allowable costs incurred by itself or its recipients, subgrantees, or subrecipients (including PHAs), or grantees on or after the incident date of the covered disaster.
SECTION 4: PERFORMANCE SCHEDULE

To satisfy HUD guidance in Federal Register Notice FR-5696-N-11, New Jersey will issue another proposed non-substantial amendment to provide a detailed performance metrics regarding the allocation of third round CDBG-DR funds. The performance metrics will be based on expected quarterly expenditures and outcomes. Consistent with the Notice, this amendment will be prepared within 90 days of the date that New Jersey’s proposed uses of third round CDBG-DR funds are approved by HUD.

To the extent that estimated and quantifiable performance outcome factors must be provided as part of this Substantial Amendment, Table 4-1 below sets out current estimated outcomes by third round funding category. These estimates are preliminary and are subject to change. Assessing potential factors that may affect these projections will be important in finalizing and meeting proposed performance metrics. The State anticipates that HUD will provide flexibility to extend timelines based on relevant factors.

The State also will work closely with HUD to determine fund draw schedules consistent with implementation and construction schedules identified in the Action Plan. At this time, the State of New Jersey is committing 100 percent of its non-RBD allocation from this tranche of CDBG-DR funding (i.e., the CDBG-DR funding not expressly allocated for Rebuild by Design projects) for the programs listed in this substantial amendment. The State is currently evaluating its needs regarding when to begin drawing third round CDBG-DR funds.

<table>
<thead>
<tr>
<th>Program Category</th>
<th>Total Funding</th>
<th>Estimated Outcomes</th>
</tr>
</thead>
<tbody>
<tr>
<td>Homeowner Housing</td>
<td>$226,543,202</td>
<td>2000 Homeowners Assisted</td>
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<tr>
<td>Rental Housing</td>
<td>$240,000,000</td>
<td>4000 Rental Units Assisted</td>
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<tr>
<td><strong>Total</strong></td>
<td><strong>$466,543,202</strong></td>
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</tbody>
</table>
SECTION 5: OUTREACH AND PUBLIC COMMENT

Citizen participation through extensive public outreach is an essential component of the State’s disaster recovery efforts. The State engages on a daily basis with citizens, stakeholder groups, local officials, non-profit groups, the federal government and other recovery partners about issues relating to the recovery.

Though the State has limited discretion in the allocation of non-RBD third round CDBG-DR funds after accounting for RREM needs and satisfying important and agreed upon renter program funding needs, the State nevertheless undertook an extensive, coordinated outreach approach. Steps included discussions between state government leaders and local elected officials. Additionally, the New Jersey Department of Community Affairs (DCA) contacted approximately 145 housing stakeholder groups and held more than 40 meetings and conference calls with housing stakeholder groups, as all third round funds necessarily must be targeted to housing needs. The Governor’s Office of Recovery and Rebuilding (GORR) briefed state legislative leadership staff and New Jersey Congressional delegation staff regarding remaining recovery needs and the use of third tranche CDBG-DR funds.

Furthermore, consistent with the requirements in Federal Register Notice FR-5696-N-11, the State held public hearings after making this Substantial Amendment available for public comment. The State held two public hearings on the following dates and times, and at the following locations:

- January 6, 2015: Ocean County College, Jay and Linda Grunin Center for Performing Arts, 1 College Drive, Building 12, Toms River, New Jersey, 08753 (4-7 pm)
- January 7, 2015: Bergen Community College, Moses Center, 400 Paramus Road, Paramus, New Jersey 07652 (4-7 pm)

In addition to the public hearings, comments on the Substantial Amendment were submitted to the Department of Community Affairs via email at sandy.publiccomment@dca.nj.gov, or to the attention of Jamie Saults, NJ Department of Community Affairs, 101 South Broad Street, Post Office Box 823, Trenton, New Jersey 08625-0823.
5.1 Citizen Participation Plan Requirements

In developing this Substantial Amendment, the State complied with all citizen participation plan requirements, including the requirements in Federal Register Notice FR-5696-N-11. These steps have included the following:

- The State issued this Substantial Amendment and made it available to the public for a comment period of no less than thirty days prior to its submission to HUD. DCA posted this Substantial Amendment prominently on its official website to afford citizens, affected local governments, and other interested parties a reasonable opportunity to examine the Substantial Amendment's contents.

- The State conducted outreach to community groups, including those that serve minority populations, persons with limited English proficiency, and persons with disabilities.

- The State held a public hearing regarding this Substantial Amendment to the Action Plan. Residents and other stakeholders were provided reasonable and timely access to information about the public hearing and to the hearing itself.

Certain elements of the citizen participation requirements remain unchanged since the issuance of the State’s Action Plan. In preparing this Substantial Amendment, the State has complied with these elements of the citizen participation requirements as well, which include the following:

- The State notified the public that the Substantial Amendment is available for review and comment through electronic mailings, press releases, statements by public officials, media advertisements, public service announcements, and/or contacts with community-based organizations.

- The State made these documents available in a form accessible to persons with disabilities and persons of limited English proficiency (LEP).

- The State reached out to local nonprofit and civic organizations to disseminate information about and make available a copy of this Substantial Amendment.

- The State has considered all written comments it receives on this Substantial Amendment as well as all oral comments at the public hearings.

- The State continues to make the Action Plan, all amendments, and all performance reports available to the public on its website and upon request.
The State shall provide citizens, local officials, and other stakeholders with reasonable and timely access to information and records relating to the Action Plan, this Substantial Amendment and the State’s use of CDBG-DR funds.

5.2 Action Plan Amendment Outreach

As referenced above, the State remains engaged on a daily basis with citizens, stakeholder groups, local officials, non-profit groups, the federal government and other recovery partners about issues relating to the recovery. Additionally, as described above, the State has limited discretion in the allocation of third round CDBG-DR funds across housing programs.

Nevertheless, insofar as this third round of non-Rebuild by Design CDBG-DR funds focuses exclusively on housing programs, the Department of Community Affairs held meetings and conference calls with the stakeholder groups identified below regarding unmet Sandy housing recovery needs:

- Affordable Housing Alliance, Inc.
- Atlantic County Long-Term Recovery Group
- Bayonne Economic Opportunity Foundation
- Bayshore Center at Bivalve
- Bergen Voluntary Organizations Active in Disaster
- Catholic Charities
- Community Investment Strategies
- Corporation for Supportive Housing
- East Orange Housing Authority
- Elizabeth Housing Authority
- Fair Share Housing Center
- Habitat for Humanity
- Housing and Community Development Network of NJ
- Ingerman
- Ironbound Community Corporation
- Irvington Housing Authority
- Legal Services of NJ
- Lew Corporation
- Linden Housing Authority
- Michaels Development Corp
- Middlesex County Long Term Recovery Group
- Monmouth County Long Term Recovery Group
- New Jersey Builders Association
- New Jersey Chapter of the American Planning Association
- New Jersey Urban Mayors’ Association
- Occupy Sandy
- PACO Weatherization Assistance Program
- Paul J. Somerville Design, Inc.
- Pennrose Properties
- Pleasantville Housing Authority
- PRAB, Inc.
- Puerto Rican Association for Human Development Inc.
- Rebuilding Together
- RPM Development Group
- SERV Properties and Management, Inc.
- Spanish Community Center
- St. Bernard Project
- The Metro Company, LLC
- The People’s Pantry Relief Center
- Trenton Housing Authority
- Urban Verde
- Visitation Church Relief Center of Brick, NJ
Other groups were invited to meetings or conference calls but elected not to participate.

Additionally, GORR spoke with the Association of Counties, League of Municipalities, and the Conference of Mayors. In addition to these stakeholder outreach sessions, GORR briefed mayors and key state legislative staff, focusing on the State’s unmet housing needs and the allocation of third round CDBG-DR funds. GORR held a similar briefing for members of the staff of New Jersey’s Congressional delegation.

The State also held two public hearings during the thirty-day public comment period for this Substantial Amendment. The State remains committed to a robust and transparent public hearing process that emphasizes public engagement.

These CDBG-DR funding-specific outreach efforts augment other means used by the State to inform and engage the public on Sandy recovery issues. For example, the State routinely engages the media on recovery issues as a mechanism to keep the public informed. The State also has conducted mobile cabinets in many of the most-impacted communities. State departments and agencies also have made recovery-related public service announcements over radio. Additionally, the State has issued dozens of Sandy-related press releases about recovery-related issues across all impacted sectors. Notably, press releases through the Governor’s Office include distribution of fact sheets and press releases to Spanish language media outlets (e.g., Telemundo, Univision, News12 Spanish, etc.), three Asian language media outlets, one statewide African American magazine, and eight Jewish media outlets, which cover several affected counties. These are just some examples of ongoing outreach efforts. Additional examples of outreach efforts in connection with Sandy recovery are described in the Action Plan.

Furthermore, many state departments and agencies maintain websites with information specific to Sandy recovery. Examples include:

- The Governor’s Office of Recovery and Rebuilding website (http://nj.gov/gorr/) contains information about recovery across impacted sectors and demonstrates the State’s commitment to a holistic recovery approach that seeks to utilize all available recovery funding streams in a coordinated way.

- The New Jersey Department of Community Affairs website with a specific Sandy Recovery section (www.renewjerseystronger.org) which can be translated into Spanish and multiple other languages. The Sandy Recovery webpages provide a direct link to Sandy-related recovery resources and are regularly updated with information related to programs, housing recovery centers, etc. Moreover, DCA maintains the sandy.recovery@dca.nj.gov email address that is one mechanism for citizens to ask questions, make
comments, or provide other input regarding recovery programs. DCA is able to provide answers in multiple languages as appropriate and necessary.

- The New Jersey Economic Development Authority maintains a website (http://application.njeda.com/strongnjbusiness/default.aspx) dedicated to information about the State’s CDBG-DR funded economic programs.

- The New Jersey Department of Environmental Protection maintains a website (http://www.state.nj.us/dep/special/hurricane-sandy/) primarily dedicated to environmental issues and initiatives that arise in the recovery.

- Per New Jersey Executive Order 125, the New Jersey State Comptroller maintains a website (http://nj.gov/comptroller/sandytransparency/) that, among other things, provides information about Sandy-related government contracts and how federal Sandy recovery funds are expended.

### Accessibility to Programs

New Jersey has taken measures to ensure that individuals with disabilities have access to programs and can provide comments on this Substantial Amendment. Moreover, program materials and outreach efforts follow prescribed guidelines to ensure access for individuals with disabilities. The State's Housing Recovery Centers are accessible to persons with physical impairments. Individuals may request auxiliary aids and service necessary for participation by contacting 1-855-SANDYHM (1-855-726-3946). They may also request materials in Braille and other formats for persons with visual impairments. The centers also provide remote (web- or phone-based) counseling for potential applicants who cannot reach the housing recovery centers due to their disability. The centers are equipped with personnel who can be deployed for home visits, particularly for elderly and disabled.

### Limited English Proficiency Outreach

The State’s outreach has included various communities that, based on Census tract data, have a significant proportion of minority and Limited English Proficiency (LEP) residents. DCA updated its Limited English Proficiency (LEP) analysis in January 2014 using more recent data available from the U.S. Census's American Communities Survey (ACS). At this time, it is believed that the Spanish-speaking population continues to be the only group that represents greater than 5 percent of the population in the nine affected counties. This was the same population indicated in the State’s original LEP analysis and noted in the original Action Plan. In addition, and to ensure that all citizens have access to the State’s recovery programs, DCA will continue efforts to identify those communities with concentrations of LEP households and provide outreach and program information to those communities.
DCA continues to evaluate its language access plan (LAP) which provides a range of outreach services to LEP populations. DCA has appointed a LAP coordinator to act as the main point of contact for translation requests. The LAP sets forth DCA’s plan to insure that LEP persons have meaningful access to its CDBG-DR programs and services. The LAP plan includes, but is not limited to:

- Translation of materials: the Action Plan, this and other substantial amendments, essential program materials, vital program documents and press releases are translated into Spanish and can be translated into other languages upon request. DCA utilizes a native-speaking Spanish translator to routinely translate documents and to review the accuracy of translated materials related to essential program materials and press releases. The Spanish version of this Substantial Amendment will be available on the DCA website;
- DCA utilizes a state contracted entity to provide translation of program materials and vital program documents into an additional ten languages upon request;
- Procurement of translators for public meetings;
- Provision of specific LEP assistance through the housing recovery centers by utilizing both the “I-Speak” cards as well as accessing the language line for verbal translation services;
- Training staff on LEP as well as what is required under the LAP;
- Provision of multi-lingual phone lines as appropriate; and
- Monitoring and updating the LAP as appropriate given updated U.S. Census and programmatic information on LEP populations.

DCA will continue to update the language access plan as necessary to address the needs of the various LEP populations within the nine most impacted counties.

### 5.2.1 Summary of Public Comment

Consistent with HUD requirements, this Substantial Amendment was made available for public comment for a period of at least thirty (30) days. All comments were submitted by 5 pm Eastern Standard Time on January 15, 2014. Written comments were submitted to the Department of Community Affairs via email at sandy.publiccomment@dca.nj.gov, or to the attention of Jamie Saults, NJ Department of Community Affairs, 101 South Broad Street, Post Office Box 823, Trenton, New Jersey 08625-0823. The State also solicited public comments at the public hearings.
The State has reviewed the public comments provided during the comment period. All comments receive equivalent treatment regardless of whether they are submitted by email, U.S. mail, or at a public hearing.

Per HUD guidelines, the State has synthesized the comments it receives and provided written responses.

**COMMENT 1**
**SUPPORT FOR ACTION PLAN AMENDMENT**

Various commenters expressed support for different components of Action Plan Amendment No. 11.

**Staff Response:**

The State appreciates the support of the commenters for Action Plan Amendment No. 11.

**COMMENT 2**
**NON-CONSTRUCTION-RELATED FINANCIAL ASSISTANCE**

Numerous commenters stated that third round CDBG-DR funds should be allocated to support the ongoing needs of homeowners who remain displaced by the storm or by construction and/or elevation, and who are struggling to pay both a mortgage and a rent on a household budget still strained by storm-related expenses. Most of these commenters stated that with SHRAP assistance coming to an end, additional funding needs to be identified to continue to address this unmet need. One commenter stated that CDBG-DR funds should not be used for the Tenant-Based Rental Assistance (TBRA) Program, and that funding instead should be used for non-construction related financial assistance for displaced homeowners in the process of reconstructing their homes. Another commenter stated that the guidelines for this type of assistance should be stricter than SHRAP. An additional commenter stated that while RREM Program guidelines potentially allow for temporary relocation assistance, RREM grant funds are not being used for that purpose.

**Staff Response:**

While significant recovery resources have been allocated thus far to address this need – FEMA Individual Assistance; Homeowner Resettlement Program; SHRAP – the State recognizes the ongoing need for many households that are simultaneously paying a rent and a mortgage because they have been displaced by storm damage or by construction and/or elevation.

Regarding CDBG-DR funds, the State did not receive sufficient funding in this third funding round to allocate resources to a program that provides displaced households with non-construction-related financial assistance. As stated in Amendment No. 11, the funding allocations to important rental programs are
driven by a contractual agreement between HUD, the State and certain advocacy groups, so those program allocations cannot be modified. Remaining allocated third round funds are fully committed to secure construction funding for the entire RREM waitlist. Thus, there were not sufficient third round CDBG-DR funds to address other important unmet recovery needs, including the need for non-construction-related financial assistance.

Nevertheless, recognizing this unmet need is critical, the State has scoured existing recovery programs and resources for a means to provide some short-term assistance to these households in need. The State currently is in the process of shifting Social Services Block Grant (SSBG) funds to a Rental Assistance Program that will provide up to six months of rental assistance to eligible RREM Program and LMI Homeowner Rebuilding Program applicants with a signed grant agreement who are displaced by damage or construction/elevation and are simultaneously paying a mortgage and a rent. The program is projected to open in March and begin issuing payments in April.

The State continues to evaluate other resources that may be brought to bear to support this need, while recognizing that available financial resources are limited.

COMMENT 3
DUPLICATION OF BENEFITS (SBA LOANS)

Several commenters questioned why SBA loans were considered by DCA when calculating households’ RREM Program awards in order to avoid a duplication of benefits, and stated that SBA had told them that SBA loans did not need to be counted in the duplication of benefits analysis for CDBG-DR funds. Some commenters also stated that SBA loans were not considered in the CDBG-DR duplication of benefits analysis in other disasters. One commenter stated that if there is a federal regulation requiring SBA loans to be included in the CDBG-DR duplication of benefits analysis, that regulation should be eliminated. Another commenter stated that CDBG-DR funds should be allowed to pay off SBA loan principal if there is a showing of need.

Staff Response:

HUD Federal Register Notice FR-5582-N-01 describes how the CDBG-DR duplication of benefits analysis must be performed. This Notice was “developed in consultation with the Small Business Administration (SBA) and the Federal Emergency Management Agency (FEMA).” The Notice provides a great degree of detail, and the State recommends that concerned citizens review the sections fully. In response to the comments received, the following sections highlight the prescribed limitations related to the SBA loan funding provided to homeowners.
Section VI of the Notice explains that SBA loans are among the federal government’s primary and standard forms of disaster assistance. CDBG funds, on the other hand, are intended to supplement rather than supplant SBA assistance.

Section IV.B of the Notice states:

Total assistance available to the person or entity. Assistance includes all benefits available to the person, including cash and other resources such as insurance proceeds, grants, and SBA loans (private loans not guaranteed by SBA are excepted—see paragraph C). Grantees should identify all assistance received by each person, business concern, or other entity, via insurance, FEMA, SBA, or local, state, or Federal programs, and private or nonprofit charity organizations. (Second and third emphases added.)

Section IV.D of the Notice, titled Calculate CDBG Disaster Recovery Award, provides that “unmet need” must be calculated by identifying the total post-disaster need of the applicant and subtracting the total assistance provided to the individual to address that specific need. The Notice then provides an example of the duplication of benefits calculation for “Homeowner Rehabilitation” that expressly includes “SBA loan” as an example of duplicative assistance for rehabilitation that must be accounted for in the CDBG-DR unmet needs calculation.

FR-5582-N-01 establishes that SBA loan proceeds must be accounted for when determining a household’s unmet rehabilitation need for which CDBG-DR funds can be provided. While the State understands individuals’ frustration with SBA loan funding being considered a duplication of benefits for a grant program, in administering CDBG-DR funds the State must comply with this HUD Notice and all HUD regulations, and will continue to do so. The State has reached out to HUD and SBA to try to ensure that any misinformation that SBA personnel may be providing to New Jerseyans regarding the CDBG-DR duplication of benefits analysis is corrected.

Finally, Section VI.B of the Notice expressly states that “CDBG disaster recovery funds should not be used to pay down an SBA home or business loan.”

COMMENT 4
ALLOCATION OF FUNDING BETWEEN MOST-IMPACTED COUNTIES

A commenter expressed concern about the allocation of CDBG-DR resources between each of the nine most-impacted counties as determined by HUD, and suggested that the amount of CDBG-DR resources aggregately provided to each county should be proportional to the comparative damage each county sustained from Sandy.
Staff Response:

Consistent with the commenter’s rationale, the State is targeting funds, where feasible, to individuals and areas that sustained the most damage. The State has taken steps to account for the extent of damage sustained in an area into its programs. As some examples:

- The RREM Program and the LMI Homeowners Rebuilding Program prioritize first for funding eligible applicants whose homes were “substantially damaged.” Additionally, with this third round of CDBG-DR funding, all eligible RREM applicants will be funded.

- In the Fund for the Restoration of Multi-Family Housing (FRM), the New Jersey Housing and Mortgage Finance Agency (HMFA) is using FEMA data showing the number of damaged rental properties by community in order to give more points to projects located in communities that were more heavily damaged (or in communities adjacent to those heavily damaged communities). The program also included an initial reserve for Ocean, Monmouth and Atlantic Counties. This information and scoring criteria is on HMFA’s website, here.

- The Tenant-Based Rental Assistance Program (TBRA), while open to all households at 80% or less of Area Median Income (AMI), prioritizes funding first to households at 30% or less of AMI. The program will utilize FEMA damage data to distribute the number of vouchers available based on the damage level in each county. The distribution chart is available in the TBRA guidelines.

- The amount and concentration of “severe” and “major” damage within a municipality was a critical factor in determining eligibility for the Unsafe Structures Demolition Program.

- DCA will be using a damage criterion similar to that used in FRM for the forthcoming Neighborhood Enhancement Program. That program will consider FEMA data for both homeowner damage and rental unit damage on a community-by-community basis.

- The extent of damage sustained by a municipality was a scoring factor for different components of EDA’s Neighborhood and Community Revitalization program.

- One of the scoring criteria for the new Flood Hazard Risk Reduction and Resilience program administered by DEP is the number of repetitive flood loss properties (and severe repetitive flood loss properties) that will benefit from the proposed project, again tying which projects get funded to damage.
While the extent of damage is an important metric in targeting recovery relief, there are other considerations that must be taken into account in order to maintain compliance with federal law. As one example, the Disaster Relief Appropriations Act of 2013 requires that the State ensure that 50% of all CDBG-DR funds are expended for the benefit of LMI individuals, businesses and communities. That requirement applies irrespective of the extent of damage sustained by individual counties or where that damage was most concentrated.

COMMENT 5
ALLOCATION FOR LMI INDIVIDUALS AND COMMUNITIES

A commenter questioned the State’s targeting of CDBG-DR funds to LMI households, and stated that many non-LMI households still have significant unmet disaster needs that should be addressed rather than continuing to fund LMI-focused programs. Various commenters stated that no additional CDBG-DR funds should be used for rental programs, or specifically for the Fund for Restoration of Multi-Family Housing, and instead that funding should be used for homeowners. Some of these commenters further stated that this funding should be prioritized to assist middle-class homeowners. One commenter stated that funding should not be prioritized for low income housing based on demands of special interest groups, and instead should be prioritized for middle class homeowners. Another commenter stated that remaining funding should be targeted exclusively to individuals and communities with comparatively less financial means.

Staff Response:

Per HUD regulations, including Federal Register Notice FR-5696-N-01, New Jersey is required to expend at least 50% of aggregate CDBG-DR funds received throughout the course of recovery to directly benefit LMI individuals, households, businesses or communities.

The State recognizes that the federal definition of LMI is narrow, and that there are many households with significant needs that require assistance that are not considered by HUD to be LMI households. The State has sought through its programs to assist this population as well. For example, households with an adjusted gross income of $250,000 or less, and that met all other eligibility requirements, could receive assistance through the RREM Program. With the third round funding, all eligible households on the RREM waitlist will be funded. All eligible LMI and non-LMI applicants for the Homeowner Resettlement Program received funding. By operation of federal SSBG regulations of the U.S. Department of Health and Human Services, income could not be a factor in disseminating SHRAP funding. The forthcoming Rental Assistance Program for eligible RREM and LMI Homeowners Rebuilding Program applicants (referenced
in response to Comment 2 above) also is funded with SSBG monies, so that program also will not use income as a funding factor.

Regarding the third round allocation for rental programs, as identified in New Jersey’s CDBG-DR Action Plan, damage to rental units from Sandy was substantial, and the recovery programs targeting the repair or replacement of damaged rental units is critical to stabilizing the rental markets and providing affordable housing. In terms of the funding allocation to rental programs from the third round of CDBG-DR funds, these allocations were set based on obligations assumed by the State under a contractual agreement between HUD, the State and certain advocacy groups. The State must satisfy those contractual obligations.

COMMENT 6
FUNDING FOR NON-PROFITS; VOADs; LONG-TERM RECOVERY GROUPS

Numerous commenters praised the work of long-term recovery groups (LTRGs), and advocated for additional funding for non-profits, voluntary groups active in disasters (VOADs) and LTRGs to provide direct services to individuals.

Staff Response:

The State recognizes the important contributions made by the LTRGs and VOADs throughout the recovery process. As stated in greater detail in response to Comment 14, however, there are not sufficient third round CDBG-DR monies to fund activities beyond the rental programs and clearing the RREM waitlist.

COMMENT 7
PERFORMANCE METRICS

Some commenters asked how DCA was satisfying HUD requirement in the Federal Register Notices for program metrics for CDBG-DR funded programs. One commenter stated that the Quarterly Performance Reports required by HUD are not sufficient to satisfy the program metrics requirement.

Staff Response:

Per the Federal Register Notice FR-5696-N-01 and FR-5696-N-06, DCA had up to 90 days after the approval of its CDBG-DR Action Plan (allocating first round CDBG-DR funds) as well as Action Plan Amendment 7 (allocating second round CDBG-DR funds) to prepare a non-substantial amendment to its Action Plan providing performance metrics. Action Plan Amendment Nos. 2 and 10, both of which have been approved by HUD and are available on DCA’s website renewjerseystronger.org, satisfy this requirement.

For third round funding, FR-5696-N-11 likewise requires DCA to submit a non-substantial Action Plan Amendment to HUD reflecting performance metrics for
third round CDBG-DR funds 90 days after HUD approval of Action Plan Amendment No. 11. DCA will timely comply with that requirement.

The Quarterly Performance Report is a required format standardized among all CDBG-DR Grantees. There is no flexibility in the reporting format. The State has submitted each QPR on time and has received HUD approval.

**COMMENT 8**

**WASTE, FRAUD AND ABUSE**

Various commenters expressed concerns about waste, fraud and abuse, as well as contractor oversight. A number of comments requested additional support for homeowners in the management of construction, including standardized contracts for builders, more detailed specifications on eligible line item costs, and a scope of service with identical tasks and line-item content. Some commenters noted overcharges and price inflation by contractors and excessive contractor turnover creating situations where construction could not be completed. One commenter expressed concern about the recourse for individuals who have issues with the work performed by their builder.

**Staff Response:**

DCA has developed a system of internal controls to curb waste, fraud and abuse in its CDBG-DR funded recovery programs. In accordance with HUD regulations, DCA is required to obtain and review extensive amounts of information and supportive documentation related to program eligibility, contractor expenditures, among other things. In addition to reviews conducted by program staff, DCA has a separate internal compliance team that routinely monitors and reviews program policies and administrative costs concerning their effectiveness and risks associated with waste, fraud and abuse. Pursuant to N.J.S.A. 52:15D-1, et. seq., Navigant Consulting, Inc. (Navigant) was retained by the Department of Treasury to serve as DCA’s external integrity monitor. Accordingly, Navigant is tasked with reviewing contractor invoices and other financial and programmatic risks inherent in the CDBG-DR programs. DCA also works closely with the New Jersey Attorney General’s Office and our state and federal partners to investigate and identify fraudulent activity within the CDBG-DR programs.

Apart from the internal steps taken by state agencies to monitor CDBG-DR programs for waste, fraud and abuse, HUD conducts routine monitoring visits that evaluate program compliance with HUD regulations.

Regarding contractor oversight and recourse in the RREM Program, DCA manages its process based off the homeowner’s RREM Pathway. Homeowners utilizing a program-selected contractor (Pathway C) are provided a
standardized contract and receive on-site inspections prior to funds being disbursed to the contractor to ensure work is completed properly to program standards. Homeowners utilizing an owner-selected contractor (Pathway B) are provided a mandatory contractor addendum that defines the terms and conditions the contractor must meet in performing the necessary repairs to the project in compliance with federal guidelines. Additionally, DCA has established a partnership with the Division of Consumer Affairs, Office of Consumer Protection, to ensure contractor complaints are properly referred for investigation and enforcement. DCA always verifies contractors are properly licensed and not on the State or federal debarment list prior to homeowners proceeding on remaining construction.

COMMENT 9
TRANSPARENCY

Various commenters asked about how the State is making information regarding recovery publicly available, including the amounts spent on contractors and the amount disbursed through programs. One commenter specifically requested the release of all reports generated by CohnReznick.

Staff Response:

The State is committed to transparency in recovery and providing information necessary to allow individuals to make informed decisions regarding recovery programs. As recovery has progressed and issues have been identified by the State, by local officials, by stakeholder groups or by residents regarding transparency, the State has sought to address those issues, and it will continue to do so. There is no playbook for storm recovery; New Jersey has never had to respond to a disaster on the size and scale of Superstorm Sandy. As the State continues to progress in recovery and obligate and disburse federal recovery funding, it will continually examine ways to enhance transparency, including based on input from the public and recovery partners. The State therefore appreciates all comments received on this subject.

Information about all Sandy-related contracts executed by State departments or agencies is available on the Office of the State Comptroller’s Transparency site (http://nj.gov/comptroller/sandytransparency/index.shtml), available here. Additionally, the Comptroller’s Transparency site includes a funds tracker, which details the expenditure of the various federal disaster funding streams at the county and municipal level. DCA also maintains information on its website (renewjerseystronger.org) regarding allocations and disbursements of CDBG-DR funds. The State’s Quarterly Performance Reports are available on DCA’s site, and provide detailed information regarding the progress of the State’s various recovery programs.
Finally, CohnReznick was retained by DCA as an internal program and policy advisor and monitor to assist with compliance and help streamline program administration. To ensure there can be an open dialogue with program staff, its work product is advisory, privileged and confidential, and will not be released. Navigant was the integrity oversight monitor retained by Treasury to work with DCA and prepare reports in satisfaction of the requirements in the state integrity monitoring legislation, and the State makes Navigant's reports publicly available, consistent with that legislation.

**COMMENT 10 COMMUNITY ENGAGEMENT AND OUTREACH**

A few commenters asked for information regarding community engagement and outreach, desiring to become more involved in the Sandy recovery process. Other commenters advocated for more extensive outreach to vulnerable populations.

**Staff Response:**

The overall outreach efforts undertaken for new programs such as the LMI Homeowners Rebuilding Program, Tenant-Based Rental Assistance Program, and Sandy Recovery Housing Counseling Program is carried out in partnership with the Housing and Community Development Network of New Jersey (the "Network"), a community-based organization comprised of over 250 partner organizations throughout the State. The Network has reached out to its member organizations to ensure that outreach and marketing activities are targeted to the diverse communities impacted by Superstorm Sandy.

A comprehensive outreach and marketing effort began at the start of December 2014 to inform low-to-moderate-income (LMI) and limited English proficiency (LEP) individuals and families who were impacted by Superstorm Sandy about the CDBG-DR housing recovery programs for which they may be eligible to receive assistance. From door-to-door canvassing, community events and meeting presentations to advertisements on radio, cable TV, websites, mobile devices, social media and movie screens, overwhelming progress has been made in reaching Sandy-affected households of limited financial means who may have limited proficiency in English. Target areas were identified using extensive data from the LEP Four-Factor Analysis. This data allowed DCA to identify communities with LMI residents with substantial levels of damage and also identified areas of residents with limited English proficiency (LEP). This data was then shared with the Network and its partners to assist effective outreach in the various areas. As a result, DCA has leveraged existing strong relationships between the members of the Network and Sandy-impacted communities. These efforts have helped to increase the amount of community engagement associated with the outreach efforts.
DCA and its outreach partners have reached nearly 86,000 people through canvassing, community events and other outreach activities in the nine most impacted counties and distributed nearly 104,000 pieces of outreach material, touching each of the 11 languages identified in the LEP Four Factor Analysis.

In addition, a paid media marketing campaign is running in the nine most impacted counties and directs people to the reNewJerseyStronger website and the 1-855-SANDYHM phone number for information on housing recovery programs and free housing counseling services. The marketing campaign has been developed to ensure that each of the most impacted counties and every LEP population is reached at least once, with Spanish language individuals being reached multiple times in several different mediums. To that end, media mediums and outlets have been selected based on audience size and demographics to yield the greatest exposure across the nine counties.

The outreach and marketing message specifically encourages Sandy-impacted residents to seek additional, personalized assistance from the newly established Sandy Housing Counseling Program. The Housing Counseling Program was developed by DCA to provide a wide range of counseling services to both renters and homeowners impacted by Superstorm Sandy. The Housing Counseling Program is a collaboration of HUD certified, non-profit, community-based organizations which provides assistance with application intake for the LMI Homeowner Rebuilding Program and the TBRA program. Counselors assist with application intake as well as other supportive services such as foreclosure prevention and debt management. The Housing Counseling Program has created another avenue for those still very vulnerable populations to be directly engaged by community organizations.

**COMMENT 11**

**ACCESSIBILITY FOR PERSONS WITH DISABILITIES**

A commenter stated that the Action Plan sections relating to accessibility for persons with disabilities should contain additional detail, including (i) types of auxiliary aids and services that may be requested by applicants; (ii) what remote counseling consists of and how are accommodations made for reviews best done in-person; and (iii) an explanation of training for “deployable personnel.”

**Staff Response:**

Housing Advisors, Housing Recovery Program personnel, support staff, and RREM contractors train jointly for eight hours monthly. At these trainings, accommodations for individuals with disabilities, limited English proficiencies, and the elderly are discussed. These accommodations include off site support with Housing Advisors meeting the homeowners in their homes when
transportation is unavailable. Additionally, TTY phone services for the hearing impaired are offered through the NJ211 call center, Braille and translated documents are supplied through the contracted translation services, and interpreters are available to assist with special needs. DCA has several Housing Advisors that are fluent in many languages including sign language. The policies surrounding these accommodations are reviewed and the services reiterated to all staff at the training sessions.

Furthermore, any contact with an applicant provides the Housing Advisor the opportunity to assess and determine if assistance is needed for Limited English Proficiency. The funding package and any written communication is accompanied by an I-speak brochure offering assistance in multiple languages. If a phone conversation takes place and there is a determination made that the applicant could benefit from Language assistance, the services of the language line or Housing Advisor proficient in the language is utilized. As a home owner enters a Housing Recovery Center, there is a large display of the I-speak poster allowing an applicant to identify the language they are most comfortable with. Each of the Housing Advisors has a smaller version of the I-speak card in their office or cubicle. In any instance where a language other than English is requested, the Housing Advisors can request and will receive translated copies of all documents required for a grant to be signed. All of the on-line resources are translated in Spanish and the language offering is prominent at the top of the renewjerseystronger.org website.

**COMMENTS 12**  
**LANGUAGE ACCESS PLAN – LIMITED ENGLISH PROFICIENCY**

A commenter expressed concern that DCA’s commitment under the LAP to provide language access does not conform with HUD requirements that document translation is required for target areas where the LEP population is 5% of the target area, or 1,000, whichever is less. The commenter also stated that the amendment conflates requirements for interpretation with requirements for translation. The commenter stated that, for clarity, the LAP should clearly identify commonly used terms in the LAP. The commenter also sought protocols for how language assistance will be provided, and stated that such protocols should be specified in greater detail in the LAP, including an identified list of documents that will be translated and into which languages. Finally, the commenter sought additional information on the contracted entity that is providing translation services for program materials.

**Staff Response:**

The LAP has recently been updated and defines the terms interpreter and translator, making clear the distinction between oral and written
communication services. The updated LAP contains a “definitions” section of key terms in the appendix. In addition, the updated LAP effectively describes when each tool will be utilized: the language bank and language line are used for interpretation while translation services are provided by the state contracted translator. All Housing Recovery Centers are equipped with “I-Speak” cards utilized by the staff to assist any person with limited English proficiency. The housing counseling agencies participating in the Housing Counseling Program have also been trained on the use of the language line and the “I-Speak” cards in order to assist any applicant of limited English proficiency. An in-depth description of the implementation of services can be found in DCA’s policies and procedures and training materials.

The State is utilizing a leader in the foreign language translation industry to provide translation of program materials. All projects are handled by a team of three native speakers of the target language: a translator, an editor and a proofreader. For consistency, the translation firm utilizes translation memory software and a variety of other glossary building tools.

COMMENT 13
SECTION 3 COMPLIANCE

A commenter asked about steps being taken by the State to comply with Section 3.

Staff Response:

Section 3 is a federal requirement that the State provide job training, employment, and contract opportunities for low- or very-low income residents in connection with certain projects and activities funded with CDBG-DR funds. Additional information regarding Section 3 can be found on HUD’s website, available here. The State provided initial training to all CDBG-DR program staff and Subrecipients at the onset of the Sandy related programs.

In an effort to provide as much information and support for Section 3 compliance as possible, the State has recently procured a firm with subject matter expertise on all aspects of Section 3. A Section 3 Plan and Implementation Guide have been developed and submitted to HUD for review and approval. Once HUD approves the Plan and Implementation Guide additional trainings will be held for program staff responsible for Section 3 Compliance. The State is committed to working with program staff and Subrecipients to ensure full understanding of and compliance with Section 3 requirements. DCA’s Section 3 Policy is available here.
COMMENT 14
RREM – INCREASING GRANT AMOUNT

Some commenters stated that the amount of the total available RREM award should have been greater than $150,000 so that households have more funding available for construction. These commenters stated that even after maximizing RREM funding, some households still have significant unmet rebuilding needs.

Staff Response:

While the State appreciates the commenters’ suggestion, the federal government did not provide enough funding to increase the maximum RREM award beyond the $150,000. If the State were to choose to increase the maximum grant award, a significant number of eligible RREM applicants would not have received any recovery assistance through the RREM Program. Even with this final round of CDBG-DR funding, the State had to repurpose $30 million of second round CDBG-DR funds to RREM to fund the existing waitlist. Therefore, if, for instance, the State were to have doubled its maximum RREM award, all RREM Program assistance would have been expended before up to half of the eligible RREM population was funded. That is thousands of eligible households that would receive no RREM assistance at all.

COMMENT 15
RREM – APPLICATION DEADLINES

Some commenters stated that they were not aware of application deadlines for housing recovery programs, including the RREM application deadline, and therefore did not apply for the program.

Staff Response:

DCA did extensive outreach in connection with its homeowner programs in areas impacted by Superstorm Sandy, and emphasized reaching LMI communities. Among other things, during the two-month application period for the RREM Program, LMI neighborhoods were canvassed with flyers and door hangers in many Sandy-impacted towns, including Atlantic City, Carteret, Jersey City, Keansburg, Little Egg Harbor Township, Long Branch, Union Beach and Wildwood. DCA also advertised the RREM Program in newspapers and on radio stations, including Spanish-language outlets and outlets that serve LMI communities. In addition, DCA reached out to a diverse group of partner organizations that assist low- and moderate-income families. DCA partnered with mayors and local officials to provide recovery information to affected communities, and numerous mobile cabinets also were held in various impacted communities. These are some examples of the considerable outreach during the more than two-month RREM application period.
Notably, to ensure that those most in need have access to funding, the State created the LMI Homeowners Rebuilding Program using second round CDBG-DR funds. That program is open to LMI households that meet all RREM eligibility criteria, but did not apply to the RREM Program, and outreach is being coordinated by DCA and the non-profit Housing and Community Development Network of New Jersey. Of the $40 million, $10 million has been initially reserved for owners of manufactured housing/mobile homes. The application deadline for the LMI Homeowners Rebuilding Program is March 4, 2015 at 5:00 p.m.

Since the start of December 2014, DCA has conducted a comprehensive outreach and marketing effort to inform LMI and limited English proficiency (LEP) individuals and families who were impacted by Superstorm Sandy about the LMI Homeowners Rebuilding Program and other housing recovery programs for which they may be eligible to receive assistance. From door-to-door canvassing, community events and meeting presentations to advertisements on radio, cable TV, websites, mobile devices, social media and movie screens, overwhelming progress has been made in reaching Sandy-affected households of limited financial means who may have limited proficiency in English.

COMMENT 16
RREM – ADMINISTRATION

Several commenters expressed frustration with different administrative components of the RREM Program and the speed at which RREM Program funding is being disbursed. Some commenters stated that they received conflicting, confusing or incorrect information about the program or their grant status. Other commenters indicated that they had challenges contacting persons knowledgeable about their application because of high caseloads and staff turnover, and that they had to wait for long periods before receiving responses to messages. Some commenters cited problems with misplaced paperwork and limited program oversight, and advocated for more streamlined program administration, including publication of a list of outstanding documents and additional steps needed for eligible RREM applicants to receive funding. Other commenters expressed continued frustration with the extent of RREM Program requirements that must be satisfied to receive funds. Many commenters summarized their comments by indicating that the State has not implemented an effective and efficient RREM process, and expressed that the rebuilding process for current grantees and those now taken off the RREM waitlist should be expedited.

Staff Response:

Since DCA took over the day-to-day administration of the RREM Program in early 2014, it has made numerous changes to streamline the RREM process to
simplify the program for applicants. DCA routinely evaluates opportunities to simplify and expedite the RREM process for applicants while ensuring compliance with applicable federal rules and regulations. While pending receipt of its second and third rounds of CDBG-DR funds from HUD, and following an expansion by HUD of its CDBG-DR reimbursement policy, DCA proactively completed environmental reviews for all responsive RREM applicants then still on the RREM waitlist to both shorten the processing time for applicants to move to grant signing and to end the “blackout” period where HUD prohibits funds from being considered eligible for reimbursement.

Additionally, applicants are now allowed to mail in documents and work remotely with their Housing Advisor to accelerate their movement through the RREM Program. Procedures were amended to allow all eligible RREM applicants to select their own contractor to rebuild their home, provided they are licensed in the State of New Jersey and not debarred by the State or federal government. Further, DCA has allowed for advance grant payments up to 50 percent of the homeowner’s available construction award to provide funds to cover the cost of engineering and to mobilize for their construction work to jump start their rebuilding process.

DCA also has increased communications with RREM participants by launching information sessions on the RREM Program in heavily impacted communities. Nearly 700 homeowners received individual and personal attention by attending one of the nine information sessions that were held in Brick, Brigantine, Little Egg Harbor, Point Pleasant Borough, Toms River, Union Beach, Little Ferry, Stafford Township and Middletown. DCA is scheduling additional information sessions in the first quarter of 2015 to further assist RREM applicants throughout the State. Additionally, DCA has retained HUD-certified housing counselors to assist individuals with housing needs through the Housing Counseling Program.

Homeowners moving through the pre-grant signing process are sent a detailed checklist of eligibility criteria that must be met and the applicable documentation that may be submitted to quickly verify eligibility. Similarly, for the post-grant signing process, DCA provides a checklist and summary package of required documentation that must be provided to facilitate disbursement of construction payments and clearly articulates the applicable construction requirements that must be followed to comply with federal rules, along with “Tip Sheets” that provide further guidance on specific construction-related topics. All this information and more is publicly available on DCA’s redesigned website (renewjerseystronger.org) where a detailed explanation of the RREM
process, construction requirements and critical forms and documents are all easily accessible.

These efforts are showing results. After disbursing $97 million in RREM funds during 2Q 2014, disbursements increased to $103 million in 3Q 2014, and increased substantially to over $144 million in 4Q 2014. In total, more than $360 million has been disbursed to homeowners. More than 6,200 RREM grant agreements have been signed including approximately 1,700 in the fourth quarter of 2014. Initial Site Inspections (ISIs), which are utilized to determine the scope of work for impacted homeowners and allows them to move forward with their grant calculation and onto construction, are another measure of the increased pace of the RREM Program. More than 1,700 ISIs were completed in 4Q 2014, up from 1,501 in the previous quarter. DCA projects that RREM disbursements will continue to increase as more homeowners progress through the construction phase of the RREM process, and DCA will continue to evaluate opportunities to streamline the program.

That said, home construction ordinarily is a cumbersome process. Financing, permitting, materials, contractor availability, utility disconnections, weather and other assorted challenges, many of which may be unique to each home or homeowner, all factor in to the significant time generally required to reconstruct a home. With the RREM Program, cumbersome federal regulatory requirements – environmental and historical reviews; duplication of benefits analysis; validating primary residency and income; lead and asbestos inspections; cost reasonableness of all facets of construction, to name a few – are layered on top of those ordinary challenges of construction, significantly adding to the time required for home reconstruction. DCA fully understands the frustration of homeowners still displaced because they are in the pre-construction or construction phases of rebuilding through the RREM Program, and is working every day to simplify the process. But the process by its nature is extremely time-consuming. One need only look to the housing rebuilding experiences following other disaster events as evidence of the cumbersome nature of housing reconstruction using federal recovery funds.

**COMMENT 17**

**RREM – APPLICATION & APPEAL RESPONSE PERIODS**

A commenter suggested that all decisions on the funding of complete and submitted RREM applications be made by DCA within 30 days, that DCA complete all appeals relating to RREM applications within 60 days, and that DCA should notify the applicant and HUD as soon as possible in any instances where those timelines cannot be satisfied, including explanations for the reasons why additional time is needed and an explanation of the estimated timeline for response.
Staff Response:

The State appreciates the comment and agrees with the commenter regarding the importance for applicants of timely RREM funding and appeals determinations. As stated above, DCA has taken various steps to increase communication and engagement with RREM applicants regarding the status of their application and next steps in the process.

Despite DCA’s agreement with the principle of the comment, and its commitment to timely engagement as shown through its increased engagement, DCA cannot adopt a 30-day or 60-day policy for communicating funding determinations or appeals. Apart from the uniqueness of each individual application, there are instances where DCA simply cannot provide additional information to RREM applicants, such as when an application is under review for compliance issues or fraud.

COMMENT 18
RREM – REIMBURSEMENT

Several commenters expressed frustration because they were denied RREM funding to reimburse repairs that were done while they were on the waitlist, awaiting funding. Their frustration was compounded by having to wait for a long period of time to begin rebuilding, without knowing when funding would be provided, and they could not afford to wait any longer before beginning repairs. One commenter asked when the waitlisted RREM applicants that will be funded through the third round of CDBG-DR monies likely will receive funding.

Staff Response:

The State understands and appreciates the commenters’ frustration, which arises out of the timing of federal disaster relief and the federal policy on reimbursement.

With respect to timing, the State received official notice of its three allocations on March 5, 2013, November 12, 2013, and October 16, 2014. DCA only could move applicants off of the waitlist once it had sufficient funding available to cover rebuilding costs. Therefore, the State did not know whether it would have sufficient funding to clear the waitlist until the third federal register notice was issued on October 16, 2014.

With respect to the reimbursement policy, at the outset of the recovery, HUD prohibited using CDBG-DR funds for reimbursing any rebuilding expenses. HUD subsequently modified its reimbursement guidance, stating that eligible repair costs incurred before the earlier of (i) applying for federal reconstruction assistance, or (ii) the one year anniversary of Sandy, could be reimbursed.
While this provided relief to some New Jerseyans, most had not begun rebuilding by May 2013, when the RREM Program began accepting applications. By May 2014, the State sought to engage all RREM participants, including those on the waitlist, to obtain Right of Entry forms in order to expedite the environmental review process so all program applicants could begin repairs after that review without threatening their eligibility for CDBG-DR funding.

The State recognizes that many homeowners on the RREM waitlist had to begin rebuilding their storm-damaged homes prior to the State initiating their environmental review. Others understandably wanted to get back in their homes as quickly as possible. The State likewise understands that not knowing when, or how much, additional CDBG-DR funding would be allocated to the State and then added to the RREM Program created uncertainty for many homeowners’ recovery decisions. Nevertheless, HUD’s guidance on eligibility for reimbursement is clear, and the State must adhere to that guidance.

Finally, consistent with HUD regulations, DCA will submit proposed Action Plan Amendment No. 11 to HUD for approval in mid-February. HUD then has up to 60 days to approve the Action Plan. Assuming HUD approval and accounting for some additional procedural steps that must be taken following HUD approval, the State estimates that it will be able to draw down on third round CDBG-DR funds in May 2015. That said, based on expected cash flow analyses, DCA already has begun moving homeowners that remained on the RREM waitlist after the second CDBG-DR allocation through the grant signing phase of the RREM Program to expedite rebuilding for those homeowners once third round funding can be drawn down.

**COMMENT 19**

**RREM – INCOME ELIGIBILITY**

A commenter requested that RREM income eligibility be amended to account for the fact that while certain applicants may have had an annual adjusted gross income in excess of $250,000 when their application was reviewed, years immediately prior to, or after, the year analyzed for RREM eligibility purposes may show adjusted gross income of less than $250,000. Another commenter expressed concern about the needs of households with adjusted gross income just slightly in excess of $250,000.

**Staff Response:**

Given that unmet housing recovery needs far exceed available recovery resources, the State needed to establish criteria to ensure that program funding went to those who needed funding most, meaning households that sustained the most damage and that have comparatively less means. Even with the $250,000
adjusted gross income cap for RREM eligibility, RREM Program demand continued to exceed available resources. With this third and final round of discretionary CDBG-DR funds, the State still had to transition second round funding to the RREM Program to satisfy the existing RREM waitlist.

In response to comments related to income determination for eligibility, an applicant’s income must meet eligibility criteria at the time of application in order for that application to be considered for assistance. Once initial eligibility has been determined based on the application, further income review, in accordance with HUD program rules and regulations, is conducted prior to the provision of assistance. This income review includes the requirement that an applicant provide verifiable documentation. If an applicant’s income exceeds a program’s eligibility requirements at that time, the applicant would be deemed ineligible. In other words, applicants must meet program eligibility both at the time of application and upon signing a grant agreement.

**COMMENT 20**

RREM – PATHWAYS

Several commenters raised questions or concerns regarding RREM Pathway B (Use Your Own Contractor) and Pathway C (State Managed Contractor). One commenter asked why Pathway C is being phased out of the RREM process. Other commenters requested clarification about whether design costs were eligible expenses for all Pathway B applicants. Other commenters requested assistance for Pathway B applicants, or sought guidance on how to change from Pathway C to Pathway B.

**Staff Response:**

In July 2014, to allow homeowners greater flexibility in their recovery process and to organize homeowners’ construction under one, streamlined approach, DCA consolidated its remaining construction under its Pathway B (owner-selected) model. When doing so, DCA strengthened the protections and safeguards in place for homeowners in Pathway B, including establishment of a mandatory Contractor Addendum and implementation of a retainage built into the grant award.

DCA also implemented a separate design allowance available to applicants in Pathway B as well as Pathway A (applicants who are already complete with construction at time of their Initial Site Inspection). This change was effective for grant signings on or after October 13, 2014.

Applicants who previously chose to use a program-selected contractor (Pathway C) and now wish to switch to Pathway B may do so by completing the Pathway Change Request Form and submit said documentation to their Housing Advisor or Project Manager, which is then reviewed and approved by DCA.
COMMENT 21
RREM – PATHWAY C CONTRACTORS AND SUBCONTRACTORS

A commenter expressed concern with the oversight of subcontractors, including subcontractors used under Pathway C. In support, the commenter cited Navigant’s recent integrity monitoring report that discussed the vetting of subcontractors. Another commenter also stated that the retention of contractors working under Pathway C was not done in compliance with applicable federal and state procurement laws requiring competitive bidding. The commenter also expressed dissatisfaction with the responsiveness of Pathway C contractors and subcontractors to homeowners’ questions. Another commenter asked about the permissible pricing for components of Pathway C rebuilds.

Staff Response:

First and importantly, the Navigant monitoring report determined that all contractors and subcontractors working in the Sandy Recovery effort are permitted to operate in New Jersey. As it relates to the references on page 6 of Navigant’s Integrity Monitoring Report, DCA has followed all guidelines and requirements under the state’s procurement procedure. Under those guidelines, the State contracts directly with the project manager or the equivalent of a “prime contractor” for Sandy recovery. The RREM project managers are required to certify that the subcontractors are not debarred and are responsible for monitoring the subcontractors on an ongoing basis.

As mentioned earlier regarding contractor oversight and recourse, homeowners utilizing a program-selected contractor (Pathway C) are provided a standardized contract and receive on-site inspections prior to funds being disbursed to the contractor to ensure work is completed properly to program standards. Additionally, DCA has established a partnership with the Division of Consumer Affairs, Office of Consumer Protection, to ensure contractor complaints are properly referred for investigation and enforcement. DCA always verifies contractors are properly licensed and not on the State or federal debarment list prior to homeowners proceeding on remaining construction.

Last, for all RREM Pathways, DCA uses an industry standard cost estimating tool known as Xactimate™, which is the same pricing tool used to develop homeowners’ initial grant determinations. The required scope of work for the projects are vetted and reviewed by the designated RREM Project Manager to ensure reasonableness based off engineering and architectural designs and local municipal requirements. This method ensures that the scope of work developed for the project and the pricing for the scope are built off a reasonable standard.
COMMENT 22
RREM – ADDITIONAL CONSTRUCTION FUNDING

Various commenters acknowledged that RREM is intended to be a gap funding program to satisfy unmet needs in rebuilding, but expressed concern that even after accounting for RREM and other available funding, they still had an unmet need that they could not satisfy in order to rebuild a home that would receive a Certificate of Occupancy. Some commenters further stated that there is a risk of de-obligation of funds arising from homeowners receiving CDBG-DR funding who cannot rebuild a structure that is compliant with applicable federal and state regulations. One commenter asked whether having a FEMA number is a requirement to receive housing counseling services.

Staff Response:

The State recognizes that there are a number of households that still have an unmet need even after accounting for available recovery assistance including private insurance, SBA loans, CDBG-DR funds and other funding sources. The State likewise recognizes the de-obligation risks associated with using federal recovery funds toward rebuilding structures arising from compliance requirements imposed by federal and state regulations. While there is no perfect solution in light of limited financial resources, applicants are encouraged to work with their contractors to scale their housing project in the most cost-effective manner. Moreover, the State offers free HUD-certified housing counseling services to RREM applicants (and other Sandy-impacted individuals). The counselors are available to assist with developing a customized plan to address the unmet need.

Finally, a FEMA Number is NOT required to receive housing counseling services.

COMMENT 23
RREM – GRANT EXTENSIONS

Commenters are seeking additional information concerning the circumstances under which a RREM grant can be extended to complete construction. Another commenter inquired, because he signed an initial grant agreement and then a revised grant agreement, whether the one-year construction period, not accounting from possible extensions, begins from the date of the initial agreement or the revised agreement.

Staff Response:

DCA is granting up to two ninety day extensions to RREM applicants on the one-year deadline following grant signing for construction to be completed, provided that the applicant reasonably can show active steps toward completing
construction and a justifiable reason why construction will take longer than one-year from the date of initial grant signing.

**COMMENT 24**

**RREM – PRIORITIZATION BASED ON FLOOD INSURANCE**

A commenter stated that RREM applicants who carried flood insurance should be prioritized for funding ahead of applicants who did not carry flood insurance.

**Staff Response:**

During the course of the recovery, the State has received comments both that the State should first prioritize RREM applicants who carried insurance because they acted responsibly, and separately that the State should prioritize RREM applicants that did not carry insurance, because insured applicants already have money to rebuild, and uninsured applicants have less recovery resources with which to rebuild. The State respectfully disagrees with both positions.

The State does not believe that affected, uninsured property owners should be cut-off from critical recovery assistance. The State likewise is aware based on the required duplication of benefits analysis that even with insurance funds, many RREM applicants still have significant unmet needs. As a result, the State has not amended criteria for its housing programs to incorporate a prioritization based on whether or not a property owner is insured. Finally, with this third round of CDBG-DR funding, all eligible RREM applicants (insured or uninsured) will be funded.

**COMMENT 25**

**RREM – PRIORITIZATION BASED ON DAMAGE OR DISPLACEMENT**

A commenter stated that RREM applicants who sustained greater damage should be prioritized above applicants who sustained comparatively less damage. Another commenter stated that RREM should prioritize first applicants who are currently displaced from their homes.

**Staff Response:**

The State agrees with the commenter. The RREM Program prioritized RREM applicants that sustained “substantial damage” (i.e., costs to repair the home exceed more than 50% of the home's pre-storm value) over eligible applicants who sustained comparatively less physical damage to their homes.

As to prioritization based on displacement, with this third round of CDBG-DR funds all eligible RREM applicants will be funded.
COMMENT 26
RREM – REBUILT HOMES

Some commenters asked how DCA is tracking the number of homes rebuilt through RREM that receive a Certificate of Occupancy.

Staff Response:

DCA is closely monitoring the number of homes rebuilt through RREM that receive a Certificate of Occupancy. Homeowners using an owner-selected contractor (Pathway B) are required to provide a copy of their Certificate of Occupancy or equivalent upon completion of construction to their RREM Program Manager. A restrictive covenant is recorded on these properties that is only released upon provision of a Certificate of Occupancy, along with additional supporting documentation, and passing of a final inspection. Homeowners utilizing a program-selected contractor (Pathway C) are similarly tracked based off of provision of a Certificate of Occupancy and completion of a final inspection.

COMMENT 27
RREM – ESCROW ACCOUNTS

Commenters questioned the need for homeowners to place funds in escrow account, and the requirements and timelines governing funds placed in escrow.

Staff Response:

For homeowners using a program-selected contractor (Pathway C), all disbursements of funds to the selected builder are initiated directly by the RREM Program upon on-site inspections documenting satisfactory completion of work. Because disbursement of funds is contingent upon having both RREM grant funding and any homeowner private funds secured ahead of time, DCA utilizes escrow accounts to deposit and disburse these monies. Proper management and disbursement of these funds are protected through an Escrow Agreement signed by DCA and the homeowner. Homeowners are provided instructions for deposited funds into escrow upon finalization of the construction scope of work and preparation of a grant award calculation reflecting the finalized costs (referred to as the Step 8 meeting).

Homeowners who do not wish to deposit funds into escrow may utilize an owner-selected contractor (Pathway B), by which the homeowner pays their selected contractor directly, and the RREM Program disburses grant funds directly to the homeowner upon execution of a construction contract and verification of bills, invoices and supporting documentation.
COMMENT 28
RREM – LOCATION OF OCEAN COUNTY HOUSING RECOVERY OFFICE

A commenter asked why the Housing Recovery Center for Ocean County is not located nearer to the shore.

Staff Response:

In identifying locations for the Housing Recovery Centers, the State needed to identify facilities within each of the nine most-impacted counties that met certain criteria. Each location was chosen based on space requirements, parking capacity, remodeling costs and required time to become operational.

COMMENT 29
RREM – BULKHEADS & DECKS

A commenter expressed frustration that RREM Program funds cannot be used toward costs of repairing bulkheads and decks.

Staff Response:

DCA has issued guidance through its Policies and Procedures and its Minimum Housing Rehabilitation Standards as to how it treats various potential construction issues, including bulkheads and decks. The State is responsible under federal guidelines to ensure any money disbursed to homeowners is reasonable and necessary for the rehabilitation, reconstruction and/or elevation of houses to a safe and livable standard. Accordingly, as bulkheads and retaining walls are not a part of the actual residential structure, DCA can only consider these eligible costs if they are required by the municipality to comply with code and for issuance of a Certificate of Occupancy. In regards to decks, the RREM Program provides grant funds for decking required for ingress/egress points to the property. If it is determined cost reasonable to repair and elevate an existing, larger deck than to demolish and build a new, standard deck, the program provides grant funds for preservation of the existing deck.

Notably, homeowners in Pathway B are free to install any sized decking and any additional enhancements they wish to pursue. However, DCA is obligated to ensure that the amount of grant funds appropriated for these repairs is a fair and reasonable amount.

COMMENT 30
STAFFING

A commenter asked how staffing needs are evaluated by DCA to ensure that enough qualified personnel are available to address the demands of CDBG-DR funded recovery programs. The commenter also asked about training for staff members regarding the recovery programs. The commenter also suggested that a team of law
students be employed as case workers to help individuals with the recovery programs, and that students should be given course credit for that service. The commenter also suggested that executives from large New Jersey companies be required to take on program management responsibilities for recovery programs. Another commenter asked whether the State could hire additional advisors with construction management experience to assist people who are rebuilding with federal funding.

Staff Response:

DCA has a Human Resources Manager on staff specifically tasked with understanding operations and working with leadership and at the programmatic level to identify and evaluate staffing needs on a regular basis. Additionally, there is dedicated staff responsible for creating and delivering ongoing trainings on policy, program changes and various other topics, as needed.

While the State recognizes that many individuals need assistance navigating recovery programs, the State respectfully disagrees with employing law students as case managers. Liability concerns and lack of experience with recovery programs are among the risks that make this suggestion untenable. The State likewise disagrees with the suggestion that executives from New Jersey companies unfamiliar with the various laws and regulations that govern recovery funds should have to leave their jobs and be required to become program managers for recovery programs.

Last, the State utilizes two construction management firms, CBI Shaw and Gilbane Building Company, to provide construction management technical assistance to homeowners through their construction process. Each applicant is assigned a specific point of contact (referred to as a Project Manager), that meets with the homeowner to review construction requirements and assists with construction-related questions and facilitates processing of payments to draw down on remaining grant funds for construction. As the number of applicants moving through initial intake, eligibility processing and grant signing subsides as a result of the progress made to date, DCA anticipates transitioning resources to continue supporting homeowners’ construction efforts that are rebuilding in the RREM Program.

COMMENT 31
PERMITTING REQUIREMENTS; FUNDING FOR PERMITTING; VARIANCES; COOPERATIVE PURCHASING

Some commenters expressed frustration with the time needed to get local permits for elevations and for utility work, and requested funding for local municipalities to
hire staff to handle the influx of permit applications associated with Sandy-related reconstruction. One commenter expressed frustration that housing designs did not account for all types of existing footprints and so construction outside of the existing footprint necessitated variances from local land use boards. Another commenter recommended increased communication with local municipalities to better ensure that RREM-funded construction plans conform to municipal building codes. Another commenter asked why homeowners cannot form a cooperative to purchase rebuilding materials at lower cost. An additional commenter stated that the State should mandate that all localities waive fees (e.g., costs of permits) in connection with Sandy rebuilding.

**Staff Response:**

DCA is administering a building code enforcement initiative to assist hard hit communities in conducting building inspections. The initiative has helped ensure that structures are safe for occupancy and up to code. In just the fourth quarter of 2014, approximately 8,500 building code inspections were conducted under this program. These inspections were completed in Sandy-impacted towns such as Bay Head, Brick, Keansburg, Lavallette, Little Egg Harbor, Manasquan, Mantoloking, Point Pleasant Beach, Point Pleasant Borough, Seaside Heights, Seaside Park, Stafford Township, Toms River, and Union Beach.

Complementing the building code enforcement initiative, the State developed the Zoning Code Enforcement Grant Program to provide financial support to municipalities related to the enforcement of state and local development and zoning code regulations. Grant funds are intended to increase capacity at the local level to be responsive to the increasing needs in support of construction and the overall recovery efforts. Through the end of the fourth quarter of 2014, a total of $152,000 in funding had been expended to assist the Sandy-impacted towns of Brick, Lavallette, Little Egg Harbor, Toms River, and Union Beach. These towns had submitted invoices to DCA seeking reimbursement. DCA anticipates providing additional assistance to these towns in upcoming quarters. Also, the communities of Highlands, Keansburg, Little Silver, Sea Bright, Seaside Park, Stafford, and West Wildwood have requested assistance through this program and DCA expects to receive invoices for reimbursement in the coming quarters.

The State appreciates the comment regarding the variability of footprints, but it is not possible to account in advance for the various types of footprints upon which homes damaged by Superstorm Sandy were built. In a similar vein, while the State is routinely working with municipalities and local code officials, each municipality has its own unique zoning and land use laws, and it is not possible to make all RREM-funded construction plans conform to all unique municipal
zoning and land use laws. Municipalities have procedures in place to address circumstances where a proposed reconstruction plan does not conform to land use restrictions, including, for example, setbacks and height restrictions. That being said, DCA has provided multiple RREM training sessions to building and code officials throughout Sandy impacted areas.

In respect of “home rule,” where significant governance determinations are reserved for each locality, the State cannot mandate that localities waive local fees associated with construction.

With regard to homeowners organizing cooperative purchasing of building materials, homeowners are free to pursue this and other avenues as they please when buying supplies and overseeing their construction under Pathway B of the RREM Program.

**COMMENT 32**

**FUNDING FOR MANUFACTURED HOUSING/MOBILE HOMES**

Commenters expressed concerns regarding the eligibility requirements for the LMI Homeowners Rebuilding Program as they pertain to owners of manufactured housing and mobile homes. Commenters concerns included: (i) mobile homeowners who would not be eligible because they did not register with FEMA; (ii) the condition of federal housing assistance on compliance with federal elevation requirements; (iii) the condition of federal housing assistance on obtaining and maintaining flood insurance after receiving funds in connection with a previous disaster; and (iv) proof of ownership and other challenges that may arise where an individual owns the mobile home but the park owner owns the mobile home pad site. Additional concerns were expressed regarding the need for additional funding for manufactured homeowners, and some commenters suggested that assistance is needed to address both the needs of owners of manufactured housing as well as flood protection measures for entire manufactured housing/mobile home communities. Another concern was that some park owners may not redevelop the parks damaged by flooding, so owners of mobile homes that lived in those parks will need to move to a new manufactured housing community. One commenter asked whether additional funding would be allocated for mobile homeowners if the program exhausts the $10 million initial reserve.

**Staff Response:**

The State appreciates the concerns raised by the commenters. Initially, the LMI Homeowners Rebuilding Program was created to serve LMI homeowners who were eligible for RREM but did not apply during the two-month application period in late 2013. The program would ensure that those most likely to need rebuilding assistance had an additional opportunity to seek that assistance. The
$10 million initial set aside for manufactured housing and mobile homeowners within the $40 million program was established to address concerns raised by some mobile homeowners that they received misinformation about their eligibility to apply for RREM during the RREM application period.

The State also recognizes the unique challenges that mobile homeowners may face in using federal recovery funds for rebuilding. Many of the eligibility requirements that give rise to these challenges are driven by compliance with federal regulations. The State identified some of these challenges – elevation and cost reasonableness – in its response to Comment 26 to Action Plan Amendment No. 7, and the commenters have correctly raised additional challenges.

The requirement that individuals who received rebuilding assistance in connection with a previous disaster must obtain and maintain flood insurance to receive future federal construction funding is a federal requirement. Earlier in the disaster, the State requested a hardship exception to this rule, but that request was denied. The need to elevate substantially damaged homes above FEMA’s best available flood map data, plus one foot of freeboard, is both a federal and state requirement. Elevation also may complicate utility connections for certain mobile homes. Registration with FEMA assists with validating that the applicant’s damage is “tied to the storm.” The commenters also correctly point out that additional complication likely will arise in situations where the applicant owns the mobile home, but the park owner owns the pad site. In short, the State has been working extensively with HUD, FEMA (obtain/maintain) as well as the applicants to ensure that funding for manufactured housing and mobile homes for construction complies with all applicable federal regulations.

With regard to mobile homeowners who are displaced due to their mobile home communities disallowing rebuilding in flood-damaged areas, the State will work individually with any affected RREM and LMI Homeowners Rebuilding Program applicants to address their needs. Additionally, while the State will evaluate the commenter’s suggestion with regard to new mobile home communities and allocating CDBG-DR funding for flood hazard protection measures for entire mobile home communities, the breadth of the State’s unmet housing needs and the limited CDBG-DR resources available to address them likely preclude such an initiative at this time.

Finally, the $10 million set aside in the LMI Homeowners Rebuilding Program is just an initial reserve to fund owners of manufactured housing/mobile homes eligible under the program. Funding for eligible manufactured housing/mobile
home applicants is not limited to that amount. As with all of its programs, DCA will carefully monitor program demand.

COMMENT 33
LMI HOMEOWNERS REBUILDING PROGRAM

Several commenters expressed concern regarding the LMI Homeowner Rebuilding Program application process, and primarily focused on program eligibility requirements and challenges with the online application submission process, with some focusing on navigating the online application. Some commenters stated that the advertisement and outreach for the program was insufficient, and the timeframe for filing applications is too short. Other commenters stated that the Call Center could not provide information about this program.

Staff Response:

In order to provide homeowners with ample time to apply for this program, the application period has been designated for 60 days, from January 5, 2015 to March 4, 2015. By way of a robust outreach and marketing plan, as well as press releases and direct mailings to homeowners DCA has been able to reach interested applicants and position them to properly apply for this program.

From door-to-door canvassing, community events and meeting presentations to advertisements on radio, cable TV, websites, mobile devices, social media and movie screens, DCA has been conducting a comprehensive effort to reach Sandy-affected households of limited financial means who may have limited proficiency in English.

DCA and its outreach partners reached nearly 86,000 people through canvassing, community events and other outreach activities in the nine most impacted counties and distributed nearly 104,000 pieces of outreach material, touching each of the 11 languages identified in the LEP Four Factor Analysis. The paid media marketing campaign in the nine most impacted counties and in the 11 LEP languages garnered more than 20 million impressions (the potential time an advertisement was viewed by an individual).

Complementing the outreach and paid media marketing, the campaign is utilizing social media. A network of partners in the nine most impacted counties and across New Jersey have posted to their social media sites information about the LMI Homeowners Rebuilding Program and other housing recovery programs that is reaching Sandy-impacted households and those who work with storm-affected residents. Nearly 2,300 posts have been made on partners’ Facebook, Twitter, Instagram and LinkedIn accounts. These social media posts have been made in all 11 languages and in all nine most impacted counties.
The process for applying to the LMI Homeowner Rebuilding Program has been carefully designed to be an intuitive and user-friendly system. The renewjerseystronger.org website prominently links people to this application page. Additionally, in anticipation of homeowners unable to use the online system, the Sandy Housing Counseling program provides one-on-one assistance for application intake. In fact, the housing counseling program has been the focal point of much of the outreach materials, thus guiding potential applicants to a service designed to help them navigate the initial steps of the process.

A housing counseling agency exists in each of the nine counties. These agencies have multiple locations and flexible hours to accommodate applicants who may be concerned about balancing their schedules. The staff at each of the housing counseling agencies has received in depth training regarding program eligibility requirements, as well as training on using the online system itself. This allows homeowners to feel confident that the appropriate information is collected from them. At the end of each visit, the homeowner will be provided with confirmation that his/her application has been submitted. In addition to personalized training for the housing counseling agencies, the affiliated call center staff has been trained on how to refer callers inquiring about the LMI Homeowner Rebuilding Program, its application period and the process by which they should apply. The call center has also been provided detailed contact information for the housing counseling agencies in order to assist homeowners who may inquire about the nearest counseling services.

**COMMENT 34**

**FUNDING FOR SECOND HOMES**

Some commenters expressed concern that CDBG-DR funds cannot be used for rehabilitation and reconstruction of second homes, and, among other things emphasized the risk of blight and other negative community-wide impacts if second homes cannot be repaired.

**Staff Response:**

While the State understands the concerns and frustration of second homeowners with properties affected by Superstorm Sandy, HUD’s Federal Register Notice FR-5696-N-01 expressly prohibits using any CDBG-DR funds to assist second homes. Unless the second home is a year-round rental property (in which case assistance may have been available through CDBG-DR funded renter programs), providing CDBG-DR assistance for rehabilitation or reconstruction is federally prohibited. The State must comply with this requirement.
COMMENT 35
TENANT-BASED RENTAL ASSISTANCE

Some commenters expressed concerns about the Tenant-Based Rental Assistance Program (TBRA), including (i) the amount of funding allocated to the program; (ii) the application process and deadline dates; (iii) eligibility criteria; and (iv) lack of information available through the Call Center. One commenter asked that more CDBG-DR funding be set aside for TBRA. The commenter also expressed concern with an online application process that, according to the commenter, could create application challenges for LMI households, the elderly, LEP households and other groups. The commenter also raised concern that the application requests a FEMA Number and an email address, as well as the definition of “income” as used in the application.

Staff Response:

Superstorm Sandy significantly reduced the supply of rental housing stock. At the same time, displacement caused by the storm increased demand for rental housing. The increased demand, coupled with the storm-related depletion of rental stock, substantially increased rents in some areas in the months following the storm. Taken together, the loss of units, low vacancy rates and increased costs created particular hardships for LMI households seeking affordable rental units.

In response to this challenge, the State initially created the Landlord Incentive Program (LIP) to pay landlords to subsidize the cost of rent to make rental housing more affordable, particularly for LMI households. The program focused on subsidizing landlords, rather than directly assisting renters, because of a CDBG-DR regulation that prohibits providing direct income assistance to individuals for a period of more than three months. In November 2013, via FR-5696-N-06, HUD waived the three-month restriction allowing CDBG-DR funds to directly assist renters, rather than having to subsidize landlords. The resulting program, the Tenant-Based Rental Assistance program (TBRA), serves the same goal as LIP – that is, subsidizing the cost of rental units – but affords renters greater choice and more effectively ensures that those taking advantage of the program are households most in need.

TBRA program eligibility requirements were established in conjunction with HUD and housing advocacy groups, and among other things prioritize first eligible renter households at 30% or less of Area Median Income. The program will utilize the HUD Part 5 Annual Income process to determine the income of each applicant. This method takes various forms of income into consideration, including but not limited to wages/salaries, Social Security benefits, unemployment benefits, child support and alimony. The program will also
consider certain assets (ie. checking and savings account) in determining income. FEMA registration is NOT an eligibility requirement for this program and both the application and the website have been updated to make this clarification. Housing counselors have been fully trained on assisting applicants in completing the application. Housing counselors have the ability to complete an application over the telephone in the event the applicant has a disability or simply cannot access a computer. The housing counselors have access to the language line to assist anyone of limited English proficiency. Each of the housing counseling agencies has significant experience in assisting LMI households, LEP households, the elderly and persons with disabilities. The call center staff have been advised of the program requirements and, in the event an applicant needs more in depth assistance, the call center is providing contact information for the nearest housing counseling agency to assist the potential applicant.

A comprehensive Outreach and Marketing plan was created to address concerns about appropriate marketing to renters across the State. One important component of this plan was the creation of a formal partnership between the State and community based non-profit organizations, in collaboration with New Jersey based professional marketing firms. DCA’s nonprofit partner, The Housing and Community Development Network of New Jersey (the “Network”), has enlisted its members to undertake door-to-door canvassing activities, specifically in neighborhoods and census tracts in which we expect to see many of the Sandy impacted renters still in need of rental assistance. The marketing plan also describes the use of social media marketing strategies including Twitter messages, Facebook and Instagram posts. The social media messages have been shared in 11 different languages in order to reach LEP communities, as well. Finally, the plan describes paid media activities, including radio, television, and newspaper advertisement, billboards, bus wraps and movie theater advertisements. These activities have been placed in carefully selected markets and, in some cases, have been drafted in languages other than English to ensure maximum accessibility. These marketing and outreach activities have been underway since last fall, well in advance of the application period.

The deadline for applying to the program is March 4, 2015 at 5:00 p.m. Additional information about TBRA is available on DCA’s website (renewjerseystronger.org). The application is also available on that website, and the link to the application is also available here.

Finally, as described above, the third round funding allocations for rental housing programs, including TBRA, were established by contractual agreement between HUD, the State and certain housing advocacy groups. The remaining
funds, along with some second found CDBG-DR funds, were required to clear the RREM waitlist. There is no additional third round CDBG-DR funding to increase funding for TBRA beyond the $15 million of third round funds that have been allocated.

**COMMENT 36**

**FUND FOR RESTORATION OF MULTI-FAMILY HOUSING**

A commenter questioned what guidelines govern the distribution of FRM funding and whether there is a continuing need for FRM two years after the storm, and also asked about the use of FRM funding for a project in Bayville. Other commenters asked what steps are taken to prioritize new rental units brought online through the FRM program for Sandy-affected households. One commenter suggested that there should be a hard cap on the size of FRM awards for each project, and that there be regional set asides for FRM funds rather than relying on a scoring criterion that awards points based on the extent of damage to rental units sustained by a municipality during Superstorm Sandy.

Another commenter stated that the requirement of full architectural and engineering plans, site plan approval, and other program requirements that can require expenditures up to $500,000 is creating a barrier to entry and discouraging developers from pursuing otherwise viable projects in impacted counties. The commenter stated that fledgling projects in more heavily impacted areas should be incentivized, as compared to more developed projects in less impacted areas. The commenter also stated that the “readiness to proceed” scoring factor should be tied to the commencement of construction, rather than to the date of closing.

A final commenter asked how pipeline funding can exceed the amount of funding available for the FRM program.

**Staff Response:**

Guidelines governing the expenditure of FRM funds, and all other CDBG-DR funded programs being administered by the New Jersey Housing and Mortgage Finance Agency (HMFA), are available on HMFA’s website ([http://www.nj.gov/dca/hmfa/developers/cdbg/](http://www.nj.gov/dca/hmfa/developers/cdbg/)), accessible here.

Regarding the need for FRM, Superstorm Sandy significantly reduced the supply of rental housing stock. The loss of units, low vacancy rates and increased costs created particular hardships for LMI households seeking affordable rental units. In terms of rental programs, the most critical needs are to repair or replace damaged or destroyed rental units in order to stabilize the rental market and to increase affordable housing for families in need. As to the amount of funding allocation for FRM in this third funding round, the $215 million allocation is required under the contractual agreement between HUD, the State and certain
housing advocacy groups, and the State must adhere to its obligations under that agreement.

Regarding an FRM project in Bayville, HMFA scores proposed projects that meet all threshold eligibility requirements based on its established objective scoring criteria, and funds the highest scoring projects. This is subject to some limitations. For example, HMFA guidelines limit the number of projects that can be approved in any one municipality based on population size to ensure that a few municipalities do not unfairly monopolize program funding. There is also an initial reserve from second round CDBG-DR funds for FRM for eligible projects in municipalities in Ocean, Monmouth or Atlantic County based on the extent of storm damage to rental properties sustained in those three counties. This funding is held only as an initial reserve because to place any greater restrictions on where CDBG-DR funds must be spent could create a circumstance where the State runs afoul of HUD's two-year expenditure requirement from the time of draw down and has to return unspent funds to the federal government.

Notably, Bayville is part of Berkeley Township in Ocean County, and for the scoring criteria based on Sandy-damaged rental units within a municipality, Berkeley scores 14 out of 22 possible points. Additionally, support from the local municipal government for a proposed project, in the form of a Resolution of Need, is a threshold eligibility criteria for FRM projects. HMFA recognizes that a large development project will not succeed if it is opposed by local leadership. While this proposed development may be a contentious project within the municipality, if a Resolution of Need for the project ultimately is provided by the local municipal government, HMFA will consider that objective threshold eligibility criterion satisfied.

Regarding prioritization of rental housing for Sandy-affected households, for the first 90 days after rental units are brought online through FRM, priority in the lease-up process is given to Sandy-affected households. To require further restrictions could create legal challenges and also dissuade developers from pursuing important projects.

Regarding the available funding per unit, Amendment No. 11 has been modified to include a $170,000 per unit funding cap.

HMFA disagrees with the commenter that FRM guidelines have created barriers to entry for projects in Atlantic, Monmouth and Ocean Counties. As of January 30, 2015, 20 of the 24 projects in the FRM Round 2 pipeline are located within Atlantic, Monmouth or Ocean Counties, demonstrating that the initial reserve for those counties and scoring system successfully incentivized development in those three hard hit counties. With third round funds, HMFA may continue to
consider prioritized set-asides to ensure that all aspects relating to FRM of the contractual agreement between HUD, the State and certain housing advocacy groups are satisfied.

Additionally, focusing on shovel-ready projects is important to bringing rental units back online as quickly as possible to stabilize rental markets. And in regards to “fledgling” development projects, the State cannot put itself in a position where it waits to see if a fledgling project materializes. If a project fails to materialize, then CDBG-DR funds must be returned to the federal government because they were not timely expended.

Furthermore, FRM loan documents executed by successful grantees require specific draw down benchmarks that must be achieved, to be responsive to the concern that failure to meet federally-mandated expenditure deadlines can result in federal recapture of CDBG-DR funds. Therefore, while HMFA will take the commenter’s concern regarding the “Readiness to Proceed” factor under advisement, HMFA disagrees with the commenter’s characterizing FRM as failing to address federal CDBG-DR expenditure deadlines.

Finally, as reflected in Action Plan Amendment No. 11, the FRM pipeline does not reflect available funding, but rather the aggregate requests for funding by developers that have applied to the program in excess of the amount of CDBG-DR funding allocated to the program.

**COMMENT 37**

**RE-OPENING RESETTLEMENT PROGRAM**

A commenter requested that additional funding be allocated to the Homeowner Resettlement Program and that that program be re-opened to provide additional homeowners with funding to assist with down payments and insurance costs.

**Staff Response:**

The State has provided $10,000 Homeowner Resettlement Program grants to all 18,566 eligible homeowners. These funds had to be used for non-construction purposes, including costs of living expenses, rent, mortgage payments and insurance payments. As a condition of receiving the grant, the applicant certifies that he or she will continue to reside in their communities, helping stabilize communities affected by the storm. As discussed in the response to Comment 2, the State has designed other similar recovery programs to assist with non-construction related expenses, including SHRAP and the Rental Assistance Program.

Given limited available third round CDBG-DR funding, required funding allocations to important rental programs, and the unmet demand in the RREM Program, such an initiative is unlikely to proceed at this time.
COMMENT 38
FUNDING REALLOCATION
A commenter stated that funding should be reallocated from underutilized housing programs, and specifically rental programs where funding has not yet been disbursed, to address unmet needs.

**Staff Response:**

The State’s CDBG-DR funded housing programs are fully subscribed and thus not in a position to have funding reallocated.

COMMENT 39
FUNDING FOR SMALL BUSINESSES
Some commenters advocated for additional financial assistance for small businesses. A few commenters expressed concern that the business grant program was too difficult for many applicants and was not well publicized, so many eligible businesses may not have applied.

**Staff Response:**

The State agrees with the commenters that providing funding for businesses is an important recovery priority, and that investing in economic revitalization – like investing in housing, infrastructure, health and social services, and community capacity – is important to realize a holistic approach to recovery that attempts to address important needs in all sectors contemporaneously.

Nevertheless, housing remains the State’s foremost recovery priority. As stated above, funding important rental programs in satisfaction of the contractual agreement between HUD, the State and certain housing advocacy groups, and funding the RREM Program to clear the waitlist, exhausts available third round CDBG-DR funds. There is not additional CDBG-DR funding available to invest in small business assistance.

With regard to the business grants program, the State recognizes the frustration of many businesses arising from the complexity of the grant application. Unfortunately, the requirements in the application and approval process are responsive to governing federal regulations. If the State cannot document that each business owner’s file contains all documentation and other proofs required to meet all applicable federal regulations, then the federal government can de-obligate (i.e., take back) funding. Where possible, EDA took steps to make the process easier for applicants, including by reducing the amount of documentation required to start the grant review process; targeting applications toward unmet needs that could be addressed most rapidly in the post-approval
stage; leveraging federal and state partnerships to make the verification of certain required information more efficient; and centralizing processing staff.

Additionally, following the application deadline, EDA determined that many business owners had submitted applications, but needed additional support to complete their applications to ensure compliance with federal requirements. In the first half of 2014, 11 workshops were held, during which more than 100 business owners received support.

To ensure business owners were aware of the assistance available to them through the Stronger NJ Business programs, EDA executed an extensive outreach program during 2013 and 2014 to raise awareness of the programs and provide support to business owners to help them determine eligibility and complete their applications. Between the launch of the grant program on May 1, 2013, and the December 31, 2013 application deadline, EDA held more than 51 workshops across towns in Sandy-impacted counties during which EDA Business Advisors met one-on-one with more than 600 business owners. EDA representatives also participated in numerous mobile cabinets hosted by the Governor’s Office in impacted communities to provide information.

Finally, an extensive media campaign was undertaken, consisting of news releases and advisories to numerous reporters at both state and local level publications and websites, resulting in significant coverage in many local and statewide publications and broadcast media outlets. Print ads and radio public service announcements were run in both English and Spanish throughout impacted communities. Finally, the EDA also worked closely with local government, chambers of commerce, various business organizations, and major corporations such as PSE&G and NJ Manufacturers to help spread the word about available assistance. As a result of these efforts, a total of 3,360 applications were received by the EDA for its programs.

**COMMENT 40**

**GRANTS FOR LANDLORDS FOR RECONSTRUCTION; LANDLORD RENTAL REPAIR PROGRAM**

A commenter requested that HUD require the State to include in Action Plan Amendment No. 11 an additional $15 million of CDBG-DR funds for the Landlord Rental Repair Program (LRRP) so that an additional 339 units of rental housing can be funded. The commenter asserted that LRRP had not received more requests for funding than the $70 million allocated to the program. The commenter also questioned requirements that tenants residing at the subject property had to be relocated during construction or rehabilitation as a condition of LRRP eligibility. The commenter noted that though the program was described as a first-come, first-serve program, his application was not funded because the subject property was
occupied at the time of application. He suggested that relocation of tenant(s) could have been addressed through a requirement that applicant landlords post a fidelity bond to address potential financial exposure to the State for recovery activities that may run afoul of the federal Uniform Relocation Act (URA).

The commenter further questioned whether the allocation of $15 million for the Tenant-Based Rental Assistance program was taken from LRRP, and asserted that any such funding transfer should have required a substantial amendment to the State’s CDBG-DR Action Plan. The commenter also questioned whether costs of program delivery for LRRP were included in, or separate from, the $70 million allocated for the program.

Another commenter asked whether any additional program will become available to provide grant funding for landlords for rebuilding individual units of damaged rental housing.

**Staff Response:***

The State appreciates the comments. Applications to LRRP that comply with program criteria are to be funded based on the date that they were submitted, provided that the applications meet rules and priorities of the program. Units that were occupied by a tenant and that needed additional rehabilitation were not prioritized for funding, however. Among other reasons, rehabilitating occupied units implicates the federal Uniform Relocation Act, requiring the program to cover the costs of relocating the tenant as well as rent while displaced. The limited available funding for LRRP therefore could rehabilitate more damaged units by prioritizing first uninhabited damaged rental units which would not implicate ancillary costs under the URA. While the State appreciates the commenter’s suggestion regarding fidelity bonds, such an approach would not comply with federal law.

Additionally, the $15 million budgeted for the Tenant-Based Rental Assistance Program was drawn from third round CDBG-DR funds, not from the LRRP budget. And the initial $22 million for TBRA was shifted from the Landlord Incentive Program (LIP), not LRRP. Furthermore, all administrative costs for LRRP, called “program delivery” costs, are included within the $70 million budget for that program, just as “program delivery” costs are included within the total allocation of all other CDBG-DR funded recovery programs. To date, no funding has been transferred out of the initial $70 million allocation to LRRP to fund any other recovery program.

Finally, the State will evaluate the commenter’s request for additional construction funding for damaged rental properties. Given the breadth of the
State's unmet housing needs and the limited CDBG-DR resources available to address them, it is unlikely such an initiative could proceed at this time.

**COMMENT 41**

**HMGP ELEVATION PROGRAM REIMBURSEMENT; AMOUNT OF HMGP GRANT**

A commenter asked why homeowners were being required to elevate their homes, and expressed concern about the costs associated with elevating homes on slabs. Various commenters expressed concern over the $30,000 maximum grant award from the HMGP Elevation Program when the average costs of elevation exceed $30,000. One commenter expressed frustration at being ineligible for a HMGP Elevation Grant because the commenter already had completed the elevation at the time of application and HMGP was not used to reimburse homeowners for costs incurred to elevate. Another commenter stated that it was difficult to find additional information about the program or grant status after being approved.

**Staff Response:**

Federal and state law require that construction involving homes that were “substantially damaged” (i.e., costs to repair the home exceed more than 50% of the home’s pre-storm value), as validated by a “substantial damage letter” issued by a local floodplain manager, are required to elevate their homes based on FEMA’s best available flood map data plus one foot of freeboard.

While the State appreciates the frustration associated with the increasing costs of elevations, there is not enough recovery funding available to fully address all unmet needs arising from Sandy. Increasing the HMGP Elevation grant award to fully cover the costs of elevations would have substantially reduced the number of applicants that could be funded by the program. The State therefore elected to provide a meaningful subsidy for the costs of elevation for a larger number of homeowners rather than fully subsidize the elevation costs of just a few.

The State understands the frustration of homeowners precluded from participating in the HMGP Elevation program because they began elevation work. Federal regulations currently require that no HMGP funding be provided to any homeowner who began elevation work prior to receiving grant funding, and prior to the completion of a federally required environmental review. The State must comply with those regulations.

**COMMENT 42**

**FUNDING FOR MENTAL HEALTH INITIATIVES**

A commenter stated that no additional recovery funding should be allocated for mental health initiatives.
**Staff Response:**

The State disagrees with the commenter's premise that addressing mental health initiatives is not an important component of disaster recovery. Indeed, research shows that the mental health impacts from disasters like Sandy often are long-lasting, and the demand for mental health services typically increases significantly.

The State has created many programs to address the needs arising from Superstorm Sandy for vulnerable populations, including the elderly, homeless, and persons with disabilities. Many of these initiatives are funded with federal Social Services Block Grant (SSBG) monies. Two examples of programs serving vulnerable populations include the Ramp Rebuild, Replacement and Installation Program, which provides modular ramps to eligible applicants, and the Home Repair and Advocacy Program, which helps seniors and individuals with disabilities whose primary homes were damaged by Superstorm Sandy.

New Jersey also created programs to address mental and behavioral health needs. For example, New Jersey created the Hope and Healing Crisis Counseling program, which contacted more than 450,000 individuals to provide crisis counseling. In addition, the Department of Human Services and Department of Children and Families developed programs to deliver clinical behavioral health services to both adults and children.

That said, SSBG funds are the primary funding source for addressing mental health needs following a disaster, and the deadline for expending SSBG funds provided for Sandy recovery is September 2015. While the State will seek an extension of that deadline for a few SSBG-funded programs that involve, or are directly tied to, construction, SSBG funding for mental health services will be expended by that date. The State will continue to evaluate ongoing needs for health and social services, and assess what resources may be available to address those needs.

**COMMENT 43**

**STATE FUNDS FOR RECOVERY**

A commenter stated that funds from New Jersey's state budget should be dedicated to Sandy recovery needs.

**Staff Response:**

The State appreciates the comment and will take it under advisement as it works through the budget process with the State Legislature.
COMMENT 44
TAXES
A commenter expressed concern that the destruction to homes is reducing the tax base of affected communities, and those communities will have to charge higher taxes to make up for the lost revenue.

Staff Response:
The State appreciates the comment and recognized early on the risk that reduced ratable bases in heavily impacted communities could have on those communities and their residents. There are various resources available to municipalities heavily impacted by Superstorm Sandy to reduce the impact of displacement and a loss of ratables on the municipal tax base. Most significantly, FEMA Community Disaster Loans (CDL) provided funding to eligible counties, municipalities and other government entities to offset losses of taxes and other revenues resulting from a disaster. Through January 2015, almost $175 million in CDL resources have been obligated to New Jersey counties, municipalities, school districts and other government entities, and more than $99 million had been drawn down.

Additionally, based on analyses by the DCA’s Division of Local Government Services, it was apparent that FEMA Community Disaster Loans would not be sufficient to address the needs of the most heavily affected counties, communities and school districts. Therefore, the State dedicated $60 million in first tranche CDBG-DR funds to the Essential Services Grant program to provide additional financial assistance to these communities in order to ensure that funding remained available to provide critical services to residents. The State added $85 million of second tranche CDBG-DR funds to this program to address financial impacts from Sandy in heavily impacted communities in 2014 and 2015.

COMMENT 45
TIMING OF PUBLIC HEARING
A commenter asked why public hearings were held between 4 and 7 pm, and stated that hearings should have been held later in the evening.

Staff Response:
The public hearings were held between 4 and 7 pm to accommodate the needs of various populations. Importantly, any person who could not attend a public hearing could have submitted a comment via email or U.S. mail any time during the 30-day comment period, and that comment would receive equal treatment as comments provided verbally during the public hearings.
COMMENT 46
FUNDING FOR CUMBERLAND AND BURLINGTON COUNTY

A commenter expressed frustration about the exclusion of Cumberland County from the list of most-impacted counties, and stated that while the county is not densely populated, areas were devastated by Superstorm Sandy.

Another commenter requested additional recovery assistance for residents of Washington Township, Burlington County, stating that the Township had not received an equitable share of assistance in connection with Sandy because Burlington was not included in the nine most-impacted counties as determined by HUD. The commenter further referenced challenges with FEMA funding and requested (i) FEMA should reevaluate the rebuilding of the Lower Bank Bridge; (ii) FEMA should address the bulkhead along River Road; (iii) Charles Avenue should be rebuilt and raised; and (iv) FEMA (and U.S. Army Corps of Engineers) should review the Flood Plain Survey.

Staff Response:

HUD determined the most-impacted counties based on available, objective data, and has required that at least 80 percent of aggregate CDBG-DR funds provided to the State across all three funding rounds be expended within the nine “most-impacted” counties (Atlantic, Bergen, Cape May, Essex, Hudson, Middlesex, Monmouth, Ocean and Union). As described in Appendix B to Action Plan Amendment No. 11, the State currently projects that it will just satisfy the 80 percent requirement. This limits the State’s ability to expend additional CDBG-DR assistance beyond the programs that currently can provide assistance beyond the nine counties.

That said, the State continues to leverage other federal funding streams – FEMA; Social Services Block Grants; Hazard Mitigation Program Grants; and Natural Resources Conservation Service funds, among others – to provide recovery assistance beyond the nine most-impacted counties.

The State will engage with the Office of Emergency Management, Washington Township local government officials and FEMA on the FEMA-related issues raised by the commenter.

COMMENT 47
FUNDING FOR WATER/SEWER INFRASTRUCTURE; TREE REMOVAL; RAILROADS

A commenter stated that CDBG-DR funds should be directed toward addressing antiquated water and sewer infrastructure. Another commenter asked whether funding was available to address costs associated with tree removal from trees damaged by the storm, and to improve railroad tracks.
Staff Response:

To address the impacts of Superstorm Sandy on water and wastewater infrastructure, the DEP, in concert with the New Jersey Environmental Infrastructure Trust (Trust), has targeted $1.2 billion to modernize and improve the resiliency of approximately 200 water and wastewater treatment facilities across the State including the creation and implementation of the Statewide Assistance Infrastructure Loan Program (SAIL). SAIL is an emergency bridge loan Program wherein the State, through the Trust, issues short-term funds to assist impacted communities finance the construction costs of rebuilding these critical water infrastructure systems, prior to the receipt of FEMA reimbursement funds. By doing so, SAIL mitigates the financial stress typically experienced by communities facing such large up-front rebuild costs. It is estimated that the SAIL program will issue over $150 million of short-term loans to New Jersey’s communities that will be repaid with federal FEMA dollars.

The State also sought to leverage other funding sources to support the recovery needs of these critical facilities. FEMA Public Assistance provides grants to address storm-related repairs, but also will allow an applicant to seek funding to incorporate mitigation measures into a repair project. The State has successfully incorporated this mitigation funding into 87 percent of all large projects (i.e., projects over $500,000) funded by the Public Assistance program – an unprecedented figure. Most significantly, this past summer the State secured a $260 million FEMA Public Assistance mitigation award – the largest mitigation award in FEMA history – to incorporate storm-hardening measures and energy resilience at the Newark wastewater treatment plant operated by the Passaic Valley Sewerage Commission, which serves more than two million customers in New Jersey and New York. As detailed above, the State also is targeting Sandy-impacted water and wastewater facilities in the first round of funding through the New Jersey Energy Resilience Bank.

Additionally, water and sewer infrastructure-related projects are eligible for funding through the CDBG-DR funded Flood Hazard Risk Reduction program, administered by DEP, provided that the projects proposed by the municipal applicants meet all threshold eligibility criteria and would be approved for funding based on the application of program scoring criteria.

While the State will evaluate the commenter’s suggestion to dedicate funding to address costs associated with tree removal, the breadth of the State’s unmet housing needs and the limited CDBG-DR resources available to address them likely preclude such an initiative at this time.

Regarding railroads, more than $2 billion is being invested to enhance resilience. In September 2014, the State was awarded $1.276 billion by the
Federal Transit Administration (FTA) to fund five projects designed to enhance energy resilience and harden NJ Transit key infrastructure assets. One of the projects – "NJ TransitGrid" – will be a first-of-its-kind microgrid capable of providing highly reliable power to support regional transit services even when the power grid is compromised. In addition, NJ Transit is pursuing other resilience initiatives for its system, including: raising substations in flood prone areas; building new storage, service, and inspection facilities; and implementing various flood control strategies for vulnerable facilities. FTA-funded projects are in addition to funding made available for certain railroad-related repairs through FEMA's Public Assistance Program and the Federal Railroad Administration.

**COMMENT 48**
**ISLAND BEACH STATE PARK**

A few commenters advocated for U.S. Army Corps Dune Projects to extend across the entire length of Island Beach State Park.

**Staff Response:**

The construction of dunes across the length of Island Beach State Park (IBSP) is not included in the Shore Protection project that the U.S. Army Corps of Engineers (USACE) and the New Jersey Department of Environmental Protection (DEP) are carrying out because the cost of constructing the dunes on IBSP would exceed the benefit that would be derived from their construction over the fifty-year projected life of the project. Because IBSP is relatively undeveloped, the value of its infrastructure is not sufficient to show a positive benefit-to-cost ratio. Some maintained that overwashing of IBSP during Superstorm Sandy caused flooding in the back bay, which, if accurate, might have made IBSP eligible for the Shore Protection project. In response to these claims, DEP engaged Stevens Institute of Technology and The Richard Stockton College of New Jersey to evaluate their accuracy. Each concluded that the flooding that occurred in the back bay originated from sources other than overwashing at IBSP. For these reasons, IBSP is not eligible for the shore protection project being carried out by the USACE and DEP along New Jersey’s coast. Finally, it should be noted that DEP replenished existing dunes on IBSP after Superstorm Sandy.

**COMMENT 49**
**SUPPORT FOR BUILDING DUNES**

A commenter expressed support for the U.S. Army Corps dune projects and said completion of the projects could lead FEMA to adjust its flood maps.
Staff Response:

The State appreciates the commenter's support for U.S. Army Corps dune projects. The determination of the extent to which flood protection measures, such as dunes, may affect FEMA's flood maps is solely within FEMA's discretion. The DEP, US Army Corps of Engineers and FEMA will coordinate to determine if future map revisions are necessary upon completion of these coastal projects.

COMMENT 50

GRANT PROGRAM RULES

A commenter asked that all grant program rules with which program applicants must comply be shown in size 14 font.

Staff Response:

The State appreciates the comment and will take this suggestion under advisement.

COMMENT 51

PUBLIC NOTIFICATION OF FUNDING TRANSFERS BETWEEN PROGRAMS

A commenter expressed concern about public notification and input on any funding transfers between housing and infrastructure programs.

Staff Response:

Per HUD regulations, any transfers of CDBG-DR funds from housing to infrastructure programs in an amount of $1 million or more would require a substantial amendment to the Action Plan, be subject to a thirty-day public comment period as well as at least one public hearing. To date, the State has not transitioned any funding from housing programs to infrastructure programs.

COMMENT 52

NFIP FLOOD INSURANCE PREMIUMS

A commenter expressed frustration with insurance premium payouts, and stated that insurance companies are underpaying claims.

Staff Response:

The State understands policyholders' frustrations with the National Flood Insurance Program regarding the processing of claims and the distribution of payments, and has relayed those frustrations to its federal partners. However, the National Flood Insurance Program is a federal program over which the State has no authority or control.
COMMENT 53
FEMA – FLOOD MAPS

Some commenters expressed concerns that FEMA’s flood maps have yet to be finalized, which is creating challenges for households not sure to what standard of elevation they will be held. Other commenters expressed frustration with their homes being included in a flood zone when they have not previously been flooded. One commenter stated that people are being told to elevate based on older FEMA maps, if those maps reflect more conservative flood zones, rather than relying on the maps reflecting FEMA’s best available data.

Staff Response:

The State understands the commenters’ frustrations with the changing flood maps. Recognizing that a substantial amount of rebuilding would have to occur and desiring to mitigate damage from future severe weather events, it was determined that it was better to have individuals rebuild based on FEMA’s best available flood risk data as opposed to rebuilding to FEMA standards developed based on data more than thirty years old. This determination necessarily created some uncertainty – as FEMA’s best available data transitioned from the Advisory Base Flood Elevation maps (ABFEs), to Working Maps, to the Preliminary FIRMs – but was a better alternative than having individuals rebuild to antiquated standards that no longer accurately reflected flood risk in the State.

Regarding the expansion of flood zones based on FEMA’s best available flood risk data, these determinations are made solely by FEMA based on available data. FEMA also provides a 90-day appeal period for all new or modified flood hazard information on the preliminary FIRM. Interested parties can submit technical information to FEMA that proves the flood hazard information is not correct through the end of this period. Comments on other aspects of the FIRM such as road and corporate limit changes will also be accepted. FEMA Region II’s fact sheet available at http://www.region2coastal.com/faqs/general-faqs provides information about the process for submitting technical data either before or during the appeal period, including the types of data that should be submitted, and where the data should be submitted to. In addition, FEMA’s Flood Insurance Advocate is available to assist residents in understanding how to appeal preliminary rate maps.

Finally, the State has been made aware that FEMA was informing individuals that if the effective FEMA Flood Insurance Rate Map (FIRM) reflected a greater flood risk to a household than FEMA’s best available flood risk data (i.e., the Preliminary FIRMs), individuals need to rebuild to the more conservative standard reflected in the effective FIRM, generally at higher cost. For example, if
an effective FIRM showed a home in a V Zone, and a subsequent map showed the home in an A Zone, the household would still have to comply with V Zone construction requirements, like building on pilings. While the number of instances this has happened are limited, NFIP requires that a structure be built or reconstructed to the more conservative FIRM map. Building to a less conservative FIRM map or standard would jeopardize the communities standing under the NFIP and would subject the homeowner to extremely high flood insurance costs. With that said, the State has been working with FEMA to address this federal policy’s impact on the relatively few homeowners who are adversely affected.

COMMENT 54
FEMA – RECOUPMENT

A commenter asked why funding was being spent for FEMA to recoup payments FEMA issued to Sandy-affected households.

Staff Response:

The State is informed that FEMA is statutorily required to review payments it has issued to recovering households and make sure that those payments did not run afoul of applicable federal statutes or regulations. If FEMA discovers that payments were made improperly, it is statutorily required to seek recoupment of those payments from recipients. Improper payments do not necessarily arise from fraud; human error or honest mistakes by applicants are often the causes of improper payments. The State has been informed by FEMA that FEMA suspects that less than 2 percent of disaster funding FEMA issues (e.g., through Individual Assistance) may have been issued improperly. In any case, the recoupment process is driven by FEMA and applicable federal regulations over which the State has no authority or control.
## APPENDIX A: ALLOCATION OF FIRST, SECOND AND THIRD TRANCHE CDBG-DR FUNDS BY PROGRAM*

<table>
<thead>
<tr>
<th>Category</th>
<th>Total Amount</th>
<th>Program</th>
<th>Allocation Level</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Homeowner Assistance Programs</strong></td>
<td>$1,681,543,202</td>
<td>Reconstruction, Rehabilitation, Elevation, &amp; Mitigation**</td>
<td>$1,326,543,202</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Housing Resettlement Program</td>
<td>$215,000,000</td>
</tr>
<tr>
<td></td>
<td></td>
<td>LMI Homeowners Rebuilding Program</td>
<td>$40,000,000</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Blue Acres Buyout Program</td>
<td>$100,000,000</td>
</tr>
<tr>
<td><strong>Rental Housing and Renter Programs</strong></td>
<td>$827,520,000</td>
<td>Fund for Restoration of Multi-Family Housing</td>
<td>$594,520,000</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Sandy Homebuyer Assistance</td>
<td>$25,000,000</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Sandy Special Needs Housing</td>
<td>$60,000,000</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Landlord Rental Repair (Small Rental)</td>
<td>$70,000,000</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Neighborhood Enhancement Program (Blight Reduction Pilot Program)</td>
<td>$50,000,000</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Incentives for Landlords</td>
<td>$18,000,000</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Pre-development Loan Fund</td>
<td>$10,000,000</td>
</tr>
<tr>
<td><strong>Economic Development</strong></td>
<td>$305,000,000</td>
<td>Grants/Forgivable Loans to Small Business</td>
<td>$100,000,000</td>
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<tr>
<td></td>
<td></td>
<td>Direct Loans to Small Business</td>
<td>$100,000,000</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Neighborhood &amp; Community Revitalization Program</td>
<td>$75,000,000</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Tourism Marketing Campaign</td>
<td>$30,000,000</td>
</tr>
<tr>
<td><strong>Infrastructure Programs</strong></td>
<td>$550,000,000</td>
<td>New Jersey Energy Resilience Bank</td>
<td>$200,000,000</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Flood Hazard Risk Reduction Program</td>
<td>$100,000,000</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Non Federal Cost Share (Match)</td>
<td>$250,000,000</td>
</tr>
<tr>
<td><strong>Support for Government Entities</strong></td>
<td>$181,000,000</td>
<td>Essential Public Services Program</td>
<td>$145,000,000</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Unsafe Structure Demolition Program</td>
<td>$25,000,000</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Zoning/Code Enforcement</td>
<td>$11,000,000</td>
</tr>
<tr>
<td><strong>Supportive Services</strong></td>
<td>$47,000,000</td>
<td>Supportive Services</td>
<td>$47,000,000</td>
</tr>
<tr>
<td><strong>TOTAL</strong></td>
<td>$3,592,063,202</td>
<td>TOTAL FUNDED PROGRAMS</td>
<td>$3,592,063,202</td>
</tr>
<tr>
<td><strong>Planning and Administration</strong></td>
<td>$202,365,798</td>
<td>Planning Programs</td>
<td>$15,000,000</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Administration**</td>
<td>$187,365,798</td>
</tr>
<tr>
<td><strong>TOTAL</strong></td>
<td>$3,794,429,000</td>
<td>TOTAL</td>
<td>$3,794,429,000</td>
</tr>
</tbody>
</table>

*Excludes $380 million in third round CDBG-DR funds allocation to Rebuild by Design projects.

**Additional funding was added to RREM from Administration funds to ensure the State does not exceed the 5% cap on Administration funds.
# APPENDIX B: PERCENTAGE OF AGGREGATE CDBG-DR FUNDS RECEIVED TARGETED TO MOST-IMPACTED COUNTIES*

<table>
<thead>
<tr>
<th>Category</th>
<th>Program</th>
<th>Allocation Level</th>
<th>Portion of Allocation Benefitting Most-Impacted and Distressed Counties</th>
<th>Estimated Percentage to Benefit Most-Impacted and Distressed Counties</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Homeowner Assistance Programs</strong></td>
<td>Reconstruction, Rehabilitation, Elevation &amp; Mitigation</td>
<td>$1,326,543,202</td>
<td>$1,326,543,202</td>
<td>100%</td>
</tr>
<tr>
<td></td>
<td>LMI Homeowners Rebuilding Program</td>
<td>$40,000,000</td>
<td>$40,000,000</td>
<td>100%</td>
</tr>
<tr>
<td></td>
<td>Blue Acres Buyout Program</td>
<td>$100,000,000</td>
<td>$85,000,000</td>
<td>85%</td>
</tr>
<tr>
<td></td>
<td>Housing Resettlement Program</td>
<td>$215,000,000</td>
<td>$215,000,000</td>
<td>100%</td>
</tr>
<tr>
<td><strong>Rental Housing and Renter Programs</strong></td>
<td>Fund for Restoration of Multi-Family Housing</td>
<td>$594,520,000</td>
<td>$416,164,000</td>
<td>70%</td>
</tr>
<tr>
<td></td>
<td>Landlord Rental Repair Program (Small Rental)</td>
<td>$70,000,000</td>
<td>$49,000,000</td>
<td>70%</td>
</tr>
<tr>
<td></td>
<td>Neighborhood Enhancement Program (Blight Reduction Pilot Program)</td>
<td>$50,000,000</td>
<td>$40,000,000</td>
<td>80%</td>
</tr>
<tr>
<td></td>
<td>Incentives for Landlords</td>
<td>$18,000,000</td>
<td>$13,500,000</td>
<td>75%</td>
</tr>
<tr>
<td></td>
<td>Sandy Homebuyer Assistance</td>
<td>$25,000,000</td>
<td>$24,500,000</td>
<td>98%</td>
</tr>
<tr>
<td></td>
<td>Sandy Special Needs Housing Fund</td>
<td>$60,000,000</td>
<td>$45,000,000</td>
<td>75%</td>
</tr>
<tr>
<td></td>
<td>Pre-Development Loan Fund</td>
<td>$10,000,000</td>
<td>NA</td>
<td>NA</td>
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<tr>
<td><strong>Economic Development</strong></td>
<td>Grants/Forgivable Loans to Business</td>
<td>$100,000,000</td>
<td>$75,000,000</td>
<td>75%</td>
</tr>
<tr>
<td></td>
<td>Direct Loans to Small Business</td>
<td>$100,000,000</td>
<td>$75,000,000</td>
<td>75%</td>
</tr>
<tr>
<td></td>
<td>Neighborhood &amp; Community Revitalization Program</td>
<td>$75,000,000</td>
<td>$56,250,000</td>
<td>75%</td>
</tr>
<tr>
<td></td>
<td>Tourism Marketing Campaign</td>
<td>$30,000,000</td>
<td>$22,500,000</td>
<td>75%</td>
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<tr>
<td><strong>Infrastructure Programs</strong></td>
<td>New Jersey Energy Resilience Bank</td>
<td>$200,000,000</td>
<td>$100,000,000</td>
<td>50%</td>
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<tr>
<td></td>
<td>Flood Hazard Risk Reduction Program</td>
<td>$100,000,000</td>
<td>$80,000,000</td>
<td>80%</td>
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<td></td>
<td>Non Federal Cost Share (Match)</td>
<td>$250,000,000</td>
<td>$125,000,000</td>
<td>50%</td>
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<tr>
<td><strong>Support for Government Entities</strong></td>
<td>Unsafe Structures Demolition Program</td>
<td>$25,000,000</td>
<td>$23,750,000</td>
<td>95%</td>
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<td>Essential Services Program</td>
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<td>$137,750,000</td>
<td>95%</td>
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<tr>
<td></td>
<td>Zoning/Code Enforcement</td>
<td>$11,000,000</td>
<td>$9,900,000</td>
<td>90%</td>
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<tr>
<td><strong>Supportive Services</strong></td>
<td>Supportive Services</td>
<td>$47,000,000</td>
<td>$42,300,000</td>
<td>90%</td>
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<tr>
<td>TOTAL</td>
<td>TOTAL FUNDED PROGRAMS</td>
<td>$3,592,063,202</td>
<td>$3,002,157,202</td>
<td>84%</td>
</tr>
<tr>
<td>Planning and Administration</td>
<td>Planning Grants</td>
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<td>NA</td>
</tr>
<tr>
<td></td>
<td>Administration</td>
<td>$187,365,798</td>
<td>NA</td>
<td>NA</td>
</tr>
<tr>
<td>TOTAL</td>
<td></td>
<td>$3,794,429,000</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

* Excludes $380 million in third round CDBG-DR funds allocated to Rebuild by Design projects