



LANDLORD RENTAL REPAIR PROGRAM (LRRP)

Program Guidelines

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1.0 Program Overview

1.1 Overview

The New Jersey Landlord Rental Repair Program (LRRP) is designed to restore small rental properties that were damaged by Superstorm Sandy. In addition to increasing the supply of affordable rental housing in areas that were damaged by the storm, the LRRP will also serve to help revitalize damaged neighborhoods by transforming blighted buildings into newly renovated rental properties, enabling them to offer rental housing at affordable rates to low-to-moderate income (LMI) households and contribute to the local economy through the purchase of goods and services necessary to operate their property.

The LRRP is administered by the New Jersey Department of Community Affairs (DCA). The funding for the program is provided by the U.S. Department of Housing and Urban Development (HUD) through the Community Development Block Grant – Disaster Relief (CDBG-DR) Program. The New Jersey CDBG-DR Superstorm Sandy Action Plan described the designation of \$70,000,000 of the \$1,829,520,000 of CDBG-DR grant funds to be made available for the rehabilitation or reconstruction of storm damaged rental properties across the State of New Jersey. At least seventy percent (70%) of the funds must be used to repair damaged rental properties located in the nine (9) most affected counties (Atlantic, Bergen, Cape May, Essex, Hudson, Middlesex, Monmouth, Ocean, and Union).

1.2 Program Design

1.2.1 Program Awards

The LRRP will provide grants to new (post-October 29, 2012) and existing owners of rental properties with one (1) to twenty-five (25) units requiring rehabilitation or reconstruction. Awards will be equal to the lesser of \$50,000 per affordable rental housing unit or one-hundred percent (100%) of the estimated cost to repair the property as determined by the LRRP less any Duplication of Benefits (DOB) as calculated in accordance with the Robert T. Stafford Disaster Assistance and Emergency Relief Act (Stafford Act).

The Stafford Act prohibits any person, business concern, or other entity from receiving financial assistance from CDBG-DR funding with respect to any part of a loss resulting from a major disaster and financial assistance under any other program or from insurance or any other source that has been provided to an LRRP property owner. Sources of DOB compensation include sources of funding assistance provided for structural damage and loss related to the disaster. DOB reviews are calculated on the property itself, not the individual Landlord.

The following sources are deducted from the award amount:

- USDA loans and/or SBA loans
- National Flood Insurance Program (NFIP) Insurance Payments
- Private insurance: All private insurance settlement amounts for loss to structures. Private insurance payments for contents or other expenses are not considered DOB.

The following sources are NOT deducted from the award amount for the unit:

- Funding received from non-profit agencies, unless it was specified for unit repairs.
- Tax adjustments resulting from filings related to losses to the rental property are not considered DOB and do not affect awards if those funds were used to repair that unit.

Award levels for owner-occupied properties include up to \$150,000 in construction award for the owner-occupied portion of the property if the owner-occupant has been approved for Reconstruction, Rehabilitation, Elevation, and Mitigation (RREM) Program funds and up to \$50,000 for each applicable LRRP unit in the property. Properties must meet all eligibility criteria and priorities for funding specific to each program in order to receive funds from both programs.

Effective June 2015, FEMA has opened to NFIP policyholders a limited period to submit a flood insurance claims review if the recipient was not paid the flood insurance policy limit and believes he or she was underpaid by the insurance carrier. If a LRRP applicant is an NFIP policyholder and receives additional flood insurance proceeds through either a FEMA insurance claim review or a legal settlement with FEMA, the DCA will not pursue these funds as a duplication of benefits. This includes any ICC funds that are received as a result of the claim review or settlement, as well as attorney's fees, structural damage, debris removal, and contents. The policy only applies to LRRP applicants that are receiving additional benefits as a result of the special claim review or settlement process. All other third party benefits that are not part of this FEMA insurance claim review or settlement will continue to be counted as a duplication of benefits.

1.2.2 Basic Eligibility Criteria

Basic eligibility criteria as described in the CDBG-DR Superstorm Sandy Action Plan include:

- Property must have twenty-five (25) or fewer total units;
- Owner will have to certify that the property will be used for year-long rental housing and not as a second home or seasonal rental property;
- Rents may not exceed thirty percent (30%) of monthly income for a household earning eighty percent (80%) of the Area Median Income (AMI);
- Applicable unit(s) must be rented to LMI households (defined as households earning at or below eighty percent [80%] of the AMI) after project completion for term of compliance period; and
- Property must have received damage from Superstorm Sandy and require rehabilitation or reconstruction.

1.2.3 Priorities for Funding

Priorities for funding as described in the CDBG-DR Superstorm Sandy Action Plan will be provided by reserving funds for projects based on the following criteria:

- Properties with seven (7) or fewer units;
- Properties with mold remediation needs; and
- Properties containing units that are or will be dedicated for special needs populations.

Applications for assistance became available on July 24, 2013. For a period of ninety (90) days, a minimum of sixty percent (60%) of the funds are set aside for landlords applying for properties that meet one of the three (3) priorities listed above. Forty percent (40%) can be utilized on non-priority properties that sustained Superstorm Sandy damage.

1.2.4 Criteria for Selection

Criteria for selection of property as described in the CDBG-DR Superstorm Sandy Action Plan include:

1. The damaged structure or unit(s) will be repaired or reconstructed to re-occupancy standards as permitted by state and local codes; and
2. Seventy percent (70%) of the funds shall be spent in the nine (9) most impacted counties.

1.2.5 Landlord Responsibilities

Participating Landlords will certify and agree to the following requirements in order to receive LRRP funding:

- Unit(s) will be leased to an LMI household within sixty (60) days of the satisfactory completion of the construction closeout inspection;
- Tenant income information must be provided to the LRRP for review and approval prior to executing the lease with a new tenant. Landlord must utilize the LRRP model lease or their existing lease in conjunction with the LRRP lease addendum. Existing lease must be submitted for approval to the LRRP prior to execution;
- Rents may not exceed thirty percent (30%) of monthly income for a household earning eighty percent (80%) of the AMI;
- For a date of storm (DOS) tenant, monthly rent and estimated average monthly utility cost cannot exceed the greater of: (a) the tenant's old rent and the current average monthly utility costs or (b) thirty percent (30%) of the tenant's gross household income;
- For properties with eight (8) or more units, compliance with Davis-Bacon and Related Acts (DBRA) requirements;
- Must be registered with the New Jersey Bureau of Housing Inspection (required for owners of properties with three [3] or more units);
- Compliance with the New Jersey "implied warranty of habitability";
- For properties with four (4) or fewer units, the Landlord must abide by federal and state fair housing laws and the non-discrimination requirements outlined in the Fair Housing Act;
- For properties with five (5) or more units, the Landlord must develop an Affirmative Fair Housing Marketing Plan (AFHMP) to affirmatively promote fair housing and comply with the Fair Housing Act;
- Compliance with HUD Lead Safe Housing Rule;
- Compliance with the Uniform Relocation Act (URA) requirements for tenant notifications (including notifications to new and existing tenants residing in adjacent or nearby undamaged/non-applicable units that may be affected by project construction), temporary housing, and relocation assistance (including movement, storage, and security of all tenant property and personal belongings) as determined by DCA;
- Landlord must arrange reasonable and timely access to the property for inspectors and contractors providing rehabilitation or reconstruction services;

- During rehabilitation or reconstruction, the Landlord must not interfere in repair areas and must make a reasonable effort to stay away from the construction zone in order to increase safety;
- Landlord understands that unforeseen conditions may arise during construction and agrees to be responsible to pay in full all change orders exceeding the amount of the LRRP grant award; and
- All debris, abandoned vehicles, and buildings that pose a safety and/or health threat as determined by the local jurisdiction, or person qualified to make such a determination, must be removed from the property prior to the start of construction. Landlords must also remove dilapidated personal property.

1.2.6 Program Components

The following LRRP services will be considered for eligible Landlords based on the status of the repairs as of the date of application submission and the Landlord's capacity to develop and complete the construction work.

1.2.6.1 Reimbursement of Costs Incurred Prior to Application Submission

Work required as a result of Superstorm Sandy damage and which has been completed before the date of application submission may be eligible for reimbursement. While DCA Operations will not collect documentation regarding the cost of repairs that were completed after the date of the storm and up to the date of application submission, the applicant must retain all receipts and invoices for a period of five (5) years following grant award signing. LRRP Construction Manager will inspect the unit(s) and calculate the costs of existing work incurred as reasonable and necessary, according to HUD direction. At a grant award signing, DCA Operations will collect a certification to the costs signed by the applicant. LRRP will follow guidance related to reimbursement as noted in HUD Notice CPD-13-038, issued on July 30, 2013.

The eligibility factors include the following criteria:

- Repairs must have been performed prior to the application submission date for assistance. These repairs must be inspected by the LRRP Construction Manager to establish both eligibility for and total amount of reimbursement.
- The property must receive environmental clearance from DEP to allow the eligible costs incurred to be reimbursed.
- Eligible repairs and associated costs must be verified on-site by the LRRP Construction Manager in order for the Landlord to receive reimbursement.
- For landlord-performed repairs, Landlords can receive reimbursement for their material costs, but cannot receive reimbursement for their own labor or sweat equity.
- A reimbursement payment may not exceed eighty percent (80%) of the total grant award with twenty percent (20%) disbursed as a final payment after construction closeout inspection.

If the amount of the reimbursement request exceeds \$50,000 and all repairs are not yet completed, the Landlord will be required to complete the repairs at their expense. The Landlord attests to securing request funds at the grant award signing and is required to provide, upon request, documentation verifying the ability to obtain sufficient personal funds to complete the project.

1.2.6.2 Landlord-Led Construction Management

Work required as a result of Superstorm Sandy damage and which has not been completed before the date of application submission may be eligible for reimbursement. Landlords may choose to complete the scope of work to unit eligible occupancy standards by using a General Contractor of their choice. LRRP Construction Manager will inspect the unit(s) and calculate the costs of remaining reasonable and necessary work, according to HUD direction. LRRP Construction Manager will review that the engaged General Contractor meets minimum qualifications:

- Rehabilitation and Reconstruction: New Jersey Home Improvement Contractor License (Department of Law and Public Safety, Division of Consumer Affairs)
- Reconstruction (for single family homes only): Contractor must provide a home warranty to the owner of the property as required by the New Jersey DCA New Home Warranty Program.
- Contractor must demonstrate there is no debarment sanction on any individual, organization, and/or subcontractor and is not excluded from conducting business with any federal agency government-wide.

Retainage

- Following the signing of a Grant Agreement, the Landlord may complete and sign an LRRP Reimbursement Payment Disbursement Form to request LRRP grant funds for the reimbursement for eligible costs incurred prior to date of application submission. This reimbursement payment may not exceed eighty percent (80%) of the total grant award.
- The Landlord may also request a construction advance by signing the Contractor Validation & Construction Advance Form to request up to fifty percent (50%) of construction award amount, that when combined with the reimbursement award (if applicable), will not exceed eighty percent (80%) of the total grant award.
- Upon satisfactory completion of the construction closeout inspection by the LRRP Construction Manager, the Landlord will receive any remaining grant funds retained.

Insurance

The LRRP Construction Manager shall provide information to the Landlord that includes a Contractor Addendum that communicates applicable federal requirements and rules, including recommended requirements for general liability, builder's risk, all peril, and workers' compensation insurance.

Willingness to Adhere to Federal Requirements

- Contractors will be required to accept the terms and conditions of the Grant Agreement and LRRP Program Guidelines and Program Manual; and
- Contractors working on properties containing eight (8) or more units must accept, understand, and perform work compliant with the requirements under the DBRA.

Other information and criteria may be requested and reviewed by DCA or its agents that is deemed necessary for the contractor participation in the LRRP. All General Contractors are subject to review by

DCA and DCA reserves the right to reject any contractor who does not meet the minimum requirements including contractors that appear unrealistic in terms of technical commitment, technical competence, and/or that indicate a failure to comprehend the risk and complexity of the potential contract.

1.2.7 Grant Requirements

Landlords are required to rent to income eligible tenants upon completion of the rehabilitation or reconstruction of the unit(s). Income eligible tenants must be LMI households, defined as households earning at or below eighty percent (80%) of the AMI. Rents will be calculated according to rent schedules considered affordable based on rents not exceeding thirty percent (30%) of eighty percent (80%) of the AMI as calculated for each county and as adjusted annually by the HUD. Income eligible tenants must occupy unit(s) for the required compliance period (one [1] year for for-profit and non-profit Landlords). The grant is not considered closed until the occupancy requirement is completed by the Landlord.

1.3 Project Eligibility

1.3.1 CDBG-DR Funds and Mixed Income Projects

The LRRP is designed to accommodate properties in which all of the units assist households with incomes at or less than eighty percent (80%) of AMI, as well as properties that include a diverse mix of household incomes. In order to expend CDBG-DR funds in a mixed income multi-family rental project, the characteristics of the project must meet a national objective and the manner that the common area costs are attributed must be carefully considered depending on the percentage of persons with incomes at or less than the LMI definition for the LRRP.

The LRRP will evaluate applications and attribute the common area costs calculated by the LRRP Construction Manager as eligible project costs attributable to the applicable units if the following criteria is met:

- An assisted two (2) unit structure (duplex) must have at least one (1) unit occupied by an LMI household; and
- An assisted structure contains more than two (2) units and at least fifty-one percent (51%) of the units (applicable and non-applicable) must be occupied by LMI households.

For mixed income structures that contain more than two units and that are to be occupied by LMI households that are less than fifty-one percent (51%) of the total units, the expenditure of CDBG-DR funds and the manner that the common space costs are attributed to the project will be calculated based on proportion of the units in the project that will assist LMI households. As such if one (1) unit in a five (5) unit property (or twenty percent [20%] of the total units) is to be LRRP assisted, then a maximum of twenty percent (20%) of the common area costs may be attributable to the LRRP assisted unit. If forty percent (40%) of the units in a property are to be occupied by LMI households, then a maximum of forty percent (40%) of the common area costs may be funded using CDBG-DR funds. The proportion of common space expenditures is permissible only if the units are generally comparable in size and finishes.

The income guidelines adopted by DCA for the LRRP are made available to the public at

renewjerseystronger.org, and are set at eighty percent (80%) of AMI for the respective counties. The income limits for the nine (9) most affected counties are adjusted to include the “uncapped” limits as permitted by HUD.

1.3.2 Ownership Status

The owner of the property must either be the pre-storm owner, defined as the owner of record as of October 29, 2012 or a new owner who demonstrates valid site control as determined by DCA Operations. Required documentation for valid site control is defined as a right to acquire or lease one hundred percent (100%) of the fee title to the property exhibited by one of the following documents (all dated prior to the date of application submission):

- Written purchase agreement for an eligible property executed by all current owner(s) to the applicant which authorizes a closing on or before the grant award signing;
- Written option to purchase an eligible property executed by all the current owner(s) to the applicant which may be exercised on or before the grant award signing;
- Written contract for deed or lease purchase agreement for an eligible property which is executed by all the current owner(s) to the applicant evidencing an immediate right to occupy and improve the property and a future right to acquire one-hundred percent (100%) of the fee title;
- Written long-term lease with a sufficient term remaining for participation in the LRRP from the date of the grant award signing for an eligible property which is executed by all the current owner(s) to the applicant; and
- Any other written agreement approved by DCA to sell an interest in an eligible property which is executed by all the current owner(s) to the applicant evidencing a right to acquire the interest on or before the grant award signing.

In addition to the above, the applicant must provide a copy of the written agreement signed by all parties which includes all pages and exhibits that include a valid legal description of the property (including county and city), identify the tax parcel number for the property, identifies the date of the closing of the sale or purchase (if applicable) and identify the purchase price or rental amount (if applicable). If the current owner is an entity, the applicant must also provide sufficient documentation, i.e. an authorization letter signed by all members of the entity, evidencing the good standing and authorization of the entity to sell or lease the property as required by the LRRP. Site control must be maintained throughout the processing of the application and the transfer of ownership must be finalized prior to the grant award signing.

1.3.3 Owner-Occupants

Owner-occupants may request assistance for damaged rental properties with two (2) to four (4) units located in the nine (9) most impacted counties. Participation in the RREM Program for the owner-occupied unit is not required in order to receive LRRP funding. If the owner-occupied unit needs repair, the owner-occupant may provide funding through private resources (or RREM Program funds) for those repairs and utilize LRRP funds for repair of the damaged rental unit(s).

To be eligible to apply for LRRP funding for the rental unit(s) and also receive the funding award as an owner-occupant allowable under the RREM Program, the Landlord or group of owners must meet the

following criteria:

- At least one (1) Landlord must have owned and occupied one (1) unit of a property as their primary residence on or before October 29, 2012;
- The property must contain two (2) to four (4) units meeting all legal requirements for owner and tenant occupancy;
- At least one (1) Landlord must re-occupy the subject property;
- The RREM award levels for owner-occupied properties include up to \$150,000 in compensation for the owner-occupied portion of the property, and the LRRP will provide up to \$50,000 for each applicable rental unit in the property; and
- Properties will need to be reviewed on a case-by-case basis to determine allocation of expenditures and rehabilitation or reconstruction of the entire structure.

1.3.4 For-Profit Participation

For-profit Landlords must agree to execute a one (1) year lease for the unit(s) to LMI households at affordable rent levels based on rents not exceeding thirty percent (30%) of eighty percent (80%) of the AMI as calculated for each county and as adjusted annually. If over the course of the one (1) year period a unit becomes vacant, the Landlord must still abide by the LRRP requirements and find and select a new eligible tenant to fulfill any remaining time in the compliance period. Income collected by participating for-profit Landlords will not be considered CDBG Program Income.

1.3.5 Non-Profit Participation

Non-profit Landlords must agree to execute a one (1) year lease for the unit(s) to LMI households at affordable rent levels based on rents not exceeding thirty percent (30%) of eighty percent (80%) of the AMI as calculated for each county and as adjusted annually. If over the course of the one (1) year period a unit becomes vacant, the Landlord must still abide by the LRRP requirements and find and select a new eligible tenant to fulfill any remaining time in the compliance period.

Non-profit agencies qualifying as 501(c)(3) organizations may participate in the LRRP as an eligible Landlord. Non-profit organizations must provide verification of their non-profit status, and the most recently completed audit as required by OMB Circular A-133 "Audits of Institutions of States, Local Governments and Nonprofit Institutions". Income collected by participating non-profit organizations will not be considered CDBG Program Income.

1.3.6 Transfer of Application upon Applicant Death

1.3.6.1 Prior to Execution of Grant Agreement

In the event of a Landlord expiring prior to the execution of their Grant Agreement, the LRRP will transfer the application to the Heir(s), as appropriate, upon request, if the Heir(s), agree to continuously comply with the basic eligibility requirements for the LRRP. Heir(s) that assume ownership of an LRRP-assisted unit agree to submit supporting documentation of a legal transfer of ownership. Such documentation is subject to review by DCA and may include, but is not limited to:

- Official copy of the death certificate;

- Letters testamentary, or equivalent; and
- Last will and testament of deceased-applicant or, if deceased-applicant dies intestate, notarized declaration from administrator naming all known Heir(s).

1.3.6.2 Following Execution of Grant Agreement

In the event of a Landlord expiring following the execution of their Grant Agreement, the LRRP will extend the grant award benefits to the Heir(s), as appropriate. The Heir(s) will be required to execute a new Grant Agreement with the LRRP. The amount of the grant will be based on the deceased-applicant's most current grant award calculation, including any amendments approved prior to the applicant's death. Heir(s) that assume ownership of an LRRP-assisted unit agree to submit supporting documentation of a legal transfer of ownership. Such documentation is subject to review by DCA and may include, but is not limited to:

- Official copy of the death certificate;
- Letters testamentary, or equivalent; and
- Last will and testament of deceased-applicant or, if deceased-applicant dies intestate, notarized declaration from administrator naming all known Heir(s).

1.3.7 Property Eligibility

The following section defines property eligibility:

- Property must have received damage from Superstorm Sandy and require rehabilitation or reconstruction.
- Property must have between one (1) and twenty-five (25) rental dwelling units prior to October 29, 2012. A dwelling unit is defined as having complete independent living facilities for one (1) or more persons, including permanent provisions for living, sleeping, eating, cooking and sanitation.
- An eligible mixed-use property containing both commercial/office uses (groceries, corner stores, etc.) and residential uses (primary residences, rental units, etc.) prior to the storm are eligible only for the residential components of the property. These rental properties will receive an award only for each affordable residential rental unit. When determining whether a commercial property is within the maximum allowable number of twenty-five (25) units in order to be eligible for the LRRP, the unit(s) identified for commercial use will not be considered in the one (1) to twenty-five (25) unit maximum unit count.
- Units used to house family members provided that the tenant is deemed to be a "bona fide" LMI tenant and the rent paid is market based for local LMI tenants.
- Landlords that apply to the LRRP and that have unit(s) occupied by a tenant with work not complete shall not be eligible for funding for the applicable unit(s).
- Single Room Occupancy (SRO) units are *not eligible*. SRO units are residential properties that include multiple single room dwelling units where each unit is for occupancy by a single individual with shared kitchen and/or bathroom.
- Structures or spaces for commercial uses prior to the storms which will be converted to residential rental space are *not eligible*.

1.3.7.1 Structure Types

The following section defines eligible and ineligible types of dwelling units that could have been located on the property prior to Superstorm Sandy or will be used in the rehabilitation or reconstruction efforts.

- Modular housing (also called industrialized housing) is an eligible structure type. Modular homes are residential structures that are designed for occupancy as a permanent residential structure when the module or modular component is transported to the permanent site and erected or installed on a permanent foundation system, and includes the structure's plumbing, heating, air conditioning, and electrical systems.
- Townhomes and condominiums that have shared systems (i.e., roofs, drainage systems, etc.) are eligible structure types. Landlord(s) and/or condominium associations may be required to confirm that no restrictive covenants are in place preventing repairs, reconstruction, and/or affordable rent rates from occurring on the property site.
- Manufactured homes, RVs, and houseboats are NOT eligible structures. A manufactured home (also known as a mobile home) is built to the Manufactured Home Construction and Safety Standards (HUD Code). A manufactured home is a structure that is transportable in one (1) or more sections. In the traveling mode, the home is eight (8) body-feet or more in width and forty (40) body-feet or more in length. It is at least 320 square feet, built on a permanent chassis, and designed to be used as a dwelling with or without a permanent foundation when connected to the required utilities, and includes the plumbing, heating, air conditioning, and electrical systems.

1.3.7.2 Bankruptcy, Liens and Judgments

- Bankruptcy: Any property included in an open bankruptcy will not receive assistance from the LRRP and will not be processed further by DCA Operations once the bankruptcy is identified. If the property is not out of bankruptcy within six (6) months of DCA Operations identifying its status, the LRRP will administratively withdraw the application.
- Liens and Judgments: Outstanding liens (such as federal, state or property tax liens, lis pendens, municipal assessment liens or subdivision assessment liens) and judgments which could result in foreclosure and the loss of the property prior to the completion of construction must be satisfied and cancelled of record in order to receive assistance from the LRRP.

1.3.8 Vacancy and Notification Requirements

The unit for which the LRRP assistance is requested is vacant or is occupied by a qualified LMI tenant, the rehabilitation or reconstruction activity on the unit for which the LRRP assistance is requested was completed on or before the date of application submission and the Landlord provides evidence of a certificate of occupancy for the applicable unit.

Landlords who apply to the LRRP and have damaged units (defined as work not completed at the date of application submission) that are occupied by a tenant shall not be eligible for funding.

- The Landlord shall immediately notify the LRRP during the application process as to the occupancy status of all units contained within the property, regardless of whether LRRP funds are being requested for repairs to that unit.
- Notification to all tenants, including existing tenants in non-applicable occupied units, of application to the LRRP is required.
- The Landlord will be required to comply with all federal and state policies and procedures, including the URA. It should be noted that for recently vacated units, the provisions of the URA may be applicable. Landlords may be requested to provide rent rolls, leases and eviction notices as needed to verify if the unit was vacant at time of storm or became vacant after the storm to determine URA requirements.
- Notification to date of storm (DOS) tenants, those who occupied applicable unit(s) on October 29, 2012, is required as part of Section 414 of the Stafford Act compliance.
- Relocation may be necessary in limited instances in which minor rehabilitation work or elevation of property has been deemed necessary by the LRRP Construction Manager. Any relocation costs per the provisions of the URA are paid for by the Landlord. After submitting an application to the LRRP, the Landlord should not rent any units identified on the application as vacant until construction is completed and the LRRP verifies the income of potential tenants.

2.0 Initial Site Inspections and Environmental Reviews

2.1 Overview

The LRRP will comply with applicable federal, state and local requirements, including, but not limited to:

- HUD Lead Safe Housing Rule
- National Environmental Policies Act (NEPA)
- Housing Quality Standards (HQS)
- New Jersey Uniform Construction Code (UCC)
- International Residential Building Code (IRC)
- International Building Code (IBC)
- International Energy Code
- EPA Energy Star Program (reconstruction only in which no work was conducted prior to date of application submission)
- HUD Community Planning and Development (CPD) Green Building Retrofit Checklist (rehabilitation only in which no work was conducted prior to date of application submission)
- Section 504 of the Rehabilitation Act of 1973
- Architectural Barriers Act
- 24 CFR Part 570 and OMB Circulars for Necessary and Reasonable Requirements Cost Principles

2.2 Initial Site Inspection (Damage Assessment)

The primary purpose of the Initial Site Inspection (ISI) is to observe and record the presence of Superstorm Sandy damage (internal and external), confirm existing site conditions, and collect information about the project site to be utilized in making property eligibility and reimbursement eligibility determinations. Data will be collected by LRRP Construction Manager, as a qualified damage assessor and will be used to recommend if the proposed project should follow a rehabilitation or reconstruction pathway. The ISI will occur after DCA Operations has reviewed the application and made

a determination of ownership eligibility. The Landlord will need to be present for these site visits. The LRRP Construction Manager will note any obvious environmental concerns on the site or nearby that could affect the evaluation.

The LRRP Construction Manager will prepare an Estimated Cost to Repair (ECR) which will provide an estimate of the basic costs needed to repair or replace the unit(s) and incorporates costs necessary to ensure that the property meets the current relevant codes and standards, including HQS, for occupancy and other requirements determined by DCA. The LRRP Construction Manager will also, through the ISI, determine the Work in Place (WIP), which determines and calculates a reasonable value for the work currently completed and observed in place. The WIP and ECR do not provide an evaluation that takes into account an exact replacement of the original damaged property. In contrast to insurance estimates that may be based on replacement costs, the WIP and ECR evaluation are based on state standards for basic livability developed for the LRRP and on costs developed by the construction industry for New Jersey for those items. The method used to prepare the WIP and ECR will account for those scope items that can be counted, measured or observed. No destructive testing will be performed. The Landlord will sign a certification that they have expended their funds for eligible repairs in LRRP-assisted units in their property, and will retain all receipts and invoices for repairs for a period of five (5) years following grant award signing. This will be used with the DOB to determine eligible award amount for the Landlord.

All property improvements must be for unmet housing needs resulting from Superstorm Sandy. Non-storm damage may only be addressed on structures that also have storm-related damage. The LRRP will follow guidance related to reimbursement as noted in HUD Notice CPD-13-038, issued on July 30, 2013, related to the needs for lead and asbestos reviews. For those not receiving reimbursement for one hundred percent (100%) of the grant amount, structures built before 1978 must be inspected for lead-based paint (LBP) hazards. All structures will be assessed for the presence of asbestos.

2.3 Eligible and Ineligible Items

Only items that are considered eligible for reimbursement from CDBG-DR funds will be included in the ECR. Items that are being repaired due to storm damage will be repaired in accordance with the applicable building code. The remainder of the unit will be inspected to ensure compliance with HQS.

In mixed-use properties (properties containing units used for non-residential uses, such as commercial), the ECR is based on the costs to repair the residential space in order to meet residential occupancy requirements, local rental licensing requirements and the state codes as necessary without concern for the cost to repair the commercial or other undamaged residential unit(s).

Repairs to common areas (including for mixed-use properties) to meet occupancy standards are eligible expenses. The Landlord is responsible for ensuring compliance and paying any relocation expenses encountered during the course of the project, in accordance with URA requirements.

The ECR may include the following items or costs that could be incurred by a participating Landlord:

- Site work (utility lines, restorative landscaping, etc.)
- Demolition
- Rehabilitation/reconstruction costs

- Elevation Costs
- Lead/asbestos abatement

The LRRP does not allow the use of CDBG-DR funds for the following items (though the Landlord may use their personal funds for these items):

- Repair or replacement of detached structures such as sheds, garages, swimming pools, decks, docks, bulkheads or boat ramps (garages may be included for projects where required by local codes);
- Replacement of special features, trims and designer features that exceed basic livability requirements and features of standard grade homes such as solar panels, sky lights, wainscoting and wood paneling, Jacuzzis, copper gutters and roofs (these items may be repaired if they present a health or safety hazard or replaced with the LRRP standard quality of material);
- Repair or replacement of fencing or security systems; and
- Replacement of window air conditioners.

2.4 Environmental Reviews

The DEP has completed the Broad Environmental Review (Tier I) at the programmatic level for the nine (9) most affected counties. Additional environmental assessments may need to be completed for projects located outside of the nine (9) most affected counties. The preparation of the completed Tier I reviews include coordination with multiple federal, state and local agencies. Additionally, all project sites must receive environmental clearance. Site-specific reviews (Tier II) will be conducted by DEP inspectors and will include the review of HUD-defined environmental review topics.

The environmental review is a separate and distinct review from any other inspections. Other previously performed (or provided by the Landlord) environmental reviews will not satisfy LRRP requirements. If a property does not receive environmental clearance, CDBG-DR funds may not be used for reimbursement of repairs completed by the Landlord or for any construction activities.

There are four steps to the environmental review process:

Step 1 – Initial Review: An environmental assessor will review the applicable property data, including date of construction, tax card information, site photographs, relevant environmental data from coordinating agencies and Geographic Information System (GIS) information. If the property meets the prescribed criteria and no environmental issues are identified, the environmental review will be concluded. However, if a potential environmental issue is identified, it will be investigated further.

Step 2 – Issue Analysis: If the Initial Review reveals a potential environmental issue, further analysis will be required. This analysis may require follow-up site visits or additional research. A DEP inspector will schedule required follow-up visits to perform the necessary analysis. Owners will be notified if they are required to be present for these follow-up visits.

Step 3 – Issue Mitigation: Any issue that cannot be cleared through Issue Analysis will need to be mitigated either before or during construction. The LRRP may pay for mitigation of issues identified during the environmental review if they are deemed eligible activities. Landlords will receive all federally required notifications as well.

Step 4 – Mitigation Monitoring and Clearance: Depending on the mitigation required for an individual property, several tasks are possible: approval of mitigation plan, monitoring of mitigation tasks, mitigation progress inspections and mitigation clearance.

3.0 Pre-Construction Planning

3.1 Feasibility of Repairs

The completion of the ECR will result in a determination of eligibility for:

- Rehabilitation: The ECR will identify quantities and scopes of work required to repair or replace storm-damaged items and to bring the remainder of the structure to compliance.
- Reconstruction: Properties that have been destroyed, that are structurally unsafe to enter, or that existing conditions are such that the structure cannot be rehabilitated to LRRP standards. Reconstruction projects are subject to the final review and approval of DCA.

The feasibility determination will be presented to the Landlord for review. Landlords can request a change in feasibility prior to grant award signing subject to approval of DCA.

3.2 Development of Plans and Specifications

Upon completion of construction, all LRRP rehabilitation projects must meet applicable federal, state and local building codes and requirements and statutes. The reconstruction standard for the LRRP is the New Jersey Uniform Construction Code, 2009 Residential International Code, Energy Star (reconstruction only in which no work was conducted prior to date of application submission), and HUD CPD Green Building Standards Checklist (rehabilitation only in which no work was conducted prior to date of application submission). When applicable, the LRRP will comply with Chapter 23 of the UCC, Subchapter 6: Rehabilitation Sub code.

3.3 Supplemental Funds

Landlords with project costs in excess of the maximum per unit LRRP grant must provide evidence of supplemental funding to DCA Operations, if requested. The supplemental funds include private funds as well as funds that are made available to a Landlord by a lending institution.

3.4 Other Federal Requirements

The cost of compliance with Section 504 accessibility requirements, the DBRA, and other applicable state and federal requirements will be considered and included in the final determination of project costs.

3.5 Grant Award Signing and Notice to Proceed

Prior to the grant award signing, DCA Operations will accept the application and confirm eligibility, including the following: applicant ownership of the property, an estimate of repairs already completed for reimbursement, an estimate of the repairs to be performed, DOB analysis, and completion of the site-specific environmental review. Upon finalization of the Scope of Work and confirmation that the LRRP Construction Manager is prepared, upon validation of Landlord-selected contractor, to issue a Notice to Proceed, the Landlord will be requested to attend a grant award signing to execute documentation and submit additional documentation required prior to the commencement of construction.

At the grant signing, the Landlord will execute the following documents (when applicable):

- Landlord Certification of Reimbursement of Pre-Application Construction Costs: Costs incurred and work completed eligible for reimbursement.
- Subrogation and Assignment Agreement (Exhibit 3): DOB will be confirmed at the time of eligibility processing, and the Landlord's award will be based upon the information available as of the date of the grant award signing. This document confirms the Landlord's obligation to remit any additional insurance proceeds or other benefits received after the date of the grant award signing to the LRRP.
- Sufficient Funds Acknowledgment (Exhibit 4): The Landlord acknowledges the existence of sufficient funds to complete the remaining construction repairs, including elevation, within one (1) year of the execution of the Grant Agreement.

The Notice to Proceed is given after the LRRP Construction Manager validated the landlord-selected contractor. The Notice to Proceed will be provided in writing only. No work is to commence on the project until a written Notice to Proceed has been issued by the LRRP Construction Manager.

3.6 Amendment

When a Grant Agreement Amendment is deemed necessary, a revised grant award calculation will be created. If the amendment results in an increase to the award calculation and has not exceeded the maximum grant award (\$50,000/unit), the final payment to the applicant will increase. If the amendment results in a reduced award calculation, the final payment, if applicable, will decrease. In the event an applicant received prior funding in excess of the adjusted award calculation, the application will go into recovery to collect any overpayment that the applicant may have received.

3.7 Temporary Relocation

Landlords will be responsible for ensuring compliance with URA provisions for temporary relocation assistance for persons who are temporarily displaced because of the CDBG-DR-funded construction activities. Eligible persons include those residing in applicable unit(s) and non-applicable unit(s) that were not storm-damaged or not proposed to receive LRRP funding. Landlords shall ensure that all URA notifications and procedures are followed and will work with DCA Operations to provide required

documentation.

4.0 Construction

4.1 Rehabilitation

Rehabilitation is defined as non-emergency repair or renovation of a limited specified area or portion of a structure. Rehabilitation shall also be defined as bringing rehabilitated portions of properties into compliance with current local building codes and the entire structure into compliance with New Jersey UCC, HQS, HUD CPD Green Building Standards Checklist (rehabilitation only in which no work was conducted prior to date of application submission), and LRRP Reasonable Rehabilitation Standards.

- If the cost of the rehabilitation of the entire structure is more than seventy-five percent (75%) of the pre-storm value of the structure, then the entire structure will be considered for reconstruction per DCA determination.
- Rehabilitation shall be limited to stick-built or modular structures that have been deemed feasible for rehabilitation.
- Any slab-on-grade home that will require elevation and that otherwise qualifies for a rehabilitation benefit under program caps will be recommended for reconstruction. This policy is based on the increased cost of elevation for slab structures, additional rehabilitation costs incurred as a direct result of raising the structure, potential impact to the structural integrity and resulting remediation costs, and the additional costs of stairs, ramps, or lifts that will need to be added to allow the occupants to access the building.

All replacement mechanical utilities must be installed on a floor that is above the advisory base flood elevation (ABFE) or in an attached structure specifically designed for mechanical utilities that is above the ABFE.

4.2 Reconstruction

Reconstruction shall be defined as the demolition, removal, and disposal of an existing residential unit and the replacement of that unit on the same lot within 300 square feet of the original structure footprint with a unit that complies with the New Jersey UCC, and Energy Star (reconstruction only in which no work was conducted prior to date of application submission), including universal design features, and other LRRP requirements.

A rebuilt and elevated residential unit shall meet the FEMA flood zone requirements and additional state or local freeboard requirements.

4.3 Rehabilitation and Lead-Based Paint (LBP)

HUD Lead Safe Housing Rule (LSHR) will be applied for all housing considered for rehabilitation construction measures. LSHR requires the use of properly trained individuals to perform hazard

reduction activities. All individuals who disturb painted surfaces above HUD’s de minimis levels must be formally trained in “Lead-Safe Work Practices”.

Licensed lead assessors will determine the proper level of LBP evaluation and any required LBP hazard reduction requirements. This determination will be made following the regulatory requirements found in Title 24 of the Code of Federal Regulations Part 35, Subpart J (Rehabilitation). Detailed information concerning the requirements for lead safe work practices in conjunction with paint stabilization, interim controls or abatement will be provided in the rehabilitation Scope of Work for each home. Documentation of the findings of the LBP risk assessment will also be provided to the Landlord.

Table 4-1: LBP Mitigation Requirements Based on Construction Cost

Level of Assistance	Hazard Reduction Requirements	Post-Rehabilitation Clearance Examination Requirements
Less than or equal to \$5,000	Safe work practices during rehabilitation in conjunction with paint stabilization	Yes
More than \$5,000 up to \$25,000	Interim controls	Yes
More than \$25,000	Abatement and/or Interim controls	Yes

4.4 Asbestos Assessment and Abatement

All units participating in the LRRP will be assessed for the presence of asbestos containing materials (ACMs). Any identified ACM will be properly removed and placed in a sanitary landfill suitable for such disposals in accordance with state and federal requirements. The LRRP will follow guidance related to reimbursement as noted in HUD Notice CPD-13-038, issued on July 30, 2013, related to the needs for lead and asbestos reviews.

4.5 Final Inspections

For Landlord-led construction management, once all construction has been completed (or for reimbursement only applications after a grant award signing), the Landlord will request a Construction Closeout Inspection (CCI) to guarantee that all work outlined in the ECR has been satisfactorily completed according to the appropriate state and local codes and standards. Documentation that local inspections have been performed and passed must be provided to the LRRP Construction Manager along with the Certificate of Occupancy (or other local certification indicating that the unit is ready for occupancy). A final inspection form and checklist will be completed and signed by the Landlord and LRRP Construction Manager and placed in the project file.

General Contractors must provide all applicable warranties including guarantees, product literature, and attic stock to the Landlord prior to the LRRP Construction Manager signing a final inspection form. Photographs will be taken for documentation purposes.

General Contractors are to provide final release of liens upon final payment by the Landlord. General Contractors are to provide one (1) year warranty for all work installed.

4.6 Change Orders

In the event of unforeseen rehabilitation costs, LRRP Construction Manager will be responsible for the review of documented Change Order requests identifying what type of work is needed, the cost reasonableness of such work, and the time necessary for such work to be completed. Unless it is determined an immediate health and safety danger exists, NO WORK SHALL BE AUTHORIZED until agreed upon in writing by the Landlord, General Contractor, LRRP Construction Manager and DCA.

All Change Order requests that result in proposed amounts in excess of the maximum LRRP grant award available will be the responsibility of the Landlord. Requests less than \$2,500 or less than the applicant's contingency funds, if applicable, will not be accepted.

4.7 Non-Substantial Damage and Substantial Damage Determination

"Substantial damage" is defined as storm-related damage of more than 50% of the property's pre-storm improved value figure on their property tax assessment. Properties that are deemed substantially damaged by their municipality, are in a flood zone, and are below the Base Flood Elevation will be required to elevate and/or mitigate.

During the initial site inspection, the LRRP Construction Managers will collect necessary information for DCA to make a substantial damage determination. DCA will utilize this data to make a determination for applicants who indicate on the Non-Substantial Damage Acknowledgement form that their structure is not substantially damaged and have not received a substantial damage letter from their municipality. The determination made by DCA will indicate if the structure is deemed substantially damaged or non-substantially damaged. If DCA determines the property is substantially damaged, elevation will be required unless DCA receives a Letter of Non-Substantial Damage from their municipality. If DCA determines that the structure is not substantially damaged, elevation will not be required.

4.8 Definitions

Administrative Signing – Where DCA will act on the behalf of an applicant and sign documents that allow for subsequent program actions.

4.9 Housing Quality Assurance/Quality Control ("QA/QC") Review

Once the LRRP Construction Manager has verified construction has been completed to occupancy and uploaded all required documents to the file through the iDone interface, the application will be reviewed by DCA Housing Staff to confirm that all program construction requirements are complete. DCA Housing Staff will confirm that all documentation is on file and legible for applicable construction and final inspection requirements.

4.10 Grant Reconciliation

After DCA Housing Staff completes the Housing QA/QC Review, they will submit the file to DCA Operations for the Grant Reconciliation in order to account for any changes in Duplication of Benefits (“DOB”) and/or scope adjustments. DCA Operations will perform a DOB analysis, review the Final Cost of Repair (“FCR”) and the Request for Payment form, and update the Total Development Cost (“TDC”) values in the Grant Award Calculator.

4.11 Preliminary Final Award Calculation and Final Grant Reconciliation Review

Upon confirmation that all applicable program requirements have been completed and appropriately documented in the applicant’s file, DCA Operations Staff will submit the file to Compliance and Monitoring to review the file and perform a Final Award Calculation Review. Compliance and Monitoring will perform a final DOB analysis and review the Grant Reconciliation. Once it is determined that all required documents are completed accurately and the preliminary Grant Reconciliation is correct, the calculation is saved as the Final Grant Reconciliation. The Final Grant Reconciliation will be sent out to the applicant for signature.

If the applicant owes funds back to the LRRP and there is an open Accounts Receivable on file, the application will move to the “Recoupment” stage and will remain there until all funds due back to the LRRP are repaid. If the applicant does not owe money to the Program, the final payment will be released following approval of the Final Grant Reconciliation.

4.12 Administrative Signings for Final Grant Reconciliation

This section provides guidance to the LRRP in the event that upon certain key events, the homeowner fails or refuses to act in a manner consistent with the Grant Agreement. The DCA can take necessary steps with the Action Plan, the HUD CDBG-DR Rules, and the guidelines to meet the Program requirements, as outlined in these Policy and Procedures.

An applicant may refuse to sign the Final Grant Reconciliation, which is one of the key documents required before other program processes can continue. There can be a variety of reasons for this decision by the applicant and therefore it must be determined if the reason for not moving forward is valid within the scope and requirements of the Program.

The Final Grant Reconciliation may be administratively signed as long as the terms of the Final Grant Reconciliation have been communicated to the applicant and the applicant has been given thirty (30) days to discuss the same with their Landlord Advisor. All other documents, unless specifically stated otherwise, may not be signed through an administrative signing.

5.0 Tenant Leasing and Project Closeout

5.1 Rental Rates of Affordable Units

All rental units that receive assistance from the LRRP must be rented to LMI households, defined as households earning at or below eighty percent (80%) of the AMI. Rents will be calculated according to rent schedules considered affordable based on rents not exceeding thirty percent (30%) of eighty percent (80%) of the AMI as calculated for each county and as adjusted annually by the HUD. The current rent schedule for the nine (9) most impacted counties is listed in the Tenant Leasing and Project Closeout section of the LRRP Program Manual and is updated each March per HUD's issuance.

The Landlord shall provide required documentation to the LRRP in order to document income eligibility for all new (and applicable existing) tenants prior to executing a lease (or providing a lease addendum to an applicable existing tenant).

5.2 Tenant Selection

Landlords will screen and select their own tenants. Tenant selection must comply with the requirements of the Fair Housing Act (42 U.S.C. 3601-3620), which prohibits discrimination based on race, color, religion, sex, national origin, familial status, and disability. Information regarding Fair Housing Act compliance will be provided to all Landlords. For properties with five (5) or more units, the Landlord must develop an Affirmative Fair Housing Marketing Plan (AFHMP) to affirmatively promote fair housing and comply with the Fair Housing Act.

LRRP Landlord Handbook will be made available to all Landlords to provide sample forms and detailed instructions for meeting LRRP requirements. Verification of special needs shall be provided for tenant occupants for properties prioritized for special needs funding.

5.3 Affirmative Fair Housing Marketing Plan (AFHMP)

Affirmative marketing is part of a larger affordable housing policy overseen by HUD. This policy requires rules to be established for marketing practices that specifically target tenants who may be able to take advantage of affordable housing options within the given jurisdiction. The requirements of affirmative marketing apply to any housing with at least five (5) assisted units. It is a marketing strategy specifically designed to attract renters and buyers of all majority and minority groups, regardless of sex, handicap and familial status to assisted rental units that are being marketed and is developed to appeal to persons who traditionally may not seek housing opportunities in neighborhood areas historically of a racial or ethnic concentration different than their own and to assure that individuals of similar income have equivalent housing options. All Landlords with five (5) or more units participating in the LRRP will be required to develop and provide an AFHMP acceptable to the Program prior to receiving any program benefit.

5.4 Tenant Race and Ethnicity Reporting

In accordance with HUD's criteria for race and ethnicity reporting, the LRRP will provide a Tenant Race and Ethnicity Reporting form to all Landlords. The Landlords will be required to provide the form to all new and existing tenants for the LRRP-assisted units.

Tenant Race and Ethnicity Reporting form shall be returned by the Landlord to the LRRP and shall be placed in the project file. Any forms that are not returned to the LRRP, are returned with no selected race and/or ethnicity, and/or are returned with a checkbox for the “I choose not to provide this information” will be documented as a no response to the race and ethnicity categories.

6.0 Application, Project Award Approval and Disbursement Process

The steps identified below demonstrate the process flow from time of application to project closeout. This process is more fully defined in the Application and Approval Process section of the LRRP Program Manual.

Stages	Assigned	Action
Stage 1: <i>Application Acceptance</i>	DCA Operations	<ul style="list-style-type: none"> Applicant completes and submits a standardized application form DCA Operations sends a Program Acceptance letter or requests additional information
Stage 2: <i>Eligibility</i>	DCA Operations	<ul style="list-style-type: none"> Application reviewed for eligibility criteria in the LRRP Program Guidelines Intake Meeting to gather eligibility documents Evaluate for URA requirements Determine LRRP eligibility Conduct preliminary DOB analysis Review and approval of applicant eligibility
<p><i>The duration of Stage 2 will be affected by the following:</i></p> <ul style="list-style-type: none"> Ability of Landlord to provide verification of eligibility components in a timely manner 		
Stage 3: <i>Initial Site Inspection/ Environmental Review</i>	LRRP Construction Manager	<ul style="list-style-type: none"> Conduct Initial Site Inspection to record damages and develop an Estimated Cost to Repair (ECR) Feasibility Analysis (rehab/recon) is completed Develop Scope of Work Environmental review clearance (Tier II) received from DEP
<p><i>The duration of Stage 3 will be affected by the following:</i></p> <ul style="list-style-type: none"> The greater the number of units in a property, longer time period for ECR assessments Units with five (5) or more units will require longer period to receive environmental clearances 		
Stage 4: <i>Grant Award Determination</i>	DCA Operations	<ul style="list-style-type: none"> Complete DOB analysis Send ECR and contestation letter to applicant Obtain applicant agreement and confirms applicant funding for gap
<p><i>The duration of Stage 4 will be affected by the following:</i></p> <ul style="list-style-type: none"> Responsiveness of Landlord to agree to LRRP terms and conditions Landlord contests components of their ECR 		
Stage 5: <i>Grant Award Signing</i>	DCA Operations	Conducts grant award signing
Stage 6: <i>Construction and</i>	LRRP Construction	<ul style="list-style-type: none"> LRRP Construction Manager conducts Step 6a Meeting LRRP Construction Manager issues Notice to Proceed to

Disbursement(s)	Manager/ Applicant/ General Contractors	applicant <ul style="list-style-type: none"> • General Contractors begin construction • LRRP Construction Manager conducts Final Inspection • LRRP Construction Manager verifies that Certificate of Occupancy (or related document) is obtained
The duration of Stage 6 will be affected by the following: <ul style="list-style-type: none"> • Larger properties with asbestos abatements may require extended construction times • Properties requiring elevation may require extended construction times 		
Stage 7: Initial Occupancy Stage	Landlord/ DCA Operations	<ul style="list-style-type: none"> • Landlord advertises vacancies and leases repaired units to low-to-moderate income (LMI) tenants; monitored for compliance period (one [1] year for for-profits and non-profits) • Tenant income status verified
Stage 8: DRGR Project Closeout	DCA Operations	<ul style="list-style-type: none"> • DCA completes DRGR project closeout upon verification of LMI tenant occupancy for compliance period

7.0 Compliance and Monitoring

7.1 Overview

Landlords participating in the LRRP are responsible for adhering to program requirements as stated in the Grant Agreement and related grant award documents, as well as any applicable federal, state and local requirements. Following construction completion and final disbursement of funds, the Landlords must comply with the compliance period stated in the Grant Agreement of one (1) year for for-profit and non-profit Landlords.

7.2 Rental Unit Occupancy Requirements

Upon completion of rehabilitation or reconstruction, Landlords must provide the LRRP with copies of leases for all tenants for income certification, as stated in the grant award signing documents. Landlord must utilize the LRRP model lease or their existing lease in conjunction with the LRRP lease addendum. Existing lease must be submitted for approval to the LRRP prior to execution. Once tenant income has been verified, then a Landlord can execute a lease and a tenant can move-in. Section 414 of the Stafford Act provides that persons displaced because of natural disasters shall not be denied eligibility under the URA as a result of not being able to meet the occupancy requirements (because of the major disaster) set forth by the URA. This includes the right to return to the program-assisted unit(s).

7.3 Landlord Obligations

Landlords are responsible for abiding by program requirements throughout the compliance period. Areas include:

- Landlords must provide rents in accordance to the approved annual rates defined as rents not exceeding thirty percent (30%) of monthly income for a household earning eighty percent (80%) of the AMI.

- For-profit and non-profit Landlords must rent to income eligible tenant(s) for one (1) year upon initial lease-up period.
- Landlords of properties with five (5) or more units will be required to develop and maintain an AFHMP.
- Landlords will be required to adhere to Section 504 and Fair Housing Act requirements preventing discrimination to prospective tenants due to a disability.
- Following construction closeout inspection, tenants will be required to provide documentation of their household income to the Landlord who shall provide to the LRRP prior to initial occupancy. If an income eligible tenant's income increases once the lease has been signed and the tenant has been approved, there is no required change in rent or tenant eligibility. The Landlord must provide documentation to the LRRP in order to approve income eligibility for the tenants prior to allowing the tenant(s) to move into the property.
- Landlord is subject to compliance and monitoring by DCA or its agent for the term of the compliance period.

7.4 Property Compliance

The Landlord will certify that building health and safety standards are met at initial occupancy and maintained annually thereafter.

7.5 Uniform Relocation Act (URA) and Temporary Relocation

The Uniform Relocation Assistance and Real Property Acquisition Policies Act of 1970 (URA) provides important protections and assistance for people affected by the acquisition, rehabilitation, or demolition of real property for federal or federally-funded projects.

Each Landlord must provide information on occupants of their property in their application either at the date of the storm or intervening residents of the unit(s). Properties which have been occupied since October 29, 2012 by any person besides an owner(s) of the property are required to provide a General Information Notice (GIN) to each head of household. The GIN details preliminary information pertaining to the Landlord's application for assistance, the potential for either temporary or permanent displacement, and contact information for the LRRP. Each Landlord is responsible to provide documentation to the LRRP that the tenant received the GIN.

The URA may apply to residents of nearby or adjacent undamaged units who may be affected by construction activities and all URA rules and regulations must be followed.

The URA requirements are applicable for all LRRP-funded projects. If there are currently tenants living in any units where repairs are complete, the Landlord may still participate in the LRRP under the following circumstances:

- Landlords must provide tenants occupying units for which funding has not been requested with a GIN providing information about the program with notice of possible relocation requirements in order to complete property repairs; and
- For new tenants, applicants are required to provide Move-in Notices (MIN) dated on or before the same date as the lease for any units in the same property.

The Landlord will be responsible for any temporary relocation costs in accordance with the URA.

7.6 Stafford Act

Funding awards are subject to compliance with the Stafford Act. The Stafford Act prohibits any person, business concern, or other entity from receiving financial assistance from CDBG-DR funding with respect to any part of a loss resulting from a major disaster and financial assistance under any other program or from insurance or any other source that has been provided.

7.7 Section 414 of the Stafford Act

Landlord must comply with the provisions of Section 414 of the Stafford Act in regards to offering the tenant who occupied the unit(s) on October 29, 2012 the right to return to the repaired unit.

7.8 Section 504 of the Rehabilitation Act of 1973

Section 504 of the Rehabilitation Act of 1973 prohibits discrimination on the basis of disability in any program or activity that receives financial assistance from any federal agency, including HUD. HUD regulations for Section 504 that apply to federally-assisted programs may be found in the Code of Federal Regulations at 24 CFR Part 8 and 9.

In addition to General Contractor compliance, Landlords receiving federal funds for housing repairs are obligated to Section 504 and related laws like the Fair Housing Act, which makes it unlawful for a housing provider to refuse to rent to a person simply because of a disability.

All General Contractor and Landlord requirements under Section 504 and the Fair Housing Act as it relates to total number of units, reconstruction and various levels of rehabilitation can be found in more detail in the Compliance & Monitoring section of the LRRP Program Manual. Landlords will be required to include all applicable accessibility requirements within their final Scope of Work which may be reviewed and approved by the LRRP Construction Manager.

7.9 Davis-Bacon and Related Acts (DBRA)

The Housing and Community Development Act of 1974, as amended (HCDA); Section 110 of the DBRA requires all General Contractors and subcontractors performing on federal contracts (and General Contractors or subcontractors performing on federally-assisted contracts under the related acts) in excess of \$2,000 to pay their laborers and mechanics no less than the prevailing wage rates and fringe benefits, as determined by the U.S. Secretary of Labor, for corresponding classes of laborers and mechanics employed on similar projects in the area.

Apprentices and trainees may be employed at less than predetermined rates. Apprentices must be employed pursuant to an apprenticeship program registered with the U.S. Department of Labor (DOL) or with a state apprenticeship agency recognized by DOL. Trainees must be employed pursuant to a training program certified by DOL.

DBRA will apply to all LRRP properties with eight (8) or more units. The LRRP Construction Manager overseeing any properties with eight (8) or more units will be required to review and confirm compliance with requirements and maintain records demonstrating General Contractors and subcontractors are informed and provided technical assistance regarding labor standards.

Additionally, the LRRP Construction Manager will monitor General Contractor and subcontractor compliance by conducting on-site interviews, addressing and requiring resolution of labor standards discrepancies, checking payrolls and related records, targeting interviews to substantiate suspected violations, and preparing and submitting enforcement reports.

Projects containing eight (8) or more units that are completed or in progress at the time of application submission are ineligible for reimbursement unless the Landlord can document compliance with the Davis-Bacon Prevailing Wage Requirements at the time the work was performed. Retroactive measures intended to achieve compliance will not be permitted.

7.10 Copeland (Anti-Kickback) Act

The Copeland (Anti-Kickback) Act will apply to contracts of \$2,000 or more with an investment of federal funds. This act makes it a criminal offense to induce an employee to “kick-back” to the employer compensation to which they are entitled to. The LRRP will require submission and approval of weekly certified payroll documents for projects containing eight (8) or more units.

7.11 Contract Work Hours and Safety Standards Act (CWHSSA)

General Contractors and subcontractors on prime contracts in excess of \$100,000 are also required, pursuant to the Contract Work Hours and Safety Standards Act (CWHSSA), to pay employees one and one-half times their basic rates of pay for all hours over forty (40) worked on covered contract work in a workweek.

Covered General Contractors and subcontractors are also required to pay employees weekly and to submit weekly certified payroll records to the LRRP Construction Manager.

7.12 Non-Compliance (Landlord and General Contractor)

Landlords who fail to comply with the Grant Agreement, or fail to respond to a LRRP compliance request within thirty (30) days shall be deemed non-compliant and may be referred to the DCA for further action.

General Contractors who do not comply with the LRRP requirements, or fail to respond to compliance requests, may be deemed non-compliant and referred to the DCA for further action.

8.0 Additional Program Management Requirements

8.1 Appeals

DCA and LRRP Construction Manager will support and follow the approved DCA Appeals Process.

8.2 Fraud, Waste and Abuse Prevention

DCA Fraud Prevention will maintain and perform procedures for receiving, investigating and reporting cases of fraud, waste and abuse to ensure compliance with all applicable federal, state and local laws and regulations. LRRP is dedicated to preventing and deterring criminal conduct by any party, including,

but not limited to applicants, internal LRRP personnel, and other parties associated with the LRRP with a primary responsibility to prevent, detect and respond to allegations of fraud and misconduct.

All employees, General Contractors, and subcontractors are responsible for becoming familiar with, and following the applicable laws, regulations, policies and procedures, as well as DCA Standards of Ethical Conduct and Conflict of Interest Agreement that apply to their job(s) and level of responsibilities.

LRRP personnel and the public may raise concerns by contacting the New Jersey State Comptroller hotline at 1-855-OSC-TIPS (1-855-672-8477) or by e-mail at comptrollertips@osc.state.nj.us. The hotline and email address serves as a confidential and anonymous reporting mechanism to receive, retain, and respond to complaints, concerns or reports of possible violations.

8.3 Conflict of Interest

In accordance with federal requirements, the LRRP will adhere to the following conflict of interest provisions established for the CDBG-DR Program. For the LRRP, the following areas have been identified as potential areas of conflict:

- LRRP staff/Landlord or LRRP staff/General Contractor relationships;
- Landlord/General Contractor relationships; and
- Evaluation and approval process.

8.4 Files, Records and Reports

The State shall establish and maintain such records as may be necessary to facilitate review and audit by HUD of the State of New Jersey's administration of the CDBG-DR funds under 24 CFR 570.493. The content of records maintained by the LRRP shall be sufficient to enable HUD to make compliance determinations, including for fair housing and equal opportunity purposes, and data on the racial, ethnic and gender characteristics of persons who are beneficiaries of the LRRP. The records shall also permit audit in accordance with 24 CFR Part 85.

Representatives of HUD, the Inspector General, and the General Accounting Office shall have access to all books, accounts, records, reports, files, and other papers or property pertaining to the administration, receipt and use of CDBG-DR funds and necessary to facilitate such reviews and audits.

The State of New Jersey shall provide citizens with reasonable access to records regarding the past use of CDBG-DR funds consistent with state or local requirements concerning the privacy of personal records.

Records, including supporting documentation, shall be retained for the greater of five (5) years from project closeout (conclusion of applicable compliance period) or the period required by other applicable laws and regulations.

8.4.1 Information Requests and Subpoenas

The procedures implemented for responding to records requests ensure that confidential information will not be released to anyone without a legal requirement to do so and may require written approval by the DCA.