

Document Purpose: *The purpose of this document is to explain the policies and procedures regarding the selection process for the Reconstruction, Rehabilitation, Elevation and Mitigation (“RREM”) Program. This document is an excerpt pulled from Appendix C of the current RREM Program Policies and Procedures. For further detail, please refer to the current RREM Program Policies and Procedures available on the program’s website.*

NEW JERSEY ACTION PLAN PRIORITIES & ELIGIBILITY CRITERIA

- Priorities established to ensure that the focus of this first tranche of CDBG-DR funds is placed where storm damage was greatest.
- Over-arching program goal: 70% of the funds allocated to RREM will be reserved to benefit LMI households, in accordance with HUD income guidelines.
 - The remaining 30% will be reserved to households with adjusted gross income of \$250,000 or less.
- Two priorities for selection:
 - Priority 1: Homes with substantial damage as determined by NJ floodplain managers or by DCA, regardless of zone, and,
 - Priority 2: Homes with severe/major damage.

IMPLEMENTATION OF SELECTION CRITERIA

In line with these priorities and with the criteria described in the Action Plan, the State has developed a detailed process that ensures fairness and a clear ordering of evaluation and processing.

- The selection process was designed to ensure four primary outcomes:
 - **Equal access:** The selection process has been designed to provide equal access to all eligible applicants, regardless of their location, disability status, or access to technology.
 - **Meet the LMI goals:** The process will ensure that 70% of all funds are directed toward LMI households. It does this by funding this “bucket” of assistance first and then proportionately funding non-LMI households in a 30% - 70% split.
 - **Target the most damaged homes:** The selection process prioritizes households with substantial damage located in any of the nine impacted counties, before households with major or severe damage.
- To achieve the four outcomes, and consistent with the method of selection and prioritization stated in the state’s approved Action Plan, the group of applications received between May 24-June 30, 2013 will be considered **Group 1** and this group will be evaluated first.
- Any application received July 1 or later will be considered **Group 2**.
- The eligible pool of **Group 1** applicants will undergo a Randomization (random ordering) process to determine the order of processing. The randomization of all **Group 1** applicants ensures that all applicants have a fair chance of being selected for processing regardless of the method they use for applying within the initial period.

HOW THE SELECTION PROCESS WORKS

1. **Group 1** applications are reviewed for eligibility.
2. Eligible applicants are assigned a random number through the computerized randomization of all **Group 1** applicants.
3. Randomized-ordered **Group 1** applications will be divided into two buckets – LMI or non-LMI. All substantial damage applications within each bucket will be processed first in the order determined by the random selection. The applications from **Group 1** will be processed in randomized number order until DCA reaches the maximum for each bucket – 70% of all RREM project funds for LMI and 30% of RREM project funds for non-LMI. As these applications are verified and all required duplication of benefits documentation has been provided, the applications will be referred to the RREM Contractor.
4. If RREM funds remain after all eligible substantial damage applications in **Group 1** have been processed, any otherwise eligible substantial damage applications from **Group 2** will be processed next in the date order of receipt. The LMI proportionate distribution will be managed and maintained. Progress toward the 70% - 30% distribution will be tracked and reported.
5. If there is an insufficient supply of substantial damage applications in **Group 1** and RREM funds remain, eligible **Group 1** applications for homes with severe/major damage in A/V zones will begin to be processed in the order of their randomized number, maintaining the LMI proportionate distribution.
 - New applications for **Group 2** substantial damage will be processed as they are submitted and moved to the top of the wait list queue before any applications with severe/major damage (in line with the Action Plan priorities).
6. At a future date and if RREM funds remain, DCA will end the priority for substantial damage over severe/major damage. The state will determine, based on applications and available funding, when dollars will no longer be reserved for late substantial damage applications. At that point applications for either substantial damage or severe/major damage will be processed in the order they are received. This information will be widely distributed, to confirm the determination that the state has provided due time to have met the priority to exhaust substantially damaged needs.
7. As noted above, one of the state’s priorities is to assure approximate geographic fairness in the distribution of funds, based on level of damage. This will be determined by the following process;
 - Apply the percent major/severe damage level by county, using FEMA data (listed in the State’s Action Plan, page 2-15, normalized to 100%).
 - On a weekly basis starting in July, DCA will assess the approved households by county as a percent of the total awards made to date.
 - DCA will compare the percentage of households awarded to the damage level percentages for each by county.

- If any county is below the damage percentage of households, the next households from the underserved county in priority number order will be funded until the percentage is met (in line with established prioritization criteria, i.e. substantial damage) or an insufficient number of eligible substantial damage applicants exist.
- If the **Group 1** process results in an underage between the county’s damage percentage and its initially selected applications, DCA will reduce the number of selected applications in over-served counties and increase the number of selected applications in under-served counties in order to bring each up to their minimum damage percentage per the Action Plan. This will be done by reducing the number of persons assisted in the over-served counties in proportion to their percent of the overage. The next substantially damaged households in numeric order will be funded in the under-served counties until their county minimum is reached or there remain no eligible, substantially damaged applicants for that county. Throughout this process, the target of 70% LMI households will be maintained.
- If funds remain after **Group 1**, the geographic status will be assessed on a weekly basis.

REASONS FOR RANDOMIZED PROCESS

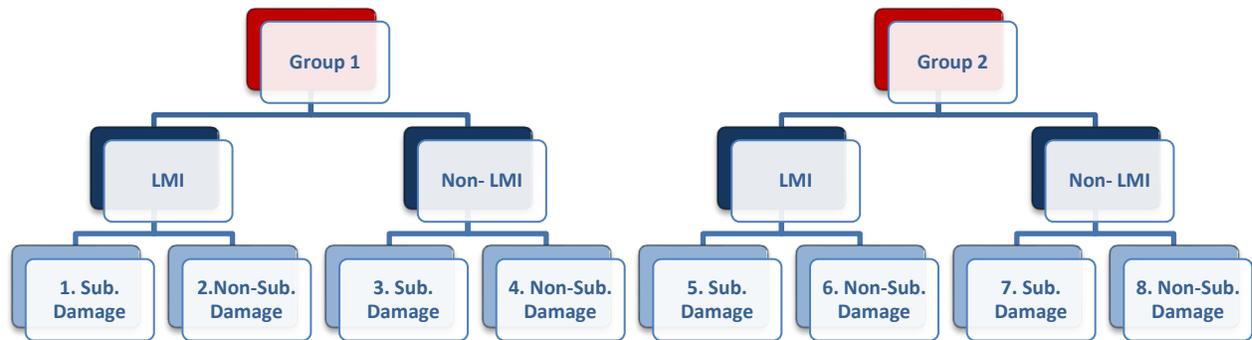
- **Ensures equal access for LMI, disabled and elderly persons:** The proposed approach is intended to address important fair housing issues by enabling equal access for elderly, LMI and disabled persons who may have difficulties to apply directly on-line due to technology access. Note, the call center will take applications over the phone and submit them on-line on behalf of applicants. The program launched the online application and the call center on May 24, 2013; with opening of in-person centers on the June 8th and mobile registration events in communities through June 30, 2013.
- **Addresses safety and convenience issues by not requiring applications to arrive in person (and potentially wait in line) at centers:** The proposed process avoids the safety issues of having people wait in line to be first to apply in person at the centers, which open later than on-line and would disadvantage those persons. These centers are likely to serve a higher percentage of disadvantaged, the elderly, and persons with disabilities who may require more personalized attention to submit their applications. Early experiences with the intake process for the housing programs support the need for this approach. Based on early mis-reporting in a local publication about limited funds and a “first come, first served” approach, more than 600 individuals called in the first 30 minutes of call center operations. Some callers reported that they had been waiting for hours to make sure they were “first.”
- **Complies with intent of the Action Plan regarding addressing both fair housing and LMI goals:** The proposed process is a reasonable implementation of the Action Plan in the context of the issues above. This modified process does not trigger a change in the intended type or preference for beneficiaries. The planned process, in line with the Action Plan, ensures that the priority

beneficiaries and LMI persons are served in the percentages stated. If applications were processed in a purely time stamp order, this could not be assured.

ADDENDUM

Priority Selection Process:

The graphic below depicts the prioritization of ordering of all applicants to the RREM program. The funding determination is made according to the prioritization as prescribed in the States approved Action Plan and in the RREM Program Applicant Selection Approach approved by HUD in June 2013.



Group 1 is assigned a Randomization Order Number via electronic lottery ordering system. These assignments are made prior to eligibility review. All applications received through June 30, 2013 received a Randomized Order Number.

Group 2 is assigned an Order Number in the date order in which they are received. The Date Order Numbers begin at a specified number beyond the total of **Group 1** (i.e. 10,000) and continue sequentially from there.

Prioritization Order is in the formula as follows in selection from the numbered buckets above, ensuring that LMI remains a priority of 70% to 30% non-LMI and that Substantially Damaged is prioritized ahead of Non-Substantially Damaged.

FUNDED = 1+s(3)+5 WAITLIST = 2+s(3)+6+7+4+8

For example: The Funded list first selects from bucket 1 (LMI/Sub) at 70% and bucket 3 (Non-LMI/SUB) at 30%. In order to select any additional from bucket 3 and if bucket 1 is fully depleted, then bucket 5 is prioritized next. The Waitlist follows the order as written.

County Weighting Process:

In line with Step 7 of the Selection Approach, the State will apply geographic weighting according to damage in the Funding decisions. This will be applied initially and anticipated to apply as Funding decisions are made. While the policy calls for continued geographic weighting, the State made an operational decision to only adjust the funding list in large increments when the funding is available. With such high oversubscription, there was no need to make constant funding decision adjustments. The adjustments were therefor only made on the two main occasions of Funding Decisions.

July 2013 – Geographic Weighting

The Selection Approach notes using the damage estimates in the State’s Action Plan, page 2-15, normalized to 100%. Upon determination of the first Funded Group in July 2013, the State anticipated funding for nearly 3,500 applicants. The targets were determined by damage calculation and limited by the actual number of applicants available in the applicant pool for funding. See table in Attachment A.

January 2014 – Geographic Weighting 2nd Round

With the approval from HUD to shift funds from the business grant program to the RREM program (Action Plan Amendment #4), the State increased the RREM program funding to a \$710 million program. This allowed the State to move between 1000-1300 applicants from the Waitlist to the Funded List. The State applied the geographic weighting thresholds. Note: At this time, the State identified that a more accurate damage table to utilize was the data behind Table 2-4 (Page 2-11). It was noticed that that Table 2-8 (page 2-15) was inclusive of both rental and owner-occupied housing units. Table 2-4 provides for a more accurate adjustment, therefor on this second round, the State sought to balance the damage weighting accordingly. See Attachment B.

August 2014 Action Plan Three Waitlist Procedures:

Effective August 2014, Action Plan Three applicants remaining on the waitlist were pulled off the waitlist and funded on a first come-first served basis, processed based on the data they returned their *Right of Entry* form. The RREM Program prioritized the applicants who returned their *Right of Entry* form first, rather than the protocols outlined above, because the applicants remaining on the waitlist are all non-LMI, Non-substantially damaged and therefore have no variation in need under the original procedures.

The RREM Program further warrants the prioritization of applicants based on the date they return their *Right of Entry* form because:

- All remaining applicants in Action Plan Three have the same need based on the original prioritization procedures,
- The Program distributes the *Right of Entry* form and completes the environmental clearance process before these applicants are funded, therefore it is logical to prioritizes applicants with the same need based on responsiveness, and
- The Program has been allocated sufficient federal funds to fund all applicants on the waitlist.