

Via Email: Sandy.Recovery@dca.state.nj.us.

Richard Constable
Commissioner
Department of Community Affairs
State of New Jersey
PO Box 800
Trenton, NJ 08625-0800

February 27, 2014

Re: Comments on the February 3, 2014, NJDCA CDBG-DR Action Plan Amendment 7

Dear Commissioner Constable:

Please accept these comments on the State of New Jersey's Community Development Block Grant - Disaster Recovery (CDBG-DR) draft Action Plan Amendment 7 ('draft' or 'draft Amendment'). The following broad coalition of community groups impacted by Sandy, civil rights, community development, housing, labor, religious, special needs, and other groups and individuals calls on the Department of Community Affairs (DCA) to modify and enhance the draft Amendment, prior to submission to HUD, to build upon the positive aspects of the plan, and address several significant concerns with the Plan in the following areas: (1) fair allocation of resources between renters and owners, (2) publicly address extant program implementation and contractor termination questions, (3) ensure a fair, needs related distribution of funds among counties and towns, (4) create, and distribute funds pursuant to, a comprehensive needs assessment rather than in reaction to subscription to first round programs, (5) ensure transparency and public participation, (6) address barriers to fair housing; (7) incentivize the hiring of local residents and contractors. (8) provide a comprehensive and clearly defined risk analysis; (9) provide a clear mandate to mitigate present and future risks; (10) dedicate sufficient funding for local and coordinated planning; (11) greater benefit to low- and moderate-income people; and (12) several program specific suggestions.

1. The State should distribute a fair share of funding to programs that aid renters in recovering.

For the past year, advocates for lower-income residents have challenged the State to recognize independent analyses, most notably by the NYU Furman Center for Real Estate and Urban Policy and Enterprise Community Partners, that concluded that: 1) 40% of households that suffered severe or major damage from Sandy were renters and 2) renters are significantly more likely than homeowners to be of low or moderate income and consequently face much greater difficulties rebuilding their lives.

The State has justified this policy based on the same faulty usage of FEMA data that they now have admitted resulted in thousands of people being incorrectly rejected in the RREM and Resettlement programs (as discussed further below). In fact, New York State, from its original Action Plan, recognized that these data were wrong and severely impacted lower-income, African-American, and Latino communities, saying that using these data “systematically underrepresents the extent of damage to the rental stock” and undercounts damage for “the large proportion of minority and low income New Yorkers who require affordable rental properties.” Given that the State has now recognized that FEMA data was faulty in one context, it now must recognize that FEMA data has undercounted thousands of renters with major and severe damage, and adjust its Action Plan accordingly.

If the current draft Amendment were implemented, less than 30% of combined first and second round CDBG-DR funding directed to homeowners and the development of rental housing would go to rental housing.

The rental housing funding should go in large part to construction of replacement homes focusing on the most impacted areas as described more below. The draft states (see Table 2-5, p.2-6), that the Fund for Restoration of Large Multi-Family Housing, a program that will increase the availability of affordable rental housing, has funding requests well in excess of \$364 million which cannot be funded under first round or proposed second round distributions – and that does not account for projects currently under development especially in areas that got very little funding in the first tranche such as Monmouth and Ocean Counties.

DCA must also increase funding to rental vouchers. Rental vouchers assist by providing immediate support; help for low-income families; and provides support for special needs housing. The draft Amendment makes several vague references to voucher programs.¹ These programs may or may not build on or replace the voucher distributions described in the original Action Plan and the other pending amendment to the Action Plan.²

Both more funding and more clarity is needed. Currently only \$15 million identified through a special amendment filed by DCA is marked for rental vouchers; these funds should be increased to a total of \$60 million in the Plan Amendment. The Plan Amendment also should identify, with particularity, the funding sources that support its housing voucher programs, the departments or agencies that will administer such programs, the impact on long-standing voucher programs and waiting lists, including those managed by the DCA itself, and describe how these programs will benefit lower income families displaced by Superstorm Sandy.

¹ §2.2.2, pp.2-5, 2-6, 2-7.

² §6.2.3, p.6-2; §6.2.4, p.6-3.

Overall, a shift of approximately \$300 million into rental housing would produce a 40% : 60% aggregate distribution between renter and homeowner recovery assistance. The State should use funding from under-subscribed first round program distributions and shift funding from the hundreds of millions of dollars programs in both the first and second rounds that are not targeting areas that are among those most impacted by Sandy in order to address this inequity.

2. The State should not distribute \$390 million more to the RREM program until it address the economic and racial disparities in RREM and RSP application processing and awards, and the implementation consequences of the termination of major program contractors.

Data provided by the Department of Community Affairs³ has raised questions of dramatic and systemic dysfunction in applicant processing and award practices of both the Resettlement Program (RSP) and the Homeowner Reconstruction, Rehabilitation, Elevation and Mitigation (RREM) program. The rejection rates for African American and Latino-American applicants were nearly two and one-half times those of whites. Many rejected applicants of all ethnicities were denied information about the appeal process, including the reasons for their rejection or for other adverse decisions, or even that they had a right to appeal. Incorrect information was provided in Spanish about deadlines, application centers, and the appeals process, and so many people did not even apply. Over three-quarters of those who overcame these hurdles, and did appeal, were found to have been wrongfully denied, across all races and ethnicities. Furthermore, evidence upon re-review of applicants who appealed is that there should not have been the massive disparities between races and ethnicities; all groups have similar rates of success on appeal. It is also unclear how people in the original accepted group or who successfully appeal are being prioritized, how the State chose who was on the wait list vs. accepted, and how the wait list is ordered.

The State has stated that it will allow appeals from people wrongfully rejected – something it should have actively addressed six months ago instead of waiting for the information to come out after litigation. That is a first step but not enough – the State should actively re-review all applications, given the massive error rate, instead of requiring people to go through an appeals process. The State has also said that it will insert wrongfully rejected applicants to their proper place in line, but that policy needs to be formalized in writing – and it does not provide a remedy to those who did not even have their application completed as a result of program mismanagement. The State should both review all rejected applications affirmatively and reopen the process to those provided misinformation.

³ Much of these data were disclosed to the public only after the state was sued for failure to produce records in compliance with the New Jersey Open Public Records Act and common law right to know.

The State, meanwhile, attempted to avoid disclosing that it had terminated the contractor charged with operating the application intake apparatus and, when the termination was discovered, steadfastly refused to make any statement regarding reasons for the termination or efforts the State may be making to correct the systemic turmoil. The State also failed to publicly announce that it had terminated its contract with a second major contractor responsible for RREM program operations. The dysfunction of the Housing Recovery Centers and the RREM construction contracting process are legion. Yet the plan does not address who is running these housing recovery programs nor identify how people will get the help they need, and it fails to address the shortcomings in the training that was provided to prior staff.

Although the requirements for demonstration of ‘substantial damage’ have been somewhat unclear and what different people were told have changed over time, the vast majority of applicants for RREM assistance were told that they must submit a letter from a local flood plain manager (FPM) to verify sufficient damage to their residence to put them in the top priority ranking. Many towns did not have any person who acknowledged being a flood plain manager, some FPM’s offices turned applicants away, and some failed to issue letters for a variety of reasons. Without such letters, applicant files were simply stamped ‘Ineligible’.

Manufactured home eligibility rules also presented a moving target, were misstated and misunderstood by intake and processing staff and as a result much less assistance has been granted such homeowners relative to the damage they suffered than with stick-built homes. Many such homeowners were simply told not to apply. The draft Amendment must first do a comprehensive needs assessment for how to address the needs of manufactured housing owners impacted by the storm statewide. It then must identify no less than \$25 million (and more if the needs assessment shows it is needed) to level the outcomes for manufactured home owners, including recognizing that the RREM program is not a workable solution for many manufactured home owners and that they need an alternative option to actually be made whole.

In the shadow of this dysfunction and unexplained ethnic/racial disparity, the State proposes to pour yet more hundreds of millions of dollars into RREM. While this money is needed for homeowners to rebuild their homes, at this point it is not clear that such funds will actually result in rebuilding in any kind of fair or effective way.

Before submitting such a proposal to the United States Department of Housing and Urban Development (HUD), the State should fully investigate the irregularities, report to the public, the legislature and to HUD, and satisfy concerns over whether these programs are operating effectively and openly. The State must give everyone who was wrongfully excluded before full consideration and opportunity without creating more hoops to jump through. The Amendment should make clear how the

mistreatment of applications of the past year will be remediated as the RREM and RSP programs move forward.⁴

3. The State should ensure a fair, needs related distribution of funds among counties and towns.

The draft Amendment fails to provide for either infrastructure or housing distribution among counties in proportion to damage suffered or in proportion to the cost of resilient rebuilding. Whatever the truth of allegations of political favoritism or retribution in the distribution of CDBG-DR funds, any Action Plan Amendment that drives the expenditure of second round money must be grounded on policies and procedures that both ensure fairness and remove any cloud of suspicion.

The original final Action Plan required prioritization of the most impacted communities within the nine counties, based on the State’s Needs Assessment, for rental programs.⁵ This did not happen. In fact, the greatest gap between location of funding and most impacted communities has been in rental housing development. For example, only 19 of 36 developments funded through the largest rental housing program, the Fund for Restoration of Multi-Family Housing (FRM), have been in the most impacted communities. And the hardest hit counties – Ocean and Monmouth – have received only 21.7% of funding, despite having over 50% the total damage statewide; Essex County, which only had 1% of damage to renters statewide, has received more money than either Monmouth or Ocean County.

<u>County</u>	<u>% Damage</u>	<u>%FRM</u>
Atlantic	21.2%	20.0%
Bergen	5.2%	5.6%
Cape May	4.0%	6.8%
Essex	1.0%	16.1%
Hudson	10.5%	16.1%
Middlesex	4.3%	13.7%
Monmouth	22.5%	14.0%
Ocean	30.0%	7.7%
Union	1.2%	0.0%

Now, instead of addressing that gap, the State is proposing to remove this requirement. The draft states that second round funding will only be “initially prioritized for projects . . . within the nine most impacted counties”⁶ and says

⁴ The draft, at Table 2-2, p.2-3 states that when fully disbursed, the RSP program will have spent \$183.35 of its \$215 million allocation. The balance could be used to assist households who did not apply or were denied because of misinformation, lack of language access and other impediments.

⁵ §4.3, p.4-9.

⁶ §3.3.1, p.3-6.

nothing about tying distribution to the level of damage suffered. The removal of this commitment makes it unlikely that the recovery will, in any way, serve people who are impacted. It is unconscionable given the scarcity of funds. This requirement must be put back into the Action Plan and enforced, including a concrete a catch up provision for prior misdirected funding.

Linked to this issue of equitable distribution of assistance are the facts that 20% of the funding may be spent outside the nine most affected counties and that Cumberland, and to a lesser degree, Salem Counties have communities that were hard hit by Sandy but have received little or no recovery aid. Assistance should be fairly targeted to these communities, consistent with the fact-based assessment of unmet needs discussed in item 4 below. We are concerned that many programs have large percentages of funding outside of the 9 counties designated by the federal government – in the infrastructure programs as much as 50% - but at the same time there is no guarantee that the places outside the 9 counties actually hit by Sandy will get priority. There is no excuse for disbursing limited funds to areas that were not impacted by the storm, inside or outside the 9 counties, when other areas hit hard by Sandy see no relief, and the State must make sure that all programs prioritize hardest hit areas more clearly and definitively.

4. The State must propose second round programs pursuant to a comprehensive fact based assessments of unmet housing needs, rather than distribute funds based upon the number of residents or contractors who have applied for a handful of first round programs.

Both of HUD’s allocation notices require that grantees update their assessments of unmet needs.⁷ These assessments of needs are supposed to review the situation in the affected communities, identify and prioritize needs and develop a coherent, fact based approach to addressing needs that remain unmet.⁸

The draft Amendment proposals for distribution of housing funds are not supported by a comprehensive assessment of unmet needs. While the State claims to have

⁷ “Disaster recovery needs evolve over time as the full impact of a disaster is realized and costs of damages transition from estimated to actual. Remaining recovery needs also evolve over time as they are met by dedicated resources. As a result, the needs assessment and Action Plan must be amended as conditions change and additional needs are identified. CDBG–DR funds may be used to reimburse the costs of conducting the needs assessment.” 78 FR 14333, § VI. A. 1. A. (1) (March 5, 2013); “To access funds allocated by this Notice grantees must . . . determine updates to its needs assessment;” 78 FR 69106, § IV. (November 18, 2014)

⁸ “The Action Plan must contain: (1) An impact and unmet needs assessment. Each grantee must develop a needs assessment to understand the type and location of community needs to enable it to target limited resources to areas with the greatest need. . . . The assessment of . . . housing needs must address interim and permanent; owner and rental; single family and multifamily; public, HUD- assisted, affordable, and market rate.” 78 FR 14332, § VI.A. 1. a.; “Impacts must be described by type at the lowest geographic level practicable (*e.g.*, city/county level or lower if available).” *Id.* p. 14333.

collected information on unmet needs in chapter 5, there is no link between this information and the actual analysis of unmet needs in chapter 2. The draft does not contain facts assessing the housing stock, the relative unmet needs on a state, county or local level, the impact of first round programs on the availability or distribution of affordable housing or the relative merits of rebuilding in place versus programs that allow residents of all income levels to move out of harm's way.

The draft Amendment's Section 2.2 [Summary of Unmet] Housing [Needs], confirms that the assessment underpinning the original Action Plan "was based on FEMA Individual Assistance data from March 2013" (p.2-2) and then states that its current assessment uses "demand for the State's existing CDBG-DR funded homeowner and rental programs [as] a viable proxy." (p.2-2). Subscription levels for first round programs are not a valid proxy. The State describes a significant effort at investigating needs. It must now apply the resulting information to demonstrate what, if any, first round programs should have any continuing priority or place in an updated, comprehensive assessment of unaddressed storm damage. Unmet needs inescapably exceed, many times, the available resources. That does not mean that oversubscribed programs can be used as a proxy in lieu of a true updated assessment.

With regard to homeowners, the draft describes the oversubscription of the RREM and FEMA Hazard Mitigation Grant Program (HMGP) programs and the full funding of the Resettlement Program (RSP). It also describes FEMA and Department of Agriculture (USDA) funded buyout programs: which the State intends to supplement with \$100 million of second round funding to be administered by the New Jersey Department of Environmental Protection (DEP). (pp. 2-4, 2-5)⁹

As for renters, the draft sets out, at Table 2-5, obligated and pipeline first round projects¹⁰ demonstrating unmet subscription and mentions five programs¹¹, some of which accessed CDBG-DR funding, without any information on subscription levels or remaining demand.

The purported updated unmet housing needs assessment primarily describes the number of applicants for first round programs that remain unassisted. It does not assess the number or location of homes, apartments or businesses that have yet to

⁹ The draft also mentions FEMA Individual Assistance and the Working Families Living Expenses Voucher Program (SHRAP – Social Service Block Grant money) but these funds are distributed for a wide variety of social services needs and cannot be categorized with the information available.

¹⁰ Fund for Restoration of Large Multi-Family Housing, Small Rental Repair Program, pre-Development Loan Fund, the Blight Reduction Pilot Program and Sandy Special Needs Housing Fund.

¹¹ The Landlord Incentive Program, supplements to housing vouchers, FEMA Individual Assistance, SHRAP, and the Sandy Home Buyer Assistance Program.

recover. Its sole recognition of actual numbers in need of assistance is the Table 2-4 note that there are over 15,000 homes in repetitive flood zones.¹²

Until the State conducts and publishes a proper, objective, impartial, comprehensive, fact-based updated assessment of unmet needs, the State and its residents are hamstrung in their attempts to understand the current needs and craft responsive recovery efforts going forward. HUD requires a true housing needs assessment, the people of New Jersey deserve it and the State should deliver.

5. The State should commit, in the Plan Amendment, to share its information and analysis, and the policies and procedures governing program implementation, with the public, rather than keeping them a secret and should provide implementation details to ensure true transparency in recovery programs.

The draft Amendment reiterates the commitment of the initial Action Plan to maintain a “comprehensive websites regarding all disaster recovery activities assisted with these funds” (§ 3.7, p. 3-44).¹³ The original Action Plan had also committed that the Office of Comptroller would “maintain a transparency website that will provide access to approved State contracts for the allocation and expenditure of federal reconstruction resources [which would] provide information to the public regarding available federal funding streams and funding criteria . . .” (§6.6.5, p. 6-7).¹⁴

These commitments are in direct response to requirements of the Disaster Relief Appropriations Act and HUD requirements for all grantees.¹⁵

Unfortunately, the State has failed to meet this commitment. The DCA Sandy Recovery Division webpage has, throughout the recovery, failed to provide comprehensive and accurate information regarding the policies and procedures for recovery programs, appeal rights for applicants or processing procedures for applications. Even after repeated requests, lawsuits forcing release of critical information and significant media attention to the incomplete and inaccurate information on DCA webpages, the State has, only this month, posted portions of the

¹² There is no mention of how many are owner occupied, rented, vacant or habitable.

¹³ See Action Plan, § 4.6, p.4-27.

¹⁴ See also Executive Order 125 and HUD’s Integrity Report and the State Comptroller webpage.

¹⁵ P.L. 113-02, title X; 78 FR 14336-7, § VI. A. 1. i., and specifically i. (5). The requirement for public access to recovery program information is reiterated in HUD’s Second Allocation Notice: “During the term of the grant, the grantee must provide citizens, affected local governments, and other interested parties with reasonable and timely access to information and records relating to the Action Plan and to the grantee’s use of grant funds.” 78 FR 69109, § VI. 4.

required information.¹⁶

The draft Amendment's manner of presenting its infrastructure component suggests a similar reluctance to inform and engage the public. The draft mentions numerous instances in which the State has collected and/or analyzed data on Sandy impacts to infrastructure facilities and equipment. The draft also notes that the state has analyzed 15 years' worth of FEMA data on storm damages in order to identify areas that routinely experience loss from repeated flooding. This information must be shared with local governments and the public.

In order to ensure that such lapses do not continue and to assure the public that a proper process is in place, the Action Plan Amendment must contain a detailed description of all of the recovery information that will be provided and delineate a clear chain of responsibility for this mandate.¹⁷

6. The State must craft and implement programs and program policies that further fair housing and address the historic pattern of the exclusion of lower- income families and persons of color from impacted communities.

The HUD Allocation Notice for first round funding requires that the State certify that it will “conduct an analysis to identify impediments to fair housing choice within its jurisdiction and take appropriate actions to overcome the effects of any impediments identified through that analysis, and maintain records reflecting the analysis and actions in this regard ...[and] that agreements with subrecipients will meet all civil rights related requirements [of federal law].”¹⁸ In one of the most racially and economically segregated states in the union, such a certification must be matched, in the amended Action Plan, with concrete requirements and actions that make it clear to counties, municipalities, subrecipients and private contractors, that the State will do everything in its power to remove barriers to creating homes for all residents of our state.

The draft Amendment should be revised to clarify how all of its housing, infrastructure, local government support, and planning programs will address exclusionary land use practices and patterns that have long thwarted fair housing in the impacted areas, and how local and county governmental grantees in other programs, especially infrastructure programs, must be matched with such a commitment. The draft Amendment must be revised make it clear that racial and

¹⁶ This is true for developer directed programs such as Neighborhood Enhancement as well as individual resident directed programs such as RREM, RSP, HMGP and Blue Acres.

¹⁷ Such information should include clear, concise guidelines and processes that are easily understandable, accessible and in multiple languages. These should include what programs are available, who is eligible, how to apply, what materials are required, challenge/appeal process, waiting list, timeframe, and whom to contact for assistance.

¹⁸ 78 FR 14347, § VI. 42. a.

economic diversity will be a part of rebuilding in all communities. In order to ensure “that agreements with subrecipients will meet all civil rights related requirements” (see above) the State should require communities seeking scarce infrastructure funds and federal projects requiring state cost share funding from CDBG-DR allocations to integrate the development of affordable housing into their recovery projects. In accord with HUD guidance, the state should develop a set of measurable outcomes, containing specific milestones and timetables, against which success in overcoming impediments to fair housing may be judged.

7. The amended Action Plan should include provisions to require that employment opportunities and contracts in recovery efforts be provided to New Jersey’s residents and local businesses.

The draft Amendment recognizes that “Infrastructure development can revitalize communities, attract a highly skilled workforce, help develop new industry and manufacturing, and increase economic activity in areas particularly distressed by Sandy’s lingering effects.”¹⁹ The same can also be said for housing rehabilitation and construction.

To make these job related economic benefits available to the residents of New Jersey, the State should strengthen its requirements that contractors and grantees implement, rather than simply pay lip service to, the hiring and contracting recommendations contained in Section 3 of the Housing and Community Development Act of 1968 and the related federal regulations.

The published State Section 3 Policy of June 2013 and its admonitions to contractors to comply with Section 3 targets has fallen far short of what is needed and what New Jersey residents and businesses have a right to expect. The State has and should exercise the power to incentivize aggressive Section 3 targets for recovery related contracts.

8. The State must provide a comprehensive and well-defined risk analysis.

- a. The amended Action Plan must commit to providing a *comprehensive*, geographically-specific Risk Analysis tool that is publicly available.

HUD’s Second Allocation Notice requires grantees to “prepare[] a comprehensive risk analysis”.²⁰ The detailed Notice description of this analysis includes such comprehensive, broad picture elements as “cascading impacts and interdependencies within and across communities and infrastructure sectors; changes to climate and development patterns that could affect the project or,” the “affect the project or surrounding communities; and impacts on and from other

¹⁹ Draft Amendment § 5, p.3-15.

²⁰ 78 FR 69106, §IV.

infrastructure systems.” The Notice also encourages grantees to “work with other grantees to undertake regional risk baseline analyses.”²¹

By taking a project-by-project approach, the Action Plan Amendment fails to provide a comprehensive risk analysis tool that provides a geographic depiction of areas at risk from storm surge and sea level rise today in in the future.

The opportunity presented by disaster recovery funding to address the imperative of preparing New Jersey for the impending future should not be squandered. Only a comprehensive risk analysis tool can compare relative risks and thus facilitate the prioritization of state investments. Such a tool should be made publicly available so that it can be used by all levels of government and the private sector.

- b. The Risk Analysis proposed to inform the state’s selection of infrastructure projects, both CDBG-DR funded and for which CDBG-DR provides matching funds, must be clearly defined and published for public comment and collaboration.

The draft amendment provides only a general overview of the Risk Analysis framework. The Action Plan must provide details on the required “performance resilience standards” and include a step-by-step process to produce an objective set of standards usable by design and development professionals for defined categories of infrastructure. The revised plan must also include details about the cost-benefit analysis that will be used, how it will account for future maintenance costs in the face of sea-level rise, and what formulas it will use to evaluate the cost-effectiveness of green infrastructure. The public must be allowed to comment on the detailed Risk Analysis before it is adopted.

Such a Risk Analysis must be broadly applied to all infrastructure projects whether funded entirely or partially by CDBG-DR. The Action Plan Amendment must provide a detailed list of “Non-federal Cost Share Projects,” or if yet to be determined, a project selection process with a robust public consultation component, and must specify that the Plan’s risk analysis will apply to these projects. In addition, the plan should specify which projects meet the HUD threshold for a “major infrastructure project.”

9. The Risk Analysis provisions for sea level rise must provide a clear mandate to mitigate present and future risks.

²¹ 78 FR 69107, §VI. d.

The Action Plan Amendment indicates that the state intends to use federal government tools to consider whether project designs should be enhanced to address sea level rise scenarios “where such enhancements are cost-effective and reasonably practical.”²² The Second Allocation Notice sets this as a “minimum” standard.²³ The State owes our communities a commitment to consider a comprehensive Risk Analysis that considers risks from sea-level rise in evaluating not just project enhancements, but more fundamentally the viability of projects. Risks must be projected over a planning horizon that spans the useful life of the infrastructure that will be affected, through 2050 and 2100.

10. The State should dedicate \$20 million to planning grants for municipalities and counties and ensure that local planning considers risks from future storms and their impacts.

Municipalities and counties cannot recover fully from Sandy, nor do so in a way that makes them safer and more resilient, without additional resources for planning. Funds should be provided for local governments currently not participating in the program, as well as additional funds for those already participating. Municipalities that have or will receive a DCA planning grant should be required and funded to assess the risks from sea-level rise and the resulting vulnerabilities and to ensure that people of all races, ethnicities, and income groups impacted by Sandy are able to rebuild. Affected towns in Cumberland County should be eligible for planning funds. Funds should be provided to encourage towns to participate in FEMA’s Community Rating System program. Municipalities should be able to use planning grants to obtain local recovery management services.

11. The State should specifically target second round funding to programs benefiting low and moderate-income residents and exceed, in the aggregate, the minimum required 50% distribution.

The draft Amendment projects funding for projects that benefit low and moderate-income (LMI) persons as being exactly 50% of the second round allocation.²⁴ The draft does not provide any explanation of how this amount is determined. How, for example, will 60% of the Energy Resilience Bank distribution, or 50% of the Unsafe Structures Demolition Program, for instance, benefit LMI people? The plan should describe how these percentages were derived.

Additionally, to give all residents a fair opportunity to recover, the minimum mandate of 50% of funding should not be treated as a ceiling. We call on the State to

²² §3.5.1, p.3-25.

²³ 78 FR 96107, § VI. d.

²⁴ §3, Table 3-1, p.3-1.

demonstrate, in the Amended Action Plan, that a minimum of 70% of CDBG-DR funding will be directed to programs truly benefiting low and moderate-income people who most need the assistance.

12. The Amendment should make several program specific adjustments.

- **Housing Counselors:** The plan should include requirement to utilize HUD approved housing counselors, or a counselor or case manager with similar experience, with priority given to organizations and counselors in New Jersey.
- **NJRA Pre-Development Loan Fund:** Continue the NJRA pre-development loan fund. The first allocation from this \$10 million will help create over 1,000 much needed affordable units.
- **HOME funds:** DCA's plan should also request waiver from HUD to use HOME funds in conjunction with Sandy funding.
- **Neighborhood Enhancement Program:** This program needs transparency by clarifying the timeline and requirements, and how projects are chosen to benefit the most impacted areas. Plan requires information be submitted immediately while approval can take over four months. The program should consider projects that can be completed within 2 years as long as approvals are in place within 6 months of application.
- **Special Needs Housing:** We support the additional funding for special needs housing, which should be targeted to the most impacted areas. As part of this additional funding, HMFA should permit developers of Special Needs Housing to secure debt financing for up to 20% of the funding for developments being used under this program if no other sources are available. A waiver from HUD could be requested to waive the ineligible use of HOME funds for matching another federally funded program.
- **Increased partnerships with nonprofit, community based and volunteer organizations:** We support efforts to increase the involvement of local nonprofit and volunteer organizations in residential and community rehabilitation and recovery.
- **Tourism marketing:** We oppose the additional \$5 million for tourism and the notion that this money benefits low and moderate income people. These funds should be redirected towards rental housing or one of the other uses discussed above.

Conclusion

We believe that implementation of the above recommendations will help steer the recovery in directions that will provide long term benefits to all communities of our state impacted by Sandy. Such significant levels of funding represent a one-time opportunity to actively engage in promoting a fair, sustainable and prosperous recovery.