New Jersey
Department of Community Affairs

SUPERSTORM SANDY COMMUNITY DEVELOPMENT BLOCK GRANT – DISASTER RECOVERY

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

ACTION PLAN AMENDMENT NUMBER 7
SUBSTANTIAL AMENDMENT
FOR THE
SECOND ALLOCATION OF CDBG-DR FUNDS

PUBLIC COMMENT PERIOD: February 3, 2014 – March 5, 2014
DATE SUBMITTED TO HUD: March 25, 2014
DATE APPROVED BY HUD: _____

Chris Christie
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101 South Broad Street, P.O. Box 800
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EQUAL HOUSING OPPORTUNITY

This Substantial Amendment to the Action Plan (as proposed and then approved) will be available for public review at www.state.nj.us/dca/. It will be made available in English and Spanish.

For those who otherwise cannot obtain a copy of this Substantial Amendment to the Action Plan, the Department of Community Affairs will make copies available upon request. Requests for copies should be directed to the following address:

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

The State has considered comments received in writing or via email on the proposed Substantial Amendment to the Action Plan. Comments on the proposed Plan were accepted through March 5, 2014 at 5 p.m. Eastern Standard Time. Written comments were submitted to the Department of Community Affairs via email at sandy.publiccomment@dca.state.nj.us, or to the attention of Gabrielle Gallagher, NJ Department of Community Affairs, 101 South Broad Street, Post Office Box 800, Trenton, New Jersey 08625-0800. A summary of all comments received and responses has been included in the final version of this Substantial Amendment submitted for approval.

While HUD has required the State to hold at least one public hearing to solicit comments on this Substantial Amendment, the State held three public hearings at locations across the State. The dates, times and locations of the public hearings were:

- February 11, 2014; Stockton College (Atlantic County); 101 Vera King Farris Drive, Galloway, NJ 08205; Performing Arts Center; 4–7 pm
- February 12, 2014; New Jersey Institute of Technology (Essex County); 150 Bleeker Street, Newark, NJ 07102; Campus Center; 5:30–8:30 pm
- February 21, 2014; Brookdale Community College (Monmouth County); Robert J. Collins Arena; 765 Newman Springs Road, Lincroft, NJ 07738; 4–7 pm

TABLE OF CONTENTS

SECTION 1: INTRODUCTION 1-1
SECTION 2: UPDATED IMPACT AND UNMET NEEDS ASSESSMENT 2-1
2.1 Summary of Unmet Needs 2-1
2.2 Housing 2-2
2.2.1 Needs of Homeowners 2-2
2.2.2 Needs of Renters 2-6
2.2.3 Needs of Special Needs Populations 2-8
2.2.4 Needs of Low- and Moderate-Income (LMI) Populations 2-9
2.3 Economic Development 2-9
2.3.1 Small Business Recovery and Revitalization 2-9
2.3.2 Tourism 2-11
2.4 Infrastructure 2-13
2.4.1 Flood Hazard Risk Reduction & Resiliency Needs 2-15
2.4.2 Utility Infrastructure Needs 2-17
2.4.3 Transportation Infrastructure Needs 2-23
2.4.4 Community Facilities Infrastructure Needs 2-26
2.4.5 Debris Removal Infrastructure Needs 2-28
2.4.6 Summary of Unmet Infrastructure Needs 2-29
2.4.7 Port Authority of New York and New Jersey 2-29
2.5 Community Development, Planning, and Other Needs 2-30
2.5.1 Zoning and Code Enforcement Needs 2-30
2.5.2 Local Public Services Needs 2-31
2.5.3 Planning Needs 2-32
SECTION 3: METHOD OF DISTRIBUTION 3-1
3.1 Housing Overview 3-2
3.2 Homeowner Assistance Programs 3-3
3.2.1 Homeowner Reconstruction, Rehabilitation, Elevation and Mitigation (RREM) Program 3-3
3.2.2 LMI Homeowners Rebuilding Program 3-4

3.2.3 Blue Acres Buyout Program 3-5
3.3 Rental Housing and Renter Programs 3-7
3.3.1 Fund for Restoration of Multi-Family Housing 3-7
3.3.2 Neighborhood Enhancement Program 3-9
3.3.3 Sandy Special Needs Housing Fund 3-10
3.4 Economic Development 3-11
3.4.1 Tourism Marketing Campaign 3-11
3.5 Infrastructure 3-12
3.5.1 Flood Hazard Risk Reduction & Resiliency Measures Program 3-19
3.5.2 New Jersey Energy Resilience Bank 3-29
3.5.3 State and Local Non-Federal Cost Shares (Match) 3-40
3.6 Support for State and Local Government Entities 3-43
3.6.1 Essential Services Grant Program 3-43
3.6.2 Unsafe Structures Demolition Program 3-45
3.6.3 Code Enforcement & Zoning Program 3-46
3.7 Planning, Oversight, and Monitoring 3-47
3.7.1 Planning Activities 3-48
3.7.2 Oversight and Monitoring Activities 3-50
3.8 Pre-Agreement Costs and Reimbursement 3-52
SECTION 4: PERFORMANCE SCHEDULE 4-1
SECTION 5: OUTREACH AND PUBLIC COMMENT 5-1
5.1 Citizen Participation Plan Requirements 5-2
5.2 Action Plan Amendment Outreach 5-3
5.2.1 Summary of Public Comment 5-9
APPENDIX A: ALLOCATION OF FIRST AND SECOND TRANCHE CDBG-DR FUNDS BY PROGRAM A-1
APPENDIX B: PERCENTAGE OF AGGREGATE CDBG-DR FUNDS RECEIVED TARGETED TO MOST-IMPACTED COUNTIES B-1

SECTION 1: INTRODUCTION

A bedrock principle of the State's comprehensive approach to recovery has been to leverage available federal, state, private and philanthropic recovery resources in a coordinated way to maximize their impact for recovering New Jerseyans. This is necessary because the needs created by the catastrophic damage that Superstorm Sandy caused in New Jersey across all sectors far exceed available resources. With that in mind, the rules and requirements associated with each funding source must be separately understood so each can be integrated into the recovery effort to make the best use of all available resources in order to help the most people and to realize critical recovery and resiliency projects. Funding streams include monies administered by: the Federal Emergency Management Agency (FEMA), including Public Assistance, Individual Assistance, and National Flood Insurance Program (NFIP) funds; U.S. Army Corps of Engineers (Army Corps); Federal Highway Administration (FHWA); Federal Transit Administration; U.S. Environmental Protection Agency (EPA); U.S. Small Business Administration; U.S. Department of Health and Human Services; U.S. Department of Labor; U.S. Department of the Interior; and U.S. Department of Defense; among others.

Community Development Block Grant-Disaster Recovery (CDBG-DR) funds – administered by the U.S. Department of Housing and Urban Development (HUD) and intended to address "unmet needs" not satisfied by other recovery resources – are another primary funding source being leveraged within the broader recovery effort. While subject to various federal rules and regulations, CDBG-DR funds allow the State to target critical unmet needs across various sectors. On February 6, 2013, HUD announced its initial allocation of CDBG-DR funds to Sandy-impacted states and awarded $1,829,520,000 to New Jersey. On April 29, 2013, HUD approved the State's CDBG-DR Action Plan outlining New Jersey's intended programmatic uses of the first of three CDBG-DR funding allocations. New Jersey was able to begin accessing the first tranche of CDBG-DR funds in May.

The State quickly implemented a portfolio of programs targeting critical unmet needs. In standing up the programs, the State leveraged CDBG-DR funds with other funding sources to: (i) help homeowners and renters with unanticipated, non-construction storm-related expenses; (ii) repair or replace damaged owner-occupied and rental housing; (iii) provide much-needed capital to affected small businesses and investments in economic development and revitalization; (iv) allow for post-storm community planning; and (v) support hardest hit and financially strained municipalities to ensure essential services continue to be provided to residents.

The State also is leveraging recovery funds, including first tranche CDBG-DR monies, to rebuild more resiliently. Homes and other structures are being elevated. The State also is purchasing homes in targeted repetitive flood loss areas. Moreover, among large projects submitted for funding through FEMA Public Assistance (i.e., projects over $500,000), more than 88 percent are not rebuilding to old design standards, and instead are seeking to incorporate resiliency measures and enhanced hazard mitigation standards in a manner compliant with the federal Stafford Act. Additionally, the State, working with New Jersey universities and the Army Corps, is assessing longer-term resiliency strategies in repetitive flood loss areas, including a number of urban centers. Infrastructure projects targeting roadways are incorporating resiliency and best practice mitigation measures including pump stations, flood vents and anti-scour measures. The State is also implementing a comprehensive strategy to build energy resiliency. A multi-layered approach to flood hazard risk reduction, including dune systems, berms and other resiliency measures, will better protect New Jersey against future storms. These are just a few examples of how the State is seeking to rebuild better and stronger.

As a direct result of these efforts, the support of federal, state and local recovery partners, and the hard work of volunteers and affected New Jerseyans, the State has seen clear and substantial progress in just fourteen months following Superstorm Sandy. Nevertheless, fifteen months is not nearly enough time to address the multi-billion dollar breadth of damage caused by the storm. Unmet needs arising from Sandy remain substantial, and there is still a great deal of work ahead.

To assist in the ongoing effort, on October 28, 2013, HUD announced the second allocation of CDBG-DR funds to Sandy-impacted states, of which New Jersey will receive $1,463,000,000. On November 18, 2013, HUD published a notice to the Federal Register (FR-5696-N-06) prescribing rules for the use of these funds, and placing a particular focus on using second tranche funds for infrastructure projects. The rules require each state receiving funds to publish a Substantial Amendment to its Action Plan describing how second tranche funds will be used to satisfy overall unmet Sandy-related needs. For New Jersey, HUD also has required that at least 80 percent of second tranche CDBG-DR funds must be targeted to the nine most-impacted counties as determined by HUD (Atlantic, Bergen, Cape May, Essex, Hudson, Middlesex, Monmouth, Ocean and Union Counties).

In this Substantial Amendment, the State first proposes to allocate additional funding to a number of programs established in the Action Plan, where program demand has exceeded available funding. Specifically, the State will add funding to some of the established homeowner and renter programs and programs to stabilize and revitalize municipalities. With the programs already established, second tranche CDBG-DR funds will be easily and efficiently integrated. Additionally, the

State proposes to use second tranche CDBG-DR funds to bolster ongoing efforts to purchase properties in targeted repetitive flood loss areas and convert the land to open space. The State also proposes to create a New Jersey Energy Resilience Bank to support financing for often costly energy resilience projects that, among other things, will alleviate electrical power outage issues that crippled New Jersey after Sandy, as well as integrate CDBG-DR funds into its broader strategy to realize multi-faceted, more resilient flood risk reduction systems. Each of these programs is essential to addressing critical unmet needs arising from Sandy.

Importantly, second tranche CDBG-DR funds are not sufficient to satisfy all unmet recovery needs (including the more than $19 billion in unmet needs quantified in this Substantial Amendment) requiring difficult choices and a balancing of diverse interests. In determining how to best use these funds, the State sought input from residents, stakeholder groups, elected officials and federal, state and local agency partners. These efforts are described in more detail in later sections, and the State has modified this Action Plan Amendment, as initially proposed for public comment, based on the input provided. If the State receives a third tranche of CDBG-DR funds, which would be vital to the State's ongoing recovery efforts, it will further evaluate unmet needs and target those resources to best support New Jersey's recovery.

Substantial Amendment to the Action Plan

Per Federal Register Notice FR-5696-N-06, to draw down second tranche CDBG-DR funds the State must prepare a Substantial Amendment to its Action Plan updating its unmet needs assessment and describing how second tranche CDBG-DR funds will be used to respond to Sandy-related unmet needs. In this Substantial Amendment:

- Section 2 updates the unmet needs assessment in the State's Action Plan and quantifies unmet needs across three critical recovery sectors: (i) housing, (ii) economic development, and (iii) infrastructure. The needs assessment is based on available data and is subject to change.
- Section 3 describes how second tranche CDBG-DR funds will be apportioned across existing State CDBG-DR funded programs and new programs.
- Section 4 sets out projected performance metrics with respect to the use of second tranche CDBG-DR funds.
- Section 5 describes the State's outreach efforts and public comment process with respect to this Amendment.

This document serves as an amendment to New Jersey's CDBG-DR Action Plan approved by HUD on April 29, 2013. All sections of that Plan, as adapted by amendments 1 – 6, remain in effect, unless otherwise noted herein.

SECTION 2: UPDATED IMPACT AND UNMET NEEDS ASSESSMENT

In accordance with HUD requirements, New Jersey's Action Plan used available data to quantify the State's unmet needs across three core recovery sectors: (i) housing, (ii) economic development and revitalization, and (iii) infrastructure. The assessment highlighted areas of unmet need and informed the State's allocation of its limited CDBG-DR funds while accounting for HUD requirements such as targeting assistance to low- and moderate-income (LMI) households and directing relief primarily to the nine most-impacted counties as determined by HUD (Atlantic, Bergen, Cape May, Essex, Hudson, Middlesex, Monmouth, Ocean and Union Counties).

Demand for state programs funded with first tranche CDBG-DR monies has far outpaced available funding. Nearly all programs have waitlists or unfunded pipelines. Using the $1,463,000,000 of second tranche CDBG-DR funds allocated by HUD to New Jersey, the State plans to continue to respond to critical storm-related unmet needs across various sectors, and to provide additional funding to several existing programs.

Because unmet needs far exceed available resources, the State faces difficult choices as to how to best allocate funding. To inform its decisions, the State has updated the unmet needs assessment in its Action Plan. In developing the updated unmet needs assessment below, the State conducted considerable outreach that included engaging the public, affected communities, federal, state and local elected officials, stakeholder groups, and other partners. These outreach efforts are more fully described in Section 5.

2.1 Summary of Unmet Needs

New Jersey's Action Plan presented available data to quantify unmet needs across core recovery sectors, and that assessment directly informed how the State allocated first tranche CDBG-DR funds to assist homeowners, renters, small businesses, and affected communities. As explained in the Action Plan, the State expected that its initial assessment just a few months after the storm could not fully capture the breadth of storm-related needs. Now further along in the recovery, and with the benefit of additional information including demand for its implemented CDBG-DR funded programs and a more robust infrastructure impact analysis, the State has updated its unmet needs assessment. A summary of the revised unmet needs assessment based on existing program data and other data, as derived from the figures in the subsections that follow, is shown in Table 2-1.

Table 2-1: Summary of Revised Remaining Unmet Needs Assessment for Housing, Economic Development & Infrastructure Sectors	
Recovery Sector	**Remaining Unmet Needs**
Housing (Homeowners and Renters)	$1,669,357,190
Economic Development	$241,011,926
Infrastructure	$17,372,752,360
Total	**$19,283,121,476**
Source: Table 2-4, Table 2-5, Table 2-6, Table 2-7, Table 2-13	

Even after disbursement of this $1,463,000,000 in second tranche CDBG-DR funds, Table 2-1 indicates that unmet needs will still amount to almost $18,000,000,000 in these three primary recovery sectors (i.e., the projected $19.28 billion in identified unmet needs less the $1.463 billion provided to address unmet needs). Moreover, for the reasons described in the following subsections, that figure is based on approximations and likely undervalues the breadth of New Jersey's unmet needs, particularly when factoring in planning and resiliency measures.

2.2 Housing

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

The State has committed approximately $1,300,000,000 (or 70 percent) of its initial tranche of CDBG-DR funds to housing initiatives (including $145 million of first tranche CDBG-DR funds that were initially allocated for economic programs but later were moved to housing programs with HUD approval). As of December 2013, approximately 38,000 New Jersey homeowners and 1,900 landlords and developers (representing over 13,000 units) applied for funding through one or more of the nine housing programs. All housing programs were launched with great interest, with most being oversubscribed within the first few months. This demonstrates that unmet housing needs in New Jersey remain significant. While demand for the State's existing CDBG-DR funded homeowner and rental programs is a viable proxy to show unmet needs in New Jersey, for the reasons that follow it is expected to undervalue actual unmet needs across the State.

2.2.1 Needs of Homeowners

The Reconstruction, Rehabilitation, Elevation and Mitigation (RREM) Program and the Homeowner Resettlement Program are the State's primary CDBG-DR funded recovery programs for homeowners. The State has allocated $710 million and $215 million of first tranche CDBG-DR funds to support these programs, respectively. Thousands of homeowners have been, or are being, assisted by first tranche CDBG-

DR funds provided through these two programs. However, as Table 2-2 shows, unmet needs for the RREM Program remain substantial.

Table 2-2: Summary of Homeowner Program Allocations and Existing Unserved Needs

Program	Total Allocation[a]	Total Number of Eligible Households	Number of Households Receiving Grant Award	Average Allocation per Unit	Estimated Program Need for Eligible Households ($)[b]	Excess / (Shortfall)
RREM	$710,000,000	12,389	5,124	$106,000[c]	$1,313,234,000	$(603,234,000)
Homeowner Resettlement	$215,000,000	18,335	16,791	$10,000	$183,350,000	$0

[a] This Total Allocation amount reflects the shift of funds approved in Action Plan Amendment 4.
[b] These figures exclude program delivery costs.
[c] This figure is based on the average RREM grant awards that were signed as of January 13, 2014, and reflects the impact of private insurance, U.S. Small Business Administration (SBA) loans and other funding sources that are accounted for in the State's duplication of benefits analyses performed to ensure that CDBG-DR funds only are provided to address unmet needs. Notably, as of September 12, 2013, SBA disbursed more than $122 million in loans across more than 5,100 homeowners and renters.

Calculating unmet need based on program demand likely undervalues the reconstruction and rehabilitation unmet needs of homeowners. It excludes the need of RREM Program applicants whose applications could not be funded because the applicants could not meet program eligibility criteria (e.g., second homeowners who, by federal rule, cannot receive CDBG-DR assistance). It also excludes primary and secondary homeowners affected by the storm who did not apply because they recognized they would not meet program eligibility criteria, or because of other reasons. Moreover, the State has received requests to re-open the application period for the RREM Program, which suggests there is additional demand for RREM assistance beyond the existing waitlist.

Table 2-2 also does not account for instances where unmet rehabilitation or reconstruction needs exceed the $150,000 RREM grant and other recovery funding resources available to a homeowner. Per the approved RREM Program requirements, if a homeowner's reconstruction needs exceed the maximum available $150,000 through the RREM grant, funding to cover the difference must be identified by the applicant before CDBG-DR funds can be invested in the rebuilding project. Philanthropic dollars committed through a "gap funding" program administered by the Community Development Financial Institution New Jersey Community Capital, with initial support of $15 million, is one source that may be leveraged by homeowners to address funding gaps. Other private funding sources, including private loans, also may be available for housing construction needs above the maximum $150,000 RREM grant.

Recognizing that CDBG-DR funds are insufficient to serve a substantial number of recovering homeowners, the State dedicated $100,000,000 in the FEMA Hazard Mitigation Grant Program (HMGP) funds to provide grants of up to $30,000 to households to assist with a portion of the cost of elevations needed to meet revised

FEMA elevation standards. The State estimates the HMGP funds can assist approximately 2,700 households; the elevation program has received over 6,000 applications. Like the RREM waitlist, the oversubscription to the HMGP elevation program demonstrates the substantial scope of homeowner demand for construction-related recovery assistance, as shown in Table 2-3.

Table 2-3: Summary of Unmet Need Based on Elevation Program

Program	Total Allocation	Projected Number of Households Assisted	Number of Households Requesting Assistance	Average Cost of Elevation	Need of Households Requesting Assistance ($)	Excess / (Shortfall)
HMGP Elevation Program	$100,000,000	2,700	6,510	$65,000[a]	$423,150,000	($323,150,000)[b]

[a] Costs of elevation vary significantly by property, depending on such factors as the size of the home to be elevated and the footprint of the home. A $65,000 elevation cost estimate is used because it is an approximate average of what an elevation in New Jersey might be expected to cost.
[b] This figure excludes program delivery costs.

Even allowing for the fact that there will be some overlap between RREM applicants and HMGP elevation program applicants, the unmet need is considerable.

Targeted buyouts of homes in repetitive flood loss areas are also a critical recovery priority for the State. The primary purpose of buyouts is to move people out of harm's way; however, buyouts also convert properties to open space, allowing communities to build natural systems designed to absorb flood waters from future storms. Buyouts also may enable state and local governments to create or expand public recreation areas, wetlands, forests and wildlife management areas.

The State has initiated a program funded with $100,000,000 of FEMA HMGP monies for buyouts, which is projected to purchase and demolish approximately 275–300 homes. As of January 3, 2014, the State had approved the purchase of 272 properties in Sayreville and South River. One hundred and twenty-two owners had accepted buyout offers and 22 have closed. Additionally, in December 2013, the State announced a partnership with the U.S. Department of Agriculture (USDA) on a $9.4 million project to purchase 33 homes and additional vacant lots in the Bay Point section of Lawrence Township in Cumberland County. Funding for the project will be provided through the New Jersey Department of Environmental Protection's (DEP) Green Acres Program and USDA's Natural Resource Conservation Service.

Additional funding is needed to continue these ongoing buyout efforts. The State remains committed to securing at least $300 million in recovery funding for buyouts for targeted repetitive flood loss areas to reduce the number of homes in these areas.

When unmet needs for buyouts is combined with unsatisfied demand for the RREM Program and the HMGP Elevation Program, the total unmet needs of homeowners

for reconstruction, elevation and mitigation exceed $1,000,000,000 as shown in Table 2-4.

Table 2-4: Estimated Unmet Needs of Homeowners[a]

RREM Program Unmet Need	Elevation Program Unmet Need	Buyouts Unmet Need	Total Unmet Need
$603,234,000	$323,150,000	$300,000,000[b]	$1,226,384,000

[a] All figures in this chart exclude program delivery costs.
[b] DEP continues to engage with communities across the State that have severe repetitive flood loss, or repetitive flood loss, areas and homeowners affected by Superstorm Sandy to gauge community and homeowner interest in voluntary buyouts. Currently, there are over 2,000 homes within severe repetitive flood loss areas and more than 13,000 homes in repetitive flood loss areas.

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

The State has brought multiple funding sources to bear on this need. As described above, the Homeowner Resettlement Program was targeted to alleviate storm-related financial pressures. FEMA Individual Assistance has provided some relief. As of December 31, 2013, more than $418 million in FEMA Individual Assistance funds had been disbursed to homeowners and renters in New Jersey, including almost $361 million in Housing Assistance and more than $56 million in Other Needs Assistance. Recently, the State also implemented the Working Families Living Expenses Voucher Program (also known as the Sandy Homeowners and Renters Assistance Program or SHRAP), which is funded with $57 million of federal Social Services Block Grant (SSBG) and provides up to $15,000 for mortgage and rent assistance, security deposits, and household goods and appliances. As of January 20, 2014, more than 2,700 homeowner and renter households (representing more than 6,300 individuals) have been assisted, and more than $7.6 million has been disbursed.

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

- Assisting homeowners with the reconstruction or rehabilitation of their homes;
- Assisting homeowners in Sandy-impacted communities who are now required to elevate their “substantially damaged” homes to meet best available FEMA flood hazard data;
- Providing individual construction management and technical assistance to help homeowners navigate the building and reconstruction process; and

- Providing buyout assistance for homeowners residing in flood-prone areas where large scale buyouts would serve a public health and safety benefit, as well as an environmental benefit.

2.2.2 Needs of Renters

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

The State's foremost unmet rental need is in the repair or replacement of storm-damaged rental housing stock, which will stabilize the rental market and create more affordable housing. The State funded a number of programs with first tranche CDBG-DR funds to address this unmet need. With those funds, the State expects to assist thousands of renter households through the repair or replacement of more than 5,000 affordable housing units. However, unmet needs for the repair or replacement of rental housing stock remains substantial, as summarized in Table 2-5.

Table 2-5: Summary of Allocations and Needs of Rental Programs Focused on Repair or Replacement of Rental Stock

Program	First Tranche CDBG-DR Allocation	Amount Committed/ Obligated	Projected No. of Units Created (Projected No. of Affordable Housing Units)	Number of Projects in Program Pipeline	Funding Requests for Pipeline Projects[a]	Projected No. of Units Created by Pipeline Projects (Projected No. of Affordable Housing Units)
Fund for Restoration of Large Multi-Family Housing	$179,520,000	$156,714,275	2,720 (2,491)	58	$364,786,651	5,985 (5,157)
Small Rental Repair Program (Landlord Rental Repair Program)	$70,000,000	$4,674,703	1,400 (1,400)	350	$44,750,000	900 (900)
Pre-Development Loan Fund	$10,000,000	$8,500,000	1,300 (1,300)	10	$5,000,000	700 (700)
Blight Reduction Pilot Program (Neighborhood Enhancement Program)	$30,000,000	$25,685,318	170 (170)	--[b]	--[b]	--[b]
Sandy Special Needs Housing Fund	$25,000,000	$9,524,361	31 (31)	41	$28,436,539	235 (235)
TOTALS	**$314,520,000**	**$205,098,657**	**5,621 (5,392)**	**459**	**$442,973,190**	**7,820 (6,992)**

[a] These figures exclude program delivery costs.
[b] The Neighborhood Enhancement Program was a pilot program intended to rehabilitate abandoned, blighted or vacant properties as part of a more comprehensive neighborhood revitalization effort. NEP shows no pipeline because it was a pilot program.

In addition to providing CDBG-DR funding to repair or replace rental stock, the State has leveraged CDBG-DR and other funds to assist renters directly with storm-related needs. For example:

- The State committed first tranche CDBG-DR funds to the Landlord Incentive Program, which provides funding to landlords to make existing units available at affordable rates to low-to-moderate income renters. The program supplements rental payments to assist individual renters and increase the number of available affordable units.
- The State has targeted CDBG-DR funds to supplement housing vouchers to very low-income families displaced by Superstorm Sandy. The vouchers subsidized the rents of these families, making housing more affordable.
- Many storm-affected renters received funding for storm-related needs through FEMA Individual Assistance. More than $418 million in FEMA Individual Assistance was approved for homeowners and renters in New Jersey.
- The Working Families Living Expenses Voucher Program (also known as SHRAP), funded with $57 million of U.S. Department of Health & Human Services Social Services Block Grant monies, provides funding directly to individuals for rent.
- The State allocated first tranche CDBG-DR funds to the Sandy HomeBuyer Assistance Program that provided grants up to $50,000 to assist low- and moderate-income individuals with home purchases. Among other things, this assistance allowed some renters to afford to become first-time homebuyers.

Public Housing

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

The State dedicated $20,000,000 of its initial CDBG-DR allocation specifically to address damage to PHA units. As of December 2013, the State has received 6 applications totaling $24,952,825 for rehabilitation and mitigation activities for PHAs. Of this amount $7,200,000 has been committed. Based on initial assessment and underwriting, there is an inadequate amount of funding to satisfy unfunded demand. The unfunded pipeline requests of public housing authorities is captured within the Fund for Multi-Family Housing figures in Table 2-5.

Other Subsidized Housing

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

Several assisted properties experienced ground floor water intrusion from the flooding and many experienced loss of power. At least one such property experienced damage to the units that exceeded the property's resources to repair; this property has submitted an application to the program under CDBG-DR first allocation funds. Twenty-six of 50 subsidized housing projects responded to a survey by New Jersey Housing and Mortgage Finance Agency (HMFA) to assess the needs for resiliency or hardening measures. Most of these housing projects cited the need for hurricane-proof windows, generators, and elevation of HVAC systems.

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

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

2.2.3 Needs of Special Needs Populations

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

To assist households and individuals having special needs, the State used $25,000,000 in first tranche CDBG-DR funds to create the Sandy Special Needs Housing Fund. This program provides funding to experienced for-profit and nonprofit developers to construct quality, permanent affordable rental housing throughout New Jersey.

As shown in Table 2-5 above, demand for the program has outstripped available funds. As of December 2013, the State has made award commitments of over

$9,500,000 under this program, and currently is reviewing a pipeline of over $28,000,000 in requests, which exceeds the program's allocation. Many of the housing units being developed under the Sandy Special Needs Housing Fund restore the availability of units in Sandy-impacted communities, and as an ancillary effect, contribute to the Olmstead settlement requirements related to providing services and housing for persons moving out of institutionalized settings.

It is anticipated that applications to this program will continue to be submitted. The New Jersey Division of Developmental Disabilities projects the need for 1,102 beds by June 2015. Additionally, the Division of Mental Health and Addiction Services needs to provide permanent supportive housing for consumers of mental health services.

2.2.4 Needs of Low- and Moderate-Income (LMI) Populations

As described in the Action Plan, Superstorm Sandy had a particularly devastating impact on the affected LMI population. In response, the State directed first tranche CDBG-DR funds to programs specifically targeted to assist LMI populations. The State initially reserved 70 percent of its first tranche allocation of RREM Program funding and prioritized 60 percent of its initial funding round of the Homeowner Resettlement Program funding for LMI households. The State's renter programs overwhelmingly benefit LMI households; the projected LMI benefit for most renter programs is at least 95 percent. As of December 31, 2013, it is estimated LMI persons, communities or businesses have been awarded more than 50 percent of first tranche CDBG-DR funds.

Nevertheless, the unmet needs of New Jersey's affected LMI households, businesses and communities remain substantial. The State will continue to prioritize the use of CDBG-DR funds to address the needs of LMI populations.

2.3 Economic Development

2.3.1 Small Business Recovery and Revitalization

Superstorm Sandy affected thousands of businesses across New Jersey and across all business sectors. The storm caused significant physical damage as well as short-term and long-term business operations losses. Many of the businesses in hardest-hit communities fall within the leisure and hospitality industry or depend on tourism revenues for sustainability.

Following the disaster, access to capital for rebuilding and to offset business operations shortfalls presented the most critical unmet need with respect to economic development and revitalization. A number of recovery resources were directed toward addressing that need. Private insurance is one of the most critical

sources of funding for business recovery. SBA loans were distributed to eligible, affected New Jersey businesses, though that federal program was not without challenges. As of September 2013, more than $46 million in SBA loans had been disbursed to almost 900 New Jersey businesses. Other private funding sources, including microloans offered through Community Development Financial Institutions (CDFIs), provided capital to recovering businesses.

To augment assistance directly supporting economic development and revitalization, the State implemented two recovery programs funded by CDBG-DR monies and administered by the New Jersey Economic Development Authority (EDA). The Stronger NJ Business Grant Program provides grants of up to $50,000 to affected businesses for working capital and construction needs. The Stronger NJ Business Loan program provides loans of up to $5 million to allow businesses to rebuild and expand, which in turn creates jobs for recovering New Jersey households. The demand for these programs is summarized in Table 2-6; it shows that New Jersey small businesses still have significant unmet Sandy-related needs.

Table 2-6: Summary of CDBG-DR Programs Directly Assisting Affected Businesses[a]

Program	First Tranche CDBG-DR Allocation	Number of Applications	Amount Requested	Amount Obligated	Amount Disbursed	Excess / (Shortfall)
Stronger NJ Business Grants	$100,000,000	3,354	$167,700,000	$9,794,793	$7,248,537	($67,700,000)[b]
Stronger NJ Business Loans[c]	$100,000,000	414	$96,482,540	$11,264,000	$0	$3,517,460[c]

[a] Data as of December 31, 2013.
[b] This shortfall, which excludes program delivery costs, reflects amounts requested by 1,456 applicants who submitted applications as well as more than 1,850 applicants who opened applications but have yet to submit them. While EDA is no longer allowing new applications to be opened, EDA is working with those applicants who opened an application during the application period to bring those applications to completion. Because some applicants may elect not to complete their applications, this figure may overstate the grants program shortfall.
[c] Because a number of the 414 applications did not include a sufficiently concrete funding request, the Amount Requested column underestimates demand for the Stronger NJ Business Loans Program. While the Excess/(Shortfall) column shows a $3.5 million excess, the program actually has a significant shortfall.

At the same time, the State coordinated direct assistance for impacted employees. Approximately $5,000,000 in Disaster Unemployment Assistance was paid to affected New Jerseyans. The State has leveraged more than $15 million in federal National Emergency Grant funds to provide temporary employment related to disaster response and recovery efforts. The State also created talent networks to connect unemployed individuals with employers. The federal Sandy Task Force cited these recovery networks as a best practice in disaster recovery.

To further support economic recovery and revitalization, the State implemented the Neighborhood and Community Revitalization (NCR) program, funded with $75 million of first tranche CDBG-DR monies. The State committed $10 million for municipalities to support streetscape projects such as lighting and façade replacement in business districts, and an additional $2.5 million for CDFIs to

support ongoing micro-lending efforts. The lion's share of NCR program funding has been allocated to support larger economic revitalization projects. Economic revitalization projects have been submitted by affected communities across the State. Demand for the State's NCR program is summarized in Table 2-7.

Table 2-7: Summary of NCR Program Demand

Program	First Tranche CDBG-DR Allocation	Number of Applications Submitted	Amount Requested	Amount Obligated	Amount Disbursed	Excess / (Shortfall)
Neighborhood and Community Revitalization*	$75,000,000	93	$231,561,926	$7,500,000	$0	($156,561,926)

**Data as of December 31, 2013. The shortfall reflected in the Table excludes program delivery costs.*

Table 2-7 shows a significant unmet demand for NCR program funding. The funding for CDFIs has been fully committed. The $10 million initiative supporting streetscape projects and similar improvements currently has received over $17 million in requests. The substantial balance in demand reflects the fact that the NCR program initiative focuses on larger economic revitalization projects.

2.3.2 Tourism

Tourism is the third largest industry in New Jersey, and is critical to the State, to municipalities with budgets that depend on tourism revenues to provide essential services, to small business owners with businesses in, or dependent on, the hospitality and leisure industry, and to employees of those businesses. As detailed in the Action Plan, the storm created a misperception that tourism assets throughout New Jersey had been destroyed by Superstorm Sandy, even in comparatively less-affected communities.

To combat that misperception, the State sought a waiver from HUD to use CDBG-DR funds to support a tourism marketing campaign. HUD granted the waiver request, and the State allocated $25 million of first tranche CDBG-DR funds to create New Jersey's "Stronger than the Storm" campaign. The campaign included: outreach and community events; local, regional and national advertising; and marketing tools and techniques. This campaign began in May 2013, immediately after HUD approved New Jersey's CDBG-DR Action Plan when the State could begin drawing down first tranche CDBG-DR funds. The majority of the campaign occurred between Memorial Day and Labor Day, driven largely by when the State could access the CDBG-DR funds to support tourism; the State also held some fall events to support tourism at that time.

The "Stronger than the Storm" campaign incorporated advertising across different forms of media to reach New Jersey's target tourism market in a variety of ways. A television advertising effort introduced New Jersey's "Stronger than the Storm"

campaign to key markets such as New Jersey, New York, Philadelphia, other areas on the Eastern Seaboard and eastern Canada. Billboard advertising in top commuter locations around New York City supported the advertising campaign. Digital advertising appeared on sites popular with target audiences. Radio spots were created and aired throughout New Jersey and surrounding locales. A website designed around tourism and recovery was launched; it received over 390,000 visits and attracted 105,000 online fans. Social media was utilized and yielded 98,057 "likes" on Facebook and 6,616 followers on Twitter and 217 million Twitter impressions.

Community events across the Jersey Shore were organized and held to attract tourists and media coverage that reinforced the message that the Jersey Shore was open for business. In total, 43 events were held in shore communities that were attended by over 334,000 people, with 16,320 pieces of collateral materials distributed. Beginning with Memorial Day Weekend launch events, the campaign generated 1,746 total media placements and 1.25 billion total media impressions.

Following the most devastating natural disaster in New Jersey's history, preliminary data on tourism metrics suggest that New Jersey's 2013 summer season largely exceeded expectations, though some of the most-impacted communities saw a significant reduction in tourism revenues. It will take time for more comprehensive data to be collected and analyzed to paint a complete picture of the 2013 tourism season. However, preliminary publicly available and third-party data available at this time – including hotel tax receipt data, hospitality employment statistics, hotel occupancy rates, and beach pass sales – show the following:

Table 2-8: Preliminary 2013 Tourism Metrics

	BEACH PASS SALES (as of Labor Day 2013)	HOTEL OCCUPANCY (June – August)	HOTEL REVENUE PER AVAILABLE ROOM (June – August)	HOTEL TAX RECEIPTS (June – August)	HOSPITALITY EMPLOYMENT (in thousands)
2009	$20,963,881	60.8%	75.26	$11,787,778	165.8
2010	$22,593,957	64.5%	81.36	$12,742,891	166.8
2011	$23,569,642	65.3%	81.39	$12,967,055	166.4
2012	$24,852,653	68.0%	85.72	$14,236,708	174.5
2013	$22,309,375	67.3%	84.55	$13,673,292	180.9
Source	*Municipal administrators, clerks and mayors*	*Smith Travel Research Analytics*	*Smith Travel Research Analytics*	*State of New Jersey, Department of Treasury, Division of Taxation*	*Total leisure and hospitality employment for Atlantic City, Ocean City and Edison metropolitan areas in August of each year. Retrieved from the Bureau of Labor Statistics*

In nearly all cases the summer 2013 tourism season, as measured by these preliminary statistics, outperformed the summer seasons for 2009 through 2011, and only slightly trails New Jersey's record-breaking tourism year in 2012. This occurred despite that June 2013 was the wettest June in New Jersey's history.

Importantly, these are cumulative figures spread across all communities; many hardest hit areas saw significant declines in 2013 tourism revenues.

The "Stronger than the Storm" campaign made a significant difference for tourism across the State, bringing revenues into recovering communities and protecting most hospitality and leisure jobs threatened by the impact of the storm. However, the State's local and business partners, especially those in New Jersey's shore communities, have emphasized the importance of additional advertising in 2014 in order to fully recover from the storm, revitalize damaged communities, and prevent any backslide from the recovery gains made by tourism-recovery investments in 2013. In particular, hardest hit communities that could not take full advantage of the 2013 tourism season because of the damage caused by the storm need a strong 2014 tourism season to support their ongoing recovery efforts.

With the breadth of housing needs and HUD's second tranche focus on infrastructure projects, funding in this tranche to support economic initiatives is extremely limited. Support for the tourism industry in 2014 presents the State's most immediate unmet business need. The State will continue to evaluate the unmet capital needs of businesses and also look to prioritize large revitalization projects in impacted communities to create jobs and expand and diversify industry in impacted areas.

2.4 Infrastructure

Superstorm Sandy significantly affected New Jersey's infrastructure. The combination of storm surge, wave action, and high winds damaged or destroyed much of New Jersey's existing coastal risk reduction infrastructure. Breach of New Jersey's dune systems and other extensive flooding in non-coastal areas resulted in significant damage to homes, businesses, and critical infrastructure throughout the State.

Sandy highlighted New Jersey's vulnerability to coastal and other flooding and revealed how various infrastructure systems in the State are interdependent. New Jersey's energy infrastructure was significantly impaired with end users experiencing prolonged outages, despite best efforts to restore systems as soon as possible. Flooding of substations and other electric distribution components brought many operations to a standstill and caused an immediate threat to public health and safety. Damage to key facility components as well as electrical outages rendered New Jersey's petroleum production and delivery systems unusable, resulting in fuel availability issues throughout the State.

Widespread energy failures triggered damages across a number of other infrastructure sectors. As a result of energy failure, water and wastewater operations were significantly disrupted when those facilities were unable to operate

pumping stations and other equipment. Failure of these systems compromised the quality of the State's water supply and, in some cases, resulted in the improper discharge of raw sewage into local waterways.

Flooding and power loss caused significant damage to New Jersey's transportation and public transit infrastructure. Local and state roadways experienced significant damage from flooding. Flood waters inundated critical public transit facilities, interrupting commuter service across the region. Sandy also caused extensive damage to other types of infrastructure including, schools, parks, and public and community buildings.

The State has collaborated with FEMA, the U.S. Army Corps of Engineers, U.S. Department of Transportation, U.S. Environmental Protection Agency, and other federal agencies to leverage available funding streams to allow for the repair of key infrastructure and public building assets and also to pursue significant resilience initiatives. Section 3.5 summarizes the State's holistic approach to long-term infrastructure recovery.

Significant needs remain unmet in all infrastructure sectors. Over the last several months, the State continued to analyze and update its unmet needs assessment across infrastructure sectors. Specifically, New Jersey's agencies have conducted extensive damage assessments of infrastructure facilities and equipment throughout the State. The State has also taken steps to improve New Jersey's resiliency for future severe weather events. To that end, New Jersey has partnered with several federal agencies to assess and identify opportunities to rebuild more resilient infrastructure. The State has also engaged six universities to evaluate repetitive loss areas and develop innovative flood risk reduction strategies. The estimated cost of these resiliency measures has been factored into the unmet needs assessment.

It should be noted that the State's infrastructure unmet needs assessment is based on current best available data. It is anticipated that latent damage caused by Sandy may continue to arise and that the total damage from saltwater corrosion and other impacts may not be known for some time, which may alter the State's unmet needs. In addition, New Jersey's overall unmet infrastructure need may increase as the State continues to assess and identify opportunities for infrastructure resiliency.

2.4.1 Flood Hazard Risk Reduction & Resiliency Needs

Figure 2-1: Inundation Map, Atlantic Coast, New Jersey
Source: DEP

Superstorm Sandy highlighted New Jersey's vulnerability to coastal and other flooding. From Bergen County to the tip of Cape May, Sandy's storm surge caused extensive flooding. All along New Jersey's 126-mile Atlantic coast, the combination of storm surge, wave action, and high winds overcame and eroded engineered beach and dune systems. According to the National Weather Service, Sandy produced record wave heights of more than 30 feet near Sandy Hook, resulting in a storm surge 8.57 feet above sea level. Significant inundation also occurred in densely populated urban areas as well as non-coastal communities in many of New Jersey's floodplains.

When Sandy hit, large sections of the New Jersey coast were outfitted with beach and dune systems built by the U.S. Army Corps of Engineers (Army Corps) in partnership with the State and local governments. However, large segments of New Jersey, including densely populated areas along the Hudson River, did not have risk reduction measures in place at the time of the storm and experienced significant flood inundation. Those areas which had been the beneficiaries of the Army Corps' coastal risk reduction projects, including sand dunes, berms, and engineered beaches, suffered significantly less damage than those without similar risk reduction infrastructure. Seaside Heights, for example, experienced "catastrophic damage to infrastructure and property as a result of having no dune system and an approximate berm width of 250 feet," according to the findings of The Richard Stockton College of NJ Coastal Research Center's (CRC) Beach-Dune Performance Assessment following Superstorm Sandy. By contrast, the CRC found that Cape May County's "[w]ide beaches with in-depth dune protection provided all the storm-stopping power needed to prevent wave damage and the flooding of oceanfront streets with sand."

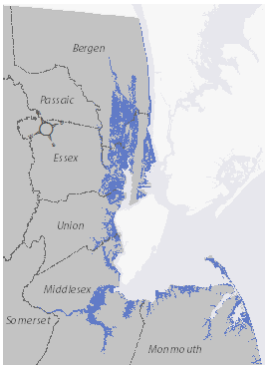

Figure 2-2: Inundation Map, Northern New Jersey
Source: DEP

Although New Jersey's existing coastal risk reduction infrastructure effectively protected some communities, it was also significantly damaged by Sandy's record storm surge. Dunes and other risk reduction measures that cushioned the storm surge's blow during Sandy were significantly eroded and in some cases washed away entirely. According to the CRC's Beach-Dune Performance Assessment of Atlantic County, "huge breakers [from Superstorm Sandy] essentially bulldozed the berm, beach and irregular dune system all along the . . . Atlantic shoreline."

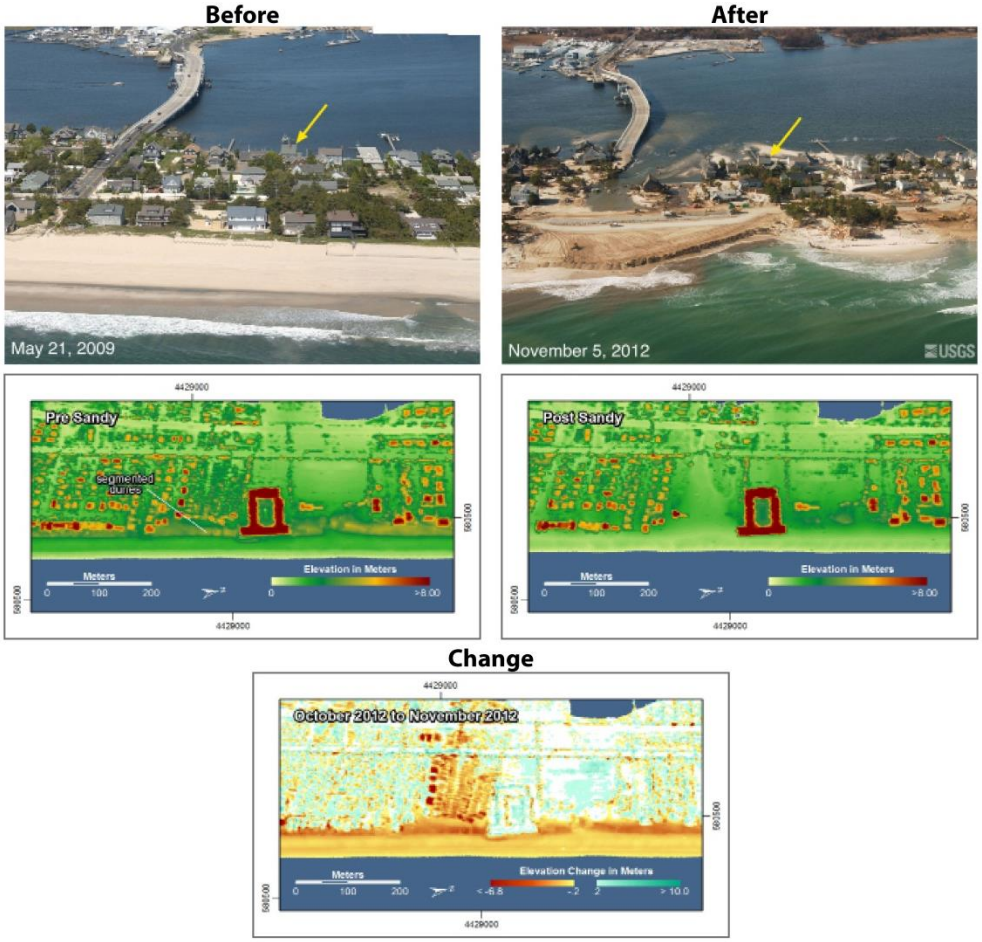

Figure 2-3: Damage in Mantoloking, NJ. These photographs and lidar images present a before and after snapshot of Sandy damage in Mantoloking, New Jersey. On top, pre- and post-storm photographs show a view looking west along the New Jersey shore. The photographs show that storm waves and surge cut across the barrier island, eroding a wide beach, destroying houses and roads, and depositing sand onto the island and into the back-bay. Below the photographs, airborne lidar images are used to characterize the nature, magnitude, and spatial variability of hurricane-induced coastal changes.
Source: U.S. Geological Survey (USGS)

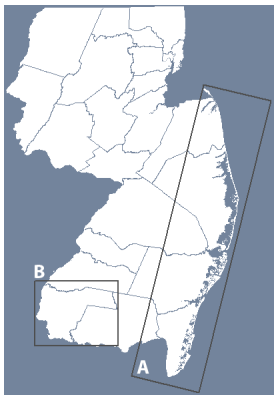

Figure 2-4: New Jersey Easements Map
Source: DEP

To restore the beaches and coastal infrastructure damaged by Sandy, the State has taken several steps to pave the way for the Army Corps to begin construction of previously designed and congressionally authorized projects on an accelerated schedule. Many beaches and coastal areas of the State are privately owned. Prior to beginning construction, the Army Corps requires that the State acquire the necessary property rights, or easements, to allow for the construction of coastal risk reduction measures. The State has worked hand-in-hand with community leaders to encourage homeowners to voluntarily provide easements to allow projects to be constructed to benefit their neighbors and larger communities. As of January 2014, the State continues to seek voluntary easements from approximately 1,000 properties for upcoming projects. An Executive Order by Governor Christie directed the State's Attorney General to take legal action to acquire the necessary easements

to build dunes and construct engineered beaches. The State also created the Office of Flood Hazard Risk Reduction Measures to support these efforts. In collaboration with the State, the Army Corps has already undertaken construction of certain dunes and engineered beaches. The Army Corps is expected to continue to break ground on additional authorized and congressionally approved projects throughout the remainder of 2014 and into February 2015, but significant areas of the State remain vulnerable.

The State has identified substantial unmet needs in connection with the Army Corps repair and restoration of engineered beaches, dunes, and other existing risk-reduction measures in 14 project areas. The Army Corps has identified over $1.6 billion in total funding towards flood hazard/coastline projects, approximately $1.2 billion of which will be federally funded. The State's local match obligation of these Sandy-related Army Corps projects is $369,450,000. HUD Federal Register Notice FR-5696-N-06 provides that the use of CDBG-DR funds to satisfy Army Corps local match obligation is limited to $250,000 per project. Based on this restriction, the CDBG-DR-eligible portion of the State's local match obligation is $2,250,000. In addition, local communities have identified more than 350 flood risk reduction and resiliency projects – including the installation of pump stations, the construction of new flood walls, and other system improvements – at an estimated implementation cost of $4,573,207,003. $46,854,315 in project worksheets[1] have been submitted to the FEMA Public Assistance (FEMA PA) program for flood infrastructure repair, of which $34,182,188 has been deemed eligible for federal funding. Therefore, excluding the federal share, New Jersey's current estimate of its unmet flood risk reduction and resiliency needs totals approximately $4,955,329,131.

2.4.2 Utility Infrastructure Needs

2.4.2.1 Energy Infrastructure

Superstorm Sandy caused extensive damage to New Jersey's energy infrastructure, disrupting delivery of electricity, petroleum, and natural gas to consumers across the State. Seventy-one percent of New Jersey's electrical distribution systems were impacted by Sandy. Flooding and high winds damaged high-voltage lines, substations, and distribution components throughout the State, leaving 2.8 million electric utility customers without power. In the aftermath of Superstorm Sandy, 100 transmission lines were out of service and over 4,000 transformers were damaged or flooded and had to be replaced.

[1] Data are as of December 31, 2013 and include the insurance-reduced amount of $107,450.

At least one-third of New Jersey residents lacked power for at least six days after the storm. Schools, small businesses, and other commercial enterprises did not have power restored, in some cases for more than a week. Failure of the electric grid had a significant impact on the region's economy. Manufacturers ceased operations and research facilities were shut down, many of which lost vital research.

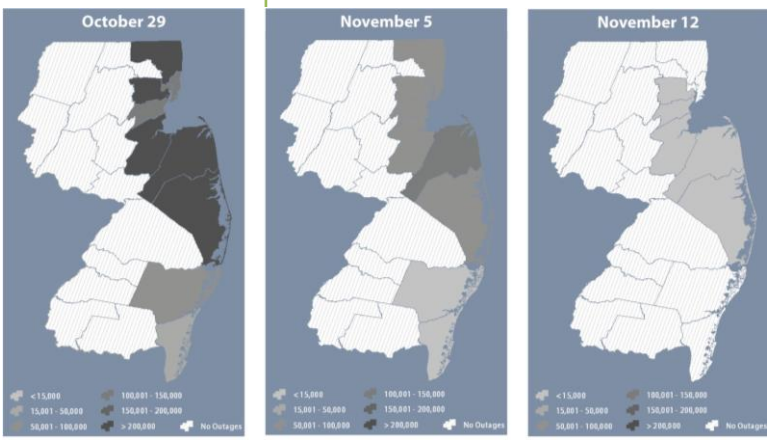

Figure 2-5: Power Outage Timeline (October 29, 2012 – November 12, 2012)
Source: State of New Jersey

New Jersey's critical energy infrastructure and assets experienced significant disruption in service, which brought everyday operations to a standstill and had significant, and in some cases life-threatening, community impacts. Hospitals, nursing homes, long-term care facilities, domestic violence shelters, foster homes, mental health facilities, and other critical social service providers throughout the State were forced to contemplate evacuation in light of prolonged power outages. Low-lying facilities in flood hazard areas, such as wastewater treatment plants, could not operate pumping stations without power, causing direct and significant long-term damage to facilities. Police stations, fire stations, 9-1-1 call centers, and other buildings were also severely hindered in their efforts to provide emergency services.

Even those critical infrastructure and assets reliant on diesel generators for back-up power experienced electric reliability issues, due to limitations on the availability of liquid fuel. Petroleum production, transport, distribution, and retail sales were also significantly impacted. In many cases, flooding and wind damage to key facility components, coupled with electrical outages, rendered petroleum production and delivery systems unusable, by disabling refineries, terminals, pipeline operations, and gas stations needed to deliver petroleum products to end users. Over 70 percent of gas stations in northern New Jersey were unable to operate for as much as a full week after the storm. As one of the largest petroleum product hubs in the northeast, damage and loss of power to New Jersey's petroleum infrastructure – including the Colonial Pipeline – caused interruption to fuel distribution across the region, including to New York City and Long Island.

Immediately following the storm, the State and its utilities took steps to restore the State's energy services. The State mobilized over 17,000 crew workers, the largest mutual aid response to a hurricane in history, to restore electrical services. In addition, natural gas service was restored to all customers who could safely accept

it. The State has taken action to address supply- and retail-side liquid fuel interruptions in preparation for future hazards or events, using FEMA HMGP funds. New Jersey's Retail Fuel Station Energy Resiliency Program targets retail fuel stations within one-quarter of a mile of identified evacuation routes in the State and incentivizes the permanent installation of a back-up electric generator or "quick connect" capability. In addition, the State is partnering with the U.S. Department of Homeland Security to explore opportunities to increase the resiliency of the State's petroleum storage, distribution and supply systems.

New Jersey has also taken steps to fully assess the impact to the State's energy infrastructure and develop long-term recovery plans focused on increased energy resilience. While complete repair and restoration of service is essential, it is also critical that New Jersey's energy infrastructure become more able to withstand the impacts of future severe weather events. To that end, the State partnered with the U.S. Department of Energy (USDOE), the USDOE's National Renewable Energy Laboratory (NREL), and FEMA to study opportunities to expand energy resilience for the State's critical infrastructure and assets. As part of the State's partnership, NREL conducted a comprehensive analysis of energy needs of critical facilities in municipalities and counties and identified opportunities for communities to build energy resilience by pursuing innovative – but cost-effective – energy solutions. In some cases, NREL's analysis identified cost-saving opportunities, including retrofitting existing solar panels on public buildings to "island off" from the larger electric grid. The State has increased funding to the New Jersey Clean Energy Program, to provide increased rebates to projects that are rebuilding with clean energy and Energy Star projects to reduce grid demand in affected areas. In addition, the State has undertaken a cross-agency initiative to enhance the State's mapping capabilities to assist the State in identifying cost-effective candidates for distributed generation. The State also partnered with President Obama's Hurricane Sandy Rebuilding Task Force, the USDOE, and Sandia National Laboratories to study energy resilience through expanded use of micro-grid networks to protect critical facilities in urban centers and transportation networks. New Vegetative Management Pilot Programs are being explored to work to proactively remove dead or dangerous trees from private property that may threaten the power grid, to prevent power line disruption in the future.

Despite widespread failure of the electric distribution system, there were several entities throughout New Jersey in storm impacted areas that maintained full power; even in the face of prolonged and diffuse failures of the larger electric grid. These "islands of power" had distributed generation units, which allowed these facilities to operate as micro-grids while the distribution grid was down. For example, Princeton University's combined heat and power (CHP) micro-grid operated for a week when the larger grid failed, saving the University millions in documented avoided loss in

hundreds of irreplaceable research projects. Similarly, the College of New Jersey's CHP micro-grid provided heat, power, hot food and hot showers to 2,000 mutual aid workers from other states that helped to restore power after the storm. Several medical facilities were also able to maintain power through CHP micro-grids, becoming larger shelters as well as accepting patients from other facilities. Further, as the President's Hurricane Sandy Rebuilding Task Force's Rebuilding Strategy noted, the Bergen County Utilities Authority (BCUA) was able to operate its sewage facilities both during and after the storm by relying primarily on a biogas-powered CHP system. The resilience of these facilities during and after the storm highlights opportunities to protect certain critical infrastructure by pursuing technologies that allow facilities to operate independently from the grid or by utilizing more cost-effective, energy efficient and cleaner resilient power options. The State has implemented resiliency programs to increase awareness of distributed generation units, such as CHP capabilities, to provide emergency power at times when generators fail due to flooding or fuel supply issues.

The costs of building a more resilient energy infrastructure will be substantial. Publically regulated utilities in New Jersey have identified a need of $945,919,000 to repair damage to utility infrastructure. These utilities have also estimated costs of $4,038,500,000 in projects to prevent future storm damage to generation, transmission and fuel delivery infrastructure. Additionally, $301,838,003 in project worksheets have been submitted to the FEMA Public Assistance (FEMA PA) program for energy infrastructure and emergency generator projects, of which $10,891,643 has been deemed eligible for federal funding. There has also been an identified need of $332,169,227 in Hazard Mitigation Grant Program funding for energy infrastructure. Therefore, excluding the federal share, New Jersey's current estimate of its unmet energy infrastructure needs totals approximately $5,607,534,587.

Seventy-seven percent of the federal funding to these projects has gone to eight of the ten municipal Independently Owned Utilities in the State that are not regulated by the BPU (see Table 2-9). Butler Boro, Lavallette, Madison, Milltown, Park Ridge, Seaside Heights, South River and Sussex Rural Electric Cooperative have eligible projects worth $9,327,676, receiving $8,396,929 in FEMA assistance, with the utilities providing matching funds of $930,747. The remaining two independent municipalities, Pemberton and Vineland Municipal Electric Utility have not applied for any FEMA assistance funds for energy infrastructure, although these utilities did apply for FEMA Emergency Protective Measure funds.

Table 2-9: Percentage of FEMA Funds Paid to Date by Location		
Location	**FEMA Funds Paid to Date**	**Percentage of Federal Money**
Butler Boro	$543,058.82	4.99%
Lavallette	$2,399,624.38	22.04%
Madison	$448,807.28	4.12%
Milltown	$144,860.51	1.33%
Park Ridge	$210,215.62	1.93%
Seaside Heights	$3,393,297.05	31.16%
South River	$216,418.79	1.99%
Sussex Rural Electric Cooperative	$1,040,646.68	9.56%
Remaining State Energy Projects	$2,492,193.81	22.89%
Total	**$10,889,122.94**	
Source: FEMA Project Worksheets		

The State is proposing to allocate a portion of the second CDBG-DR funding allocation to a New Jersey energy resilience bank that will fund projects that will help prevent a reoccurrence of the energy disruptions and build energy resilience. Projects may include the increased deployment of micro grids, distributed generation, smart grid technologies, and energy storage. The bank can also fund site acquisition and preparation and other aspects of development to support the deployment of distributed generation or other energy technologies.

2.4.2.2 Water & Wastewater Infrastructure

New Jersey's drinking water and wastewater operations were significantly compromised as a result of Superstorm Sandy, resulting in $2.6 billion in estimated needs (including emergency repair, recovery, mitigation and resiliency). A variety of sources confirm the significant unmet needs that New Jersey's environmental infrastructure faces in the long-term recovery process. Following Superstorm Sandy, New Jersey's Environmental Infrastructure Trust collected information from over 380 water and wastewater utilities, on their total needs, including resiliency costs. Through this process, water and wastewater utilities and municipalities identified $636 million in damages and resilience projects that will cost an additional estimated $1.6 billion. Separately, FEMA Project Worksheets (FEMA PW) data provides a total of over $167.5 million in damages.[2] In addition, Letters of Intent for State Revolving Funds (SRF) 2015 funding estimated nearly $1.1 billion in funding needed for environmental infrastructure-related projects. While there is likely some overlap between these three data sources, at least $2.6 billion in damages and resilience opportunities have been identified as unmet needs.

[2] This figure includes FEMA Category B data, so it may be greater than the actual infrastructure need.

Table 2-10: Summary of Estimate of Water & Wastewater Damages and Resilience Opportunities

Source of Total Damage Estimate	Estimate	Description of Source
Declaration of Needs Assessment (DONA) Survey – March 2013	$2,237,822,127	Online survey conducted through the Environmental Infrastructure Trust website in March 2013 asking municipalities to estimate current repairs, additional repairs, and resiliency costs
Letters of Intent for SRF for 2015 Funding	$1,086,142,688	Water and wastewater utilities and municipalities submitted letters of intent for funding through clean water and drinking water state revolving funds (SRF)
FEMA Project Worksheets Total	$167,540,663	Total of applicants for projects eligible under 406 Public Assistance

At the height of the storm, 94 wastewater treatment systems in all 21 counties suffered failures or disruption, including reduction or complete loss of power; reduction or loss of treatment capacity; broken sewer mains; and other operational issues. Treatment facilities, pump stations, and sewer mains in several areas on the barrier islands sustained catastrophic surge and flood damage or, in some cases, complete destruction. Salt water inundation of pump stations destroyed electrical equipment, including pumps, motors, and electric controls. Damage also spread to municipal storm water systems, many of which were clogged with sand or other sediment.

Several regional wastewater facilities were either rendered inoperable following Sandy or operated with reduced capacity for an extended period of time. For example, the State's largest wastewater and biosolids processing facility, which directly or indirectly serves 25 percent of the State's population and processes approximately 15 percent of the biosolids produced in New York City, was inundated and rendered inoperable. This caused a cascading impact on over 100 other facilities across New York and New Jersey that were forced to locate alternative management sites. Damage to the State's wastewater infrastructure led to the improper discharge of more than three billion gallons of raw, untreated sewage into local bodies of water. Even facilities that were not directly impacted by Superstorm Sandy's storm surges or diffuse power outages were overburdened with increased processing demand, due to the large number of facilities that were forced to operate at reduced capacity.

The vast majority of New Jersey's community water supply systems were impacted: 427 of 604 community water systems experienced power loss during the event. As a result of these service interruptions, water quality was compromised. Boil water advisories were issued by 37 water systems, impacting 362,334 New Jersey residents. One month after Superstorm Sandy made landfall, seven drinking water systems were still subject to a boil water advisory, the last of which was not lifted until December 27, 2012. In the months following Sandy, many customers reported

water discoloration caused by an inability to sufficiently flush sitting water from pipes.

Over the last several months, the State has facilitated and assisted in the repair and recovery of water and wastewater systems by ensuring that broken pipes, sewer mains, and pump stations are repaired, key electrical components are replaced, sediment is removed from clogged storm water systems, and other needs are met. The State continues to help resolve issues, coordinate expedition of permits, and serve as a liaison, as needed, between these critical public facilities and federal funding sources. In addition to complete repair and restoration, increased resiliency and durability of the State's water and wastewater systems is essential to help mitigate future risk. In an effort to build long-term resiliency, the State plans on taking steps to harden water and wastewater infrastructure by flood-proofing facilities, elevating key assets or buildings, building floodwalls, strategically placing berms, and taking other protective measures. In addition, because loss of power was a major instigator of damages to the water and wastewater sector, the State has also identified a range of potential energy resiliency projects to ensure uninterrupted power distribution to this critical infrastructure sector, discussed in detail elsewhere in this section.

The cost of rebuilding New Jersey's water and wastewater infrastructure will be substantial. As of December 31, 2013, $167.5 million in project worksheets have been submitted to the FEMA PA program for drinking water, wastewater, and storm water infrastructure projects, of which nearly $123 million have been obligated with federal funds; the total remaining funding is about $38 million. This includes projects for towns which have their own water utilities, such as Lavallette, Park Ridge, and South River. In addition, there are Sandy-related drinking water funds for New Jersey from EPA totaling $38 million with a match requirement of more than $7.6 million. Clean water funds for New Jersey from EPA totaling $191 million carry a match requirement of more than $38 million. Both the drinking water and clean water funds are available as low-interest loans, and not as grants.

Table 2-11: Grant and Match Requirements for Sandy SRF Funding

Source of Funding	Cap Grant	20% Match Requirement
Drinking Water	$38,221,192	$7,644,238
Clean Water	$191,105,958	$38,221,192

Source: DEP

2.4.3 Transportation Infrastructure Needs

Superstorm Sandy significantly affected New Jersey's transportation and transit infrastructure, crippling mobility across the region. To protect life and mitigate the potential for damage, the State closed three quarters of the 173-mile long Garden State Parkway prior to the storm – an unprecedented safety precaution. New Jersey

Transit (NJ Transit) also instituted a system-wide shutdown of all services, including bus, rail, light rail, and ferry services.

Superstorm Sandy's strong storm surge and high winds wreaked havoc on New Jersey's roadways. A number of roads in shore communities were entirely washed out, as were the berms and seawalls that protected the roadways. For example, in Mantoloking Township, the Atlantic Ocean breached over 1,000 feet of State Route 35 in three locations. Highways, including parts of State Route 37 in Toms River Township, experienced severe erosion and scour.

Even roadways that did not flood experienced significant damage. In Jersey City and Point Pleasant, the arms of barrier gates were torn off due to excessive wind. Guiderails and fences along roads throughout the State sustained damage from falling trees and other debris. Hardwired warning signs – intended to guide residents in times of disaster – were damaged and disabled by the storm's powerful winds. Traffic signals throughout the State were knocked down or otherwise rendered inoperable by power outages. Sandy also caused sinkholes throughout the State; on State Routes 35 and 36 alone, the storm created approximately eighty sinkholes.

The storm caused structural and other damage to many of New Jersey's bridges that will cost millions of dollars to repair. For example, the State Route 71 Shark River Bridge suffered flooding of electrical and mechanical bridge operations equipment. The State Route 37 Bridge suffered bearing damages. The State Route 72 Causeway Bridge experienced considerable erosion.

Immediately following Sandy, the State completed emergency repairs and implemented protective measures to ensure that primary roadways were passable. Among these initial efforts to restore the roadways to operational condition, the State removed trees and large debris – including cars, watercraft, and other structures – from public roads and rights-of-way; removed over 4,000 truckloads of sand; and replaced over 1,000 traffic signals.

In reconstructing the State's transportation infrastructure, the State aims to build back a more resilient infrastructure. For example, State Route 35's reconstruction will incorporate best practices in mitigation, including an improved drainage system, pump stations, and 24-inch thick pavement and sub-base materials. In addition, the State has undertaken the installation of more than four miles of steel sheeting to further protect Route 35. The State is also using advanced technologies in rebuilding, including radar, to detect voids under roadways. Other long-term projects are also underway, including the construction of a new bridge, among other improvements, to be built parallel to the State Route 72 Manahawkin Bay Causeway. The new bridge will provide the safety of a redundant route on or off Long Beach Island in the event a span needs to be closed.

The State has identified a number of additional projects to make transportation infrastructure less susceptible to future storm damage. Potential projects include reconstruction and replacement of critical roads and bridges, the construction of bridge abutment/pier scour counter measures at 130 crucial state-owned bridges, traffic signal hardening including emergency generator interface capability, drawbridge hardening and movement of electrical and mechanical systems to higher elevations, and the installation of emergency generators at maintenance yard facilities.

The storm also significantly impacted New Jersey's public transit systems. Commuter rail service was disrupted for months in what has been described by the President's Hurricane Sandy Rebuilding Task Force as "the worst disaster for public transit systems (e.g., bus, subway, commuter rail) in the nation's history." NJ Transit's rail network experienced substation flooding, track washouts, downed overhead catenary wires, and damage to signal and communications systems.

As the heaviest traveled portion of the Northeast Corridor, damage to New Jersey's transit systems had significant ripple effects across the region, impacting thousands of customers and doubling or tripling commuter travel time. NJ Transit quickly implemented emergency repairs to restore service. Significant restoration and repair of communication and signal systems, substations and catenary wires, and other key assets were necessary to restore rail service. Restoration and repair was also required on the Hudson-Bergen Light Rail and Newark City Subway systems. Prolonged and diffuse electrical outages also significantly hampered recovery. Despite the extraordinary effort and expenditures to repair damage and restore service, NJ Transit rail did not resume full operations until December 3, 2012, with some lines remaining on limited service for several months.

The State continues to explore ways to improve the resiliency of public transit systems to reduce the impact of future natural disasters. To that end, a number of resiliency projects have been identified. Potential resiliency projects for NJ Transit include, raising substations in flood prone areas; building new storage, service, and inspection facilities; improving operating efficiencies; and implementing various flood control strategies near Morgan Draw, Secaucus Junction and other facilities. In addition, in August 2013, the State announced a partnership with the USDOE and Sandia National Laboratories to study the potential implementation of "NJ TransitGrid" – a first-of-its kind transportation microgrid capable of providing highly reliable power in the event the larger electrical grid fails capable of supporting commuter transportation to and from New York City and ancillary facilities needed to operate rail services.

The cost of rebuilding a more resilient transportation and transit infrastructure will be substantial. Superstorm Sandy is estimated to have caused a total of $810 million in damages to systems maintained by the New Jersey Department of Transportation, the New Jersey Turnpike Authority, NJ Transit, the South Jersey Transportation Authority, and county and municipal transportation agencies. Nearly 50 percent of that amount pertains to NJ Transit assets (Figure 2-6). An additional $3,251,402,178 in resiliency projects is needed to ensure protection of roadways and transit systems from future events. These totals do not take into account latent system damages from saltwater intrusion which may arise in the future and may not factor in private insurance proceeds where data was not yet available.

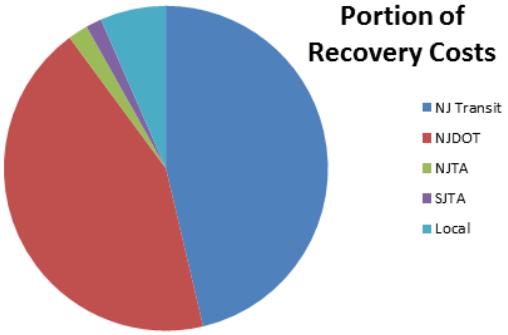

Figure 2-6: Portion of Recovery Costs by Agency
Source: NJDOT, NJTA, NJ Transit

2.4.4 Community Facilities Infrastructure Needs

Superstorm Sandy significantly damaged many New Jersey community facilities including schools, parks, police and fire departments and other public buildings.

Schools

Flood waters and power outages forced at least 370 school districts to close for at least one week. Seventy-seven New Jersey schools suffered physical damage as a result of the storm, including flooding, roof and other structural damage, and window damage. The damage inflicted on schools by Superstorm Sandy is estimated at more than $36 million, $21 million of which was not covered by insurance or FEMA funds. In the aftermath of the storm, the New Jersey Department of Education coordinated alternative accommodations and transportation needs for more than 2,800 displaced students. Within three weeks of the storm, 99 percent of New Jersey schools were reopened. Damage to six New Jersey schools was so severe that they remained permanently closed for the remainder of the school year. On Long Beach Island, one Sandy-damaged school remains closed and is expected to reopen in March 2014.

State and Community Parks

Superstorm Sandy also caused substantial damage to New Jersey's State and community parks. Throughout impacted communities, State and local officials worked to repair and reopen community parks. In many cases, cleanup involved significant and costly debris removal. Statewide, New Jersey marinas, beaches, parks

and boardwalks suffered more than $80 million in damage. As part of the disaster cleanup, the State conducted aerial surveillance of New Jersey beaches; assisted in the removal of 200 vessels from state waters; completed side scan sonar of 195,000 underwater acres; and cleared debris from 275 marinas. In addition, recreational beach water quality monitoring was performed at 175 ocean and 43 bay monitoring stations to ensure public safety. As a result of these efforts, nearly 100 percent of New Jersey beaches were open prior to Memorial Day Weekend. Moreover, the State spent considerable effort to restore public boardwalks despite severe damage or total destruction of many of New Jersey's iconic boardwalks. There is approximately $23 million in projects remaining to be completed.

Public Health & Safety

Police departments across the State suffered damage. Local fire departments, which are predominantly volunteer-led in New Jersey, were crippled, sustaining an estimated $237 million in damage. The loss of facilities as well as public safety and emergency vehicles caused increased response times for fire and medical services, further endangering local residents. Since the storm, the State has worked with local communities in repairing and rebuilding this critical infrastructure. While some facilities have been restored, more than $56 million in damage remains, forcing some communities to rely on neighboring towns to share services.

In addition, the State has worked to protect New Jerseyans' health during Sandy recovery. For example, the State created the Hope and Healing program, which offers confidential mental health information and referrals from trained counselors. In addition, the New Jersey Department of Health launched a public awareness campaign – including radio, op-ed articles and flyers – encouraging people working on recovery efforts to protect their health by getting a tetanus booster and by wearing goggles, rubber gloves, boots and a respirator; using insect repellant to protect against West Nile Virus and other mosquito-borne diseases; and taking measures to minimize storm-related mosquito-breeding habitats. The Department also published a pamphlet that provides guidelines to residents on how to assess mold and hire contractors to remove mold, distributing more than 13,000 copies in English and Spanish, as well as providing free training classes to more than 800 participants.

Public & Community Buildings

Superstorm Sandy did more than $231 million in estimated damage to many public and community buildings, which provide critical services to New Jersey residents including city/town halls, courthouses, libraries, post offices, correctional facilities, day care, family and social services centers and senior care facilities. As with public health and safety infrastructure, many of these facilities remain damaged. Complete

and immediate repair of these buildings is critical to New Jersey's recovery. The current unmet need exceeds $136,000,000.

The cost to repair the damage to community facilities, as reflected in FEMA project worksheets is summarized in the Table 2-12. New Jersey's overall unmet infrastructure need for community facilities is $236,548,191.

Table 2-12: Damage to Community Facilities Based on FEMA Data

Community Facilities	Damage Estimate	Eligible for FEMA Reimbursement	Unmet Needs
Schools	$36,564,844	$15,288,857	$21,275,987
Parks and Recreational Facilities	$80,797,209	$57,729,094	$23,068,115
Public Health Facilities	$237,501,114	$181,307,744	$56,193,370
Public and Community Buildings	$231,408,083	$95,397,364	$136,010,719
Total	**$586,271,250**	**$349,723,060**	**$236,548,191**

Source: FEMA Project Worksheets

2.4.5 Debris Removal Infrastructure Needs

In the process of damaging homes, businesses, and infrastructure, Sandy's violent storm waters have had devastating and continuing impacts in the form of newly accumulated debris and sediment in waterways across the State, in confined disposal facilities and landfills that now have reduced long-term capacity. In allocating funding to CDBG-DR grantees, HUD did not consider the present and future unmet needs associated with debris and sediment management, but the already realized (and expected future) costs are substantial and will impact the State's ability to respond to recovery challenges by diverting already limited resources.

Sandy-related sediment can be found in approximately 160 of the State's over 200 coastal navigation channels. This sediment is a threat to navigation (commercial, recreational, commuting) and must be addressed as an important part of New Jersey's long-term recovery efforts. The New Jersey Department of Transportation's Office of Maritime Resources has identified potential dredging projects at an approximate cost of $150,000,000.

New Jersey has already made substantial progress in dredging and debris removal, using side-scan sonar and other technologies to prioritize areas of need. The State is working actively with FEMA to dredge channels, but coastal lakes and other sediment-laden bodies of water will continue to present flooding and other challenges.

As of December 31, 2013, throughout the State, the damage estimates reflected in FEMA project worksheets was $730,360,727 for debris removal and clearance/demolition of storm-related debris. The federal share of this damage is

$504,954,463, which leaves the unmet need for debris removal for the State at over $225 million.

2.4.6 Summary of Unmet Infrastructure Needs

To estimate the extent of New Jersey's unmet infrastructure needs, the State must use best available data to quantify the cost to repair damage to infrastructure caused by Superstorm Sandy as well as the cost to implement resilience measures to reduce risk to federal and state investment from future severe weather events. The State must then subtract costs that are paid by another funding source. Insurance proceeds have been subtracted from these estimates but in some instances are not yet known. Specifically, this assessment calculates: (a) the cost of repairing storm-induced damage minus the amount eligible for Federal Assistance (including Army Corps, EPA, Federal Highway Administration (FHWA), Federal Transit Administration (FTA), FEMA, and other federal agencies) plus local match; and (b) the cost of implementing identified hazard mitigation projects as reported through state agencies as of December 31, 2013. Based on this analysis, New Jersey currently has an estimated unmet infrastructure need of more than $17.3 billion.

As illustrated in Table 2-13, $3.6 billion is the estimated cost of repairs to critical infrastructure and public buildings, and approximately $16.5 billion has been identified by state agencies for resilience projects.

Table 2-13: Summary of Infrastructure Needs

Infrastructure Sector	Estimated Damages	Mitigation and Resilience Opportunity Costs	Expenses Eligible for Federal or Other Reimbursement	Resulting Unmet Need
Flood Hazard[1]	$46,854,315	$6,177,032,189	$1,268,557,374	$4,955,329,131
Energy[2]	$787,257,003	$4,831,256,727	$10,979,143	$5,607,534,587
Water/Wastewater[3]	$803,941,989	$2,141,682,936	$306,004,498	$2,639,620,426
Transportation[4]	$810,175,282	$3,251,402,178	$353,263,699	$3,708,313,761
Community Facilities (incl. Emergency Warning Systems)[5]	$514,252,632	$72,018,619	$349,723,060	$236,548,191
Debris Removal and Dredging[6]	$730,360,727	-	$504,954,463	$225,406,264
Total	**$3,692,841,948**	**$16,473,392,649**	**$2,793,482,237**	**$17,372,752,360**

Sources:
[1] FEMA Project Worksheets; Army Corps of Engineers; NJOEM
[2] FEMA Projects Worksheets; NJ BPU; NJOEM
[3] FEMA Project Worksheets; NJOEM; EITS DONA Survey; NJDEP
[4] FEMA Project Worksheets; NJDOT; NJ Transit; NJTA; SJTA; NJOEM
[5] FEMA Project Worksheets; NJOEM
[6] FEMA Project Worksheets; NJDOT

2.4.7 Port Authority of New York and New Jersey

The Port Authority of New York and New Jersey is a bi-state agency that provides transportation, terminal and other facilities of commerce in the New York-New

Jersey Port District, including bridges, tunnels, airports, PATH and bus terminals. In Federal Register Notice FR-5696-N-06, HUD directed New Jersey to assist the Port Authority in "address[ing] resiliency and local cost share requirements for damage to . . . the Port Authority or demonstrate that such resiliency needs and local cost share has otherwise been met."

Superstorm Sandy caused significant damage to Port Authority assets, including, but not limited to, extensive damage to the Port Authority Trans-Hudson (PATH), an interurban rapid transit system, which links Manhattan with neighboring New Jersey urban communities and suburban commuter railroads. The Port Authority has estimated total damages from Superstorm Sandy to exceed approximately $2 billion, which does not include possible future latent damages. The Port Authority has also identified additional resiliency and mitigation projects. It is the State's understanding that the Port Authority intends to satisfy its Sandy-related damage and resiliency costs through one or more of the following sources of funds: grant proceeds from the Federal Transit Administration and FEMA; proceeds from insurance; and available Port Authority capital funds, including through the issuance of its debt obligations.

At this time, the State anticipates that the Port Authority will meet its local share requirements, but the State will continue to assess and evaluate financial conditions at the agency. The State will also further consider the Port Authority's unmet needs and cost share requirements if a third tranche of CDBG-DR funds is announced.

2.5 Community Development, Planning, and Other Needs

2.5.1 Zoning and Code Enforcement Needs

The devastation from Sandy left New Jersey's communities in various stages of disrepair. To rebuild, communities must assess and manage a range of recovery activities including demolition, clearance, reconstruction and rehabilitation. The steps in this process, even in the ordinary course can be time consuming and costly. The number of homes and other buildings damaged by Sandy dramatically increased the demand for services performed by local code and zoning officials. Most property owners have now settled insurance claims and are beginning the process of reconstruction. In hard hit communities, the number of applications for zoning and building permits has put an enormous burden on municipal personnel.

With the first tranche of CDBG-DR funds, the State created a program designed to increase municipalities' capacity to respond to increased demand for building code enforcement services and to enhance the New Jersey Department of Community Affairs' (DCA's) continuing education curriculum for code officials to include

training in flood hazard mitigation practices and other storm-related code issues. Immediately after Sandy, state inspectors were dispatched to supplement many local code enforcement offices in the nine most-impacted counties. The State also hired four full-time code officials and fifty part-time code officials to assist in that effort. Approximately twenty eight state inspectors will remain in at least 11 of those municipalities for the foreseeable future. The State also created a program to allow municipalities to hire additional staff or pay for additional staff hours to cover the increased need for zoning officials. Even with these investments, the need for code enforcement is expected to increase over time.

2.5.2 Local Public Services Needs

Demand for essential public services provided by local government entities increased substantially following the storm, as local budgets were strained by unanticipated storm-related costs and loss of revenue. Of the 193 unique individual first responder capabilities impacted, 69 fire departments, First Aid stations, EMS squad, police, and sheriff units have long-term rebuilding needs. Public schools which can serve as the backbone of a community were also affected. Of the 241 distinct public boards of education, school districts and/or charter schools initially eligible for FEMA funding post Sandy, 211 of these school systems had damage that required rebuilding funds.

With the first tranche of CDBG-DR funds, the State created a program that made financial assistance available to local government entities in those instances where FEMA Community Disaster Loans (CDLs) were either unavailable or insufficient to fund the continuation of eligible essential public services such as police protection, fire protection, health and welfare (including public works, garbage collection/disposal, and water/sewer), and education. Demand for this program has been considerable.

Many municipalities and local government agencies have experienced, and will continue to experience, difficulties in meeting the demands and costs for critical public services as a result of the impacts of Superstorm Sandy. Seventeen CDBG-DR grant awards have been provided to communities and/or boards of education to sustain or expand: public safety services such as fire and police; housing services; and public works such as trash collection. Funds were also provided to pay teacher salaries in school districts that found their student bodies swelling as students who would normally attend a school damaged in the storm were transferred to an undamaged school within the district. Analyses by DCA's Division of Local Government Services show that, particularly for hardest hit communities, continuation of this program is imperative to ensure that resources are available for essential public service needs that still exist after other federal and State resources are exhausted.

2.5.3 Planning Needs

Developing goals and objectives that promote sound revitalization and growth that is sustainable and resilient is essential to achieving long-term recovery. Planning for the future often demands a post-disaster evaluation of community vulnerabilities and an assessment of what must be rectified, both within and across municipal borders. The State has determined that there is still an unmet need for local and regional planning support to assess the issues and opportunities facing storm-damaged communities, and articulate priority actions that will improve public safety and stimulate economic recovery after Sandy. To accomplish that, the State dedicated first tranche CDBG-DR funds to the Post Sandy Planning Grant Assistance Program, which supplements the ongoing efforts of storm-impacted local and county governments to rebuild and revitalize. This program was specifically designed to augment and not conflict with other planning initiatives that local governments may be undertaking as a result of Superstorm Sandy.

Demand for the Post Sandy Planning Grant Assistance Program has been considerable, and continuing to support the planning needs of communities remains a priority for the State. Additionally, supporting statewide and regional coordinated planning-related initiatives remains a critical recovery need.

SECTION 3: METHOD OF DISTRIBUTION

Based on the revised unmet needs assessment, as well as input received from citizens, stakeholder groups, local government officials and other partners, the State prioritized second tranche CDBG-DR funding for the portfolio of recovery programs set forth in Table 3-1. In most cases, the State proposes to dedicate second tranche funds to programs currently approved by HUD, and for which demand has exceeded available funding. Integrating additional CDBG-DR funds into these established programs should be efficient and effective. However, the State also has prioritized new recovery initiatives, particularly for infrastructure. This is consistent with HUD Federal Register Notice FR-5696-N-06, which strongly encouraged the use of second tranche CDBG-DR funds to support infrastructure recovery initiatives.

Table 3-1: CDBG-DR Second Tranche Plan Programs

Category	Allocation Level		Program	Allocation Level	LMI Estimate
	Total Amount	Total Estimated LMI Amount			
Homeowner Assistance Programs	$530,000,000	$260,000,000	Reconstruction, Rehabilitation, Elevation & Mitigation	$390,000,000	50%
			LMI Homeowners Rebuilding Program	$40,000,000	100%
			Blue Acres Buyout Program	$100,000,000	25%
Rental Housing and Renter Programs	$245,000,000	$230,000,000	Fund for Restoration of Multi-Family Housing	$200,000,000	95%
			Neighborhood Enhancement Program	$20,000,000	75%
			Sandy Special Needs Housing Fund	$25,000,000	100%
Economic Development	$5,000,000	$750,000	Tourism Marketing Campaign	$5,000,000	15%
Infrastructure Programs	$500,000,000	$205,000,000	Flood Hazard Risk Reduction Program	$100,000,000	25%
			New Jersey Energy Resilience Bank	$200,000,000	60%
			Non-Federal Cost Shares (Match)	$200,000,000	30%
Support for Local Government Entities	$100,000,000	$18,500,000	Essential Public Services	$85,000,000	15%
			Unsafe Structures Demolition Program	$10,000,000	50%
			Zoning/Code Enforcement	$5,000,000	15%
TOTAL	**$1,380,000,000**	**$714,250,000**	**TOTAL FUNDED PROGRAMS**	**$1,380,000,000**	**52%**
Planning, Oversight, and Monitoring	$83,000,000	N/A	Planning Grants	$10,000,000	N/A
			Administration	$73,000,000	N/A
TOTAL	**$1,463,000,000**				

Overall, based on these estimates and the projected distribution of first tranche funds, per HUD requirements, at least 50 percent of the CDBG-DR funds allocated to New Jersey to support Sandy recovery will be targeted to LMI households, business or communities.

3.1 Housing Overview

Consistent with federal guidance, the State has allocated CDBG-DR funds to housing programs in a manner responsive to its unmet housing needs assessment. The State will support the repair or replacement of damaged owner-occupied and rental housing. The State also will dedicate funding for buyouts in targeted repetitive flood loss areas.

As with the first tranche of funding, the State will continue to prioritize the needs of LMI households in its homeowner and renter programs. Nearly 100 percent of CDBG-DR funding for the State's renter programs are expected to assist LMI households. The State also will dedicate additional funding specifically to support the development of affordable special needs housing.

The State's housing recovery efforts also offer an opportunity to continue to address sustainability and resiliency by incorporating modern building standards, green building technology and energy efficiency into the reconstruction process, where feasible. As examples:

- Reconstruction Standard: Where applicable, replacement and new construction will meet the 2009 Residential International Code and green building standards by requiring compliance with ENERGY STAR™.
- Rehabilitation Standard: Where applicable, programs will adhere to the State of New Jersey's Uniform Construction Code, the Single Family Housing Rehabilitation Standard, and the HUD Office of Community Planning and Development's (CPD) Green Building Retrofit checklist.

The State remains committed to affirmatively furthering fair housing through its housing programs, following all applicable federal and state statutes and regulations, and vigorously enforcing fair housing laws. The State will continue to ensure that housing assistance is prioritized and allocated based on financial hardship and disaster-related need, without regard to race or ethnicity. The State likewise will continue to adhere to additional standards and requirements for housing programs identified in its Action Plan.

3.2 Homeowner Assistance Programs

To support the recovery of homeowners, the State will use second tranche CDBG-DR monies (i) to increase funding for the RREM Program, (ii) to provide funding to support additional LMI households with rebuilding costs, and (iii) for buyouts in targeted repetitive flood loss areas.

3.2.1 Homeowner Reconstruction, Rehabilitation, Elevation and Mitigation (RREM) Program

The RREM Program provides grant awards to eligible primary homeowners for activities necessary to repair storm-damaged homes, including rehabilitation, reconstruction, elevation and mitigation. The program allows for reimbursement for eligible expenses to the extent permitted by HUD (as noted in HUD CPD Notice, July 2013). The State has allocated $710,000,000 in first tranche CDBG-DR funds to the RREM Program, which is projected to benefit approximately 5,124 homeowners. As of December 31, 2013, 246 reimbursement checks have been issued, and 902 grant agreements have been signed.

The State proposes to allocate $390,000,000 in second tranche CDBG-DR funds to further support the RREM Program. Given the existing waitlist, the State will continue to prioritize LMI households as well as homeowners whose homes were substantially damaged. The State will closely monitor the award amounts and impact on overall LMI benefit, with a goal of allocating up to approximately 50 percent of this tranche of funding for LMI households.

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

Allocation for Activity: $390,000,000

Maximum Award: $150,000, not inclusive of design and other soft costs, as applicable. The RREM Program may also provide temporary relocation assistance to homeowners who must vacate their home during reconstruction or who must move out because of the nature of their rehabilitation.

Eligible Applicants and Eligibility Criteria:

- Homeowner must have a household adjusted gross annual income of $250,000 or less
- Homeowner must have been registered with FEMA
- Home must have been owner-occupied at the time of the storm
- Home must have served as a primary residence

- Home must have been in one of the nine most-impacted and distressed counties
- The RREM program will follow the reconstruction and rehabilitation standards noted in the Action Plan.

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

Criteria for Selection: The State will prioritize LMI households and homeowners whose homes were substantially damaged, as long as the need exists.

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

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

3.2.2 LMI Homeowners Rebuilding Program

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

The extent of the State's outreach efforts is demonstrated by the fact that the State received more than 15,000 RREM applications of which more than 12,000 satisfied preliminary eligibility criteria. The RREM program heavily weighted funding towards eligible LMI households, with 70 percent of first tranche program funding reserved for LMI households.

The State remains committed to providing assistance to those households with the most limited financial resources and significant rebuilding needs. Given the dedication of RREM recovery resources targeting LMI populations, DCA anticipates serving the entire LMI RREM waitlist with second tranche CDBG-DR funds. Despite DCA's extensive outreach efforts with respect to the RREM program, the State wants

to ensure that vulnerable LMI households eligible for RREM assistance are served. To do so, the State, in response to the comments submitted to the Action Plan Amendment as first proposed and in consultation with HUD, initially will allocate $40 million of second tranche CDBG-DR funds to target LMI households that may have been eligible for RREM assistance but did not submit an application during the RREM application period. If demand exceeds the initial funding allocation, the State will seek to apply additional CDBG-DR resources to meet identified needs. DCA will engage community-based non-profit organizations to disseminate information about this program to ensure that the population the program is intended to serve is aware of the program. The program also will follow the reconstruction and rehabilitation standards noted in the Action Plan.

Allocation for Activity: $40,000,000

Maximum Award: $150,000. This program may also provide temporary relocation assistance to homeowners who must vacate their home during reconstruction or who must move out because of the nature of their rehabilitation.

Eligible Applicants and Eligibility Criteria:

- Homeowner must qualify as low- to moderate-income
- Homeowner must have been registered with FEMA
- Homeowner must not have submitted an application for the RREM program
- Home must have been owner-occupied at the time of the storm
- Home must have served as a primary residence for the homeowner
- Home must have been in one of the nine most-impacted and distressed counties
- Home must have sustained damage as a result of Superstorm Sandy of at least $8,000 or had more than one foot of water on the first floor

Selection Process: At the conclusion of the application period, the applications received will be electronically randomized and then prioritized based on damage levels. Information regarding how to apply to the program will be disseminated by DCA following HUD approval of this Action Plan Amendment.

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

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

3.2.3 Blue Acres Buyout Program

Superstorm Sandy substantially affected certain New Jersey communities that repeatedly sustain significant flood losses. Many residents of these communities

have expressed a preference for buyouts to allow them to relocate to less flood-prone areas. The decision to pursue a buyout is a difficult, personal choice unique to every household, and the State is committed to an expedited, voluntary buyout process to assist those households that want to relocate.

Buyouts are an important component of the State's holistic approach to smart and resilient housing sector recovery. Buying out flood-prone properties removes people from harm's way. Converting the land to open space creates more open areas that can help absorb flood waters in future storms, making the State more resilient to future weather events. Buyouts may also allow communities to create, or add to, local park lands, or expand wetlands, forests and wildlife management areas.

The State has already allocated $100,000,000 in HMGP funds for buyouts and conversion of the property to open space and has approved the purchase of 272 of properties in Sayreville and South River. One hundred and twenty-two owners have accepted buyout offers and 22 have closed. An additional $9.4 million in funding through the New Jersey Department of Environmental Protection's (DEP) Green Acres program and the USDA's Natural Resources Conservation Service will support buyouts in the Bay Point area of Lawrence Township in Cumberland County.

The State now proposes to commit $100,000,000 of second tranche CDBG-DR funds for additional buyouts, to be administered and overseen by DEP. DEP has a long and successful history of voluntary acquisition of real estate for open space, recreation, and natural resource restoration. The Green Acres program has been purchasing land for preservation for over fifty years. For the past two decades, the State, through the Blue Acres Program, has been purchasing flood-prone properties and restoring the natural landscape. The Blue Acres program is primarily responsible for the Superstorm Sandy-related buyouts.

To reduce administrative burden and maximize funding available for buyouts, the program initially will be limited to homeowners in pre-defined targeted buyout areas. DEP will notify communities in this area of their eligibility; this may extend to communities throughout New Jersey. DEP may extend the program to other areas at its discretion, assuming available funding. Homes will be purchased at 100 percent of their pre-storm fair market value as determined through Blue Acres' established valuation process. Consistent with Federal Register Notice FR-5696-N-01, the State will uniformly apply its valuation methodology. Until a written agreement on the purchase price of the home has been reached, DEP, at its discretion, may decide not to move forward with the purchase of any home being considered for a buyout (as may the homeowner). After properties are acquired, CDBG-DR funds through this program also may be used to conduct demolition and debris removal activities, and other related activities necessary to convert the purchased property to open space.

Allocation for Activity: $100,000,000

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

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

Eligibility Criteria:

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

Criteria for Selection:

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

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

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

3.3 Rental Housing and Renter Programs

To support the recovery of renters, the State will use second tranche CDBG-DR funds to increase funding for (i) the Fund for the Restoration of Multi-Family Housing, (ii) the Neighborhood Enhancement Program, and (iii) the Sandy Special Needs Housing Fund, all of which will increase the supply of affordable rental housing in the State.

3.3.1 Fund for Restoration of Multi-Family Housing

The Fund for the Restoration of Multi-Family Housing (FRM) is administered by the New Jersey Housing and Mortgage Finance Agency (HMFA) and provides funding to

facilitate the creation or rehabilitation of quality, affordable rental housing units to address the loss of multi-family housing caused by Superstorm Sandy. CDBG-DR funds are provided as zero- and low-interest loans to qualified developers to leverage 9 percent and 4 percent low-income housing tax credits and tax-exempt bonds to facilitate development projects. FRM funds also can be provided as stand-alone project financing.

In its Action Plan, the State allocated $179,520,000 of first tranche CDBG-DR funds to FRM. Of that total, $20 million was reserved exclusively to support the recovery of public housing authorities. The FRM program was quickly oversubscribed. As of December 31, 2013, HMFA had obligated all of its available first tranche FRM project funds, with a remaining unserved program pipeline approaching $364,786,651.

The State will dedicate an additional $200,000,000 of second tranche CDBG-DR funds to the FRM program, of which $10 million will be initially reserved for PHA recovery projects. HMFA has set a goal that 80 percent of the non-PHA FRM funds from this tranche will be initially prioritized for projects to repair or replace multi-family housing within the nine most-impacted counties as determined by HUD.

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

Allocation for Activity: $200,000,000, inclusive of a $10 million allocation initially reserved to support the recovery of public housing authorities.

Maximum Award: Amount of the award is to be based on underwriting the gap in the project rather than setting a maximum amount per unit. Standard HMFA underwriting applies.

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

Eligibility Criteria: Projects must: (a) rehabilitate or replace affordable rental units that were damaged as a result of the storm; (b) build new rental housing that addresses an unmet need resulting from the storm; or (c) convert existing structures into affordable housing that addresses an unmet need resulting from the storm. This conversion may include conducting substantial rehabilitation and as a result transitioning market rate units to affordable units, changing a property that was not a rental housing use into permanent, affordable rental housing or rehabilitating vacant, dilapidated units.

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

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

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

3.3.2 Neighborhood Enhancement Program

The Neighborhood Enhancement Program (NEP) – described as the Blight Reduction Program in the Action Plan – provides funding to stabilize "threatened but viable" neighborhoods through the creation of affordable housing. It funds the rehabilitation or re-use of abandoned, foreclosed and vacant housing, structures or lots and addresses the shortage of affordable housing caused by the storm, while at the same time returning blighted buildings to viable use. The program is intended to be a component of local plans to invest in and rebuild communities.

NEP provides zero percent loans to non-profit and for profit developers who will create affordable for-sale or rental housing units through either rehabilitation or redevelopment. The program will encourage the development of mixed income housing to prevent concentrations of poverty and build stable neighborhoods. As of January 13, 2014, the State has awarded all of NEP project funds, and the program is considered fully subscribed. Given the success of the NEP pilot program supported by first tranche CDBG-DR funds, the State will continue to fund the program, and expand its impact by seeking to further integrate the program with local redevelopment and rebuilding plans. The State also may look to integrate recovery partners into the administration of this program.

The State incorporates the description of the NEP in its Action Plan, as amended, as well as all eligibility and other criteria, except to the extent modified below:

Allocation for Activity: $20,000,000

Maximum Award: $250,000 per unit

Eligible Applicants: Nonprofit and for-profit developers. Community Development Financial Institutions may also apply as administrators of program funding or as developers, and propose projects or programs that would meet program eligibility criteria and achieve the goals of NEP, as described above.

Eligibility Criteria:

- Project must provide housing for households that are LMI.
- Units must be affordable at 30 percent of the gross income of the resident applicant.
- Properties must have an unaddressed funding need to bring the structure into compliance with all building code ordinances.

- Properties may have seven units or less.
- Projects must be feasible within funding caps and underwriting standards.

Criteria for Selection: Impacted areas that are viable but threatened and in need of rehabilitation.

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

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

3.3.3 Sandy Special Needs Housing Fund

Superstorm Sandy reduced the available stock of permanent, affordable housing that supports special needs populations. In response, the State used $25,000,000 in first tranche CDBG-DR funds to establish the Sandy Special Needs Housing Fund (SSNHF) to repair or replace housing for special needs populations. The program provides low-interest loans or grants to these projects.

As of January 13, 2014, $9,524,361 of the SSNHF funds have been obligated to support special needs housing projects. An additional $28,436,539 in proposed projects is currently in the program pipeline, and in the process of being evaluated for funding by HMFA. Based on the interest in the program, as described in the unmet needs assessment, the State anticipates that additional requests for funding under this program will be made by special needs housing developers.

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

The State incorporates the description of the SSNHF in its Action Plan, as amended, as well as all eligibility and other criteria, except to the extent modified below:

Allocation for Activity: $25,000,000

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

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

housing authorities. There is no cap on the amount of funding that can be provided for a given Special Needs Housing project, as long as that assistance is eligible and cost reasonable. HMFA will underwrite the Sandy Special Needs projects using the CDBG-DR monies as gap financing.

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

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

3.4 Economic Development

3.4.1 Tourism Marketing Campaign

As described in the unmet needs assessment, tourism officials and businesses, especially but not exclusively those in New Jersey's shore communities, have emphasized the importance of a robust advertising campaign in 2014 in order to recover from the storm, revitalize damaged communities, and prevent any backslide from the recovery gains made by tourism-recovery investments in 2013. In particular, hardest hit towns that could not take full advantage of the 2013 tourism season because of the damage caused by the storm need a strong 2014 tourism season to support their ongoing recovery.

While the State does not envision a 2014 tourism campaign investment on par with the investment in 2013, a meaningful investment is required in 2014 to be responsive to the storm-related needs of the tourism industry, given the importance of that industry to employees, business owners, local communities and the State. The State anticipates leveraging multiple funding sources to achieve a timely and effective 2014 tourism marketing campaign. Assuming HUD grants the State's waiver request to increase by $5 million the State's cap on using CDBG-DR funds for tourism – making New Jersey's cap the same as that approved for New York State – the State plans to add $5 million of second tranche CDBG-DR funds to bolster the tourism marketing effort. The State plans to use these funds for many of the same efforts undertaken as part of the 2013 campaign, including television advertising, digital and radio advertising, social media and community events to attract tourists to New Jersey tourism destinations.

Campaign Goals and Intended Outcomes

The goals and intended outcomes of the advertising and marketing campaign for 2014 are substantially similar to those described in the Action Plan for the State's 2013 campaign, and include:

- Continued stabilization or increase in tourism-related revenues in impacted areas for 2014, particularly for hardest hit areas that could not take full advantage of the 2013 tourism season;
- Continued stabilization or increase in tourism-related employment in impacted areas for 2014, particularly for hardest hit areas that could not take full advantage of the 2013 tourism season; and
- Continued stabilization or increase in tourism-related tax revenues in impacted areas for 2014, particularly for hardest hit areas that could not take full advantage of the 2013 tourism season.

The State Tourism Office collects annual statistics and will measure the return rate of tourism activity in the most-impacted areas, and across the State.

Allocation for Activity: $5,000,000, contingent on HUD's approval of the State's pending waiver request to use second tranche funds to support a 2014 marketing campaign.

Eligibility Criteria: The projected use of funds for marketing and outreach efforts will be focused as follows: event and festival planning and sponsorship in impacted areas within New Jersey; advertising creation and media placement (television/radio/digital and out-of-home advertising) both within and outside of New Jersey, with a focus on areas noted in the Action Plan with a large base of New Jersey visitors.

Eligibility for CDBG-DR: Federal Register Notice FR-5696-N-01

National Objective: Low and moderate income area; urgent need.

3.5 Infrastructure

New Jersey's reliance on the proper functioning of its infrastructure systems – including transportation, energy, and water infrastructure – became painfully evident when these same systems failed in the aftermath of Superstorm Sandy. As documented in Section 2, Superstorm Sandy's associated storm surge and flooding caused a series of rippling effects on all New Jersey infrastructure sectors and led to widespread and prolonged failures. Sandy's rising waters overwhelmed water and wastewater treatment plants, hospitals, and other buildings that provide critical services. The storm triggered the State's worst transit disaster in its history and washed away portions of critical evacuation roadways. Electrical substations were crippled, causing power failures in all 21 New Jersey counties. Millions of New Jerseyans were subject to boil water advisories. Lacking both a steady power supply and functioning transportation and water infrastructure, industrial facilities and critical fuel distribution and production facilities shut down causing disruptions over an extensive geographic region.

New Jersey is pursuing a holistic approach to identify and realize opportunities to address infrastructure vulnerabilities and to make critical facilities more resilient in the face of future extreme weather events and other hazards. The State is rebuilding infrastructure in a stronger, safer, and smarter way to better mitigate and manage disaster risk.

In the days immediately before and after Superstorm Sandy, the State worked with each of the infrastructure sectors to implement a rapid-response strategy to restore infrastructure services in the short term, while laying a foundation for the responsible administration of federal and State resources in the years ahead. State agencies conducted extensive damage assessments of infrastructure, facilities, and equipment across all regions of New Jersey. On a local level, the State comprehensively surveyed communities across New Jersey on vulnerabilities and local resilience needs, and expanded the New Jersey Office of Emergency Management's (OEM's) Disaster Recovery Bureau in order to support community technical needs in the infrastructure recovery process. The State's Office of Homeland Security and Preparedness and New Jersey's Infrastructure Advisory Committee – which includes representatives from utility companies, chemical and pharmaceutical firms, the telecommunications and healthcare industries, and other industries that rely on New Jersey's ability to restore infrastructure services following a disaster – conducted a series of meetings and workshops meant to identify lessons learned from Sandy and opportunities for potential mitigation and resilience. New Jersey brought together cross-agency "working groups" to address recovery issues that cut across multiple sectors.

New Jersey drew on the expertise of academics and researchers, subject matter experts within government, and other leaders in their fields to design projects and programs to make infrastructure more resilient to future hazards. For example, the State partnered with two of the U.S. Department of Energy's (USDOE's) national laboratories to assess statewide energy vulnerabilities and identify opportunities to leverage commercially available technologies to address power generation needs at critical facilities. In collaboration with the U.S. Department of Homeland Security, the State is exploring opportunities to increase the resiliency of the State's petroleum storage and distribution and supply systems. The State also engaged six universities to devise flood mitigation strategies for particularly flood-prone communities located near the Hudson River, Hackensack River, Arthur Kill, Barnegat Bay and Delaware Bay.

In addition, on March 11, 2014, the State released for public comment a statewide Hazard Mitigation Plan. Perspective from the above-referenced assessments done in the aftermath of Superstorm Sandy was incorporated into its planning and comprehensive risk analysis process which included subject matter experts from state agencies, the New Jersey Office of the State Climatologist, and other experts in

flood control, sea level rise, and fire prevention strategies, among other areas. The Hazard Mitigation Plan analyzes New Jersey's risk from a wide range of hazards, including extreme weather events, drought, earthquakes, terrorism, cyber attacks, and other man-made and weather-related hazards. Consistent with FEMA guidelines, the Hazard Mitigation Plan also specifically addresses the risk of coastal erosion from sea level rise and other potential impacts from climate change. Moreover, the Hazard Mitigation Plan also factors in critical considerations like population trends, the location of key industry clusters in New Jersey, and the State's hydrography to inform risk analyses.

Taken together, New Jersey's work with universities and national laboratories, the State's Hazard Mitigation Plan, and the State's cross-agency inventory of unmet disaster recovery needs (as reflected in Section 2 of this Action Plan Amendment) provide context on historical trends and also highlight future potential risks, underscoring the need for investment in infrastructure resilience. As Sandy highlighted, flooding and energy vulnerability are two of New Jersey's greatest challenges. Flooding and storm surge events are capable of jeopardizing the health and safety of residents and causing billions of dollars in documented losses. Events, like Sandy, can also lead to widespread and prolonged power outages that impact emergency response functions, delay reinstatement of regional transit services, and strain the capacity and operations of critical infrastructure. As the Hazard Mitigation Plan and science-based analysis following Superstorm Sandy highlight, making New Jersey more resilient in the face of future extreme weather events and other forward-looking hazards requires increased focus on resilience and investment in programs that make New Jersey more resilient from flooding and energy vulnerabilities.

Looking to the future, New Jersey has identified multiple infrastructure needs that must be addressed to best position the State to be prepared for future disasters such as: (i) policies and standards aimed at realizing smart infrastructure investment, (ii) comprehensive planning to identify resilience opportunities, and (iii) technological innovation and "best in class" mitigation designs to meet future challenges and hazards. In designing responsive cross-agency infrastructure programs and projects, New Jersey is infusing policy, planning, and innovation in pursuing resilience opportunities at critical facilities across the State.

- **New Jersey adopted more resilient building standards, facilitated the use of nature-based measures to reduce risk from flooding and storm surge, and encouraged communities to incorporate mitigation elements in their rebuilding.** The State established by emergency rule the best available data from FEMA's new flood maps, plus one foot of freeboard, as the general rebuilding standard to adapt to changing flood hazard risks. Federal agencies, and President Obama's Hurricane Sandy Rebuilding Task

Force, subsequently adopted this standard for all reconstruction activities funded by the Sandy Supplemental Appropriation. Beyond immediate Superstorm Sandy rebuilding and reconstruction needs, the State's regulations adopting FEMA's best available data will continue to guide future development in flood zones, and support smart and sustainable long-term building practices. New Jersey is also encouraging the expanded use of nature-based infrastructure solutions in the long-term recovery process, including by adopting rules that enhance coastal protection by simplifying permitting processes to encourage sand fencing, maintenance of engineered beaches and dunes to design levels, and more widely adopting "living shorelines" – projects that utilize strategic placement of native vegetation, sand, organic materials, and oysters, clams, and mussels to reinforce shorelines and prevent flooding naturally. The State also encouraged local communities to not just repair damaged infrastructure, but to incorporate mitigation elements available under Section 406 of the Stafford Act. As of December 2013, over 88 percent of large FEMA Public Assistance projects in New Jersey (i.e., projects over $500,000) now incorporate Section 406 mitigation elements.

- **New Jersey is planning for a variety of hazard scenarios and evaluating risk using a holistic framework.** Infrastructure must be prepared for a range of potential natural or man-made hazards. New Jersey's risk profile is not limited to Superstorm Sandy's trajectory: the State's 1,800 miles of tidal coastline and its concentration of critical infrastructure assets in densely populated areas render infrastructure particularly vulnerable to future extreme weather events and other hazards. To address and assess risk, State agencies have collaborated to identify those infrastructure assets most vulnerable to future risk and to assist communities in identifying potential resilience solutions. New Jersey also convened representatives from across state government to develop an integrated platform for mapping infrastructure assets in order to explore opportunities for regional resiliency. The State has already mapped existing energy, fuel, and other resources to identify areas where resilience is most needed. The State compiled fifteen years of FEMA Public Assistance data on a community and county basis to inform potential infrastructure resilience needs, and is using historical data as an opportunity to identify with greater precision those areas of the State that routinely experience loss from repetitive flooding. The State is working with all 21 counties to prioritize potential resilience and mitigation measures on a local- and regional-needs basis and to project areas of future vulnerability.

- **Enhanced planning remains a cornerstone of infrastructure project identification and development.** OEM launched a planning initiative under FEMA's HMGP to provide eligible counties with grants to develop multi-jurisdictional hazard mitigation plans, incorporating municipal perspective to address regional vulnerabilities. As part of the State's hazard mitigation planning efforts, a cross-agency effort was initiated to identify regional resiliency opportunities by examining the locations and characteristics of critical infrastructure including drinking water, wastewater, transportation and transit, energy, and communication systems and assessing infrastructure against over 20 potential risks, including coastal erosion, drought, flood, geological hazards, "Nor'Easters", hurricanes, and terrorism events. New Jersey's Statewide Hazard Mitigation Plan will apply the National Oceanic and Atmospheric Administration's Sea Level Rise Tool and other mapping tools to assess potential future risk to State assets. Studying where multiple infrastructure systems intersect and overlap enables the State to highlight and implement synergistic mitigation initiatives.
- **New Jersey is employing innovative technology and "best in class" mitigation enhancements to build resilience.** Innovation remains a critical cornerstone of New Jersey's recovery process and the State is employing experts from within the State and across the nation to identify new ways of managing risk and hardening infrastructure assets. New Jersey Transit (NJ Transit) is working with USDOE and Sandia National Laboratories to develop "NJ TransitGrid" – a first-of-its-kind microgrid capable of providing highly reliable, resilient power to NJ Transit's critical infrastructure and systems. NJ Transit is also collaborating with Stevens Institute of Technology to develop real-time, site-specific, "micro-surge" modeling technology for use during significant weather events to enable potential prediction and modeling of storm surge. DEP, in collaboration with FEMA, employed side-scan sonar technology across nearly 195,000 acres of waterways in an effort that ultimately removed over 360,000 cubic yards of debris and allowed for safer passage and navigation of waterways. The New Jersey Board of Public Utilities (BPU) developed a "Storm Cloud" outage data reporting system – an enterprise-ready, cloud-based application to monitor electric outages throughout the State. And the new Route 35 highway, being reconstructed through a partnership between the New Jersey Department of Transportation and Federal Highway Administration (FHWA), will feature a robust drainage system equipped with tide valves and pump stations to prevent the back-flow of water as well as 40-foot pile-driven sheets of steel to reduce washout of vulnerable areas of roadway while also protecting homes and businesses in the surrounding community.

This comprehensive approach is being applied as the State moves forward with infrastructure projects and programs. The State continues to work actively with FEMA, the Army Corps, EPA, the U.S. Department of Transportation, and other federal partners to realize cross-sector mitigation measures that better protect homes and businesses, public buildings, and critical infrastructure from future hazards. To ensure that recovery resources are purposed for their best and highest uses, New Jersey's infrastructure agencies have incorporated cost-benefit analyses into project development, and have retained leading economists to advise on the potential benefits of infrastructure investment.

The State is pursuing opportunities to realize Army Corps engineered beach and dune projects, to construct state-of-the-art road and transit projects, and to repair and harden water and wastewater facilities. Leading firms in the nation are designing and implementing these initiatives. In the coming months, the State intends to work with federal partners to realize additional regional and innovative resilience measures, including the potential implementation of the State's and USDOE's design of the "NJ TransitGrid" microgrid, which can provide regional energy resilience for critical transportation services that benefit the Northeast's economy and over 130,000 daily commuters on Amtrak and NJ Transit. For most of the resilient design projects that are or will be undertaken, the federal funding agencies require the State to contribute substantial matching dollars, known as "match" or "local share," to support project implementation. New Jersey's total local share obligations will be substantial. CDBG-DR funds, which can be used as a proxy for local share funding in some circumstances, is especially needed to assist the State in meeting its substantial local share obligations. The State proposes to use a portion of this allocation of CDBG-DR funds as match to support those existing and future projects that are being undertaken by State agencies in partnership with the various federal funding agencies.

Beyond meeting a portion of New Jersey's local share obligations, there are additional opportunities to build resilience and harden critical infrastructure using CDBG-DR funding. As New Jerseyans rebuild and reinvest in their communities, there is a substantial need to examine opportunities to integrate gray and nature-based infrastructure, along with technology and asset management techniques, that can reduce the risk of recurrent flooding and storm surge by better managing the flow of water. The State has partnered with universities from across the State to develop techniques and technology that can be deployed in regions of the State where there are no current Army Corps projects or where the addition of layered measures would complement the Army Corps' existing projects. A new CDBG-DR program – the Flood Hazard Risk Reduction & Resiliency Measures Program – would enable the State to realize temporary-, short-, or intermediate-term projects

that will offer appropriate levels of immediate risk reduction for homes, businesses, and critical infrastructure.

To address the energy vulnerabilities that were revealed at critical facilities throughout New Jersey, the State proposes the creation of the New Jersey Energy Resilience Bank, which would allow some of the State's most innovative and resilient energy projects to become a reality. The New Jersey Energy Resilience Bank would be the first Bank of its kind in the nation; it would focus exclusively on hardening critical facilities to address energy vulnerabilities. The Bank would support energy infrastructure projects that lack funding and support projects that incorporate energy technologies that are resilient in order to allow infrastructure to continue to operate even if the larger electrical grid fails. To the extent possible, the Bank would leverage limited federal dollars with State funding and private sector capital to maximize energy resilience at the most critical of facilities using microgrids or other cutting-edge designs. The Bank will provide the resources New Jersey's critical facilities need to invest in fuel cells, combined heat and power, solar with storage, and other technology that will better prepare water and wastewater facilities, schools and hospitals, police and fire stations, and other key community infrastructure for future weather events.

The benefits of executing a smart infrastructure rebuilding strategy will extend beyond better preparing the State for the next extreme weather event or other hazard. 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. By pursuing resilient energy programs, New Jersey can realize more in-state generation of electricity – which will not only make the State more resilient, but will also make energy more affordable and reliable for critical facilities, and lead to the increased use of renewable technologies and a reduced dependency on diesel fuel.

The incorporation of nature-based approaches in designing flood risk reduction measures will not only blunt the impact of storm surges and flooding, but also preserve ecological functions, provide wildlife habitats, and foster balance between natural and built environments. Communities will benefit from storm-hardened roadways that incorporate "Complete Street" features that provide increased pedestrian and bicyclist access and safety. Over the long term, New Jersey will benefit from comprehensive planning efforts that seek to maximize limited dollars to harden the public buildings and other infrastructure on which the entire region depends.

3.5.1 Flood Hazard Risk Reduction & Resiliency Measures Program

As detailed in Section 2, Superstorm Sandy highlighted the flood and storm surge vulnerabilities of New Jersey's coastal and inland communities. Flooding from Sandy damaged housing stock and businesses and had significant impacts on critical infrastructure, causing widespread energy failures throughout the State. In some cases, existing risk reduction infrastructure was either damaged or destroyed.

The State is committed to building back better and more resilient. To that end, the State has adopted resilient building standards and developed programs and policies designed to infuse resilience and mitigation planning into reconstruction efforts. Through the Flood Hazard Risk Reduction and Resiliency Measures Program, the State and local communities will be able to address the risk of flooding and other hazards from future severe weather events.

As part of an ongoing risk assessment following Superstorm Sandy, the State and local communities have undertaken considerable efforts to evaluate the State's current and future flood plain and storm surge risk, identify communities and regions highly vulnerable to flooding and storm surge, and consider and develop designs for new infrastructure measures or improvements that can blunt storm surge and reduce flood risk. Cost-effective measures that reduce risk from flooding, storm surge, and other current and future disasters will assist the State in protecting federal investments in rebuilding infrastructure, housing, and businesses and will better prepare the State for future potential extreme weather events and other hazards.

To assess risk in repetitive loss areas, the State is analyzing Superstorm Sandy's flooding and surge data in order to identify potential resilient solutions that offer the best risk reduction potential. The State retained leading academic experts in civil and environmental engineering, storm water management, watershed and water environment restoration, and hydrology from six of the State's universities, including Monmouth University; Montclair State University; New Jersey Institute of Technology; Richard Stockton College of New Jersey; Rutgers, the State University of New Jersey; and Stevens Institute of Technology. Those experts are focused on analyzing regions of the State that were impacted by Sandy and that remain vulnerable to future loss, including areas along the Hackensack and Hudson Rivers, the Arthur Kill tidal strait, Barnegat Bay and the Delaware Bayshore. It is expected that the lessons learned from these vulnerable areas of the State – and the innovations and techniques used and developed in the course of analyzing risk – can be broadly applied to benefit other regions of the State with similar risk profiles.

Part of the State's work has focused on comprehensively identifying and cataloging the sources of flooding in repetitive flood communities, including communities with recurrent or chronic rainfall- or tidal-induced flooding. By cataloging the volume of rainfall and its impact on storm water and combined sewer overflow systems, through physical inspection of existing risk reduction measures for damage or breach evidence, and by mapping assets including drainage systems, the State may be able to realize resilience improvements with the highest potential benefits and at the lowest possible implementation cost. The State is also harnessing technological innovation by partnering with universities to develop new methods for modeling flood and surge pathways to inform decision making, including through the use of "crowd-sourcing" (using personal photographs following Sandy to determine water levels on a street-level basis in communities).

Figure 3-1: Physical Inspection of Existing Risk Reduction Infrastructure. Teams assigned by the New Jersey Department of Environmental Protection have endeavored to catalogue Superstorm Sandy's impact on berms, tidal gates, and other existing risk-reduction infrastructure. Physical inspection is a key part of the State's assessment of the current condition of measures to identify necessary repairs as well as opportunities to enhance existing measures to address future extreme weather events and maximize federal investment.
Source: State of New Jersey/New Jersey Institute of Technology Partnership

Figure 3-2: Drainage Systems, Moonachie/Little Ferry. Addressing drainage issues could offer low-cost investment opportunities to increase New Jersey's flood resilience. For example, bottlenecks in drainage systems, accumulated debris, and overgrowth may collectively exacerbate the impact of flooding and storm surge on communities. In addition, some drainage systems, constructed piecemeal over the last two centuries, have never been mapped. For example, Rutgers has been evaluating how minor drainage improvements can reduce flooding in the Moonachie/Little Ferry region (pictured).
Source: State of New Jersey/Rutgers, the State University of New Jersey Partnership

Figure 3-3: Crowdsourcing to Validate Flood Modeling. In partnership with the State, Stevens Institute of Technology is exploring innovative techniques to gather data to inform risk analysis. This photograph is one of many captured both during and following Superstorm Sandy through crowdsourcing. Geo- and time-stamped photos, like this one, allow the State to validate model projections against documented data points, further refining the accuracy of flood modeling to identify areas of increased flood vulnerability.
Source: State of New Jersey/Stevens Institute of Technology Partnership

Understanding the cause, source, and volume of flooding is critical to designing risk reduction measures that are suitable for specific localities or regions in the State and will lead to the highest and best use of limited recovery funds. Densely populated communities, such as those in Bergen and Hudson counties, will necessarily require solutions different from coastal or agricultural communities, such as those in Ocean, Monmouth, and Cumberland counties. In some areas, the enhancement of existing infrastructure to address future risk may provide added layers of risk reduction at lower cost.

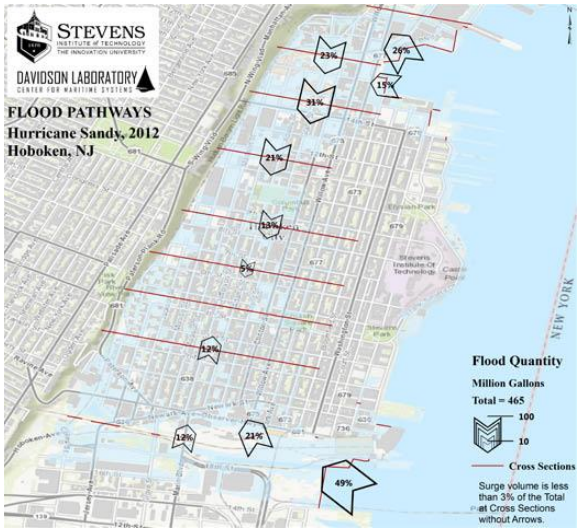

Figure 3-4: Flood Pathways, Hoboken, NJ. In partnership with the State, Stevens Institute of Technology is creating and testing models to understand flood pathways. These models can provide information on local risks and can inform the selection of appropriate risk reduction measures and characterize the benefits and efficacy of different options. The State's assessment of flood pathways in Hoboken, New Jersey (pictured), for example, highlights the State's ongoing work to identify effective strategies for densely populated urban settings.
Source: State of New Jersey/Stevens Institute of Technology Partnership

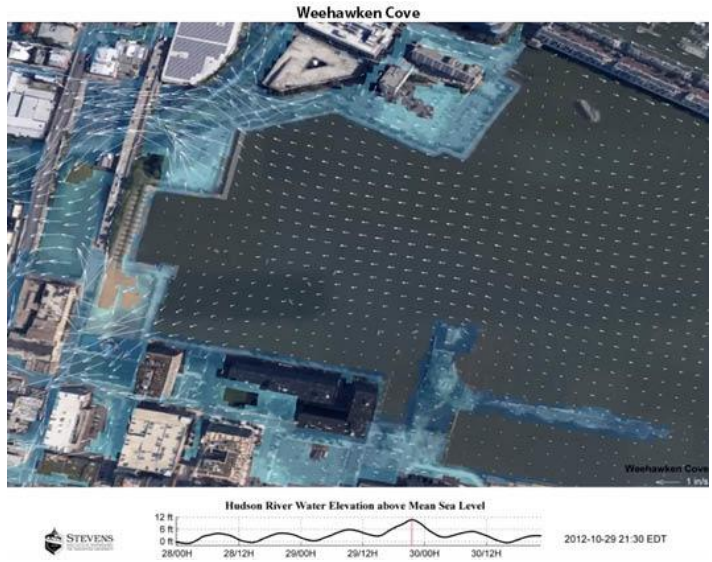

Figure 3-5: Storm Surge Modeling, Weehawken Cove, NJ. Modeling the interaction between land and waterways during a storm surge event reveals impacts to public safety, including to evacuation routes and critical infrastructure. These models can be used to understand local risks from storm surges.
Source: State of New Jersey/Stevens Institute of Technology Partnership

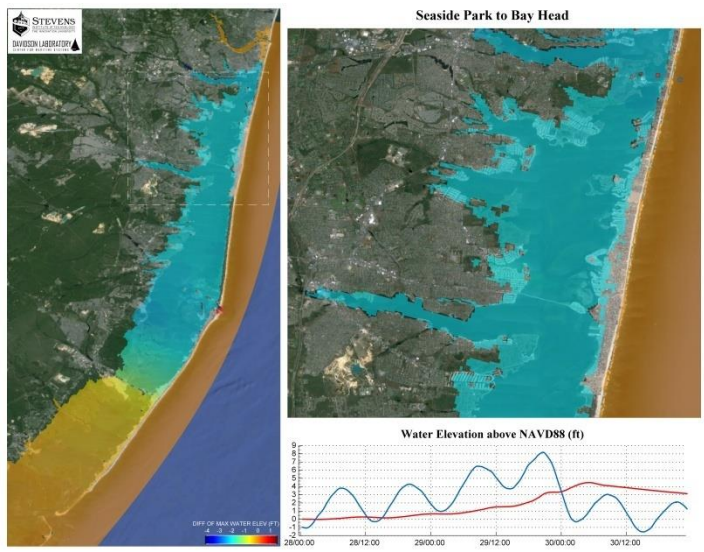

Figure 3-6: Water Elevation Mapping, Seaside Park to Bay Head, NJ. Mapping water elevation using the dynamic models developed by Stevens Institute of Technology in partnership with the State, facilitates a better understanding of flood risk. These models can be used to assess flood risk under numerous scenarios.
Source: State of New Jersey/Stevens Institute of Technology Partnership

Ultimately, a mix of risk reduction solutions could be realized through the Flood Hazard Risk Reduction and Resiliency Measures Program. The measures to be considered will vary based on regional and community needs and could include short- and intermediate-term projects, such as clearing debris blocking drainage systems, and installing permeable pavement, rain gardens, mobile flood barriers and bioretension basins. More traditional measures, such as flood walls, pump stations, tide gates, engineered beach systems, and berms are also critical to reducing risk in certain circumstances.

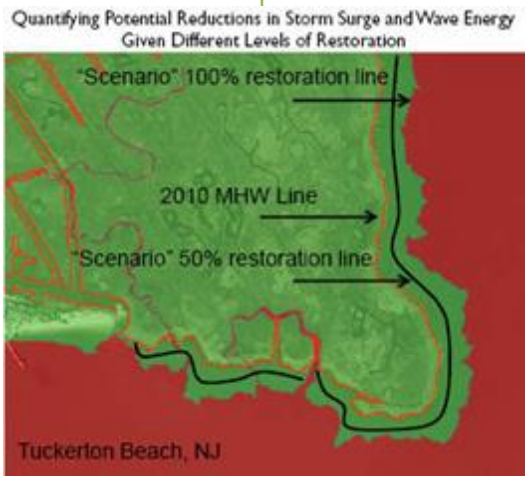

Figure 3-7: Wetlands Restoration, Tuckerton Beach, NJ. The efficacy and cost-effectiveness of nature-based risk reduction measures are being considered as potential solutions to reduce surge and flood risk. For example, by identifying potential wetland restoration scenarios, combined with dynamic modeling of the potential impact on wave energy and storm surge, the State can perform quantitative and qualitative analyses of the risk reduction provided by wetland restoration. This effort, undertaken by New Jersey in partnership with the Richard Stockton College of New Jersey, also allows for dynamic benefit-cost calculations. *Source: State of New Jersey/The Richard Stockton College of New Jersey Partnership*

Potential solutions being considered and evaluated by the State and universities include new resilient technologies that currently may not be commercially available or broadly employed. For example, many critical infrastructure owners and operators, including those at water and wastewater facilities, have identified the need for more resilient pumping stations to better control flood waters. As a result, the State is considering using CDBG-DR funding to support innovative water pumping station technologies that are not dependent on diesel fuel or the electrical grid, including pumps driven by rainwater, wave action, or wind. The State is also studying the efficacy and potential benefits of nature-based infrastructure. For example, through collaboration with Stockton, the State is evaluating the potential of wetlands restoration to reduce wave height.

In the process of constructing new risk reduction measures or making improvements to existing measures, natural habitats and other environmental impacts will be considered. The State is both researching potential environmental impacts of new flood control solutions and interacting with stakeholders to identify potential environmental challenges early on in the design and development process.

Projects funded with CDBG-DR will not, and cannot, supplant the need for Army Corps projects in vulnerable areas of the State. The Army Corps is in the best position to realize projects that will reduce risk in the most highly vulnerable regions of the State, including Hoboken, Jersey City, Little Ferry, and Moonachie, as well as Barnegat Bay, areas of Cumberland County, and other coastal communities, which lack existing Army Corps-constructed risk reduction measures. The State is collaborating with the Army Corps on the Corps' Comprehensive Study of the North Atlantic Coastal Region by providing data and other support to catalog the region's vulnerabilities and assist the Corps in the identification of new potential study and project areas. The Comprehensive Study can lead to meaningful future studies and

authorized long-term projects to better protect New Jersey's communities. The study is scheduled to be completed by January 2015.

Even when potential projects are identified through the Comprehensive Study, the likely duration of the investigation, study and design, authorization, appropriation, and construction process may leave communities vulnerable and without interim protection for a period of years. The Flood Hazard Risk Reduction and Resiliency Measures Program may be used to support temporary-, short-, or intermediate-term projects that will offer appropriate levels of immediate risk reduction for homes, businesses, and critical infrastructure in a community/region where there is a reasonable expectation that an Army Corps project will be undertaken to provide a future, long-term risk reduction solution. Flood Hazard Risk Reduction and Resiliency Measures Program projects or improvements can also be used to support the development of a layered approach of risk reduction measures for communities and the region. For communities where there are authorized projects that currently exist or will be soon constructed, the Flood Hazard Risk Reduction and Resiliency Measures Program can lay the groundwork to support the Army Corps' efforts to construct projects as soon as possible, by providing support for land and easement acquisition and site preparation.

Comprehensive Risk Analysis Framework for the Selection of Potential Risk Reduction Measures

The State's assessment of risk is an ongoing evaluation of current and future flood and other hazards. This assessment informs the State's framework for the selection of potential risk reduction measures. In applying that framework, the State will employ science-based risk analysis for risk reduction measures on a project-by-project basis.

Risk reduction measures must be developed on a localized and regional basis to address identified and known risks and hazards in specific areas of the State. Solutions must be individually tailored to a project area's risk profile and designed to maximize efficacy against potential future extreme weather events and other hazards, while balancing the cost and potential benefits of the proposed project. Risk reduction measures for densely populated urban areas will differ substantially from those measures that will be needed to reduce risk for shore communities.

Ultimately, there are several key principles that will guide the State's identification of specific risk reduction measures, consistent with HUD Federal Register Notice FR-5696-N-06. These principles, which are consistent with the State's approach to long-term recovery and the President's Hurricane Sandy Rebuilding Strategy, will guide the identification and selection of risk reduction projects to be funded using CDBG-DR funding:

- **Prioritize the Most Highly Vulnerable Flood Areas of the State for Proposed Projects or Improvements**. The State's ongoing efforts to understand and catalogue flood and storm surge risk will be used to identify those communities and regions most vulnerable.
- **Prioritize Projects that Will Reduce Flood and Surge Risk at Critical Facilities or for Federal and State Sandy Recovery Investments.** Where possible, risk reduction measures are needed to better protect areas in which there is substantial federal and state recovery investment. Through ongoing partnerships with FEMA, HUD, EPA, the U.S. Department of Transportation, and other federal agencies, the State is actively rebuilding areas impacted by Superstorm Sandy. To the extent possible, potential projects funded through the CDBG-DR Flood Hazard Risk Reduction and Resiliency Measures Program should seek to build on and protect existing investment.
- **Maximize Limited Recovery Funds By Assessing Projects Using a Robust Cost-Benefit Analysis.** The State is committed to ensuring that investment in risk reduction measures will provide a high degree of effectiveness relative to the cost of project development. In selecting individual projects, to the extent feasible and appropriate, the State will use best available economic principles and analytical techniques, including consideration of environmental impacts, public health and safety impacts, social impacts, and environmental impacts. The cost-benefit analysis will also consider population density and other population data, including potential project benefits for low- and moderate-income communities consistent with HUD requirements.
- **Prioritize Regional and Cross-Sector Risk Reduction Measures.** Given the limited availability of funding and substantial need for the deployment of risk reduction measures in highly vulnerable areas throughout the State, proposed projects that benefit more than one community or an entire region of the State will be given priority, as compared to projects that benefit a particular infrastructure sector or single jurisdiction alone. The State is already working with other federal partners, including the EPA, the FHWA and FEMA to maximize available federal funding to support projects that offer regional or cross-sector risk reduction benefits.
- **Consider Regional Impacts of Risk Reduction Measures, Including Water Displacement.** The construction of a risk reduction measure or improvement in one community may lead to the increased flood or storm surge in another community. The design of new risk reduction measures or improvements must account for displaced water flow, and the displacement

of water and its impact on surrounding communities and regions. In addition, where proposed projects have the potential to impact other CDBG-DR grantees, including New York State and New York City, or where there are design opportunities that will benefit the larger region, the State will consult with regional partners to consider regional solutions and impacts.

- **Consider Opportunities To Leverage Additional Funding Sources To Realize Large-Scale Projects.** Because of limited funding and substantial statewide need, communities and regions will be encouraged to seek out or leverage other available funding sources, including, for example, innovative public-private partnership models.
- **Require Risk Reduction Measures to Meet Minimum Resilience Performance Standards.** Risk reduction measures to be funded through CDBG-DR funding will be required to meet minimum performance standards that provide acceptable levels of resilience against different types of extreme weather events and other hazards. Potential projects will be assessed on a project's ability to reasonably withstand an extreme weather event and provide a continuing level of protection where reasonably practicable. To the extent possible, the State will rely on performance standards already developed by the Army Corps, DEP, and other experts in the field.
- **Consider Nature-Based Solutions.** In designing resilient coastal risk reduction projects, the State will assess the feasibility, efficacy, and cost-effectiveness of incorporating nature-based infrastructure, including living shorelines, use of wetlands, dunes, and beach nourishment to reduce surge and flood volume.
- **Consider Qualitative and Quantitative Data and Individualized Risk Assessments in Project Design.** The State continues to engage in a cross-agency initiative to identify and map critical infrastructure, to consider dependencies and interdependences of the various sectors, including infrastructure, economic, and housing, and to maximize mitigation and resilience opportunities. As noted, the State has collaborated with universities, national laboratories, and other experts and stakeholders to perform this ongoing analysis. The data compiled through this process will be used to inform the selection of proposed projects where appropriate. To the extent data is provided to the State in connection with HUD's Rebuild by Design competition, and is appropriately verified or peer reviewed, the State will consider data and analysis supplied.

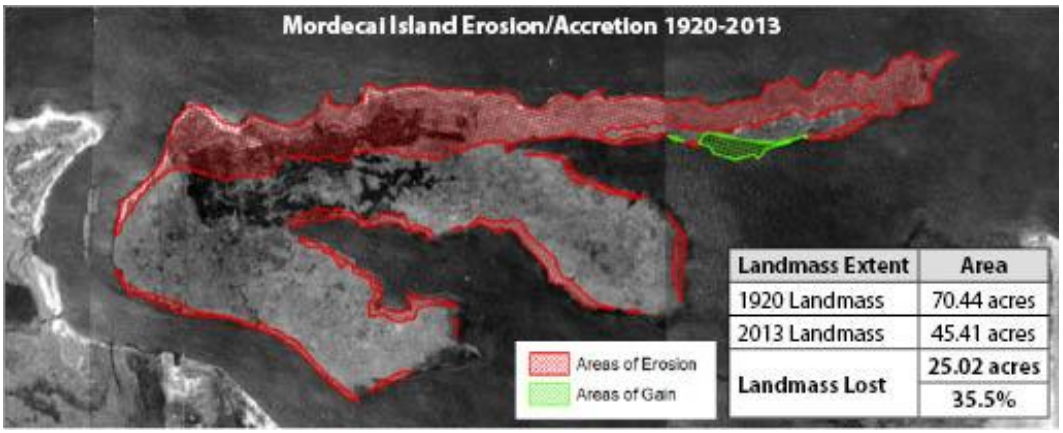

Figure 3-8: Mordecai Island Erosion/Accretion 1920-2013. This image, prepared as part of the State's comprehensive analysis in collaboration with the Richard Stockton College of New Jersey, shows areas of erosion and accretion on Mordecai Island, near Beach Haven, New Jersey, since 1920. Over a period of approximately ninety years, Mordecai Island experienced a landmass loss of 35.5% or 25.02 acres. More broadly, erosion and accretion in coastal areas of the State may result in similar types of changes in landmass and may have a significant impact in New Jersey. Understanding erosion and accretion patterns is critical for understanding New Jersey's risks and for planning for future changes in climate and development patterns.
Source: State of New Jersey/The Richard Stockton College of New Jersey Partnership

- **Utilize the Sea Level Rise Tool for Sandy Recovery to Inform Individual Project Selection.** The National Oceanic and Atmospheric Administration (NOAA) has identified four scenarios for global mean sea level rise in its 2012 report, "Global Sea Level Rise Scenarios for the United States National Climate Assessment." Based on these four scenarios, labeled "Lowest," "Intermediate-Low," "Intermediate-High," and "Highest," NOAA generally has estimated, factoring in future potential conditions, global sea level rise by the year 2050 at the following four levels, respectively: 0.3 feet; 0.7 feet; 1.3 feet; and 2.0 feet. In addition, NOAA has made available electronic tools for individual communities to assess risk on a local or regional basis, including its Sea Level Rise Tool for Sandy Recovery. In accordance with HUD Federal Register Notice FR-

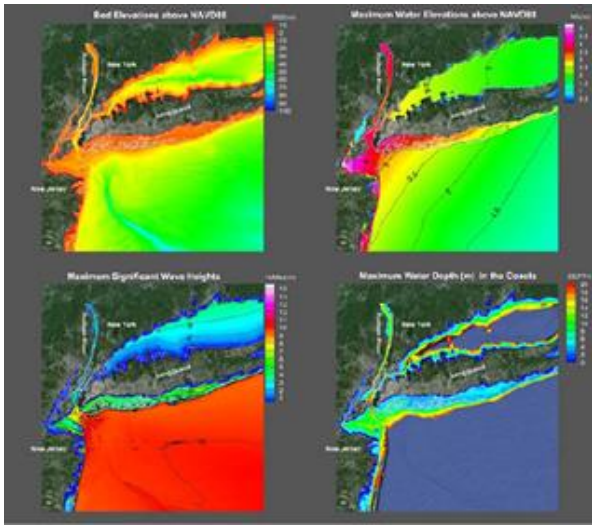

Figure 3-9: Simulated Flood Modeling. In prioritizing projects for CDBG-DR investment, the State will evaluate a potential project's efficacy and cost-effectiveness by considering multiple flood and sea-level rise scenarios. New modeling developed by the NJ Institute of Technology (NJIT), in partnership with the State, will allow New Jersey to simulate and analyze potential future extreme weather events to inform community- and regional-level flood risk.
Source: State of New Jersey/New Jersey Institute of Technology Partnership

5696-N-06, the State is consistently applying these tools to inform the development of the State of New Jersey's 2014 Hazard Mitigation Plan. In addition, as part of the State's comprehensive effort to assess the potential long-term efficacy and fiscal sustainability of specific risk-reduction measures and improvements using CDBG-DR funding, the State intends to utilize the federal government's available tools to consider the impact of potential sea-level rise and consider whether project designs should be enhanced to address potential sea level rise scenarios, where such enhancements are cost-effective and reasonably practical given the inherent uncertainty in sea-level rise modeling.

Allocation for Activity: $100,000,000

Maximum Award: Award amounts will vary depending on the size and complexity of the project to be funded. The amount will be based upon a review by technical experts at the New Jersey DEP, taking into account, on an as needed basis, input from other resources from government, academia or private industry.

Eligible Applicants: In certain circumstances, DEP or other state agencies and authorities may be best positioned to develop or construct risk reduction measures that benefit regions of the State. Other eligible applicants will include municipalities, counties, improvement authorities, and other government agencies and authorities. Where individual communities seek to construct risk reduction measures, regional coordination will be encouraged.

Prioritization Criteria:

Criteria for prioritizing projects will include:

- Proposed project area must present a high vulnerability or risk to storm surge or flooding, as developed by a science-based analysis.
- Proposed project or improvement must result in storm surge or flood risk reduction or otherwise support the development of risk reduction measures or improvements, including through property or easement acquisition, demolition, site preparation, and infrastructure construction, installation, or repair.
- Proposed project or improvement must be analyzed using a robust benefit-cost analysis, which will consider the benefit of the project, including consideration of environmental impacts, public health and safety impacts, social impacts, environmental impacts, and population data.

- Proposed project or improvement must meet minimum resilience performance standards. The performance standards developed must consider a wide range of risks, including potential future extreme weather events and other hazards. In addition, the federal government's available sea-level rise tools will be employed to consider project design enhancements, where such enhancements are cost-effective and reasonably practical given the inherent uncertainty in sea-level rise modeling.
- Nature-based infrastructure will be considered where possible, reasonably practical, and cost-effective.

Eligibility for CDBG-DR: All Sections of 105(a)

National Objective: Low and moderate income area; alleviate slums and blight; urgent need.

3.5.2 New Jersey Energy Resilience Bank

New Jersey's emergency management personnel were faced with significant challenges when widespread and prolonged electrical outages resulted from Superstorm Sandy's powerful winds and rising flood waters. As documented in Section 2, wastewater treatment plants were unable to continue operations. Pump stations failed without power, leading to flood waters overwhelming public buildings and causing substantial damage. Hospitals and shelters – dependent on diesel back-up generators – were forced to contemplate evacuation in light of diesel fuel supply challenges. Town centers and other public buildings were rendered unusable because of a total lack of electricity. Power loss caused New Jersey's entire transit network to delay in re-instating critical transportation services to the region.

Critical facilities must have access to highly reliable and resilient energy in order to function. In the widespread electrical outages that followed Superstorm Sandy, those wastewater and water treatment plants, hospitals, schools, and other public buildings with resilient energy solutions were able to continue to operate even when the larger electrical grid failed.

Distributed generation technologies – technologies such as combined heat and power, fuel cells, and solar with storage – proved extremely resilient following Superstorm Sandy and can offer critical facilities across New Jersey a path for building energy resilience. When configured to "island" – i.e., operate independently of the larger electrical grid – these distributed generation technologies can harness the energy being produced to sustain critical operations. President Obama's Hurricane Sandy Rebuilding Task Force highlighted the Bergen County Utilities Authority in Little Ferry, New Jersey, as a model for the region and nation because it was able to use a "biogas-powered [combined heat and power] system to keep its

sewage treatment facilities working during and after the storm," even in the face of a prolonged power outage.

Identifying Opportunities to Build Energy Resilience at Critical Facilities Throughout the State

Following Sandy, municipalities and counties re-examined infrastructure hardening needs and prioritized energy solutions that could keep infrastructure operating even when the electrical grid fails. As part of the long-term recovery process, OEM worked closely with municipalities, counties, and other infrastructure operators to assess the long-term resilience and mitigation needs of critical facilities throughout the State. Municipalities and counties were invited to identify potential mitigation and resilience projects that might meet local needs and address the vulnerabilities of their own communities. Through this process, close to 800 resilient energy projects were identified by 425 municipalities, counties, and government entities – resilient energy projects represented the single most requested type of resilience or mitigation project by New Jersey jurisdictions.

A cross-agency effort was initiated to identify critical infrastructure in New Jersey and opportunities for resilient energy solutions. OEM, New Jersey Office of Homeland Security and Preparedness (OHSP), BPU, and DEP used GIS mapping to view potential energy resilience projects across the State, and overlaid existing energy resilience solutions – highlighting opportunities to retrofit existing energy solutions to make those systems "islandable." In addition, the agencies compiled critical facilities maps with key demographic information and use data for wastewater treatment facilities, prisons, schools, fire departments, law enforcement, municipal buildings, and long-term care facilities.

The cross-agency effort also resulted in a large-scale analysis of critical facilities throughout New Jersey in partnership with the USDOE's National Renewable Energy Laboratory (NREL). Critical facility operators from across the State who identified energy resilience needs received a detailed questionnaire from the State requesting Sandy impact and energy needs data on a facility level. NREL then reviewed each questionnaire and identified potential distributed generation or other solutions on a micro-facility level. In addition, NREL and BPU conducted several site visits of buildings representing different categories of critical infrastructure to determine the market potential and applicability of technologies that would allow critical facilities to operate independently of the grid during future disaster events. NREL's analysis highlighted the extent to which critical facilities across New Jersey were impacted by Sandy, are vulnerable to future electrical outages, and are capable of pursuing technology solutions that will make these facilities more resilient to future events.

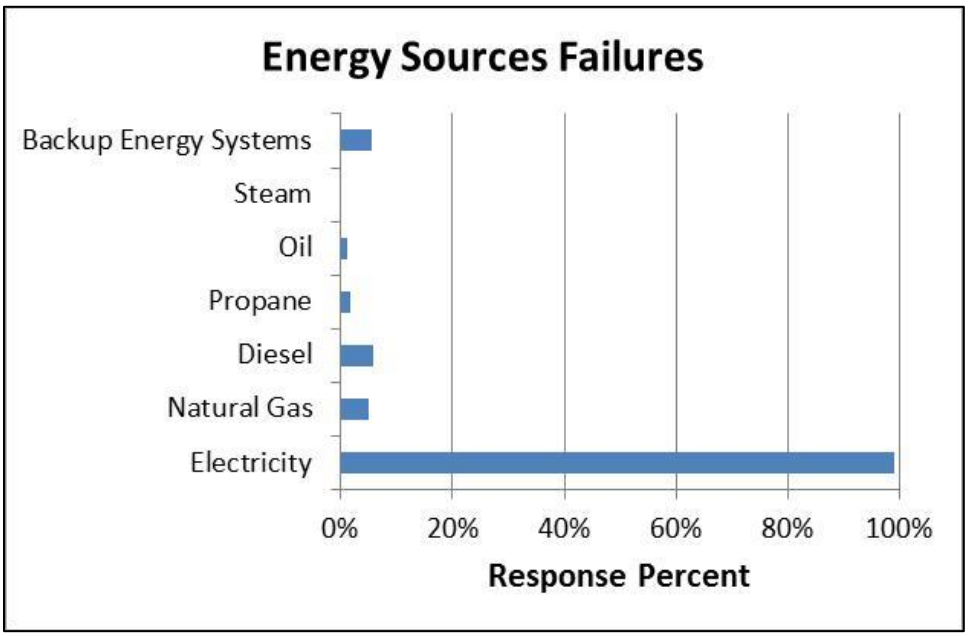

Figure 3-10: Energy Sources Failures. This graph shows the significant relative vulnerability of energy systems in New Jersey by highlighting energy source failures in the weeks following Superstorm Sandy. This data and analysis was developed through a partnership between the State, FEMA, and NREL and based on a survey of municipalities, communities, and other government entities throughout New Jersey. The graph demonstrates that the electricity system is most vulnerable to damage of significant storms, as shown by a near complete energy source failure following Superstorm Sandy. Other energy sources – including natural gas – were substantially more resilient than the larger electrical grid.
Source: State partnership with the U.S. Department of Energy's National Renewable Energy Laboratory (NREL)

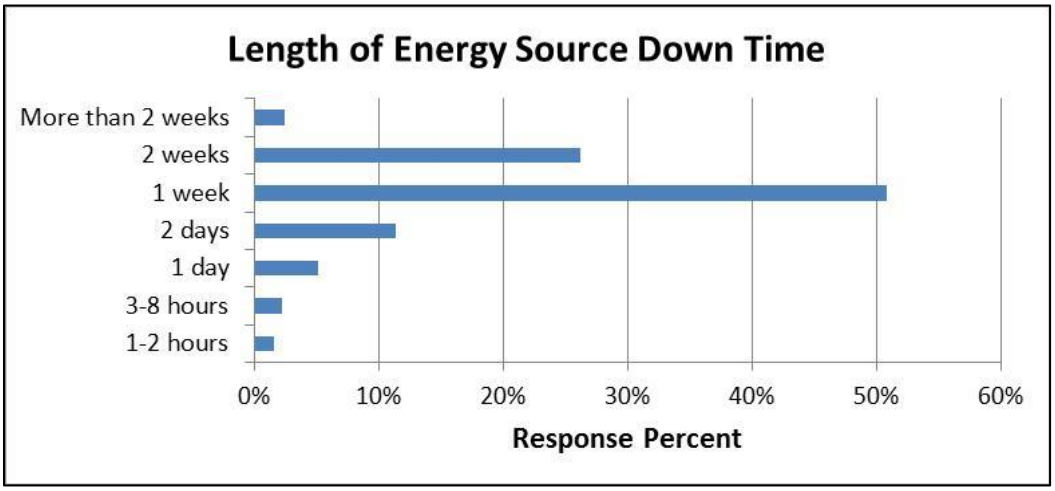

Figure 3-11: Length of Energy Source Down Time. This graph is another indicator of the relative vulnerability of the overall energy system in New Jersey. It shows that roughly 80 percent of all energy failures experienced during Superstorm Sandy required at least one week for repair, thus indicating high exposure of energy assets to coastal or at-risk flood areas. Almost 30 percent of the shutdowns required two or more weeks to restore power.
Source: State partnership with the U.S. Department of Energy's National Renewable Energy Laboratory (NREL)

The State also brought in national experts on distributed generation and other resilience energy solutions to develop workshops for community leaders and emergency management professionals in three locations across New Jersey. Local leaders involved in developing long-term recovery plans for the State's communities learned how microgrids and other technology can lead to enhanced energy resilience.

These efforts culminated in the State's announcement of $25 million in funding through FEMA's HMGP to support resilient energy projects across more than 145 jurisdictions and entities. Energy projects submitted to the HMGP were assessed through an inter-agency evaluation process using nine sets of objective criteria, including a fifteen-year review of FEMA Public Assistance data, population density, and (in the case of water and wastewater treatment plants) total daily flow in millions of gallons per day. HMGP funding is intended to be used as initial "seed money" to support communities in exploring aspects of larger, resilient energy solutions. However, additional funding will be required to realize substantial projects.

In a parallel effort, the State partnered with the President's Hurricane Sandy Rebuilding Task Force, USDOE, HUD, FEMA, and other federal agencies to explore potential energy resilience opportunities. In June 2013, the State announced a collaboration with USDOE and Sandia National Laboratories to design a microgrid capable of powering the critical electric needs of Hoboken, New Jersey – with a design approach that can be implemented in other communities throughout the State. In August 2013, the State also announced a study to design "NJ TransitGrid" – a first-of-its-kind microgrid capable of providing highly reliable power to support regional transit services. NJ TransitGrid could power commuter trains and stations, even when the traditional grid is compromised. U.S. Energy Secretary Ernest Moniz hailed NJ TransitGrid as "an important example of the sort of resilience we will need throughout the country, and this project can provide a first-of-its-kind example for the Nation, while creating jobs and a more competitive economy." NJ TransitGrid will incorporate innovative technologies, including distributed generation and solar panels with dynamic inverters and storage, and can be used as a model for other transit systems in the Nation that are vulnerable to extreme weather or other events.

In recognition of the State's comprehensive planning and efforts to design new opportunities to build energy resilience, the President's Hurricane Sandy Rebuilding Task Force lauded the Christie Administration for "embrac[ing] the opportunity to provide national leadership in energy resilience."

Creating the New Jersey Energy Resilience Bank to Address Statewide Energy Resilience Needs

The State proposes to create the New Jersey Energy Resilience Bank to continue to pursue innovation and build energy resilience. The Bank could help realize the development of distributed generation projects, microgrids, and other resilient technology designs at critical facilities throughout the State. The Bank could provide technical and financial support, including grants and low-interest loans, to critical facilities to realize energy resilience projects or enhancements to existing energy infrastructure. The Bank can be initially funded with CDBG-DR funds, but additional State support could be leveraged on an ongoing basis.

For some time, New Jersey has encouraged the use and deployment of distributed generation technologies. The Christie Administration's Energy Master Plan committed to developing 1,500 megawatts of new distributed generation resources where net economic and environmental benefits can be demonstrated. The Energy Master Plan also emphasizes the need to develop new, clean, cost-effective sources of electricity which lessen the State's reliance on older plants that have more emissions and environmental impacts.[3] The benefits of technologies such as fuel cells, combined heat and power, and resilient solar are indisputable: HUD, USDOE, and EPA have recognized that distributed generation – in addition to providing resilience – can reduce monthly energy costs, reduce emissions, provide stability in the face of uncertain electrical prices, and increase overall efficiency.[4]

However, because of the initial cost associated with pursuing distributed generation technologies, many critical facilities do not currently have in place energy resilience solutions. Even those critical facilities with distributed generation technology may not be equipped to "island" – an enhancement to an existing system which could add as much as 10 to 30 percent to the cost of realizing an energy project but would also allow the facility to operate independent of the electrical grid. Many facilities have opted to pursue less expensive diesel-powered generators, but distributed generation is less reliant on liquid fuel supply and availability, has longer continuous run times, and has less environmental impacts. The New Jersey Energy Resilience Bank will help address unmet needs, and allow critical facilities the opportunity to pursue energy projects with resilience enhancements.

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[3] State of New Jersey, *Energy Master Plan*, 2011, available at http://nj.gov/emp/docs/pdf/2011_Final_Energy_Master_Plan.pdf.

[4] U.S. Department of Energy, U.S. Department of Housing & Urban Development, and U.S. Department of Environmental Protection Agency, *Guide to Using Combined Heat and Power for Enhancing Reliability and Resiliency in Buildings*, Sept. 2013, available at http://portal.hud.gov/hudportal/documents/huddoc?id=CHPSept2013.pdf.

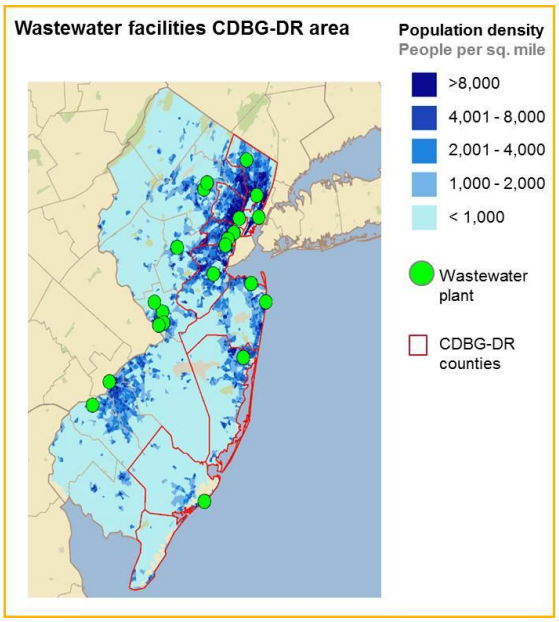

Figure 3-12: Wastewater Facilities CDBG-DR Area. The State has been cataloging and identifying all critical facilities in the State that could be candidates for energy resilience solutions. The figure above shows the significant relative vulnerability of wastewater treatment facilities in New Jersey. Of the23 largest wastewater treatment plants in the state, 14 are located in the nine most-impacted counties along the coast, with the majority concentrated near Sandy Hook and New York Bay. Together these critical facilities comprise nearly 70 percent of the State's water treatment capacity and are the focus of New Jersey's energy resilience efforts.
Source: New Jersey Board of Public Utilities

Over time, the Bank could be scaled by utilizing a portion of the CDBG-DR funds to encourage private sector investment in resilient energy projects. As a provider of a loan loss reserve, the Bank could seek financing from the private sector, to ensure that the seed funding has an expansive multiplier effect. The Bank could provide financial assistance in a variety of forms, including direct loans, loan guarantees, early stage grants and loan loss reserve coverage for private lenders. The Bank could also use grants, principal forgiveness, and other direct investment to further encourage the deployment of resilient energy technologies. The expansion of financing products is expected to build a larger, more sustainable market for distributed generation that will allow the State to extend its coverage to the maximum number of critical facilities and assets.

Realizing resilient energy solutions at water and wastewater treatment plants will be an early priority of the Bank, consistent with the State's emergency management and long-term recovery priorities. The National Infrastructure Protection Plan has recognized the importance of resilient water and wastewater treatment plants and the extent to which other infrastructure sectors depend on these critical facilities' ability to function:

> It is necessary to better protect Water Sector infrastructure to safeguard public health and the economic vitality of our Nation. . . . [N]atural disasters, and denial of service that affect the sector could result in large numbers of illnesses or casualties, as well as negative economic impacts. Critical services such as firefighting and health care (hospitals), to include other dependent and interdependent sectors such as energy, transportation, and food and agriculture, would suffer damaging effects from a denial of potable water or properly treated wastewater.[5]

As part of the planning process, the State met with the Association of Environmental Authorities of New Jersey and individual facility operators to assess energy resilience needs. Through this process, the State determined that a handful of water and wastewater treatment plants – only 7 percent of New Jersey's total wastewater

[5] U.S. Department of Homeland Security & U.S. Environmental Protection Agency, *Water Sector-Specific Plan: An Annex to the National Infrastructure Protection Plan*, 2010, available at http://www.dhs.gov/xlibrary/assets/nipp-ssp-water-2010.pdf.

capacity – have distributed generation that is capable of being islanded. Facilities without resilient technology remain highly vulnerable to energy supply issues or must otherwise rely on diesel-powered generators to sustain operations. A large number of plants in the State have no existing distributed generation, and many of these facilities are good candidates for combined heat and power or other technologies. Alternatively, these facilities can be incorporated into larger microgrid systems designed to meet the needs of a community's critical infrastructure. Other plants that already rely on distributed generation technology may need to retrofit existing technology to allow facility islanding. The Bank could assist water and wastewater treatment plants across the State in realizing distributed generation solutions unique to the needs of individual facilities.

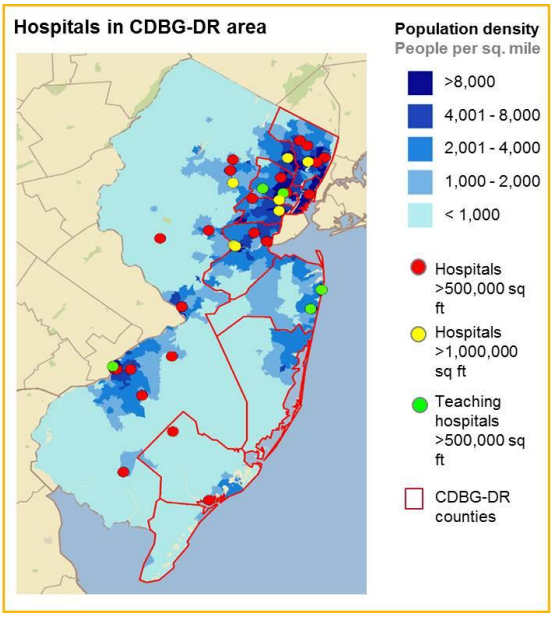

Figure 3-13: Hospitals in CDBG-DR Area. The figure above shows the significant relative energy vulnerability of hospitals in New Jersey. Twenty-two of the State's largest 35 hospitals are located in HUD-designated nine most-impacted counties along the coast, including six of the eight largest counties. These hospitals are also clustered in the portion of the State with the highest population density, thus having the potential to impact on a large portion of the State's residents.
Source: New Jersey Board of Public Utilities

In addition to supporting water and wastewater treatment plants, the Bank could also provide assistance to public facilities, and some select private sector customers that own or operate facilities or assets critical to the State. High priority facilities for energy resilience projects could be those facilities directly associated with the health and safety of citizens in the State, facilities that safeguard the State's environment, or that serve other critical public facility functions. Possible critical facilities that could be served by the Bank include public housing, hospitals, emergency response facilities, municipal town centers, correctional facilities, transportation and transit networks, and regional high schools that can function as shelters in the case of any emergency. It could also include liquid fuel refineries, distribution facilities, pipelines, or other facilities that serve critical emergency functions.

The New Jersey Energy Resilience Bank represents only one aspect of the State's ongoing efforts to incorporate energy resilience into the State's long-term infrastructure recovery. The demand for resilient energy solutions by critical facilities and public buildings throughout the State is expected to far exceed the limited recovery funds available to support the Bank. The State is working with other federal funding partners to realize resilient energy projects that will benefit the region, including by working with the U.S. Department of Transportation's Federal Transit Administration and the Regional Infrastructure Resilience Coordination Initiative in the hope of identifying available funds to realize the USDOE's and Sandia National Laboratories' design of NJ TransitGrid.

Comprehensive Risk Analysis Framework for the Selection of Potential Energy Resilience Solutions

Several key principles will guide the State's selection of projects to be supported through the New Jersey Energy Resilience Bank using CDBG-DR funding, including supporting innovative energy resilience solutions through a technology-agnostic program design, considering renewable solutions where possible, and prioritizing microgrid designs. These principles are guided by the State's comprehensive planning efforts and will best harness new, resilient distributed generation opportunities. The selection of individual facilities and the identification of hazards and risks will continue to be supported by a cross-agency effort, which includes the State's emergency management and energy professionals in collaboration with federal agencies.

The following principles will be used to guide the identification and selection of energy resilience projects to be funded using CDBG-DR funding:

- **Prioritize Facilities That Protect Life or Property or Provide Other Critical Services.** Facilities that provide life-critical services on a significant scale during emergencies, or that are critical to recovery efforts following an emergency, could be prioritized. Currently, facilities that fit these criteria are water and wastewater treatment plants, hospitals, town centers, colleges and universities and regional schools capable of sheltering functions, prisons, public housing, and other critical facilities. The Bank will collaborate with OHSP to appropriately prioritize facilities that are included in the OHSP State Asset Database – a database of buildings or facilities that meet pre-established State or national asset criteria or that meet other statewide emergency planning or homeland security objectives.
- **Support Technologies and Designs That Offer Energy Resilience in the Event the Larger Grid Fails.** The New Jersey Energy Resilience Bank will be technology-agnostic and could support a wide variety of distributed generation and renewable technology. The Bank can actively monitor new technological breakthroughs and market changes that make nascent technology commercially available. Ultimately, technology decisions may be informed by a robust cost-benefit analysis that will seek to weigh the relative benefits of the technology, including energy resiliency, against the possible cost to taxpayers. To develop a cost-benefit analysis framework, the BPU collaborated with the Rutgers University Center for Energy, Economics and Environmental Policy (CEEEP) to create a comprehensive distributed generation cost-benefit model that includes the value of lost electrical load as a benefit. This model can be used to assist in determining the cost effectiveness of the selected technologies.

- **Consider Renewable Energy or Other Clean Energy Solutions Where Possible.** Through the BPU's Clean Energy Program, the State is already promoting increased efficiency and the use of renewable sources of energy including solar, wind, geothermal, and sustainable biomass as well as clean energy technologies, including combined heat and power and fuel cells. The New Jersey Energy Resilience Bank will complement the efforts of BPU's Clean Energy Program. Where possible and cost-effective, resilient energy solutions supported by the Bank could consider and incorporate the use of renewable or other clean energy sources.
- **Prioritize Microgrids or Other Designs That Maximize Investment by Addressing Resilience at Multiple Facilities or Across Different Infrastructure Sectors.** The State is working with USDOE and its national laboratories to design new microgrids – systems capable of generating highly reliable power for multiple critical facilities. In Hoboken, New Jersey, for example, Sandia National Laboratories is considering how multiple public and other buildings that provide critical services to the community can be systematically powered following a disaster. The NREL also identified critical facilities throughout the State that are capable of sharing electric or thermal loads to power core operations.
- **Require Energy Resilience Projects to Meet Minimum Resilience Performance Standards.** Resilient energy projects to be funded through CDBG-DR funding will be required to meet minimum performance standards that are capable of supporting operations in the event of an electrical grid failure or other outage. Potential projects could be assessed on a project's ability to support, at least, minimal emergency operations during an electrical outage. Projects may also need to meet other performance standards that are infrastructure-sector specific. The Bank can work with the BPU, DEP, OHSP, and OEM to define minimum resilience performance standards. Potential performance standards for projects could include requirements that the project promote redundancy within the distribution grid and offer enhanced network connectivity, among other potential requirements.
- **Assess Individual Energy Projects for Flood Risk and Other Hazards.** Much of New Jersey's critical infrastructure that is vulnerable to electrical outages may also be located in the flood plain or otherwise subject to enhanced risk of flooding or storm surge. In prioritizing and selecting energy resilience projects for Bank support, the State will review design options that ensure that energy technology will be appropriately elevated, walled, or otherwise resilient to potential future flooding and storm surge. Consistent with HUD Federal Register Notice FR-5696-N-06, the State will also evaluate

potential sites for resilient energy technology using the National Oceanic and Atmospheric Administration's (NOAA) Sea Level Rise Tool to assess the risk of sea level rise over the useful life of the energy technology to be funded. The State anticipates continued collaboration with USDOE to also incorporate design opportunities which respond to other known risk hazards, including cyber security risks, to the extent that hazard risk reduction designs are appropriate and cost-effective.

- **Utilize Existing Technology Where Possible and Cost-Effective.** The State has mapped distributed generation and renewable assets across New Jersey. For example, there are over 22,000 solar installations in the State of New Jersey. The Bank can provide critical facilities with assistance in identifying opportunities to retrofit existing technology to make the technology more resilient, where possible, by installing dynamic off-grid inverters (special switches that can isolate or "island" the solar panel system in case of grid failure), storage, and other technology that would allow distributed generation and solar systems to continue to support the critical facility during an electricity outage.

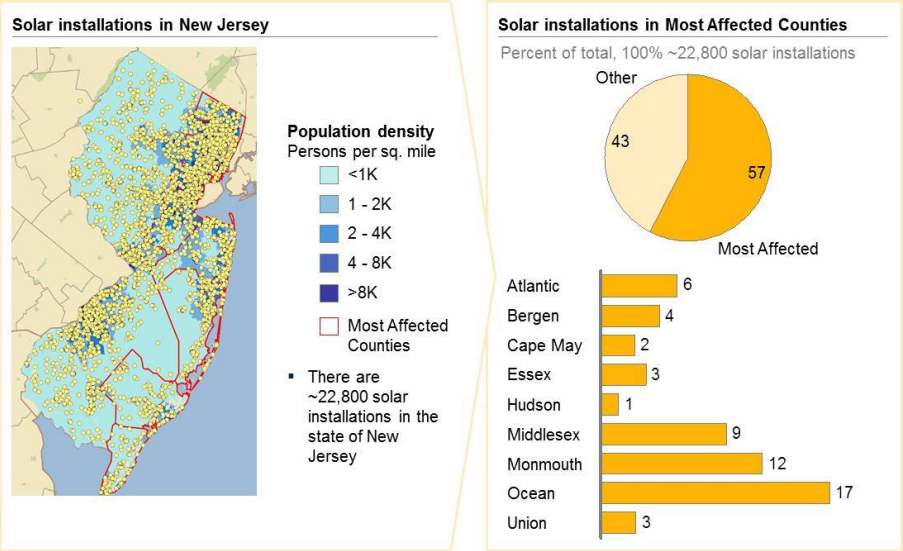

Figure 3-14: Solar Installations in New Jersey and Most Affected Counties. Many public buildings in the State already have solar panels or other distributed generation resources. This technology may have been originally installed for the primary purpose of maximizing energy savings without regard to resilience and risk planning. In the aftermath of Superstorm Sandy, many of these systems failed because the technology was not installed with the additional capability of "islanding," i.e., maintaining power on its own in the event that the larger electrical grid experiences a power shortage. For additional cost, solar panels can be retrofitted to add dynamic inverters and storage capacity, affording public buildings the opportunity to continue to maintain electrical power even if the electrical grid fails. The State has mapped all of the solar assets in the State to begin the process of identifying those facilities that are best candidates for resilience enhancements. The figure above shows the large proportion of New Jersey's solar installations that are located in HUD-designated nine most-impacted counties. In fact, of the nearly 23,000 installations state-wide, approximately 57% are located in these nine counties. Solar installations located in Ocean, Monmouth, and Middlesex Counties represent the largest share of potential resilient enhancement opportunities, representing 17, 12, and 9% of all State solar installations, respectively.
Source: New Jersey Board of Public Utilities

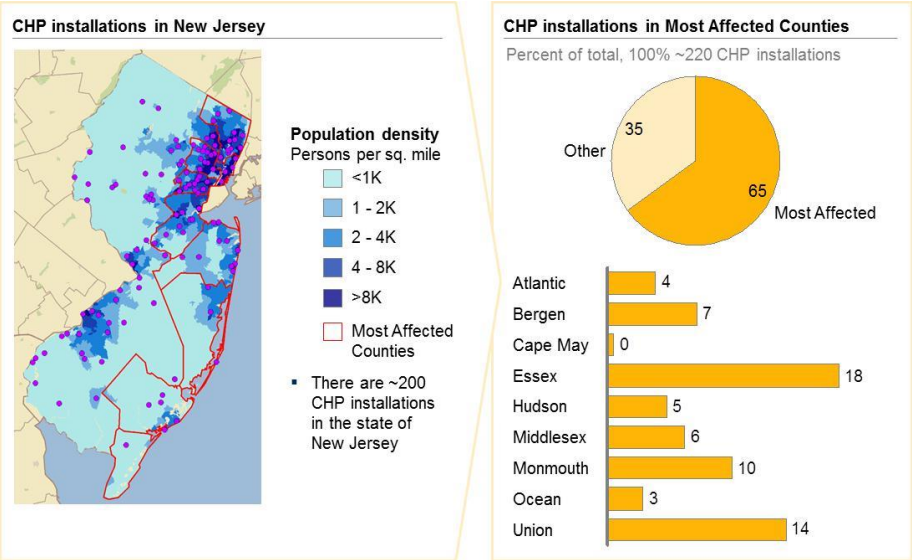

Figure 3-15: CHP Installations in New Jersey and Most Affected Counties. In addition to mapping solar assets to identify opportunities to incorporate dynamic inverters, storage, and other resilience enhancements, the State has actively mapped other existing distributed generation resources that could be candidates to retrofit with "islanding" capabilities. For example, combined heat and power (CHP) systems – which provide highly reliable, on-site electricity and thermal energy – were already constructed at many municipal, county, and other facilities throughout the State. Depending on the criticality of infrastructure, these systems can and should be retrofitted to include "islanding" capability, to continue to operate even if the electrical grid fails. Nearly two-thirds of New Jersey's 200 CHP installations are located in HUD-designated nine most-impacted counties. Combined heat and power installations located in Essex, Union, and Monmouth Counties represent the largest share of vulnerable installations at the county-level, representing 18, 14, and 10% of all State CHP installations, respectively.
Source: New Jersey Board of Public Utilities

Allocation for Activity: $200,000,000

Maximum Award: Funded awards will be determined based on projected cost estimates, taking into account project benefits.

Eligible Applicants: Initially, water and wastewater treatment facilities will be prioritized given that infrastructure sector's particular vulnerability to energy interruptions, as assessed through the State's comprehensive planning effort. The New Jersey Energy Resilience Bank could also serve other public critical facilities and assets, including hospitals, emergency response facilities, municipal town centers, correctional facilities, transportation and transit networks, public housing and regional high schools that can function as shelters in the case of any emergency. Depending on HUD's eligibility criteria, for-profit hospitals, liquid fuel refineries, distribution facilities, pipelines, and other private facilities and assets that provide critical services could also be considered.

Eligibility Criteria: Must be an eligible applicant pursuing a project that will build energy resilience by ensuring the availability of a highly reliable power supply in the event that the larger electrical grid fails (due to a storm, or any other incapacitating event).

Criteria for Selection: Individual projects will be ranked and prioritized based on metrics in three categories: technical feasibility, criticality and resiliency, and credit/economics. Technical feasibility will be assessed based on the technical specifications of the project including the technology used, size and scale, feasibility, environmental review, and cost and revenue estimates. Criticality and resiliency will be assessed based on the criticality and resiliency impact of the project in establishing an "island of power" that has potential to benefit vulnerable populations and decrease dependency on diesel fuel sources. A project's credit and economics will be assessed based on the credit worthiness of the sponsor and the economics of the project to ensure it is cost effective and that Bank risk exposure is managed. Priority will be given to applicants who maximize funding opportunities by pursuing microgrids or other designs that can address energy resilience at multiple critical facilities or across different infrastructure sectors. Applicants need not meet all criteria to be eligible.

Eligibility for CDBG-DR: Section 105(a)(2); Section 105(a)(8); Section 105(a)(11); Section 105(a)(12); Section 105(a)(14); Section 105(a)(15); Section 105(a)(22)

National Objective: Low and moderate income area and/or job creation/retention; alleviate slums and blight; urgent need.

3.5.3 State and Local Non-Federal Cost Shares (Match)

Numerous federal funding streams used in the recovery effort carry non-federal cost shares, also known as "match" or "local share obligation." The "match" portion of the project is that portion of the total cost of a project or program that the State, county, municipality or other entity benefitting from the project or program is responsible to satisfy, as opposed to a federal agency. Different federal funding streams can have different non-federal cost shares. Many funding streams target infrastructure-related recovery initiatives, as described below.

The State's Action Plan committed $50 million of first tranche CDBG-DR funds to a FEMA match program, primarily to address non-federal cost shares associated with projects like debris removal undertaken in the immediate aftermath of the storm. As recovery has progressed and other infrastructure projects have begun, additional non-federal match obligations have been incurred by the State, counties, municipalities, and other entities. Given the costs associated with the long-term recovery effort, many jurisdictions and entities in New Jersey are fiscally constrained and require enhanced financial support to meet these federal program match obligations.

The State will use $200,000,000 in second tranche CDBG-DR funds to address many of these match obligations. To arrive at that figure, the State looked to existing

recovery commitments that require a match as well as other federal funding reasonably expected to be used in the State's recovery that will require a match. Specifically:

- The current non-federal cost share for projects authorized by the Army Corps and which have not received construction funds in the last three years is 35 or 50 percent, depending on the type of project. These projects include the construction of sand dunes, berms, engineered beaches, and other gray and nature-based infrastructure. However, federal regulations cap the amount of CDBG-DR funds that can be used to match the Army Corps projects at $250,000 per project. The State presently projects that there will be fourteen (14) Army Corps projects authorized in New Jersey for Sandy recovery.
- EPA announced that it will award New Jersey $229 million of its Sandy Supplemental funds to improve water quality following the storm. The State plans to leverage EPA funds through the State's Environmental Infrastructure Trust and will then target those resources to address storm impacts on water and wastewater systems and associated resilience measures. The EPA funds carry a 20 percent non-federal cost share obligation.
- Projects authorized by the FHWA using Sandy Supplemental funding currently carry a 10 or 20 percent non-federal cost share, depending on the project. These funds are used to repair damage caused by the storm, particularly to roadways, and to build back more resiliency. The ongoing Route 35 project on the Barrier Island – where the State highway is being reconstructed with flood vents, pump stations, and other "best practice" mitigation measures – is one example of a road project primarily funded through FHWA Sandy Supplemental funds in partnership with the New Jersey Department of Transportation. Based on present projections, the State currently estimates that the non-federal cost share for FHWA projects will approach $66 million.
- FEMA-funded projects and programs currently carry a 10 percent, and in some cases, 25 percent, non-federal cost share. The State currently projects that the total cost of FEMA projects and program investments for Sandy Recovery between the State of New Jersey, municipalities and other eligible FEMA recipients will exceed $2 billion, creating at least a $200 million match obligation.

These figures are estimates of unmet needs arising from known non-federal cost share obligations. As recovery progresses, it is likely that some projections may understate or overstate the New Jersey's actual non-federal cost share needs across

all federal funding sources. Additionally, it is possible that other federal funding programs not currently identified may include cost share obligations that will be addressed through this program. Given other critical unmet recovery needs, the State will not be able to cover all cost shares incurred in the recovery by counties, municipalities or other entities that received federal funding that carries match obligations.

The State may use the CDBG-DR funds as a match to repair or construct a wide range of eligible infrastructure projects, including: emergency protective measures such as demolition and removal of health and safety hazards; roads and bridges; dams and reservoirs, and levees; debris removal; public buildings; water treatment plants and delivery systems; power generation and distribution facilities; sewage collection systems and treatment plants; water lines and systems; telecommunication systems; and parks/beaches/recreational facilities.

Allocation for Activity: $200,000,000

Maximum Award: Up to the maximum amount of CDBG-DR funds that can be applied to the match for a particular project or program.

Eligible Applicants: New Jersey state departments, agencies, and authorities; counties; municipalities; and other entities subject to non-federal cost shares.

Eligibility Criteria: Project or program for which CDBG-DR funds will be used as the non-federal cost share must be a CDBG-DR eligible activity.

Criteria for Selection: For State non-federal cost shares, the underlying project or program must carry a non-federal cost share, and must be an eligible CDBG-DR activity. For counties, municipalities or other entities subject to non-federal cost share obligations, the underlying project must carry a non-federal cost share, and must be an eligible CDBG-DR activity. The county, municipality, or other entities subject to non-federal cost shares also must show significant financial hardship if CDBG-DR assistance is not provided for all, or some portion of, the total match obligations.

Eligibility for CDBG-DR: Section 105(a)(1); Section 105(a)(2); Section 105(a)(4); Section 105(a)(9); Federal Register Notice FR-5696-N-01 and FR-5696-N-06

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

3.6 Support for State and Local Government Entities

3.6.1 Essential Services Grant Program

FEMA's Community Disaster Loan (CDL) program is the primary source of direct funding for municipalities and other government entities with budget challenges following a natural disaster, including challenges created by unanticipated storm-related expenses and losses of ratables or other revenues. However, the regulations presently governing the CDL program result in its not being sufficient to ensure all affected entities are able to continue providing essential public services to residents within the constraints of existing local government and school district budgets.

Recognizing this, the State established the Essential Services Grant Program. Using $60 million of first tranche CDBG-DR funds, the program provided funding to counties, municipalities, school districts and other government entities to ensure continued funding of essential public services for residents. As of January 2014, more than $36 million has been disbursed to local governments and school districts under this program.

The State's analysis shows that, over the next two years, government entities in particularly hard hit communities will require further financial support to ensure delivery of essential services. Based on that analysis, the State will allocate $85 million of second tranche CDBG-DR funds to support these communities in 2014 and 2015. Leveraging the State's authority to approve local government and school district budgets, the State's programmatic eligibility requirements will continue to ensure that Essential Services Program funding is only provided to those impacted municipalities in need of support.

DCA, through its Division of Local Government Services, will also provide guidance explaining the program objective of ensuring essential services and setting forth program parameters to ensure transparency. In addition, DCA will work with the New Jersey Department of Education to provide appropriate guidance to school districts.

The State incorporates the description of the Essential Services Program in its Action Plan, as amended, as well as all eligibility and other criteria, including the modifications to the program provided below:

Allocation for Activity: $85,000,000

Maximum Award: Awards will be based upon need as determined by a financial review by DCA's Division of Local Government Services. Staff will review requests and ensure that only the necessary amount will be granted. The maximum award

will be determined based on an analysis of the need or funding gap for each type of essential service assistance requested by the local grantee.

Eligible Applicants: Counties, municipalities, authorities, fire districts, school districts and other local government agencies providing essential services.

Eligibility Criteria: Applications must:

- Demonstrate a financial need resulting from the impact of Sandy that will compromise the delivery of one or more public service functions.
- Facilitate the short- and long-term recovery of those local government entities and school districts greatly impacted by Superstorm Sandy by seeking appropriate budget capacity to deliver (i) existing services that, because of the effects of Superstorm Sandy on their baseline budget, would be eliminated or severely curtailed were it not for the grant; and/or (ii) additional services necessitated by Superstorm Sandy.
- Discuss what steps are being taken to contain costs and implement sound fiscal and managerial practices, including but not limited to: personnel cost restraints, nonessential service reductions, procurement initiatives, as well as efforts at identifying opportunities to share services and capital assets with neighboring communities.
- Discuss actions being undertaken to facilitate reconstruction of public and private property, and enhance preparedness for, and resiliency in the face of, future storms.

Criteria for Selection: Eligible applicants will be selected based on the following criteria:

- Whether the applicant has insufficient budget capacity to provide essential services, including public safety-related services such as fire, emergency dispatch, security services, policing/law enforcement; health and welfare-oriented services including public works, garbage collection/disposal, water/sewer, health and social services; planning/permitting services; and education-related services.
- DCA has determined through a review of financial information (including but not necessarily limited to FEMA Community Disaster Loan applications, introduced budgets, and annual financial statements) that there exists hardship such that the applicant will have to eliminate or severely curtail the requested services due to the effects of Superstorm Sandy and/or will be unable to provide those additional services necessitated by Superstorm Sandy. The funding will be based on a determination of the gap between the

level of essential services required by the community and the amount that the community can afford to sustain, given its Sandy-impacted budgets.

Eligibility for CDBG-DR: Section 105(a)(8)

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

3.6.2 Unsafe Structures Demolition Program

Because of Sandy, numerous homes were knocked off their foundations, were left in a state of dilapidation or disrepair, or were made a fire hazard or danger to public health or welfare (collectively, "unsafe structures"). Remediating these threats to health or public safety is of utmost importance. Moreover, these homes present a significant risk of blight that, left unaddressed, undermines community and State recovery efforts.

Municipalities have been responsible for addressing unsafe structures within their borders. In many cases, property owners have taken steps to remediate or demolish Sandy-impacted unsafe structures on their properties. Some municipalities also have offered programs to impacted property owners whereby, with the consent of the property owner, the town will incur all costs of demolition, provided that the structure being demolished is considered by FEMA to be in "imminent danger of partial or total collapse." Under FEMA's Private Property Debris Removal (PPDR) program, FEMA will reimburse 90 percent of eligible costs to demolish these structures. The philanthropic community also has provided assistance to some impacted property owners needing to demolish unsafe structures. By these combined efforts, substantial strides have been made toward addressing unsafe structures.

This program provides funding to be used by state agencies to obtain resources to identify unsafe structures in need of demolition, to demolish unsafe structures, to remove debris, and to perform any additional activities or address other costs ancillary or related to demolitions. Where applicable, demolition and debris removal activities under this program will comply with the New Jersey Superstorm Sandy Demolition Guidance Document issued in April 2013, which incorporates the federal requirements imposed by the National Emission Standards for Hazardous Air Pollutants.

In January 2014, HUD approved a substantial amendment to New Jersey's Action Plan that transferred $15 million in funding allocated to an economic recovery program to a new Unsafe Structures Demolition Program. That investment was expected to fund between 500 and 750 demolitions. As State agencies have continued to work with affected municipalities to identify homes that require demolition, it has become apparent that initial investment likely will be insufficient to address communities' need for demolitions. Nearly 1,300 homes have been

identified so far as potential targets for demolition under the program. Therefore, the State will commit additional funds to support this program.

The State incorporates the description of the Unsafe Structures Demolition Program in its Action Plan, as incorporated by Substantial Amendment No. 4, as amended, as well as all eligibility and other criteria, except to the extent modified by the language below.

Allocation for Activity: $10,000,000

Eligibility Criteria:

- Property must be damaged by Superstorm Sandy.
- Property must be identified as an "unsafe structure" as defined by the New Jersey Department of Community Affairs, Division of Codes.

Eligibility for CDBG-DR: Section 105(a)(3); Section 105(a)(4); Section 105(a)(11)

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

3.6.3 Code Enforcement & Zoning Program

Ensuring that homes are built safer and up to code is necessary to repair and rebuild the housing sector effectively. The State allocated $6,000,000 of first tranche CDBG-DR funds to support code enforcement and zoning initiatives. Going forward, the State plans to continue to use CDBG-DR funds to supplement local code enforcement offices with additional personnel for tasks relating to the storm, as well as to address other costs ancillary or related to those tasks. In addition, DCA may seek to enhance its continuing education curriculum for code officials to include training in flood hazard mitigation practices and other storm-related code issues to increase capacity and expertise.

The State incorporates the description of the Code Enforcement and Zoning Program in its Action Plan, as amended, as well as all eligibility and other criteria, except to the extent modified by the language below:

Allocation for Activity: $5,000,000

Maximum Award: Awards to municipalities will take the form of (i) state staff supplementing local building code officials, and/or (ii) grants to secure additional zoning office personnel directly according to assessed needs.

Eligibility Criteria: To be eligible for a zoning code enforcement grant, a municipality must be in one of the nine most-impacted counties and (i) have had at least one hundred property assessments reduced under N.J.S.A. 54:4-35.1 as a result of the storm, or (ii) have seen a 10 percent increase in zoning application filings since November 2012 that can be ascribed to Superstorm Sandy. To be eligible for

building code enforcement assistance, a municipality must demonstrate a backlog or code enforcement assistance need arising from Superstorm Sandy.

Eligibility for CDBG-DR: Section 105(a)(3)

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

3.7 Planning, Oversight, and Monitoring

DCA as the State-designated grantee will oversee all activities and expenditures of the CDBG-DR funds through the Sandy Recovery Division. Existing State employees will be used and additional personnel and contractors have been hired to aid in the administration of, and to carry out, recovery programs. Not only will these personnel remain involved in ensuring that there are layers of financial control, they also will undertake administrative and monitoring activities to better assure compliance with applicable requirements, including, but not limited to, meeting the disaster threshold, eligibility, national objective compliance, fair housing, nondiscrimination, labor standards, environmental regulations, and procurement regulations at 24 CFR Part 85.

As with first tranche CDBG-DR funds, New Jersey has implemented the following oversight and monitoring processes, among others: proficient financial controls and procurement processes; adequate procedures to prevent any duplication of benefits as defined by Section 312 of the Stafford Act; processes to ensure timely expenditure of funds; comprehensive websites regarding all disaster recovery activities assisted with these funds; processes to detect and prevent waste, fraud, and abuse of funds; environmental and historic reviews on applicable projects; and processes ensuring all projects are compliant with the Uniform Act (relocation), Davis-Bacon and other labor standards, fair housing, Section 3, uniform administrative requirements at 24 CFR Part 85, and other applicable federal laws. The State also incorporates all of the oversight and monitoring processes and procedures described in the Action Plan.

DCA will maintain a high level of transparency and accountability by using a combination of risk analysis of programs and activities, desk reviews, site visits, and checklists modeled after HUD's Disaster Recovery Monitoring Checklists and existing monitoring checklists used in monitoring regular program activities. DCA will determine appropriate monitoring of grants, taking into account prior CDBG-DR grant administration performance, audit findings, as well as factors such as the complexity of the project. In accordance with New Jersey Executive Order No. 125, Accountability Officers have been appointed to oversee the responsible disbursement and utilization of federal reconstruction resources allocated by or through each department. Internal auditors will monitor and review for compliance with federal and state laws and regulations, and will report directly to the

Commissioner of DCA. Additional transparency and accountability measures are described in the Action Plan.

Some of the CDBG-DR funding will also be utilized to provide technical assistance to staff and subrecipients receiving CDBG-DR funds so that recovery programs will be implemented efficiently, effectively and in compliance with the federal, state and local regulations.

In response to ongoing needs for planning activities, second tranche funding has been allocated in order to guide long-term recovery and redevelopment at the local/regional level. Examples of planning studies include but are not limited to: community resiliency plans, enhanced GIS mapping as part of a municipal planning program, environmental design studies, sustainable designs for construction and reconstruction in flood hazard areas, economic development plans, zoning ordinances, and land development codes.

3.7.1 Planning Activities

The Post Sandy Planning Assistance Grant Program addresses ongoing planning needs resulting from Superstorm Sandy. These include allowing communities to develop community recovery plans that strategically address vulnerabilities exposed by the storm.

In furtherance of its mission to provide local government officials with the tools needed to help manage recovery plans and recovery planning projects, DCA created a local planning assistance program that supplements the ongoing efforts of storm-impacted local and county governments to rebuild and revitalize. This program is specifically designed to augment, not conflict with, other planning programs that units of local government may be utilizing as a result of Superstorm Sandy. Communities lacking pre-existing planning resources are particularly encouraged to participate in the program.

Based on demand, the State will dedicate second tranche CDBG-DR funds to provide additional support for this planning program. In addition to the funding currently being provided to municipalities, the State will set aside funding to enable communities facing unique or significant challenges to undertake more in-depth planning to find creative, practical solutions for more challenging issues. These planning activities may include, without limitation:

- Input from expert land use professionals;
- Insights regarding innovative solutions to the most complex real estate development challenges;
- Guidance for the future investment of CDBG-DR and other funds to address recovery; and

- Investigating the feasibility of mapping information that is needed to strategically plan for evacuations, locate emergency services, shelters and other disaster-related prerequisites.

In addition to the Post Sandy Planning Assistance Grant Program, the State has identified other statewide and regional planning needs relating to the recovery, including: (i) mapping of critical infrastructure; and (ii) flood risk reduction initiatives. Second tranche CDBG-DR funds dedicated to planning also will be used for these and similar types of statewide and regional planning initiatives.

As one example, the State is considering creating Virtual New Jersey (vNJ), a singular situational awareness and common operative picture platform for the State of New Jersey. Developed with forward-looking technology, vNJ could function as a cloud-based collaboration platform with a seamless mechanism to visualize and analyze disparate geographical information system (GIS) data layers maintained by both the private and public sectors.

Virtual New Jersey will enhance preparedness, planning, mitigation and response efforts by allowing access to and analysis of the same types of data sets (GIS; infrastructure; etc.) by a multitude of agencies. This data helps drive preparedness efforts, recommended mitigation actions, risk assessments and scenario-specific planning for events in an all hazards context. Creation of the vNJ platform would also significantly enhance the State's ability to prepare, respond and recover relative to a myriad of events in a coordinated manner. This will enable leadership to have the most comprehensive situational awareness to support accelerated short- and long-term problem solving.

Allocation for Activity: $10,000,000

Maximum Award: Up to $200,000 for individual municipal Post-Sandy Planning Assistance Grants; up to $5,000,000 for statewide and regional planning activities.

Eligible Applicants: Municipalities; New Jersey departments, agencies and authorities; nonprofit organizations; universities and colleges.

(Note: DCA reserves the option to assist communities through direct contracts with nonprofit organizations and educational institutions who will work directly with communities under DCA Local Planning Services direction.)

Eligibility Criteria:

- Post Sandy Planning Assistance Program: Communities in the nine most-impacted counties. If demand, based on applications received, exceeds funding, preference will be given to communities with limited professional planning capacity on staff and communities with high ratable losses.

- Other Planning Activities: A governmental unit, nonprofit organization or university determined to be in need of planning support for statewide or regional recovery-related activities.

Criteria for Selection:

- Post Sandy Planning Assistance Program
  - Community's interest in pursuing planning activities to address post-Sandy issues
  - Ratable losses
  - Availability of other local resources to support planning efforts
  - Capacity of community to undertake planning activities without additional support.
- Other Planning Activities:
  - Coordinated statewide and/or regional planning activities to address unmet recovery-related planning needs.

Eligibility for CDBG-DR: Section 105(a)(12)

National Objective: Planning activity

3.7.2 Oversight and Monitoring Activities

DCA will continue to administer its programs following policies and procedures outlined in the Action Plan with respect to receipt of CDBG-DR funds. As the designated CDBG-DR funds grantee, DCA also will continue to oversee all activities and expenditures of the CDBG-DR funds. Existing state employees are providing this function, with support of other personnel and contractors hired specifically to aid in the administration of, and to carry out, recovery programs. These efforts ensure layers of financial control are in place, provide technical assistance to the State, and undertake administrative and monitoring activities to better assure compliance with applicable federal requirements, including without limitation: meeting the disaster threshold; eligibility; national objective compliance; fair housing; nondiscrimination; labor standards; environmental regulations; and procurement regulations at 24 CFR Part 85.

Allocation for Activity: $73,000,000

Administration: DCA has established a Sandy Recovery Division (SRD) with more than 50 departmental and contracted staff. The SRD coordinates with existing DCA divisions and other state agencies to administer recovery programs. Tasks include providing overall program direction, financial controls, procurement, outreach and communications, compliance, information management, and recovery subject

matter expertise. DCA has developed process maps and program guidelines to direct the work of all staff and subrecipients for each program. Written procedures address cross-cutting topics such as Davis Bacon, fair housing, Section 3, financial management, and file management for disaster recovery. The recovery staff also provides technical assistance to grantees, and undertakes monitoring activities to ensure regulatory compliance.

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

Monitoring will continue to address compliance with:

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

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

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

Additional Steps to Avoid Occurrence of Fraud, Abuse and Mismanagement: The State will continue to follow all of the processes and procedures described in Section 6 of the Action Plan with respect to preventing and detecting waste, fraud

and abuse, including those steps required pursuant to New Jersey Executive Order 125 as well as state legislation.

3.8 Pre-Agreement Costs and Reimbursement

New Jersey will follow provisions of 24 CFR 570.489(b), and the Pre-Award CPD Guidance issued by HUD in July 2013, which permit the State to reimburse itself for otherwise allowable costs incurred by itself or its recipients, subgrantees, or subrecipients (including PHAs), or grantees on or after the incident date of the covered disaster.

SECTION 4: PERFORMANCE SCHEDULE

To satisfy HUD guidance in Federal Register Notice FR-5696-N-06, New Jersey will issue another proposed substantial amendment to provide detailed performance metrics regarding the allocation of second tranche CDBG-DR funds. The performance metrics will be based on quarterly expected expenditures and outcomes. Consistent with the Notice, this amendment will be prepared within 90 days of the date that New Jersey's proposed uses of second tranche CDBG-DR funds are approved by HUD.

To the extent that estimated and quantifiable performance outcome factors must be provided as part of this Substantial Amendment, Table 4-1 below sets out current estimated outcomes by second tranche funding category. These estimates are preliminary and likely will change. Factors that may affect performance measures include completing federally-required environmental and historical reviews, contractor availability, weather, and availability of other funding sources. These and other potential factors will be important in finalizing and meeting proposed performance metrics. The State anticipates that HUD will provide flexibility to extend timelines based on these and other relevant factors.

The State will also work closely with HUD to determine fund draw schedules consistent with implementation and construction schedules identified in the Action Plan. At this time, the State of New Jersey is committing 100 percent of its allocation from this tranche of CDBG-DR funding for the programs listed in this substantial amendment. The State is requesting that HUD obligate 55 percent of those funds as of the approval date of this Substantial Amendment.

Table 4-1: Projected Performance Metrics for CDBG-DR Second Tranche Programs

Program Category	Total Funding	Estimated Outcomes
Homeowner Housing	$530,000,000	3400 Homeowners Assisted
Rental Housing	$245,000,000	2200 Rental Units Assisted
Economic Development	$5,000,000	70 Towns Assisted
Infrastructure	$500,000,000	333 Infrastructure Projects
Support for Government Entities	$100,000,000	58 Entities Assisted
Planning	$10,000,000	70 Entities Assisted
Oversight, Monitoring, Technical Assistance	$73,000,000	N/A
Total	**$1,463,000,000**	

SECTION 5: OUTREACH AND PUBLIC COMMENT

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

The State undertook a coordinated outreach approach in order to determine how to best use second tranche CDBG-DR funds to identify and address unmet needs. These steps have included meetings between state government leaders and local elected officials, more than 40 meetings and conference calls with stakeholder groups held by the Governor's Office of Recovery and Rebuilding (GORR), the New Jersey Department of Community Affairs (DCA), the New Jersey Economic Development Authority (EDA), the New Jersey Department of Environmental Protection (DEP), the New Jersey Board of Public Utilities (BPU), the New Jersey Department of Transportation or other state agencies. GORR also briefed state legislative leadership staff and New Jersey Congressional delegation staff regarding remaining recovery needs and the use of second tranche CDBG-DR funds. Many of these efforts are described in more detail below.

Additionally, consistent with the requirements in Federal Register Notice FR-5696-N-06, the State held public hearings after making this Substantial Amendment available for public comment. The State has sought to partner with public universities and nonprofit groups in order to realize the objective and transparent public hearing process that encourages citizen engagement.

While HUD has required the State to hold at least one public hearing to solicit comments on this Substantial Amendment, the State held three public hearings at locations across the State. The dates, times and locations of the hearings were:

- February 11, 2014; Stockton College (Atlantic County); 101 Vera King Farris Drive, Galloway, NJ 08205; Performing Arts Center; 4–7 pm
- February 12, 2014; New Jersey Institute of Technology (Essex County); 150 Bleeker Street, Newark, NJ 07102; Campus Center; 5:30–8:30 pm
- February 21, 2014; Brookdale Community College (Monmouth County); Robert J. Collins Arena; 765 Newman Springs Road, Lincroft, NJ 07738; 4–7 pm

Comments on the Substantial Amendment were submitted on DCA's website (http://www.state.nj.us/dca/announcements/approved/sandy.html), by U.S. mail, and at the public hearings.

Separately, the State incorporates all other criteria referenced in Section 6 of the Action Plan. In addition, certifications remain the same as the Action Plan submission.

5.1 Citizen Participation Plan Requirements

In developing this Substantial Amendment, the State has complied with all citizen participation plan requirements, including those new requirements in Federal Register Notice FR-5696-N-06. These steps have included:

- The State has issued this Substantial Amendment and will make it available to the public for a comment period of no less than thirty days prior to its submission to HUD. DCA posted this Substantial Amendment prominently on its official website to afford citizens, affected local governments, and other interested parties a reasonable opportunity to examine the Substantial Amendment's contents.
- The State has conducted outreach to community groups, including those that serve minority populations, persons with limited English proficiency, and persons with disabilities.
- The State convened three public hearings regarding this Substantial Amendment to the Action Plan. Citizens and other stakeholders will be provided reasonable and timely access to information about the public hearings and to the hearings themselves.

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

- The State will notify the public that the Substantial Amendment is available for review and comment through electronic mailings, press releases, statements by public officials, media advertisements, public service announcements, and/or contacts with community-based organizations.
- The State will make these documents available in a form accessible to persons with disabilities and persons of limited English proficiency (LEP). As a part of the updates to the Citizen Participation Plan, the State updated its LEP analysis using the most recent Census data.

- The State will reach out to local nonprofit and civic organizations to disseminate information about and make available a copy of this Substantial Amendment.
- The State has considered, and will consider, all oral and written comments it has received on this Substantial Amendment.
- The State continues to make the Action Plan, all amendments, and all performance reports available to the public on its website and upon request.

The State shall provide citizens, local officials, and other stakeholders with reasonable and timely access to information and records relating to the Action Plan, this Substantial Amendment and the State's use of CDBG-DR funds. Notably, the text in Section 6 of the Action Plan that is not updated or replaced by this amendment remains valid.

5.2 Action Plan Amendment Outreach

As referenced above, the State remains engaged on a daily basis with citizens, stakeholder groups, local officials, non-profit groups, the federal government and other recovery partners about issues relating to the recovery. That said, with HUD's announcement of a second allocation of CDBG-DR funds to New Jersey, the State, consistent with federal requirements, outlined and executed an outreach plan specifically intended to address unmet needs remaining after Superstorm Sandy and determine how second tranche funds might be used to meet those needs.

The second tranche outreach began with four separate meetings in late November with mayors and other local officials across the nine most-impacted counties as determined by HUD. The meetings included an open dialogue between State cabinet officers and local government leaders about unmet needs across all impacted sectors. The discussions underscored the reality that unmet storm-related needs in New Jersey far exceed available recovery resources to address those needs.

In December and January, the State's departments and agencies held numerous meetings and conferences calls with stakeholder groups focused on how to best use second tranche CDBG-DR funds.

These meetings, held in December 2013 and January 2014, brought together groups representing a diverse array of organizations, government entities, nonprofit groups, advocates, and trade associations with either statewide presence, wide-ranging memberships or representing large networks of stakeholders. The list of stakeholder groups that engaged in the process is set forth below; a number of other groups were invited to participate but declined:

New Jersey Department of Community Affairs

- A Future With Hope
- American Red Cross
- Atlantic County Long Term Recovery Group
- Bayonne Economic Opportunity Foundation
- Bergen County Long Term Recovery Group
- Big Brothers and Big Sisters of Essex, Hudson, and Union Counties
- Cape May County Long Term Recovery Group
- Catholic Charities of Trenton
- Citadel Wellwood Urban Renewal LLC
- Community Investment Strategies
- Conifer Realty, LLC
- Cooperative Housing Corporation
- Cumberland County Long Term Recovery Group
- Diocesan Housing, Diocese of Camden
- East Orange Public Housing Authority
- Fair Share Housing Alliance
- Gateway Community Action Partnership
- Gil Berry & Associates, Inc.
- Holly City Development Corporation
- Housing and Community Development Network of New Jersey
- IMPACT Community Development Corporation
- Ironbound Community Corporation
- Irvington Public Housing Authority
- Jersey City Public Housing Authority
- La Casa de Don Pedro
- La Casa de Education y Cultura Latina
- Latino Action Network
- Legal Services of New Jersey
- Loving Care Homes
- Michaels Development
- Middlesex County Long Term Recovery Group
- Monmouth County Long Term Recovery Group
- New Jersey Apartment Association
- New Jersey Associations of REALTORS®
- New Jersey Community Capital
- New Jersey Property Owners Association
- New Jersey Urban Mayors' Association
- NJ HAND, Inc.
- North Ward Center

- Occupy Sandy
- Ocean County Long Term Recovery Group
- Pennrose Properties
- Plan Smart NJ
- Pleasantville Public Housing Authority
- Puertorriqueños Asociados for Community Organization, Inc.
- Regan Development
- Rehabco, Inc.
- RPM Development
- Servicos Latinos De Burlington County
- The Affordable Housing Alliance
- The American Institute of Architects New Jersey chapter
- The American Planning Association, New Jersey chapter
- The Corporation for Supportive Housing
- The Ingerman Group
- The Metro Company, LLC
- The New Jersey Country Planners Association
- The New Jersey Planning Officials
- The People's Pantry Relief Center in Toms River
- Trenton Public Housing Authority
- Urban League Affordable Housing & Community Development Corporation
- Urban Verde, Inc.
- Visitation Church Relief Center of Brick

New Jersey Economic Development Authority

- African American Chamber of Commerce
- Chamber of Commerce of Southern New Jersey
- Commerce and Industry Association
- Community Development Financial Institutions (CDFIs)
- Monmouth-Ocean Development Council
- National Federation of Independent Business (NFIB)
- New Jersey Bankers Association
- New Jersey Business and Industry Association
- New Jersey Restaurant Association
- New Jersey State Chamber of Commerce
- Statewide Hispanic Chamber of Commerce

New Jersey Department of Environmental Protection

- American Engineering Association
- Association of NJ Environmental Commissions
- Chemistry Council of New Jersey

- Clean Ocean Action
- Future City, Inc.
- Littoral Society
- Marine Trade Association
- Middlesex County Utilities Authority
- NJ Future
- NJ Society of Professional Engineers
- NY/NJ Baykeepers
- Professional Engineers Board

New Jersey Board of Public Utilities

- Association of Environmental Authorities
- Environmental Defense Fund
- First Energy Corporation/JCP&L
- Health Care Association of NJ
- NJ Hospital Association
- NJ Natural Gas
- NJ Resources
- SJ Industries

New Jersey Department of Transportation

- American Council of Engineering Companies
- Associated Construction Contractors of New Jersey
- New Jersey Alliance for Action
- Utility Transportation Contractors Association

GORR also met with the Association of Counties, League of Municipalities, and the Conference of Mayors, as the interests of those stakeholder groups crossed all state agencies engaged in outreach. In addition to these stakeholder outreach sessions, GORR briefed key state legislative staff on January 23, 2013, and as with the meetings with the mayors, the briefing with state legislative leadership staff focused on the State's unmet needs and how the State has leveraged available resources to meet those needs. GORR held a similar briefing on January 16, 2014 for members of the staff of New Jersey's Congressional delegation.

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

These CDBG-DR funding-specific outreach efforts augment other means used by the State to inform and engage the public on Sandy recovery issues. For example, the State routinely engages the media on recovery issues as a mechanism to keep the public informed. The Governor's monthly radio program, "Ask the Governor," is one

example of this effort. The State also has conducted mobile cabinets in many of the most-impacted communities. During the recovery, State departments and agencies also have made public service announcements over radio. Additionally, the State has issued dozens of Sandy-related press releases about recovery-related issues across all impacted sectors. Notably, press releases through the Governor's Office include distribution of fact sheets and press releases to Spanish language media outlets (e.g., Telemundo, Univision, News12 Spanish, etc.), three Asian language media outlets, one statewide African American magazine, and eight Jewish media outlets, which cover several affected counties. These are just some examples of ongoing outreach efforts. Additional examples of outreach efforts in connection with Sandy recovery are described in the Action Plan.

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

- The Governor's Office of Recovery and Rebuilding website (http://nj.gov/gorr/) contains information about recovery across impacted sectors and demonstrates the State's commitment to a holistic recovery approach that seeks to utilize all available recovery funding streams in a coordinated way.
- The New Jersey Department of Community Affairs website with a specific Sandy Recovery section (http://www.nj.gov/dca/divisions/sandyrecovery/), which can be translated into Spanish and multiple other languages using the Google translation tool. The Sandy Recovery webpages provide a direct link to Sandy-related recovery resources and are regularly updated with CDBG-DR information. The website is routinely updated with information related to programs, housing recovery centers, etc. Moreover, DCA maintains the sandy.recovery@dca.state.nj.us email address that is one mechanism for citizens to ask questions, make comments, or provide other input regarding recovery programs. DCA is able to provide answers in multiple languages as appropriate and necessary.
- The New Jersey Economic Development Authority maintains a website (http://application.njeda.com/strongernjbusiness/default.aspx) dedicated to information about the State's CDBG-DR funded economic programs.
- The New Jersey Department of Environmental Protection maintains a website (http://www.state.nj.us/dep/special/hurricane-sandy/) primarily dedicated to environmental issues and initiatives that arise in the recovery.

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

Accessibility to Programs

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

Limited English Proficiency Outreach

The State's outreach has included various communities that, based on Census tract data, have a significant proportion of minority residents and non-English speaking residents. As noted above, DCA updated its LEP analysis in January 2014 using more recent data available from the U.S. Census's American Communities Survey (ACS). At this time, it is believed that the Spanish-speaking population continues to be the only group that represents greater than 5 percent of the population in the nine affected counties. This was the same population indicated in the State's original LEP analysis and noted in the original Action Plan. In addition, and to ensure that all citizens have access to the State's recovery programs, DCA will continue efforts to identify those communities with concentrations of LEP households.

DCA continues to evaluate its language access plan (LAP) that involves the following components which provide a range of outreach services in Spanish. Translation into other languages is available upon request using the email address sandy.recovery@dca.state.nj.us. The LAP plan includes, but is not limited to:

- Translation of materials: the Action Plan, this and other substantial amendments, essential program materials, and press releases are translated into Spanish and can be translated into other languages upon request. DCA utilizes a native-speaking Spanish translator to routinely translate documents and to review the accuracy of translated materials related to essential program materials and press releases. The Spanish version of this Substantial Amendment will be available on the DCA website.
- The DCA website's Sandy Recovery section can be translated into Spanish and multiple other languages using the Google translation tool.
- Procurement of translators for public meetings;
- Provision of specific LEP assistance through public/stakeholder meetings and housing recovery centers;
- Provision of Public Service Announcements (PSAs) on TV and radio to disburse program information;
- Training staff on LEP as well as what is required under the LAP;
- Provision of multi-lingual phone lines as appropriate; and
- Monitoring and updating LAP as appropriate given updated U.S. Census and programmatic information on LEP populations.

DCA will continue to update the language access plan as necessary to address the LEP population.

5.2.1 Summary of Public Comment

Consistent with HUD requirements, this Substantial Amendment has been made available for public comment for a period of at least thirty (30) days. Written comments were submitted to the Department of Community Affairs via email at sandy.publiccomment@dca.state.nj.us and by U.S. mail to Post Office Box 800, Trenton, New Jersey 08625-0800. The State also solicited public comments at three public hearings.

The State reviewed the public comments provided during the comment period. Per HUD guidelines, the State has synthesized those comments and provided responses. Notably, state departments and agencies are contacting commenters whose comments raised issues relating to their personal recovery efforts to provide information and assistance.

COMMENT 1
SUPPORT FOR STATE PROPOSALS

Various commenters expressed support for different components of the Action Plan Amendment.

Staff Response:

The State appreciates the support offered by commenters for the Action Plan Amendment.

COMMENT 2
INCREASING FUNDING ALLOCATIONS

Various commenters raised issues concerning the State's proposed second tranche funding allocations. These include commenters who asserted that: (i) more funding should be allocated to the RREM program and to other programs assisting homeowners; (ii) more funding should be allocated for buyouts; (iii) more funding should be allocated for elevations; (iv) more funding should be allocated to programs for rebuilding affordable rental housing and programs to directly assist renters; (v) more funding should be allocated for infrastructure programs; (vi) more funding should be allocated for planning; (vii) more funding should be allocated for hard hit municipalities and/or urban areas; (viii) second round funding should be allocated for additional direct assistance for businesses; (ix) funding should be allocated specifically for job training; (x) more funding should be allocated directly to support LMI households; (xi) more funding should be allocated to directly support middle class households; (xii) some funding should be prioritized exclusively to benefit minorities; and (xiii) more funding should be provided to particular communities including Atlantic City, Highlands, Hoboken, Little Egg Harbor and Middletown.

Staff Response:

As referenced in the Action Plan Amendment, the State has identified unmet needs across three core recovery sectors – housing, economic revitalization and infrastructure – that exceed $19 billion. To address those unmet needs, the State is receiving $1.463 billion in second tranche CDBG-DR recovery funds and, overall, the State projects to receive $10-$15 billion for recovery across all federal agency funding streams. At the outset of the disaster, the State identified more than $36 billion in recovery needs arising from Sandy. Therefore, the State expects that billions of dollars in storm-related needs will never be satisfied in the recovery.

The State's decisions on how to allocate funding between programs, and on which programs to fund, should not be viewed as a statement that either unfunded initiatives, or initiatives where there is a need for more funding than

has been allocated, are not critical to recovery. Because unmet needs so far outpace available funding, the State must make difficult choices and balance diverse interests. Various considerations weigh into that determination. Among other things:

- The State's allocations reflect its holistic approach to recovery. As stated in the Action Plan Amendment, the recovery of each sector – housing, economic revitalization, infrastructure, health and social services, community operations and planning, and natural and cultural resources – depends on the recovery of all sectors. For example, the State's investment in housing and economic recovery needs to be protected by infrastructure investments that reduce the likelihood that rebuilt homes and businesses will be destroyed by the next severe weather event. Because tax increases would disincentivize property owners and business from rebuilding in affected communities, financial assistance is being provided to hard hit municipalities to offset the risk of storm-related tax increases. These are just two of many examples. Thus, in targeting limited CDBG-DR resources and other recovery resources, the State seeks to contemporaneously address all impacted sectors in a coordinated way with limited recovery resources.
- Given the above-described difference between needs and resources available to address those needs, the State's allocation of CDBG-DR resources across sectors is made in consideration of what other resources (federal, state, private, non-profit, philanthropic) can provide assistance within each sector. The State likewise must account for the statutory and regulatory authorities that place different boundaries on the use of CDBG-DR resources.
- With respect to allocating CDBG-DR resources within a sector, the State has used objective data and analyses. For example, data reflecting the severity of physical damage to properties sustained by homeowners and renters informs the State's allocation of funding to construction-related housing programs, as does the extent of the demand for those programs.
- The State has also taken into account the potential impact of its investments. Using the infrastructure example above, targeting limited funds to the infrastructure areas that experience the greatest vulnerabilities and damage can yield a meaningful return on investment. Similarly, making only a $5 million commitment to tourism marketing (a comparatively small investment compared to the other sectors) can assist hundreds of businesses, employees of those businesses, and municipalities with budgets that rely substantially on tourism-related revenues. That can yield a meaningful return on a comparatively limited investment, particularly for

hard hit municipalities, and businesses in those communities, that are still recovering and could not take full advantage of the 2013 tourism season.

- The State has also carefully considered the input it receives from federal partners, local officials, non-profits, other stakeholder groups, and citizens. Importantly, this is not limited to the input received as part of the Action Plan Amendment process, detailed in Section 5, but also on the daily interactions the State has with these groups regarding ongoing recovery needs.

COMMENT 3
REDUCING FUNDING ALLOCATIONS

Commenters suggested that (i) no funding should be allocated for infrastructure programs; (ii) no funding should be allocated to tourism marketing in 2014; (iii) no funding should be allocated to support municipalities or for zoning and code enforcement assistance; and (iv) no funding should be allocated to developers for affordable housing projects.

Staff Response:

The State's decision to allocate funding to these four initiatives is a function of applying the considerations described in response to the previous comment.

As mentioned above, the State's investment in housing and economic recovery needs to be protected by infrastructure investments that reduce the likelihood that rebuilt homes and businesses will be destroyed by future severe weather events. Similarly, while various types of infrastructure sustained storm damage, energy and flood hazard risk reduction proved to be among the State's most significant vulnerabilities, which is why CDBG-DR funding is targeted to those needs.

With respect to tourism marketing, a $5 million commitment to tourism marketing can assist hundreds of businesses, employees of those businesses, and municipalities with budgets that rely substantially on tourism-related revenues. This is particularly critical for hard hit, recovering municipalities, and businesses in those communities, which could not take full advantage of the 2013 tourism season because of the damage sustained as a result of Superstorm Sandy.

Among the frustrations and concerns regarding construction-related programs are delays associated with obtaining from municipalities necessary permits for construction. Some municipalities have challenges addressing the increase in demand for permits resulting from the need to rebuild from Superstorm Sandy. Investing in additional resources to expand municipal capacity and to provide technical assistance is intended to minimize delays caused by permitting.

Finally, Superstorm Sandy significantly reduced the availability of affordable rental housing in New Jersey and simultaneously increased significantly the demand for rental housing because of the number of households that were displaced. These factors combined to put upward pressure on rent at a time when many household budgets are strained by unanticipated storm-related expenses. Committing significant funding to developing affordable housing projects is critical to stabilizing and expanding the rental market and making rental housing more affordable.

COMMENT 4
FUNDING OUTSIDE THE NINE MOST-IMPACTED COUNTIES

Commenters requested that more CDBG-DR resources be targeted outside the nine most-impacted counties, and specifically be targeted to Hunterdon County, Burlington County, Cumberland County and Bayshore communities. One commenter asked whether this is a federal requirement that funds be targeted within the most-impacted counties.

Staff Response:

HUD Federal Register Notices FR-5696-N-01 and FR-5696-N-06 state that, at a minimum, 80 percent of all CDBG-DR funds must be spent in the nine most-impacted counties as determined by HUD (Atlantic, Bergen, Cape May, Essex, Hudson, Middlesex, Monmouth, Ocean and Union). As described in Appendix B to the Action Plan Amendment, the State currently projects that it will just satisfy the 80 percent requirement. This limits the State's ability to expend additional CDBG-DR assistance beyond the programs that currently can provide assistance beyond the nine counties.

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

COMMENT 5
FUNDING ALLOCATION BETWEEN CDBG-DR GRANTEES

Various commenters raised questions about HUD's process for allocating funding between grantees receiving second tranche CDBG-DR funds and the data used by HUD in applying its funding formula.

Staff Response:

HUD is given statutory discretion to develop an allocation methodology that proportionally allocates available CDBG-DR resources across eligible grantees. Appendix A to Federal Register Notice FR-5696-N-06 specifies the allocation

methodology that HUD chose to employ in determining the second allocation of CDBG-DR funds across New Jersey, New York State, New York City, Connecticut, Maryland, and Rhode Island. The methodology, criteria employed, and weighting of criteria were selected at HUD's discretion.

Prior to the second allocation of CDBG-DR funds, New Jersey provided HUD with potential considerations regarding challenges in assessing long-term infrastructure needs and opportunities to better capture infrastructure unmet needs to inform the methodology. For example:

- New Jersey requested that HUD consider unmet needs resulting from FEMA Public Assistance Categories A (debris removal) and B (emergency protective measures). FEMA's own allocation methodology for the Hazard Mitigation Grant Program (HMGP) is based partially on Category A and B data. Category A damages reflect longer-term recovery needs, including the removal of sediment from State channels through dredging. As the proposed Action Plan Amendment highlights, sediment is a threat to navigation (commercial, recreational, and community) and may exacerbate flooding and surge risk. In addition, Category A damages reflect New Jersey's long-term recovery needs with regard to landfill and debris management, as over 1,000,000 cubic yards of non-vegetative storm debris was disposed in New Jersey's landfills, reducing the life-span of New Jersey's solid waste disposal infrastructure. Lost landfill space will need to be replaced with either expansions of existing landfills or siting of new facilities, reflecting unmet infrastructure needs. Ultimately, however, as evidenced in Appendix A, HUD concluded that Categories A and B "are largely expended immediately after a disaster and reflect interim recovery measures rather than the long-term recovery measures for which CDBG funds are generally used" and did not include these categories in the allocation methodology.
- New Jersey requested that HUD's allocation methodology account for significant differences in FEMA Public Assistance Categories C, D, E, F, and G between and among CDBG-DR grantees with regard to electric distribution systems and electrical grid hardening activities. While New Jersey's electric distribution systems are largely privately owned, and therefore not eligible for FEMA Public Assistance, other CDBG-DR grantees received significant FEMA Public Assistance funding addressing unmet needs of publicly owned power authorities. An allocation methodology that relied on this data would reward those CDBG-DR grantees that already received FEMA Public Assistance while not reflecting considerable unmet damages that will be borne by ratepayers, including vulnerable low and moderate income populations. Ultimately, HUD's Appendix A did not address this concern.

- New Jersey requested that HUD's allocation methodology account for the resilience and other needs of water and wastewater infrastructure. Specifically, the State requested that HUD consider – in addition to the allocation of Sandy recovery funds by U.S. Army Corps and U.S. Department of Transportation – the allocation of Sandy recovery funds by the U.S. Environmental Protection Agency. Ultimately, HUD's Appendix A addressed other Sandy recovery programs, but did not include programs administered by the U.S. Environmental Protection Agency.

COMMENT 6
ADDITIONAL FUNDING FOR NON-PROFITS, VOLUNTARY ORGANIZATIONS ACTIVE IN DISASTERS, AND LONG-TERM RECOVERY GROUPS

Commenters sought additional funding for non-profits to provide direct services to individuals, particularly with respect to health and social services initiatives. Other commenters sought funding for programs to be administered by voluntary organizations active in disasters (VOADs) and county long-term recovery groups (LTRGs).

Staff Response:

As part of the recovery effort, the State has sought to leverage various resources, including the non-profit community, VOADs and LTRGs, in providing assistance to affected New Jerseyans and in realizing critical recovery initiatives. As one example, the State has created a number of health and social services initiatives in response to Superstorm Sandy – particularly utilizing federal Social Services Block Grant funding – that incorporate non-profits into program delivery. Moreover, as described in the proposed Action Plan Amendment, the State plans to integrate the non-profit community in conducting outreach for the LMI Homeowners Rebuilding program. The State will continue to evaluate areas where non-profits, VOADs and LTRGs can be leveraged in the recovery, taking into account relevant issues and limitations such as those arising from applicable federal regulations, procurement limitations, and other compliance requirements.

COMMENT 7
UNMET NEEDS ASSESSMENT

Commenter questioned the use of data showing outstanding demand for existing state housing programs as a mechanism for showing the extent of unmet housing need in New Jersey.

Staff Response:

In this Action Plan Amendment, the State updated its unmet housing needs analysis using program waitlists and pipelines because unmet program demand,

in the form of waitlists or pipelines, provides recent, accurate and verifiable data on outstanding needs for assistance. Additionally, the comprehensive unmet housing needs analysis led the State to develop the programs in the Action Plan to be funded with first tranche CDBG-DR funds. It follows that the status of those programs should be considered to inform how the State assesses the allocation of second tranche CDBG-DR resources.

COMMENT 8
TARGETING CDBG-DR RESOURCES

Commenters stated that CDBG-DR resources are not being targeted to areas most in need of those resources and suggested that assistance be directed to communities in direct proportion to extent of damage sustained by those communities.

Staff Response:

The State disagrees with the commenters' assertion. The RREM program, for example, is intended to assist homeowners rebuild homes damaged by Superstorm Sandy and to prioritize first those homeowners whose homes sustained the greatest amount of damage. To ensure that funding is fairly apportioned where damage is greatest, even after randomization and prioritization of substantially damaged property owners, the State takes into account the comparative extent of damage sustained across counties to ensure funding is fairly apportioned across counties. Similarly, the scoring criteria for the NCR program, which focuses on economic revitalization in Sandy-impacted areas, expressly includes a scoring criterion focused on the extent of damage sustained by the community where the proposed project is located. These are just some examples of targeting assistance to most-impacted areas and households.

The basis for the commenters' concerns appears to relate to disbursement of monies through the Fund for Restoration of Large-Multi Family Housing program (FRM) and construction-focused rental programs. FRM programmatic details, including objective scoring criteria, are available here. The goal of the FRM program, as well as the other construction-focused rental programs, is to help stabilize and expand the rental housing market within the bounds of the nine most-impacted counties as quickly as possible. Sandy simultaneously decreased the supply of available affordable housing units and increased demand for rental units, both of which combined to put substantial upward pressure on rent prices for habitable rental units, making rental housing less affordable. As a result, the FRM program placed a premium on "shovel-ready" large multi-family projects within the nine most-impacted counties. (Along with location in the nine most-impacted counties, shovel-readiness is the most significant scoring criterion for first-tranche FRM projects.) The sooner

affordable rental units can be brought on-line, either in or near heavily impacted communities, the more quickly increased rental supply can help place some downward pressure on rent prices and make rental housing more affordable in the nine most-impacted counties. Practically, large multi-family affordable housing projects often require complicated financing; it takes time to get a potential project to the point of "shovel-ready." Even with "shovel-ready" projects, actual construction of the projects generally takes considerable time. An approach that does not focus on "shovel-ready" projects within the nine most-impacted counties simply would extend the period of time renters are faced with higher prices when unanticipated storm-related expenses continue to put heavy strains on many household budgets.

With respect to FRM, focusing on that goal as well as other important objective criteria such as the affordability of units being created, municipal support for the project, whether the project is a mixed income project, and leveraging of other financial resources to realize the project, HMFA already has objectively scored project applications and distributed funding to the 36 highest-scoring projects. The State projects that this investment will create almost 2,500 affordable units across the nine most-impacted counties. As set forth in the Action Plan Amendment, unmet demand for this program is robust.

COMMENT 9
PACE OF RECOVERY

Several commenters expressed concern about the pace with which CDBG-DR funds are being disbursed.

Staff Response:

The State shares the commenters' frustration with the challenges associated with the disbursement of CDBG-DR recovery funds. As has been made apparent through the recovery, funding can be disbursed within a few months of funding availability through programs that do not relate to construction. For example, the State was able to disburse relatively quickly more than $180 million in Homeowner Resettlement program funds. Similarly, the State continues to disburse significant funding through the Working Families Living Expenses Voucher program (also known as SHRAP).

The experience with construction-related CDBG-DR programs is much different, however. The federal regulatory requirements associated with construction programs that are in place to prevent or detect waste, fraud and abuse often make the process exceedingly cumbersome. Using the RREM program as an example, before beginning work to rebuild a house, and applicant must have:

- Registered with FEMA for disaster assistance and proven the property is in one of the nine most-impacted counties as determined by HUD;
- Proven the property was his or her primary residence and that he or she lived there during Sandy;
- Verified his or her income level; and
- Completed a complex duplication of benefits (DOB) process in order to substantiate and verify that he or she still has an "unmet need" after accounting for funding receiving from private insurance, FEMA, SBA or other sources required by federal regulation to be considered for DOB.

After completing that step, the applicant must go through a lengthy inspection process, including:

- Assessment of what work needs to be done to the property;
- Two-tiered National Environmental Protection Act environmental review; and
- National Historical Preservation Act historical preservation review.

Once those processes are completed, but before the grant award can issue, there must be:

- A review of the work assessment and scope of needs for the rebuild for a "reasonable" determination of costs;
- A determination of the property amount of the grant award;
- Gap funding in place for any costs for the project not covered by the RREM grant because construction cannot begin until it can be shown that the project can be completed;
- Selection of a contractor to perform the work; and
- Escrowing funds required to complete the project, at which point construction can begin.

Failure to comply with federal regulations can permit the federal government to de-obligate (i.e., take back) the federal recovery funds needed for recovery. CDBG-DR funds are being obligated and disbursed in response to this disaster more quickly than in any previous disaster, nevertheless, because of the challenges resulting from the cumbersome regulatory process with which the State must comply, the State fully understands the frustration with the process.

Where possible the State has taken steps to expand and streamline programs while remaining in compliance with applicable statutes and regulations. Many examples of these efforts, whether in the housing, economic or social services

context, are described in these comment responses. The State continues to look for these opportunities.

With that said, the State recognizes that issues raised by various commenters relating to things like lost paperwork and lack of responsiveness or information provided by housing or business advisors, create unnecessary delays and frustration. DCA has continued to evaluate and implement processes to increase uniformity across document collection and filing efforts to reduce the risk of lost paperwork, to provide additional training to housing advisors and evaluate the effectiveness of individual advisors, and to improve customer service through quality assurance/quality control measures, among other things. In short, DCA hears commenters' concerns and frustrations with these parts of the recovery process, the State takes responsibility for making improvements in these areas, and the State will continue to take steps to make necessary improvements going forward.

COMMENT 10
IMPLEMENTATION OF PROGRAM REQUIREMENTS

Various commenters stated that program eligibility requirements across various programs, particularly environmental and historical reviews for construction projects, were too onerous and/or time-consuming, and result in unnecessary delay. One commenter requested that the State amend the Action Plan Amendment to include a system for expedited statewide environmental reviews.

Staff Response:

The State shares the commenters' frustration with time-consuming, onerous compliance requirements. However, as described in response to the previous comment, nearly all of these requirements, including environmental and historical reviews (and the method by which those reviews are completed), are required by federal statutes and regulations. Failure to comply with applicable federal statutes and regulations could result in the federal government de-obligating (i.e., taking back) the federal funding that is so crucial to New Jersey's recovery.

COMMENT 11
TRANSPARENCY

Various commenters requested enhancements to communication of information relating to recovery programs and enhanced transparency efforts. These comments included (i) providing more information regarding the RREM program wait list and likelihood of receiving funding, (ii) more information regarding program policies and criteria, policy changes and the distribution of program funds, (iii) more

information regarding the State's interaction with recovery vendors, and (iv) guidelines regarding Section 3 compliance.

Staff Response:

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

To respond to specific transparency-related issues raised by various commenters, individuals on the RREM waitlist can contact DCA for information regarding where they are on the RREM waitlist. DCA will provide individuals with a range, rather than a specific number, because the waitlist is not static. Reasons waitlist status may change include: (i) applicant initially reported being LMI but upon income verification is determined to be non-LMI; (ii) applicant initially reported being "substantially damaged" but cannot validate that level of damage; or (iii) other applicants dropped out of the RREM program.

Some commenters expressed frustration that simply knowing their location on the waitlist is unhelpful; the critical information they need is whether and when they will be preliminarily approved for funding. With the second tranche of CDBG-DR funds, the State projects to serve approximately 3,000 applicants currently on the RREM waitlist. While the State would like to provide more certainty to the applicants remaining on the waitlist after second tranche funds are committed, the State does not know what additional funding may be made available in a third round of CDBG-DR funds that could be used for housing recovery. As a result, it is unfortunately the case that more clarity on funding waitlisted applicants is not available at this time.

CDBG-DR program information is available on the websites of state agencies administering the programs. Comments received on this subject generally appear to relate to the RREM program, the Fund for Restoration of Multi-Family Housing, and Neighborhood and Community Revitalization program. Therefore, with respect to those programs:

- RREM (DCA): Eligibility information, including lists of documents required to demonstrate satisfaction with program criteria and the process for rebuilding depending on whether an applicant chooses his or her own contractor or a state-supplied contractor, is available here. Information on program policies and procedures is available here.
- Fund for Restoration of Multi-Family Housing (HMFA): Information regarding program guidelines and scoring criteria is available here.
- Neighborhood and Community Revitalization Program (EDA): Information regarding NCR program guidelines and project selection criteria for the three NCR initiatives is available here.

Information about all Sandy-related contracts executed by State departments or agencies is available on the Office of the State Comptroller's Transparency site, available here. The funds tracker on the website, available here, continues to be updated and expanded as federal funds are administered and corresponding computer coding is developed to track the programs.

To the extent comments ask specifically for information about the termination of services provided by Hammerman & Gainer, Inc. (HGI) and initial steps moving forward to transition the process while avoiding an interruption in services, or to URS Corporation, the DCA Commissioner's February 24, 2014 testimony to the New Jersey Senate Legislative Oversight Committee on those and other recovery subjects is available here (testimony begins on page 48). Additionally, the State selection process for contractors follows established state procurement laws and the State's interactions with those contractors are governed by the terms of each contract.

Section 3 is a federal requirement that the State provide job training, employment, and contract opportunities for low- or very-low income residents in connection with certain projects and activities funded with CDBG-DR funds. Additional information regarding Section 3 is available here. Each New Jersey program that implicates Section 3 requires compliance with that federal regulation, and the State continues to take necessary steps to enforce that requirement. Particularly as construction-related activities implicating Section 3 are ramping up, requiring a significant amount of oversight to ensure Section 3 compliance, the State continues to evaluate the cost-benefit of retaining a vendor and/or engaging the non-profit community and other stakeholders for additional assistance with ensuring Section 3 compliance.

COMMENT 12
PROCESSES & POLICY PAYMENTS FROM NFIP

Various commenters expressed frustrations with the National Flood Insurance Program (NFIP), particularly with respect to the process involved to receive insurance payments from NFIP or its providers and the payment amounts made under NFIP policies.

Staff Response:

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

On March 21, 2014, after the public comment period closed for the Action Plan Amendment, the U.S. Congress passed, and the President signed into law, the Grimm-Menendez Flood Insurance Act of 2014, which addresses and modifies various provisions of the Biggert-Waters Flood Insurance Act of 2012. The State is evaluating the impact of this legislation on its various recovery programs.

While commenters' frustration was directed generally at the National Flood Insurance Program, which the State does not regulate, the State, through its Department of Banking and Insurance, has taken considerable steps to work with the insurers it does regulate to ensure that claims to those insurers are efficiently and effectively closed. These include claims under homeowners, automobile and commercial policies, among others. To date, 99 percent of these claims have been closed.

To address instances where there were disputes between insurance companies and policyholders, the State established an insurance mediation program where disputed claims could be resolved. Three hundred and ninety-two claims, or 67 percent of matters that have gone to mediation to date have resulted in either a full or partial settlement. (Notably, the State invited the National Flood Insurance Program to voluntarily participate in this mediation program, but NFIP declined to participate in a meaningful capacity.)

COMMENT 13
FLOOD INSURANCE PREMIUMS AND FLOOD MAPS

Various commenters expressed concerns regarding the impact of rising insurance premiums on home values, alterations made to FEMA's flood maps, deed restrictions and the cost of home elevations.

Staff Response:

The State recognizes the significant cost of home elevations, which is why the RREM program will assist eligible homeowners by providing grants up to $150,000 for activities including elevation. The RREM program prioritizes eligible homeowners whose primary residences were "substantially damaged" and need to elevate. The State will add $390 million in funding to the RREM program which is projected to benefit approximately 3,000 homeowners currently on the program waitlist.

Additionally, the State committed $100 million in FEMA Hazard Mitigation Grant Program funds to a separate program that provides grants up to $30,000 to assist with the cost of home elevations. Among other things, that program prioritizes applicants based on the risk posed to their residences by future flooding events (i.e., how far the home is below FEMA's best available elevation standard). Flood insurance monies received by individuals for "Increased Cost of Compliance" also can be used toward home elevations. While the State recognizes that demand for home elevations is substantial, given the significant and costly needs identified in other sectors that must also be addressed – particularly energy and flood hazard mitigation needs – there simply is not sufficient funding in this second tranche of CDBG-DR monies to allocate additional support for an elevation grant program.

Regarding the rising costs of flood insurance, by the Biggert-Waters Flood Insurance Reform Act of 2012, through that legislation the U.S. Congress eliminated the subsidy that significantly reduced flood insurance premiums for individuals residing in a flood plain, thereby adjusting premiums to be more closely associated with actual flood risk. The State had no say in the passage of this federal legislation and recognized the additional financial pressure it placed on individuals residing in a floodplain and that heightened insurance costs can reduce property values. Following Superstorm Sandy, the State has supported federal efforts to delay or lessen the phase-in of actuarial flood insurance rates while individuals are still recovering from the storm. The State also has advocated for changes to the federal law that would better account for its impact on many urban properties and historical properties that cannot be elevated to FEMA's new best available floodplain standards.

On March 21, 2014, after the public comment period closed for the Action Plan Amendment, the U.S. Congress passed, and the President signed into law, the Grimm-Menendez Flood Insurance Act of 2014, which addresses and modifies various provisions of the Biggert-Waters Flood Insurance Act of 2012, including provisions regarding how flood insurance premiums are determined. The State is evaluating the impact of this legislation on its various recovery programs.

COMMENT 14
NFIP & STATE REBUILDING REQUIREMENTS

Commenter asserted that Sandy rebuilding standards are not consistent with NFIP requirements.

Staff Response:

The State disagrees with the commenter's assertion. State rebuilding standards are applied in concert with New Jersey's Uniform Construction Code (UCC), which regulations incorporate NFIP standards. The UCC, which is overseen by the New Jersey Department of Community Affairs and is administered locally by municipal construction officials, is largely based on the International Code Series, the flood provisions of which are deemed by FEMA to be consistent with minimum NFIP requirements for buildings. Given that all new, reconstructed, modified, substantially damaged and substantially improved buildings in New Jersey's flood hazard areas must meet the requirements of applicable state rebuilding standards and the UCC, the more stringent standards of these requirements always will apply. As a result, all new, reconstructed, modified, substantially damaged and substantially improved buildings in New Jersey meet or exceed the minimum standards of the NFIP.

The New Jersey Department of Community Affairs recently proposed regulatory amendments to the UCC. These amendments make specific reference to the need to comply with the requirements for flood resistant construction where the local flood plain administrator has made a finding that the proposed work constitutes a substantial improvement. This should help reduce confusion among residents and implementing officials and further ensure consistency with the minimum standards of the NFIP.

Moreover, to further reduce any potential confusion, the New Jersey Department of Environmental Protection, in consultation with the New Jersey Department of Community Affairs, is reviewing its Flood Hazard Area Control Act rules to ensure further consistency between these rules which overlap in the context of resilient rebuilding.

COMMENT 15
RAISING ELECTRICAL/MECHANICAL EQUIPMENT

Commenter expressed support for raising of electrical and mechanical equipment to higher elevations as a flood-proofing measure.

Staff Response:

Applicable federal regulations currently do not encourage investment of federal resources for these types of efforts. Property owners likely to be most interested

in such a program are those with residences that cannot be elevated above base flood elevations, including urban properties or historical properties. However, if a property owner accepts federal recovery funds to raise equipment – usually at a cost of a few thousand dollars – that construction activity implicates the federal regulatory requirement that flood insurance be carried on the property in perpetuity. And federal flood insurance rates under the NFIP also do not currently take into account the mitigation measure of raising equipment when setting insurance premiums.

Notably, the Grimm-Menendez Flood Insurance Act of 2014, signed into law on March 21, 2014, requires the administrator of NFIP to establish guidelines that provide alternative methods of mitigation other than elevation to reduce flood risk in residential building that cannot be elevated because of structural characteristics. The legislation does not describe any particular measures to be considered. Pursuant to the legislation, the NFIP administrator has one year to issue the guidelines.

COMMENT 16
FEMA RENTAL ASSISTANCE

Commenter raised concern that FEMA rental assistance would be ending in April 2014.

Staff Response:

Under the Robert T. Stafford Disaster Relief and Emergency Assistance Act FEMA is authorized to provide financial or other assistance to individuals and households to respond to disaster-related housing needs "for a period not to exceed 18 months from the date of [the disaster] declaration." The eighteen-month period for Superstorm Sandy ends on April 30, 2014.

On January 28, 2014, Governor Christie wrote President Obama requesting a six-month extension of this deadline based on the extensive devastation caused by Sandy and the continuing need for disaster housing assistance. FEMA responded on March 12, 2014, granting a four-month extension of direct housing assistance for homeowners living in FEMA-provided temporary housing units and at the former Fort Monmouth military base. FEMA denied the State's request to extend other forms of financial assistance, including rental assistance.

The State has implemented other disaster relief programs to address the continuing needs of homeowners and renters, including the Working Families Living Expenses Voucher Program (also known as SHRAP). SHRAP provides housing stability for individuals and families still recovering financially from Superstorm Sandy by helping to offset mortgage, rent and specified recovery-related household expenses. The SHRAP program may assist households

currently benefitting from FEMA's financial assistance program after the FEMA program concludes.

COMMENT 17
RREM FUNDING DISTRIBUTION

Commenters asked about the amount of funding disbursed and number of households assisted thus far through the RREM program.

Staff Response:

The RREM program currently is funded with $710 million from first tranche CDBG-DR funds. As of March 15, 2014, a total of 5,410 homeowners have been preliminarily approved for funds. Of these awardees, over 1,500 owners have signed grant awards, resulting in a commitment of approximately $175 million in grant funds, and these owners are ready to begin the construction phase. Nearly $60 million has been drawn down and expended in the program as of March 15, 2014, including funding for reimbursement of construction expenses to the fullest extent permitted by HUD. DCA is actively working with all applicants who have been preliminarily approved for funding or who have signed a grant award to move them through the RREM process.

COMMENT 18
RREM WAITLIST

Various commenters asked about the process for determining the RREM waitlist.

Staff Response:

RREM eligibility policies are contained in RREM policies and procedures, available here.

The initial application period for the RREM program ran from May 24, 2013 through June 30, 2013. All applications received by June 30, 2013 were designated as Group 1. On July 1, in order to meet HUD's LMI requirements and address the LMI targeting priorities outlined in the State's Action Plan, all Group 1 applications were separated by self-attested LMI households and self-attested non-LMI households. Thereafter, all Group 1 applicants were assigned a number through an electronic randomization process. Using the ordering created by the electronic randomization, the two income groupings (LMI and non-LMI) were further prioritized by the extent of damage. Applicants who self-attested to substantial damage were prioritized ahead of those reporting non-substantial damage, in accordance with the criteria outlined in the Action Plan. (Importantly, in order to retain the location in the funding priority, applicants must later verify the self-attestation. This ensures that individuals could not self-attest to substantial damage, even if that were not the case, and receive funding

ahead of applicants with homes that did sustain substantial damage.) In addition, per DCA procedures, the State also worked to ensure that the distribution of assistance through the RREM program was meaningfully tied to the distribution of housing damage across the nine most-impacted counties (i.e., that, as a result of the randomization, the percentage of RREM program funds for applicants in a county was not substantially different than proportion to the percentage of damage sustained by that county as compared to the other eight most-impacted counties).

The second RREM application period was July 1, 2013 through August 1, 2013. Applications received during this second phase were considered Group 2. Each applicant from Group 2 received a sequential order number based on the exact date and time that the application was electronically submitted and logged by the system. That applicant then was added to the funding list at the bottom of the existing list with their same self-attested income level (LMI or non-LMI) and property damage. So, for example, if there were 3,000 LMI applicants in Group 1, 1,000 of which self-attested to substantial damage, and the first applicant filing on July 1, 2013 was LMI and substantially damaged, that applicant would be slotted in on the LMI list at number 1,001.

Regarding which applicants have been funded, consistent with the Action Plan the State committed 70 percent of first tranche RREM funds to serve eligible LMI applicants and 30 percent to serve eligible non-LMI applicants. The State then issued preliminary approvals to applicants on the LMI and non-LMI funding list in numeric order from the top of each list until first tranche funding was fully committed. With the initial funds, the State issued nearly 3,500 preliminary awards. Notably, the waitlist still contained Group 1 applicants after the first round of preliminary awards were issued. The State moved approximately 1,300 additional applicants from the waitlist after $110 million of first tranche CDBG-DR funds was shifted from an economic program to the RREM program.

With second tranche RREM funds, the State will continue to preliminarily approve applicants in their numeric order until all second tranche CDBG-DR funds for RREM are committed, with a goal of targeting up to 50 percent of the funds for LMI applicants.

COMMENT 19
GRANT APPLICATION STATUS

Various commenters inquired into the status of their grant application, including questions regarding where they were situated on the RREM waitlist and the likelihood that recovery funding would reach them on the waitlist.

Staff Response:

The State has identified those commenters who raised issues specific to their recovery and will contact those commenters to provide information and assistance specific to their needs.

In response to requests by applicants regarding where they stand on the RREM program waitlist, DCA will identify for applicants the range within which their program application falls. The reason for using a range, and not a specific number, is that the waitlist is subject to fluctuation. For example, if an applicant drops out of the RREM program, applicants below that individual move up the waitlist. To inquire about the status of your application, please contact the program Call Center at 1-855-SANDYHM (1-855-726-3946) or click here for the contact information of the Housing Recovery Center nearest to you. Please have your application number available as a reference.

Regarding funding for individuals on the waitlist, with the commitment of $390 million of second tranche CDBG-DR funds to the RREM program, the State projects to assist approximately 3,000 RREM applicants. Because there currently are 7,100 applicants on the waitlist, the State does not expect that it will have sufficient funding using second tranche CDBG-DR monies to address all applicants. It is possible that the State may be able to serve additional households with second tranche funds if, for example, the average RREM award is less than anticipated or if any applicants elect to withdraw from the program. However, it is not certain now whether that will be the case.

The State awaits guidance from HUD regarding whether and how much funding may be provided to New Jersey in a third tranche of CDBG-DR funding that could be used to address unmet housing needs.

COMMENT 20
RREM APPEALS PROCESS

Various commenters expressed concern about the percentage of applicants initially deemed ineligible for housing recovery programs that, upon appeal, were deemed eligible. Commenters asked that the appeals process be re-opened for homeowner programs. One commenter stated that the State should review all ineligible RREM applications regardless of whether or not an applicant takes advantage of the re-opened appeals process.

Staff Response:

The State built an appeals process into programs like the RREM program and the Homeowner Resettlement program in order to ensure that applicants incorrectly deemed ineligible would have a mechanism for challenging that determination such that, upon being deemed eligible, they would be placed in

the same position for funding that the applicant would have been in had the application been deemed eligible from the start.

In response to concerns regarding the appeals process, the State has extended the appeals period until March 31, 2014 for applicants initially deemed ineligible for RREM program or the Homeowner Resettlement program who did not appeal during the first appeals period. The State issued letters on or about February 10, 2014 to these applicants with information regarding the submission of appeals. Information about the appeals process and the forms required to submit an appeal also is available at www.renewjerseystronger.org.

COMMENT 21
RREM APPLICATION PERIOD

Various commenters indicated they were unaware of the RREM Program, or did not learn about the program until after the application deadlines had passed. Commenters recommended that the State re-open the application period for the RREM program.

Staff Response:

DCA did extensive outreach in connection with its homeowner programs in areas impacted by Superstorm Sandy, and emphasized reaching LMI communities. Among other things, during the two-month application period for the RREM program, LMI neighborhoods were canvassed with flyers and door hangers in many Sandy-impacted towns, including Atlantic City, Carteret, Jersey City, Keansburg, Little Egg Harbor Township, Long Branch, Union Beach and Wildwood. DCA also advertised the RREM program in newspapers and on radio stations, including Spanish-language outlets and outlets that serve LMI communities. In addition, DCA reached out to a diverse group of partner organizations that assist low- and moderate-income families. DCA also partnered with mayors and local officials to provide recovery information to affected communities, and numerous mobile cabinets also were held in various impacted communities. These are some examples of the considerable outreach during the more than two-month RREM application period.

That the State received more than 15,000 RREM applications of which more than 12,000 satisfied preliminary eligibility criteria speaks to the extent of outreach. There are currently more than 7,000 people on the RREM program waitlist and even with second tranche funding, the State projects that funds will not be sufficient to serve all waitlisted applicants.

Nevertheless, the State, in response to the public comments submitted to the proposed Action Plan Amendment and in consultation with HUD, has added to its plan the LMI Homeowners Rebuilding Program, to be funded initially with

$40 million of second tranche CDBG-DR funds. This program will target LMI households that could have satisfied RREM eligibility criteria but did not submit an application during the ten-week RREM application period. Because the State remains committed to providing assistance to those households with the most limited financial resources and significant needs, and because the State projects that second tranche CDBG-DR funds will address the existing LMI RREM waitlist, the LMI Homeowners Rebuilding Program is intended to ensure that eligible vulnerable populations are served. Details regarding the program application process will be forthcoming, following HUD approval of the Action Plan Amendment.

COMMENT 22
IMPROVEMENTS TO RREM PROCESS; PROGRAM ELIGIBILITY REQUIREMENTS

Various commenters expressed concern regarding the RREM application process and the criteria for determining eligibility. Commenters also expressed the importance of streamlining the process so critical recovery funding could be more quickly distributed. Some commenters raised issues about lost paperwork, limited options for producing personal identification documents, challenges accessing program information, ineffective interactions with housing counselors where they did not receive responses to questions or received inconsistent responses, and delays in meeting with construction contractors. Another commenter stated that HUD-certified housing counselors should be available in the Housing Recovery Centers. Other commenters stated that various program eligibility requirements, particularly environmental and historical reviews for construction projects, were too onerous and time-consuming, and result in unnecessary delay. Another commenter stated that scope of work assessment should be more uniform across projects.

Staff Response:

The State shares the commenters' frustrations with the challenges associated with disbursing CDBG-DR recovery funds. As has been made apparent through the recovery, for programs that do not relate to construction, funds can be disbursed rather quickly. The State was able to disburse relatively quickly more than $180 million in Homeowner Resettlement program funds. Similarly, the State continues to disburse significant funding through the Working Families Living Expenses Voucher program (also known as SHRAP), funded with federal Social Services Block Grant monies, which is helping homeowners and renters whose household budgets have been strained by costs associated with recovering from Sandy.

The experience with construction-related CDBG-DR programs is much different, however. The federal regulatory requirements associated with construction

programs that are in place to prevent or detect waste, fraud and abuse can make the process cumbersome. As is required, the RREM program was designed to ensure compliance by implementing requirements. Initial steps include confirming that an applicant has:

- Registered with FEMA for disaster assistance and proven the property is in one of the nine most-impacted counties as determined by HUD;
- Proven the property was his or her primary residence when Sandy struck;
- Verified his or her income level; and
- Completed a mandatory duplication of benefits (DOB) process in order to verify that he or she still has an "unmet need" after accounting for funding receiving from private insurance, FEMA, SBA or other sources required by federal regulation to be considered for DOB.

After completing that step, the applicant must go through a lengthy inspection process, including:

- Assessment of what work was completed and what needs to be done to the property;
- Lead and asbestos inspections;
- Two-tiered National Environmental Policy Protection Act environmental review; and
- National Historical Preservation Act historical preservation review.

Once those processes are completed, but before the grant award can issue, there must be:

- A review of the work assessment and scope of needs for the rebuild for a "reasonable" determination of costs;
- A determination of the grant award amount, in light of the work assessment and the initial DOB analysis;
- Gap funding in place for any costs for the project not covered by the RREM grant because construction cannot begin until it can be shown that the project can be completed; and
- Selection of a contractor to perform the work.

The federal government can de-obligate (i.e., take back) the federal recovery funds that residents need to recover if regulatory requirements are not satisfied.

That said, DCA recognizes that issues raised by various commenters such as lost paperwork, delays in meeting with construction contractors, increased

uniformity in scope of work assessments and lack of responsiveness or information provided by housing or business advisors create unnecessary delays and frustration. DCA has continued to work diligently to improve efficiency in document collection, reduce the risk of lost paperwork, provide additional training to advisors, evaluate the effectiveness of individual advisors, and to improve customer service through quality assurance/quality control measures. As DCA has transitioned from its previous contractor, DCA has taken a more extensive role in direct case management. As part of that case management, through the Supportive Services program, which is funded with first tranche CDBG-DR funds, DCA plans to incorporate HUD-certified housing counselors into the housing recovery effort to provide housing assistance and related services to individuals. In short, DCA hears commenters' concerns and frustrations with these parts of the recovery process, takes responsibility for making improvements in these areas and is actively trying to make those improvements.

Additionally, the State has pursued, and will continue to pursue, avenues to streamline and improve programs within the parameters of applicable rules and regulations. The State continues to work with HUD toward adjusting existing policies and pursuing waivers that will expand relief or will expedite or improve the rebuilding process. Some of these steps include allowing applicants to remain with or select their own contractor, pushing for maximum reimbursement allowance for construction expenses, providing for construction advances to homeowners to help pay for deposits and other out-of-pocket up front expenses, and streamlining document requirements.

COMMENT 23
REIMBURSEMENT FOR CONSTRUCTION COSTS

Various commenters inquired about whether they could be reimbursed for expenses incurred after date of application and before their application is approved. Commenters similarly expressed frustration with the fact that they cannot begin work pending receipt of grant funds.

Staff Response:

The State understands the reimbursement concern raised by the commenters. Initially, when the State opened the RREM application period, no reimbursement was permitted by HUD. The State repeatedly pressed for reconsideration of the reimbursement policy, and HUD did amend its policy to allow for the first time in any disaster recovery limited reimbursement of pre-award construction costs.

Based on the revised policy, HUD caps the period during which a homeowner or business-owner can receive reimbursement for eligible, pre-award construction costs at the earlier of (i) the date the applicant submits a CDBG-DR funded program application, or (ii) October 29, 2013. While the State appreciated this modification to HUD's initial preclusion of any reimbursement, the State has advocated for additional modifications. Specifically, the existing policy precludes homeowners and businesses waitlisted for construction-related funding programs from doing any recovery work, delaying their recovery and the recovery of their communities. Thus far, the reimbursement policy has not changed. It is the State's understanding that the federal policy is driven by federal regulations in 40 C.F.R. § 1506.1, and concerns that encouraging pre-award construction could negatively impact environmental conditions at the construction site.

COMMENT 24
RACE & ETHNICITY

Commenters expressed concern about the rate of African American and Latino applicants that were deemed ineligible pursuant to the RREM program criteria.

Staff Response:

Race and ethnicity play no role in RREM program eligibility determinations. The only reason that race and ethnicity is even requested as part of the RREM program application is because HUD requires that information to be captured as part of the application process. Moreover, applicants can elect not to designate race and ethnicity as part of the RREM application, and many RREM applicants elected not to do so.

The eligibility criteria established form the RREM program are purely objective, and are driven by the need to comply with federal requirements as well as giving effect to the State's intent to direct funding first to those who need assistance most.

No subjective criteria were used in determining RREM eligibility. The single most significant factor for deeming households ineligible for RREM program funding was inability to meet the minimum damage threshold ($8,000 in physical damage or at least one foot of flooding on the first floor). Eighty-nine percent of African American households determined to be ineligible and 72 percent of Hispanic households determined to be ineligible was for not having met the minimum damage threshold.

COMMENT 25
SECOND HOMES

Various commenters expressed concern and frustration that CDBG-DR funds are not being used to address second homes damaged by Superstorm Sandy. Commenters stated that second homes would remain storm damaged and empty without reconstruction or rehabilitation assistance.

Staff Response:

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

COMMENT 26
RREM & MOBILE HOMEOWNERS

Several commenters sought clarification on whether mobile/manufactured homes were eligible for RREM funding and requested that the State make allowances to assist mobile homeowners who received conflicting information during the RREM application period regarding whether mobile homeowners were eligible for RREM. Additionally, a commenter suggested that CDBG-DR funds be used to assist non-profits in developing two new mobile home communities for owners of mobile homes whose mobile home parks are no longer viable as a result of Superstorm Sandy.

Staff Response:

The State appreciates the comments received regarding the challenges facing Sandy-affected mobile homeowners, and the State takes seriously comments that some mobile homeowners received information during the RREM application process that led them not to apply to the RREM program, for which mobile/manufactured housing is eligible.

The State has identified a number of significant challenges to providing assistance to mobile homeowners, even through RREM. As one example, substantially damaged mobile homeowners – even those who applied for RREM – often may not be able to accept federal recovery funding because some mobile homes cannot be elevated. Cost reasonableness considerations also can create challenges. The State is working with relevant federal, state and local authorities to determine if regulatory challenges can be overcome.

That said, in response to the public comments submitted to the proposed Action Plan Amendment, the State has added to its plan the LMI Homeowners Rebuilding Program, to be funded initially with $40 million of second tranche CDBG-DR funds. This program will target LMI households that could have satisfied the RREM eligibility criteria but did not submit an application during the ten-week RREM application period. As stated in the program description, DCA's outreach efforts across the nine most-impacted counties to encourage participation in the RREM program was substantial. Nevertheless, because the State remains committed to providing assistance to those households with the most limited financial resources and significant needs, and because the State projects that second tranche CDBG-DR funds will address the existing LMI RREM waitlist, this program is intended to ensure that the most vulnerable populations eligible for assistance are served. Details regarding the program application process will be forthcoming, following HUD approval of the Action Plan Amendment. Mobile homeowners who qualify as LMI households may benefit from this program, though the regulatory issues referenced above still may present recovery challenges.

While the State will evaluate the commenter's suggestion to create two new mobile home communities, the breadth of the State's unmet housing needs and the limited resources available to address those needs likely preclude such an initiative at this time.

COMMENT 27
SUBSTANTIAL DAMAGE REQUIREMENT

Commenters expressed concern that some RREM applicants will not receive awards because they could not meet the "substantial damage" threshold on account of the fact that they could not obtain a substantial damage letter from their municipal floodplain manager. Another commenter requested that the RREM application period be re-opened because some homeowners did not receive substantial damage letters.

Staff Response:

Given limited available recovery funds, the State has tried to target its financial resources first to those who are most in need. With respect to assisting homeowners, this means prioritizing homeowners for funding based on the extent of the damage to their primary residences. Homeowners whose homes sustained substantial damage receive first priority (i.e., damaging exceeding more than 50 percent of the home's pre-storm value). Homeowners who have not received a substantial damage determination are still eligible for RREM, provided that they meet all threshold eligibility criteria.

As indicated by the commenter, substantial damage is documented through a letter that must be issued by the local floodplain administrator for each municipality. While the issuance of substantial damage letters is officially controlled at the local level, DCA has provided resources to assist municipalities in that effort. Among other things, DCA sent out template substantial damage letters to local code officials and performed property reviews in several municipalities.

Moreover, in response to the public comments submitted to the proposed Action Plan Amendment, the State has added to its plan the LMI Homeowners Rebuilding Program, to be funded initially with $40 million of second tranche CDBG-DR funds. This program will target LMI households that could have satisfied the RREM eligibility criteria but did not submit an application during the ten-week RREM application period. As stated in the program description, DCA's outreach efforts across the nine most-impacted counties to encourage participation in the RREM program was substantial. Nevertheless, because the State remains committed to providing assistance to those households with the most limited financial resources and significant needs, and because the State projects that second tranche CDBG-DR funds will address the existing LMI RREM waitlist, this program is intended to ensure that the most vulnerable populations eligible for assistance are served. Details regarding the program application process will be forthcoming, following HUD approval of the Action Plan Amendment. This new program may address the commenter's concern.

COMMENT 28
REDUCE SIZE OF RREM GRANT

Commenter suggested that the State reduce the $150,000 maximum grant amount for the RREM program in order to assist more homeowners through the RREM program.

Staff Response:

Although the maximum RREM grant award is $150,000, many RREM applicants are receiving grant awards less than the maximum award because their "unmet need" does not amount to $150,000. As of March 2014, the current average RREM award is approximately $112,000.

Nevertheless, many households need the maximum $150,000 RREM award to recover. Some households have more than $150,000 in unmet needs, and before receiving any assistance through the RREM program, they must identify additional monies to satisfy that funding gap. Federal funds cannot be expended on a project if there are insufficient funds to bring the project to completion. As stated in the Action Plan Amendment, philanthropic dollars committed through

a "gap funding" program administered by the Community Development Financial Institution New Jersey Community Capital, with initial support of $15 million, is one source that may be leveraged by homeowners to address funding gaps. Other private funding sources, including private loans, also may be available for housing construction needs above the maximum $150,000 RREM grant.

Were the State to reduce the maximum RREM grant award, more significant funding gaps would exist and an additional burden would be placed on homeowners already struggling to find sufficient financing for rebuilding. Given these considerations, the State will not reduce the $150,000 maximum grant award for the RREM program.

COMMENT 29
RREM INCOME THRESHOLD

Commenter stated that the $250,000 adjusted gross income cap for RREM eligibility should be calculated by averaging adjusted gross income over a three-year period. Another commenter suggested that the $250,000 adjusted gross income cap for RREM eligibility should be raised or eliminated.

Staff Response:

Given that unmet housing recovery needs far exceed available recovery resources, the State needed to establish criteria to ensure that program funding went first to those who needed funding most, meaning households that sustained the most damage and that have comparatively less means. Even with the $250,000 adjusted gross income cap for RREM eligibility, RREM program demand exceeds available resources. Given the current demand for the RREM program the State will not change the $250,000 adjusted gross income cap calculation for RREM eligibility at this time.

COMMENT 30
DESIGN COSTS

Commenter stated that design costs incurred in connection with rebuilding should be treated the same under the RREM program regardless of whether an applicant chooses his or her own contractor or elects to use a state-supplied contractor.

Staff Response:

Where individuals choose their own contractor (i.e., Pathway B), design costs incurred by the applicant can be reimbursed through the 15 percent contingency added to RREM awards. Where individuals elect to use a state-supplied contractor (i.e., Pathway C), the State manages the entire construction

process, including design, and design costs are covered as part of the RREM award.

COMMENT 31
HOME RECONSTRUCTION OPTIONS

Several commenters expressed that they were not given enough choice in the reconstruction of their home in the RREM program. One commenter suggested that many Sandy-affected homes should not be elevated, but rather should be demolished and new homes rebuilt.

Staff Response:

The RREM program seeks to provide applicants a choice in their unit size, materials, and finishes of their new home. However, federal requirements dictate that all costs incurred in rebuilding must be reasonable, necessary and customary. As a result, the State must carefully assess all construction cost items and ensure that the costs meet these standards. This requires estimating construction costs and grant awards assuming basic, moderate finishes, materials and unit sizes. Similarly, demolition and reconstruction of homes only can occur if doing so is determined to be reasonable and necessary, in compliance with federal regulations.

Within these constraints, homeowners are given a choice about whether to select their own contractor or work through a RREM-selected contractor. If a homeowner chooses to work with their own contractor or chooses a state-supplied contractor, they have flexibility to select the design and features of their home, although the RREM program can only pay for items that are basic and cost reasonable. Notably, if the owner will be reconstructing with a RREM-selected contractor, the owner may choose among dozens of designs, again provided that the desired design is cost reasonable under the circumstances.

COMMENT 32
DUPLEXES

Commenter asked whether duplexes were eligible for the RREM program.

Staff Response:

As long as a duplex is owned by the applicant and is the applicant's primary residence – and the applicant meets all other threshold RREM program criteria – the unit is eligible for the RREM program. Importantly, however, RREM funds cannot be used to rehabilitate any units in a duplex/multiplex that were a rental and therefore not occupied by the owner at the time of the storm. These units may be eligible for assistance under the Landlord Rental Repair Program (LRRP).

Generally, single family homes, owner-occupied units in multi-unit structures, owner-occupied units in mixed use structures and mobile/manufactured homes are eligible for the RREM program, as was indicated in the RREM application.

COMMENT 33
REBUILDING STICK BUILT OR MODULAR HOMES

Commenter stated that eligible RREM applicants should be able to use RREM grant funds to demolish their homes and rebuild stick built or modular homes.

Staff Response:

RREM grant funds can used to rebuild stick-built or modular homes. It appears that the commenter's concern touches on federal "cost reasonableness" requirements, which does place boundaries on how individual structures can be rebuilt under the circumstances. The State must comply with those requirements. The State will seek to connect with the commenter for additional information so that the commenter's concern may be more fully addressed.

COMMENT 34
RREM PRICING STRUCTURE

Commenter stated that the RREM program would be improved by adopting a more accurate, reasonable pricing structure. Commenter expressed concern that the prices dictated to DCA by HUD are much lower than prices being paid in other states for identical programs, and that insurance, taxes, labor and material costs are greater in New Jersey, which the pricing structure should reflect.

Staff Response:

Other than a requirement for cost reasonableness, HUD does not dictate a price structure. A nationally recognized construction cost analysis system used by the industry and other states is used to predict and define "cost reasonable" construction costs. In addition, these costs were verified when all RREM pool contractors were asked to bid against the standard home specifications. These prices were averaged across dozens of contractors and used to create unit prices, and costs are localized and updated to reflect regional prices. The State includes a 15 percent contingency consideration in each grant to account for unanticipated variations that may exist in post-disaster construction.

The State determines the reasonable and necessary rebuilding cost of an individual home through an on-site inspection performed by an approved RREM contractor. The contractor records the damage and replacement/repair/reconstruction and elevation needs of each home.

COMMENT 35
RE-OPENING QUALIFIED CONTRACTOR POOL APPLICATION PROCESS

Commenter asked the State to reopen qualified contractor pool application process.

Staff Response:

The State held three rounds of applications between June and September of 2013 to allow contractors to submit requests for qualifications to be added to the Qualified Contractor Pool. These contractors responded to a publicly advertised Request for Qualifications, available here. Following that process, 47 contractors became a part of the Qualified Contractor Pool for the RREM program. Given the significant percentage of applicants choosing their own contractor, the State does not anticipate there will be another Request for Qualification to enter into the Qualified Contractor Pool unless it is determined that there is insufficient capacity within that pool to address rebuilding needs. The State will continually review the need.

Because a significant percentage of eligible RREM applicants are electing to choose their own contractor rather than electing to use a state-supplied contractor, construction opportunities may be available to the commenter among the large RREM population not using state-supplied contractors.

COMMENT 36
USE OF CONTRACTORS IN REBUILDING

Commenter questions why it is necessary to secure contractors to build Sandy-funded housing when there are state workers available.

Staff Response:

The State's role in repairing or replacing housing damaged by Sandy is administrative. Per federal and state regulations, actual construction work must be performed by appropriately licensed, insured and bonded contractors.

COMMENT 37
MONITORING FUNDING

Commenter suggested that funding for oversight, monitoring, and technical assistance should be redirected to the RREM program.

Staff Response:

Complying with the level of monitoring and oversight required by state and federal laws in disaster recovery requires a significant investment of CDBG-DR resources for oversight and monitoring. The State has allocated slightly less than 5 percent of its aggregate CDBG-DR funds received for this purpose, and the cap

on CDBG-DR funding for these initiatives is federally set at 5 percent of aggregate funding.

COMMENT 38
RE-OPENING HOMEOWNER RESETTLEMENT APPLICATION

Commenters requested that the State re-open the application for the Homeowner Resettlement program.

Staff Response:

The State has provided $10,000 Homeowner Resettlement grants to over 18,000 homeowners. These funds could be used for non-construction purposes, including costs of living expenses, rent, mortgage payments and insurance payments. As a condition of receiving the grant, the applicant certifies that he or she will continue to reside in their communities, helping stabilize communities affected by the storm.

The Working Families Living Expenses Voucher Program (also known as SHRAP), funded with federal Social Services Block Grant monies, is currently open and can provide assistance for homeowners and renters of up to $15,000 to address expenses similar to that which was provided through the Homeowner Resettlement program. For that reason, and given the substantial unmet demand in the RREM program, the State will not re-open the Homeowner Resettlement program at this time.

COMMENT 39
USE OF HOMEOWNER RESETTLEMENT FUNDS

Commenter expressed concern that recipients of Homeowner Resettlement program funds are using those monies for construction on homes not damaged by Superstorm Sandy.

Staff Response:

Eligible uses of the $10,000 Homeowner Resettlement grants provided through the program are described in each applicant's grant agreement. They include, among other things, addressing increases in insurance premiums or offsetting costs of having to pay both a mortgage and rent at the same time because of displacement resulting from Sandy. At least as described by the commenter, the construction-related uses referenced in the comment would violate the terms of the applicant's grant agreement. Each homeowner attests through a signed document that they will adhere to the proper use of the funds. Any known misconduct should be reported to DCA and the Office of the New Jersey Attorney General.

COMMENT 40
ASSISTANCE FOR HOMEOWNERS DISPLACED DURING CONSTRUCTION

Various commenters asked whether a program will assist homeowners who must vacate while their homes are under construction. Other commenters expressed concern about the costs of having to simultaneously make mortgage and rent payments.

Staff Response:

While temporary rental assistance was made available by FEMA for many displaced households, the State is aware that the program will expire and could cause a hardship for some households. The Working Families Living Expenses Voucher Program (also known as SHRAP), funded with federal Social Services Block Grant monies, is an open program that could provide the type of assistance sought by the commenters. The State has also amended the RREM program description to provide that temporary relocation may be considered as an eligible cost under the program. Funding provided through the Homeowner Resettlement program also could be used toward the costs described by the commenters.

COMMENT 41
FUNDING PRIORITIZATION BASED ON INSURANCE

Two commenters stated that housing recovery funding should be prioritized for Sandy-affected households that are uninsured. One commenter stated that insured individuals have sufficient funding to recover. A different commenter stated that no recovery funds should be provided to uninsured property owners.

Staff Response:

The State disagrees with the commenter's suggestion that all insured property owners have sufficient funding to recovery. The duplication of benefits analysis the State has undertaken for RREM applicants who did carry flood insurance has shown that is not the case. The State also disagrees with the comment that affected, uninsured property owners should be cut-off from critical recovery assistance. As a result, the State will not amend criteria for its housing programs to incorporate a prioritization based on whether or not a property owner is insured.

COMMENT 42
VOUCHERS FOR HOMEOWNERS

Commenter requested housing vouchers for homeowners to help address storm-related costs.

Staff Response:

The State's Homeowner Resettlement program and the Working Families Living Expenses Voucher program (also known as SHRAP) provide financial assistance to eligible households, both of which are intended to address the financial concerns raised by the commenter.

COMMENT 43
HMGP ELEVATION PROGRAM WAITLIST

Commenters asked whether additional funds would be allocated to the HMGP Elevation program and expressed concern that the funding available through the elevation program was not sufficient to cover the entire cost of elevations. Commenters expressed concern about the HMGP Elevation program requirement precluding homeowners from undertaking any elevation work prior to receiving grant funds through the program.

Staff Response:

The HMGP Elevation program is not funded with HUD CDBG-Disaster Recovery funds, but rather is funded through FEMA monies made available pursuant to Section 404 of the Stafford Act. New Jersey's allocation of HMGP funds is based on a federal formula relating to the total cost of eligible FEMA Public Assistance projects submitted by the State in disaster recovery. If additional HMGP funds are provided to the State, the State will consider the commenters' suggestion in assessing how to allocate the funds.

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

COMMENT 44
MODIFICATIONS TO NEIGHBORHOOD ENHANCEMENT PROGRAM

Commenter requested that the Neighborhood Enhancement Program (NEP) be modified to (i) make Community Development Financial Institutions (CDFIs) eligible program recipients, (ii) specify the amount of funding that may be expended through the NEP program on a per-unit basis, and (iii) increase NEP funding by $10 million.

Staff Response:

The requests to make CDFIs eligible NEP recipients and to specify the amount of funding that may be expended through the NEP program on a per-unit basis has been integrated into the Action Plan Amendment submitted to HUD. Given the limited second tranche CDBG-DR funding available to the State and the many unmet needs across all sectors, the State will not increase the amount of second tranche CDBG-DR funds allocated at this time for NEP.

COMMENT 45
FUNDING FOR AFFORDABLE "FOR SALE' HOUSING; HMFA CHOICE PROGRAM

Commenter asked that CDBG-DR funding be used to promote affordable "for sale" housing, particularly in Ocean and Monmouth counties, and recommended that CDBG-DR funding be channeled into the HMFA CHOICE program.

Staff Response:

The State committed first tranche CDBG-DR funds for a homebuyer assistance program and the State is providing assistance through that program. While the State will evaluate the commenter's suggestion regarding allocating additional funding to promote affordable "for sale" housing, the breadth of the State's unmet housing needs and the limited resources available to address those needs likely preclude such an initiative at this time.

COMMENT 46
FUNDING FOR RENTAL HOUSING VOUCHERS

Several commenters expressed concern about the availability of Section 8 vouchers, and suggested that more vouchers are needed to directly assist renters displaced by the storm.

Staff Response:

The State's proposed Substantial Amendment No. 6 would shift $17 million of first tranche CDBG-DR funds from the Landlord Incentive Program (LIP) to a program that provides rental vouchers to very low income households for a period of up to two years. The $17 million would be in addition to $5 million in CDBG-DR funds used through the Supportive Services Program to address the cost of vouchers for very low income households through December 2013.

COMMENT 47
LOCAL INSPECTIONS OF RENTAL PROPERTIES

Two commenters expressed concern that local inspectors are focusing on owner-occupied units, at the expense of delaying the rehabilitation of rental units also

requiring inspections. One commenter also stated that municipalities that waived fees for homeowners also should do the same for landlords.

Staff Response:

Many recovery functions are carried out at the municipal level, including inspections and permitting pursuant to the provisions of the Uniform Construction Code. The Code requires all plans submitted for construction approvals be reviewed within a twenty-day period. If deficiencies are found subsequent reviews must be completed within ten days. Also, inspections must be scheduled within three days of a request for compliance inspections. These time limits apply regardless of the type of ownership (i.e., owner-occupied residence or rental property). Per these rules, DCA has and will continue to reiterate to municipalities that there should be equal treatment for all property owners.

The State also has sought to provide assistance to municipalities to ensure code requirements are met. For example, the State's Zoning and Code Enforcement program provides additional capacity to municipalities struggling to keep pace with the demand for zoning and code enforcement services as a result of the storm. The State also continues to offer technical assistance to municipalities.

The State has no jurisdiction regarding which applicable fees a municipality may or may not elect to waive. Those decisions fall exclusively within the discretion of each municipality.

COMMENT 48
LOW-INCOME HOUSING TAX CREDIT PROJECTS

Commenter expressed concern that leveraging CDBG-DR resources with low-income housing tax credits can exclude from a development tenants with income between 60% and 80% of Area Median Income (AMI) because of requirements imposed on the use of low-income housing tax credits, and stated that programs should expressly differentiate households at 60% of AMI and households at 80% of AMI.

Staff Response:

As stated above, the State's available recovery resources are far outpaced by recovery needs. Leveraging multiple funding sources together to realize critical recovery projects is therefore a crucial component to an effective recovery. As detailed in the Action Plan, Superstorm Sandy had a devastating impact on the supply of affordable rental housing. The storm both depleted the available stock of affordable rental housing and increased and concentrated the demand for rental housing, both of which placed upward pressure on rents for available housing stock, particularly within the most-impacted counties. As a result, the need to identify and support shovel-ready affordable housing projects that

would result in the development of affordable housing units and stabilize the rental markets as quickly as possible was critical. Leveraging CDBG-DR resources with low-income housing tax credits (LIHTCs) is critical to that process.

The LIHTC Program is intended to serve low income individuals and families and only the ***units*** with occupants at 60% or less of area median income (AMI) qualify for the actual tax credits. Not all units must be designated for tax credit purposes; and LIHTC ***properties*** can serve individuals of higher income levels in other units of the property. However, in order to maximize the tax credits, owners often choose to develop projects that entirely serve households at 50% to 60% of Area Median Income. In an effort to encourage income integration, the New Jersey Housing and Mortgage Finance Agency included mixed income housing as a priority in its selection criteria for the first tranche of FRM funds.

Additionally, use of the LIHTC program is not prerequisite to qualify for CDBG-DR funding through FRM. FRM funds also can be provided as stand-alone project financing. Other renter programs beside FRM, such as the Landlord Renter Repair Program and the Neighborhood Enhancement Program, also will be increasing rental stock in New Jersey for households with income less than or equal to 80 percent of AMI.

COMMENT 49
FRM PROGRAM

Commenter stated that FRM program funding cannot be used to rehabilitate damaged rental properties. Commenter also stated that there were no guidelines with respect to submitting FRM projects for consideration that leveraged 4% low income housing tax credits. Another commenter stated that second tranche FRM funds should be spent exclusively within the nine most-impacted counties. A commenter also requested additional information regarding the processes by which FRM projects to be funded using second tranche CDBG-DR funds would be selected, asked about publication of notices to apply for second tranche FRM funds, and requested technical assistance relating to the FRM program.

Staff Response:

Repair and rehabilitation of damaged existing multi-family properties is an eligible use of FRM funds. FRM program guidelines and scoring criteria are available on HMFA's website and can be accessed here. HMFA received proposals from a number of potential projects seeking to leverage 4% LIHTCs. Based on HMFA's objective scoring criteria, available through the link above, some of these projects were obligated for funding and some projects remain in

the program pipeline. These projects will continue to be eligible in the second tranche of funding.

With first tranche CDBG-DR funds, the FRM program was not limited to the nine most-impacted counties, but one of the FRM program scoring criteria was location within the nine most-impacted counties. Once the proposed allocation of second tranche funding to FRM is approved, HMFA will consider potential modifications to its scoring criteria, in particular to account for the impact that first tranche projects will have on affordable housing needs.

HMFA is accepting applications for affordable housing projects eligible for FRM funding, and applicants requiring technical assistance in completing applications can contact HMFA. Information and notifications regarding the FRM program will continue to be made available on HMFA's website.

COMMENT 50
DEFINITION OF MITIGATION; PRIORITIZATION IN FRM'S PHA PROGRAM

Commenter asked about what expenses constitute eligible "mitigation" expenses for purposes of the public housing authorities (PHAs) component of the FRM program. Commenter also suggested that FRM funding reserved for public housing authorities prioritize funding for PHAs trying to complete projects within a HOPE VI revitalization area or a CHOICE Neighborhood.

Staff Response:

Mitigation measures such as generators, elevation of infrastructure and hardening of buildings are allowable costs under the program, as they relate to storm-damaged repairs. The PHA set-aside, like many other CDBG-DR programs, cannot address all of the resiliency and mitigation measures necessary for PHAs. In order to meet the most immediate need, the program will address mitigation associated with storm-damaged repairs. Notably, federal regulations require that all CDBG-DR funding expenditures be directly tied to an impact of Superstorm Sandy.

The State appreciates the commenter's programmatic suggestion regarding prioritization of second tranche CDBG-DR funds within FRM program. HMFA will consider this comment as it evaluates the use of second tranche funding to assist the recovery of PHAs, assuming the Action Plan Amendment allocating second tranche funding to that program is approved by HUD.

COMMENT 51
PRIORITIZATION OF NEW RENTAL HOUSING FOR SANDY-AFFECTED HOUSEHOLDS

Commenter stated that Sandy-affected households should receive priority for the new affordable rental housing units created through projects using CDBG-DR recovery funds.

Staff Response:

Developers with projects leveraging CDBG-DR funds must certify that they will give a priority to Sandy-affected households during the first ninety days that leasing is available.

COMMENT 52
SPECIAL NEEDS HOUSING FUNDING

Commenter stated that additional funding should not be directed for special needs housing, and that special needs housing should be addressed through state funds as opposed to federal recovery funds.

Staff Response:

The State disagrees with the commenter's assertion. As detailed in the State's Action Plan, Superstorm Sandy had a devastating effect on vulnerable populations, including households with individuals having special needs. There has been robust demand for the State's Special Needs Housing program, and as detailed in the Action Plan Amendment, the State expects that demand will continue. The State will use second tranche CDBG-DR funds to continue to support housing for special needs populations, which the State considers to be a critical recovery priority.

COMMENT 53
CLIMATE CHANGE AND SEA LEVEL RISE

Commenters asserted that the Action Plan Amendment does not sufficiently account for risks associated with climate change, sea level rise, adaptation and mitigation planning, and that the mechanisms to evaluate sea level rise identified in the Action Plan Amendment are not adequate.

Staff Response:

The proposed Action Plan Amendment supports efforts to ensure that critical facilities are more resilient in the face of future severe weather events and better able to withstand potential future sea level rise and other hazards. Consistent with the requirements set forth by HUD in the Federal Register (FR-5696-N-06), the State is employing a science-based risk analysis to analyze

forward-looking risks and to inform the selection of potential infrastructure projects.

The proposed Action Plan Amendment incorporates a comprehensive risk analysis framework for selecting projects that includes a forward-looking analysis of a range of hazards like storm surge, flooding, man-induced hazards (e.g., cyber security), and climate change. The proposed Action Plan Amendment expressly recognizes the National Oceanic and Atmospheric Administration's analysis of future potential conditions and provides that the State will make use of the federal government's available electronic tools, including the Sea Level Rise Tool for Sandy Recovery, that address climate change to assess the potential long-term efficacy and fiscal sustainability of specific risk-reduction measures and improvements using CDBG-DR funding.

COMMENT 54
COASTAL MANAGEMENT AND WATER SUPPLY MASTER PLAN

Commenter expressed concern about the status of coastal management initiatives and stated that the State should consider programmatic tools in the water supply master plan as part of the risk analysis.

Staff Response:

The proposed Action Plan Amendment includes a comprehensive risk analysis framework that leverages the expertise of the State's subject matter experts as well as available reports, analyses, and tools to inform infrastructure investment. Once the proposed Plan is approved by HUD, the State will develop programmatic details and requirements that will guide program delivery. Programmatic details and requirements will be informed by the State's ongoing work, including data and information collected – and planning tools developed – in the course of the long-term recovery process and as part of the State's administration of environmental infrastructure, coastal management, and other programs.

COMMENT 55
PRIORITIZING EXISTING FLOOD HAZARD MITIGATION PROJECTS

Commenter stated that projects relating to storm surge and flooding that existed prior to being damaged or destroyed by Sandy should be prioritized in receiving funding through the proposed infrastructure programs.

Staff Response:

As part of an ongoing risk assessment following Superstorm Sandy, the State has undertaken considerable efforts to evaluate New Jersey's existing and future flood plain and storm surge risk, identify communities and regions highly

vulnerable to flooding and storm surge, and consider and develop designs for short- and long-term infrastructure measures or improvements that can blunt storm surge and reduce flood risk. Specifically, New Jersey has focused on comprehensively identifying and cataloging the sources of flooding in repetitive flood communities, including communities with recurrent or chronic rainfall- or tidal-induced flooding. In addition, the State has engaged six universities to develop flood mitigation strategies, including new resilient technologies, which could be deployed throughout the State.

The proposed Action Plan Amendment recognizes opportunities to harden existing infrastructure and to take steps to increase the effectiveness of existing mitigation measures. For example, the description of the proposed Flood Hazard Risk Reduction & Resiliency Measures Program identifies minor drainage improvements – including clearing "bottlenecks in drainage systems, accumulated debris, and overgrowth," which can reduce the impact of flooding and surge – as a possible target of the program. Similarly, the proposed New Jersey Energy Resilience Bank "can provide critical facilities with assistance in identifying opportunities to retrofit existing technology to make the technology more resilient." Ultimately, the identification and selection of infrastructure projects in the distribution of CDBG-DR funds will be based on a comprehensive risk analysis and programmatic details which will be developed further once the proposed Action Plan Amendment is approved by HUD.

COMMENT 56
GREEN INFRASTRUCTURE

Commenter stated that the State's infrastructure recovery should focus on green infrastructure initiatives that act as natural barriers to potential impacts from future severe weather events, and another commenter stated that funds should prioritize using green infrastructure to improve stormwater management.

Staff Response:

The State is encouraging the use of nature-based solutions to reduce risk from flooding and storm surge. As highlighted in the proposed Action Plan Amendment, New Jersey has adopted rules that enhance coastal protection by simplifying permitting processes to encourage sand fencing, maintenance of engineered beaches and dunes to design levels, and more widely adopting "living shorelines" – projects that utilize strategic placement of native vegetation, sand, organic materials, and oysters, clams, and mussels to reinforce shorelines and prevent flooding naturally. The State is also studying the efficacy and potential benefits of nature-based infrastructure. For example, through collaboration with Stockton College, the State is evaluating the potential of wetlands restoration to reduce wave height. As stated in the proposed Action

Plan Amendment, nature-based infrastructure will be considered where possible, reasonably practical, and cost-effective.

Using an initial allocation of $100 million in FEMA Hazard Mitigation Grant Program funds, the State has begun purchasing homes in repetitive flood loss areas. An additional $9.4 million provided to the State by the USDA will be used to purchase 33 homes in Cumberland County. The proposed Action Plan Amendment also would allocate an additional $100 million in second round CDBG-DR funds to support the Sandy Blue Acres Buyout Program. In addition to moving people out of harm's way, these buyouts will convert properties to open space, allowing communities to build natural systems designed to absorb flood waters from future storms. Buyouts also may enable state and local governments to create or expand public recreation areas, wetlands, forests and wildlife management areas.

The proposed Action Plan Amendment's Flood Hazard Risk Reduction & Resiliency Measures Program would require that nature-based solutions be considered in designing flood risk reduction measures to be supported through CDBG-DR funding. Such measures may have the potential to not only blunt the impact of storm surges and flooding, but also preserve ecological functions, provide wildlife habitats, and foster balance between natural and built environments.

COMMENT 57
PUBLIC EDUCATION ON CLIMATE CHANGE AND NATIONAL CARBON TAX

Commenter expressed support for additional education for the public on the impacts of climate change as well as national legislation imposing a carbon tax.

Staff Response:

The State continues to work with municipalities, counties, and stakeholders to share detailed information on risks based on historic trends and forward-looking analysis. For example, on March 11, 2014, the State published for public comment a draft of the New Jersey Hazard Mitigation Plan which analyzes New Jersey's risk from a wide range of hazards, including extreme weather events, drought, earthquakes, terrorism, cyber attacks, and other man-made and weather-related hazards. Consistent with FEMA guidelines, the draft Plan specifically references the risk of coastal erosion from sea level rise and other potential impacts from climate change that may confront New Jersey. The Plan can be used to support local planning efforts. Similarly, the proposed Action Plan Amendment contemplates additional resources for local and statewide planning efforts, including a "Virtual New Jersey" mapping platform that can better inform risk. The federal government also offers a range of tools, including the

National Oceanic and Atmospheric Administration's Sea Level Rise Tool for Sandy Recovery, that can be used to educate communities and individuals on the potential localized impact of forward-looking risks, including climate change.

To the extent commenter expressed support for national legislation, the comment is better directed to federal representatives.

COMMENT 58
SHARING INFRASTRUCTURE DATA AND ANALYSIS

Commenters requested that infrastructure-related data collection and analyses, particularly to the extent they relate to climate change and sea level rise, be made publicly available.

Staff Response:

Both the state and federal government already make available a substantial body of data regarding the location of infrastructure, vulnerability and risks to infrastructure systems, and other related analyses. In addition, in March 2014, the State submitted to FEMA a draft of the New Jersey Hazard Mitigation Plan which identifies and summarizes risks to infrastructure systems in light of a range of forward-looking hazards. The State will continue to make relevant infrastructure data available, to the extent that doing so does not 1) implicate any state or national security considerations, including those security considerations expressly outlined in state and federal laws, regulations, policies, or similar authorities, and provided that there are no legal or other similar impediments to publication; 2) create any concerns for protecting the privacy of applicants on sensitive information that may be required in application processes while such programs are still being implemented.

COMMENT 59
FRACKING AND RENEWABLE ENERGY

Commenter raised concern about fracking waste and waste disposal in connection with recovery initiatives, and stressed that recovery initiatives should focus on renewable energy.

Staff Response:

The Action Plan Amendment proposes the creation of the New Jersey Energy Resilience Bank to support energy resilience at critical facilities throughout New Jersey. The proposed Energy Resilience Bank will be technology agnostic and support a wide-range of distributed generation technologies, including combined heat and power, fuel cells, and solar. As noted in the Proposed Action Plan Amendment, the Energy Resilience Bank will consider renewable energy and other clean energy solutions where possible, including solar, wind,

geothermal, and sustainable biomass technologies. As it relates to recovery initiatives, the State will address waste disposal in a manner consistent with all applicable federal and state laws and regulations.

COMMENT 60
MEANING OF RESILIENCY

Commenter raised a question regarding the meaning of the word "resiliency" as used in the Action Plan Amendment.

Staff Response:

The Hurricane Sandy Rebuilding Task Force's Rebuilding Strategy defines "resilience" as "[t]he ability to prepare for and adapt to changing conditions and withstand and recover rapidly from disruptions." Federal Register Notice FR-5696-N-06 expressly recognizes that, "[c]onsistent with the Rebuilding Strategy, it is essential to build back stronger and more resilient" and states that the second allocation provides funding "to support investments in mitigation and resilience and directs grantees to undertake comprehensive planning to promote regional resilience as part of the recovery effort."

As evidenced by the proposed Action Plan Amendment, New Jersey is committed to building back stronger and more resilient and has endeavored to incorporate mitigation and resilience strategies into every aspect of the long-term recovery. The proposed Action Plan Amendment continues to support various mitigation and resiliency efforts, including home elevations, buyouts of flood-prone properties, energy resilience projects, and flood hazard risk reduction and resiliency measures as well as local, regional, and statewide planning efforts. In addition, the State intends to apply CDBG-DR funds to satisfy match obligations to support existing and future resilience projects that are being undertaken by State agencies in partnership with the various federal funding agencies.

COMMENT 61
MEANING OF PERFORMANCE RESILIENCE STANDARDS; COMPREHENSIVE RISK ANALYSIS

Commenter raised a question about the meaning of the term "performance resilience standards" as used in the Action Plan Amendment and proposed that the comprehensive risk analysis be separately published for public review and comment, with particular focus on details surrounding the cost-benefit analysis, accounting for future maintenance costs, and how evaluations of the cost-effectiveness of green infrastructure were considered.

Staff Response:

Consistent with the President's Hurricane Sandy Rebuilding Strategy and the requirements set forth by HUD in the Federal Register (FR-5696-N-06), the State will develop and apply resilience performance standards to each infrastructure project funded with CDBG-DR funds. The President's Hurricane Sandy Rebuilding Strategy notes that "[p]erformance standards might include criteria for how strong of a storm systems should be able to withstand and how long different types of customers (e.g., hospitals, transit systems, gas stations) can be without power." The proposed Action Plan Amendment also notes that the State will develop cost-benefit analyses and other metrics to assess the effectiveness of infrastructure investment.

Resilience performance standards, cost-benefit analyses, and other appropriate metrics will be developed by state agencies responsible for administering New Jersey's CDBG-DR funded infrastructure programs. The proposed Action Plan Amendment's Flood Hazard Risk Reduction & Resiliency Measures Program would rely, to the extent possible, on performance standards and cost-benefit methodologies already developed by the Army Corps, DEP, and other experts in the field. In connection with the New Jersey Energy Resilience Bank, the New Jersey Board of Public Utilities (BPU) would develop resilience performance standards by relying on information available through the State's ongoing collaboration with the U.S. Department of Energy and other stakeholders.

COMMENT 62
DUNES AND INLAND WATERWAY PROTECTIONS

Commenters expressed support (i) for building dunes to protect against future storms and (ii) for the dredging of lagoons in bay areas. Commenter asked about additional protections being considered to address flooding caused by inland waterways and requested that these protections be given funding priority in the Flood Hazard Risk Reduction and Resiliency Measures program.

Staff Response:

As highlighted in New Jersey's proposed Action Plan Amendment, the State and local communities have identified short- and long-term opportunities to reduce risk from rainfall- or tidal-induced flooding through a variety of potential risk reduction measures, including sand dunes, berms, tidal gates, and nature-based infrastructure systems. The State would also consider the dredging of coastal lakes, lagoons, and other bodies of water to appropriately address risk. The proposed Action Plan Amendment also notes ways that the State is collaborating with the U.S. Army Corps to support ongoing beach and dune construction

projects and to identify other opportunities to reduce risk in communities with chronic or recurring flooding.

Projects that reduce risk to life, property and infrastructure would be considered for funding through the proposed Flood Hazard Risk Reduction & Resiliency Measures Program. Prioritization of projects in the distribution of CDBG-DR funds will be addressed programmatically once HUD approves the State's proposed Action Plan Amendment.

COMMENT 63
BEACH REPLENISHMENT AND DUNES

Commenter stated that beach replenishment and dune construction will not fully protect coastal areas and will worsen back bay flooding.

Staff Response:

The State is performing a comprehensive review of opportunities to reduce flooding and storm surge in repetitive loss communities and other areas of the State that experienced significant loss from Superstorm Sandy through collaborations with six universities and in partnership with the U.S. Army Corps of Engineers. New Jersey and U.S. Army Corps of Engineers are examining the efficacy of risk reduction measures and opportunities to improve effectiveness of risk reduction measures through a layered approach to flood risk reduction. The proposed Flood Hazard Risk Reduction & Resiliency Measures Program would consider regional impacts of risk reduction measures, including water displacement and impacts of certain risk reduction measures on back bay communities.

COMMENT 64
NON-FEDERAL COST SHARE AND HUD INFRASTRUCTURE REQUIREMENTS

Commenter asked about which specific projects that require a non-federal cost share will be addressed through the proposed non-federal cost share (match) program and sought specification on which of these projects constitute "major infrastructure projects" as defined by HUD in the Federal Register Notice.

Staff Response:

The proposed Action Plan Amendment's State and Local Non-Federal Cost Shares (Match) program contemplates use of CDBG-DR funds as a match to repair or construct a wide range of eligible infrastructure projects, relating to: emergency protective measures such as demolition and removal of health and safety hazards; debris removal; roads and bridges; dams, reservoirs, and levees; public buildings; water and wastewater treatment plants and delivery systems; power generation and distribution facilities; sewage collection systems and

treatment plants; water lines and systems; telecommunication systems; and parks/beaches/recreational facilities. Eligible projects must carry a non-federal cost share and must be an eligible CDBG-DR activity. The State is awaiting additional guidance from HUD on whether, and to what extent, the infrastructure guidelines included in Federal Register Notice FR-5696-N-06 apply to match projects, as the Federal Register's infrastructure guidelines could in certain instances overlap, conflict, or add additional requirements to recovery programs administered by other federal agencies.

COMMENT 65

WATER & WASTEWATER FACILITIES

Various commenters raised concerns and questions regarding how the State plans to address storm impacts on water and wastewater facilities to ensure that these critical facilities are repaired and made more resilient to future severe weather events.

Staff Response:

The State is pursuing numerous opportunities to repair and harden water and wastewater facilities throughout New Jersey. As noted in the proposed Action Plan Amendment, since Superstorm Sandy, New Jersey has taken several steps to assist in the repair and recovery of water and wastewater systems by ensuring that broken pipes, sewer mains, and pump stations are repaired, key electrical components are replaced, sediment is removed from clogged storm water systems, and other needs are met.

New Jersey is also working with federal agencies to leverage funds and resources to address infrastructure needs. For example, the U.S. Environmental Protection Agency (EPA) has announced an award to New Jersey of $229 million of its Sandy Supplemental funds to improve water quality following the storm. The State plans to leverage EPA funds through the New Jersey Environmental Infrastructure Trust and will then target those resources to address storm impacts on water and wastewater systems and associated resilience measures. The EPA funds carry a 20 percent non-federal cost share obligation, also known as "match." The State proposes to use a portion of this allocation of CDBG-DR funds as match to support those existing and future projects that are being undertaken by State agencies in partnership with the various federal funding agencies such as the EPA.

The State also intends to directly fund projects that build resilience of water and wastewater facilities using CDBG-DR funds. Through the proposed New Jersey Energy Resilience Bank, the State intends to prioritize funding resilient energy solutions – such as distributed generation – at water and wastewater treatment

facilities. In addition, the proposed Flood Hazard Risk Reduction & Resiliency Measure Program may also fund projects that enhance the resiliency of critical infrastructure, such as water and wastewater facilities, by reducing the risk of storm surge and flooding. By addressing both energy resilience and flooding vulnerability at critical facilities, New Jersey is taking important steps to ensure that water and wastewater facilities become more able to withstand the impacts of future severe weather events.

COMMENT 66
INFRASTRUCTURE ASSISTANCE FOR URBAN AREAS

Commenter raised concerns and questions regarding recovery assistance for urban areas. Commenter asserted that CDBG-DR funded programs are primarily targeted to address impacts in suburban communities, as opposed to urban communities, and that elevation requirements associated with the RREM program limit the impact of that program in urban communities. Commenter raised concerns that Hoboken will not be able to take advantage of the HMGP Elevation program or the buyouts program. Commenter requested more funding for Hoboken, and other urban communities, for flood hazard risk reduction measures, and requested that the State set aside funds for a separate program that would focus exclusively on the challenges of urban areas.

Staff Response:

The State recognizes the challenges that have arisen in recovery for property owners in urban areas where many substantially damaged properties cannot be elevated, such that property owners, over time, could face significant increases in insurance premiums because of the federal Biggert-Waters Insurance Reform Act of 2012. The State advocated for changes to the federal legislation that would make allowances for urban and historical properties that cannot be elevated, and has supported legislation that would at least delay the impact of the federal legislation on New Jersey property owners recovering from Superstorm Sandy.

Notably, the Grimm-Menendez Flood Insurance Act of 2014 signed into law on March 21, 2014, which addresses and modifies various provisions of the Biggert-Waters Flood Insurance Act of 2012, including provisions regarding how flood insurance premiums are determined. It also requires the administrator of NFIP to establish guidelines that provide alternative methods of mitigation other than elevation to reduce flood risk in residential building that cannot be elevated because of structural characteristics. The legislation does not describe any particular measures to be considered. Pursuant to the legislation, the NFIP administrator has one year to issue the guidelines

The State also has examined alternative programs to assist affected property owners in urban areas given the challenges property owners and business in those areas are facing. A commenter above suggested a program for urban areas focused on elevating utilities. The State previously had evaluated such a program, but the impact of federal regulations (e.g., requiring flood insurance in perpetuity) and the fact that NFIP would not recognize these expenditures as having any impact on the property owner's insurance premiums discouraged application of federal funds to elevate utilities.

Given these limitations, the State has looked to alternative avenues for assisting urban areas facing repetitive flooding challenges, such as Hoboken, Jersey City, Little Ferry, and Moonachie. The State has engaged six universities to study repetitive flooding challenges in these and other areas of New Jersey and offer options for a range of mitigation strategies to address those issues. The State continues to evaluate other potential larger-scale mitigation programs, including opportunities identified through the U.S. Army Corps of Engineers Comprehensive Study, the Sandy Regional Infrastructure Resilience Coordination group, and projects being designed through HUD's Rebuild by Design (RBD) initiative. Opportunities for mitigation also may be available through the Flood Hazard Risk Reduction and Resiliency Measures program proposed in this Action Plan Amendment.

COMMENT 67
FLOOD HAZARD MITIGATION DESIGN INITIATIVES

Commenters requested funding for flood mitigation initiatives specific to certain communities, including (i) Little Egg Harbor, (ii) Hoboken, and (iii) Middletown.

Staff Response:

The State has been working proactively to identify effective strategies to address repetitive flooding and risk of storm surge in areas throughout New Jersey, including inland, coastal, and urban communities. As noted in the proposed Action Plan Amendment, the State is collaborating with the Army Corps to realize long-term risk reduction solutions throughout the State. The State also is leveraging other federal funding streams, where possible, such as funding provided through USDOT to not only protect certain assets, but also to build in broader community resilience measures. Approximately 88 percent of large FEMA Public Assistance projects (i.e., projects valued at more than $500,000) seek to incorporate additional resilience measures pursuant to Section 406 of the Stafford Act. In addition, the proposed Action Plan Amendment contemplates the use of CDBG-DR funds to address the risk of flooding and other hazards through the Flood Hazard Risk Reduction and Resiliency Measures Program. As part of the proposed Flood Hazard Risk Reduction and Resiliency

Measures Program, the State would employ a comprehensive risk analysis for the selection of potential risk reduction measures and would prioritize projects in those communities and regions most vulnerable to flooding, among other factors. The proposed Action Plan Amendment notes that priority would be given to projects benefiting regions or multiple infrastructure sectors. Further information regarding the prioritization of projects in the distribution of CDBG-DR funds will be addressed programmatically once HUD approves the State's proposed substantial amendment.

Additionally, as mentioned in the Action Plan Amendment, the State's holistic approach to recovery requires a coordinated integration of multiple available federal funding streams (not merely CDBG-DR resources) to maximize the impact of all funding sources for recovering New Jerseyans and to realize critical recovery and rebuilding initiatives. One federal funding stream provided through the federal Sandy Supplemental legislation is administered by the U.S. Department of the Interior (USDOI). USDOI has announced a competitive grant program, funded with $100 million of Sandy Supplemental monies, available to all states affected by Superstorm Sandy as well as various other governmental and non-governmental entities. Proposals primarily focus on enhancing green and green/gray infrastructure. USDOI set a deadline of January 31, 2014 to receive proposals from eligible applicants for funding through the competitive grant program. Additional program information is available here. Funding received through this program may support additional flood mitigation initiatives in New Jersey.

COMMENT 68
ENERGY VULNERABILITIES & ISLANDING

Commenters raised concerns about the need to address energy-related issues that resulted from the storm, including power outages and the impact of those outages on water and wastewater facilities. Commenters suggested measures to make the electrical grid more resilient, including by "islanding" critical facilities off from the electrical grid. Commenter also suggested that the State mandate that identified critical facilities develop a plan to provide for power islanding, utilizing federal and state funds, rather than leave to a facility's discretion whether to develop such a plan.

Staff Response:

Through a comprehensive risk analysis and partnership with federal agencies and national laboratories, the Administration has assessed statewide energy vulnerabilities in the wake of Superstorm Sandy and has worked to develop programs and policies that are supportive of building energy resilience at critical facilities and public buildings throughout New Jersey. To that end, the

proposed Action Plan Amendment contemplates allocating approximately $200 million in CDBG-DR monies to fund the New Jersey Energy Resilience Bank. Through loans, grants, and other product offerings, the Bank could support the development of microgrids and the expanded use of distributed generation. The Bank could also support technologies that would allow critical facilities to operate independently of the electrical grid during outages, including "Black Start" capabilities, inverters, storage, and other technologies. Through the proposed New Jersey Energy Resilience Bank, the State intends to initially prioritize the energy resilience needs of water and wastewater treatment plants, although other critical facilities could also be eligible for funding assistance from the Bank. The New Jersey Board of Public Utilities, in coordination with the Department of Environmental Protection, the Office of Emergency Management and the Office of Homeland Security and Preparedness, continues to work with stakeholders to assess reliability of the grid and critical facility needs, and will continue to consider necessary programs and policies as appropriate.

COMMENT 69
ENERGY RESILIENCY

Commenter expressed concern that "islanding" critical facilities from the electrical grid likely is not feasible and about the viability of using solar power to address energy needs. Commenter expressed support for natural gas-based solutions for energy needs. Commenter stated that criteria for project selection should include ability to withstand hurricane-force winds and supported having redundant sources of electrical power. Commenter also expressed support for minimum resilience performance standards for projects to be considered for funding through the New Jersey Energy Resilience Bank and that energy efficiency be considered in the cost-effectiveness analysis.

Staff Response:

Initially, there currently are a number of distributed generation facilities in New Jersey that employ islanding technology so they can continue to receive power if the electrical grid is down. These include facilities at Princeton University, the College of New Jersey and the Bergen County Utilities Authority. Additionally, distributed generation facilities have to satisfy current building codes addressing ability to withstand hurricane force winds.

To develop programs and policies supportive of building energy resilience at critical facilities throughout the State, New Jersey partnered with the U.S. Department of Energy (USDOE) and USDOE's national laboratories to identify opportunities to leverage commercially available technologies capable of "islanding" critical facilities from the electrical grid in the event of outages. The State continues to work closely with USDOE and other federal agencies in

identifying appropriate technologies that are effective and cost reasonable. The proposed New Jersey Energy Resilience Bank could provide both technical and financial support to critical facilities to explore available opportunities to pursue distributed generation, microgrids, or other technology that will lead to enhanced energy resilience. In some cases, supported technologies may rely on natural gas, such as in the case of combined heat and power or fuel cells, or may rely on renewable sources, such as solar power. While the proposed Bank could certainly be a catalyst for continued innovation in distributed generation and other technologies, potential projects considered by the proposed Energy Resilience Bank would need to meet minimum resilience performance standards to ensure that the project will enable the facility to sustain operations in the event of an electrical grid failure or other outage. Further programmatic details – including project selection criteria and minimum resilience performance standards – will be addressed programmatically once HUD approves the State's proposed Action Plan Amendment.

COMMENT 70
ENERGY BANK FUNDING AND TECHNICAL ASSISTANCE

Commenter expressed support for the New Jersey Energy Resilience Bank and advocated that the bank be used to improve mechanisms to facilitate the aggregation, credit enhancement and securitization of distributed generation projects to improve the function and structure of clean energy markets in the State. This would involve leveraging public and private funds. Commenter also expressed support for the bank to include a technical assistance component to assist municipalities with developing and implementing energy resilience projects through the bank.

Staff Response:

Once approved by HUD, the proposed New Jersey Energy Resilience Bank would seek to encourage distributed generation projects through a variety of unique financial product offerings. The State is building an appropriate infrastructure to support the proposed Energy Resilience Bank, including through planned augmentation of staff, to offer technical assistance to critical facility operators as well as to provide financial stewardship of the limited federal investment. The proposed Energy Resilience Bank could explore, where appropriate, opportunities to leverage additional funding through private capital markets and innovate public-private partnership models.

COMMENT 71
ENERGY BANK – GRANT FUNDING

Commenter expressed support for the New Jersey Energy Resilience Bank and stated that the bank exclusively be used to provide grants to fund "resiliency gaps" in energy infrastructure financing.

Staff Response:

The proposed Action Plan Amendment contemplates the use of CDBG-DR funds through the New Jersey Energy Resilience Bank to address energy resilience needs at critical facilities throughout the State. The proposed Action Plan Amendment indicates that the Energy Resilience Bank could support "Black Start" capabilities, inverters, storage, and other technologies that would enable critical facilities to "island" from the electrical grid in the event of a service outage. The State recognizes that the incremental costs associated with these technologies can be substantial, and the proposed Energy Resilience Bank contemplates funding or financing support to address these needs.

COMMENT 72
NEW JERSEY ENERGY RESILIENCE BANK PROGRAMMATIC DETAILS

Commenters offered suggestions on programmatic details for the New Jersey Energy Resilience Bank, including aligning program funding with the CHP/FC program, integrating continuous distributed generation, providing incentive enhancements to encourage the use of fuel cell and other technology, coordinating the program with BPU's Clean Energy Program, and identifying mechanisms that may inform a cost-benefit analysis. Another commenter expressed support for prioritizing repairs and enhancements to water and wastewater facilities, and stated that funding also should be used to address development-related problems such as any substandard sewage infrastructure and treatment. Commenter supported using funds to improve stormwater management through green infrastructure initiatives.

Staff Response:

The State appreciates the programmatic comments provided by the commenters. The State continues to evaluate the most effective mechanisms to maximize the impact of the funding invested in the New Jersey Energy Resilience Bank, including leveraging these funds with other resources to achieve energy goals. If HUD approves the creation of the New Jersey Energy Resilience Bank, the State will develop and roll out detailed program requirements describing how funds through this program will be used and could potentially be leveraged with other resources. In developing those program criteria, the State will continue to consider these comments.

COMMENT 73
SEA-LEVEL RISE & ALL CDBG-DR FUNDING INITIATIVES

Commenter suggested that sea level rise be considered as a primary factor for all funding determinations involving CDBG-DR funds.

Staff Response:

As set forth in the proposed Action Plan Amendment, the State will comply with the requirements in HUD's Federal Register Notice regarding how sea level rise must be factored in to applicable CDBG-DR projects.

COMMENT 74
FUNDING FOR ROUTE 35 ROADWORK

Commenter requested additional funds to continue ongoing work on Route 35 and that funds be used to purchase any properties standing in the way of completing the project.

Staff Response:

The proposed Action Plan Amendment identifies damages that Superstorm Sandy caused to the State's transportation and transit systems and opportunities to repair those systems while incorporating mitigation and resilience elements. As the proposed Action Plan Amendment notes, the State is working closely with FEMA and the U.S. Department of Transportation's Federal Highway Administration (FHWA) and Federal Transit Administration (FTA) to prioritize long-term recovery projects impacting transportation or transit systems (and surrounding communities).

Route 35 is an example of one roadway system that was significantly impacted by Superstorm Sandy. In rebuilding Route 35, the New Jersey Department of Transportation (NJDOT) is collaborating with FHWA to incorporate best practices in mitigation, including a robust drainage system equipped with pump stations and tide valves to prevent the back-flow of water. Additionally, a related project is being undertaken to install 40-foot pile-driven sheets of steel to reduce washout of vulnerable areas of roadway while also protecting homes and businesses in qualifying adjacent communities. The State anticipates that it will use CDBG-DR funds to satisfy the non-federal cost-share obligation for these projects. Where appropriate, NJDOT and other state agencies will continue to work with impacted communities and property owners to address project needs, including property access or the acquisition of property, where necessary, to support project development.

COMMENT 75
FUNDING TO SUPPORT ENVIRONMENTAL INFRASTRUCTURE TRUST

Commenters suggested that CDBG-DR funds be provided to the New Jersey Environmental Infrastructure Trust.

Staff Response:

As part of the holistic approach to recovery, the State plans to incorporate federal recovery funding provided through the United States Environmental Protection Agency into the New Jersey Environmental Infrastructure Trust, and use those funds to address water- and wastewater-related issues, among other things.

COMMENT 76
LINKING INFRASTRUCTURE PROJECTS WITH HOUSING NEEDS

Commenter suggested that infrastructure funding only be provided to communities where the infrastructure project would facilitate rebuilding or replacing housing for renters and homeowners.

Staff Response:

The State appreciates the programmatic comments provided by the commenter. The State continues to evaluate the most effective mechanisms to maximize the impact of infrastructure funding. As stated in the Action Plan Amendment, the State seeks to invest in infrastructure projects that will protect the substantial recovery investments the State has made in the housing and economic sectors. It is for this reason that the State has prioritized energy and flood hazard mitigation initiatives, responsive to some of the most significant infrastructure-related vulnerabilities arising during Superstorm Sandy.

COMMENT 77
INFRASTRUCTURE PROGRAMS – COMPLIANCE WITH HUD NOTICE REQUIREMENTS

Various commenters expressed concerns that the State's infrastructure program descriptions and analyses in the Action Plan Amendment do not comport with the requirements in HUD Federal Register Notice FR-5696-N-06, including with respect to requirements speaking to climate change, planning, energy efficiency and building codes.

Staff Response:

Federal Register Notice FR-5696-N-06 requires that each CDBG-DR grantee "describe the science-based risk analysis it has or will employ to select, prioritize, implement, and maintain infrastructure projects or activities" which

"consider[s] a broad range of information and best available data, including forward-looking analyses of risks to infrastructure sectors from climate change and other hazards." In its discussion of the two proposed infrastructure programs – the New Jersey Energy Resilience Bank and the Flood Hazard Risk Reduction & Resiliency Measures Program – the draft Action Plan Amendment lays out a comprehensive risk analysis to assess and evaluate potential infrastructure projects. The proposed programs rely on data and information collected through a complex planning process involving six universities, national laboratories, federal agencies, and other stakeholders to inform infrastructure investment. The draft Action Plan Amendment also includes a framework for identifying and selecting projects – including through application of a robust cost-benefit analysis, consideration of green infrastructure, and other project prioritization criteria. Both the proposed Energy Resilience Bank and the Flood Hazard Risk Reduction & Resiliency Measures Program would also apply the federal government's Sea Level Rise Tool for Sandy Recovery to consider proposed projects.

COMMENT 78
STATE STATUTES AND REGULATIONS

Commenter suggested that reconstruction and redevelopment activities are inconsistent with federal requirements governing New Jersey's ability to apply second tranche CDBG-DR funds for infrastructure and other programs. Another commenter stated that the Action Plan does not specify that program will comply with applicable state laws and regulations, including those relating to land use, water quality, infrastructure and natural resource protection.

Staff Response:

As stated in the Action Plan, all CDBG-DR funded programs will comply with all applicable federal and state statutes and regulations.

In proposing CDBG-DR programs, developing programmatic details, and implementing and managing CDBG-DR programs, the State intends to comply with all applicable statutes and regulations, including those governing reconstruction and redevelopment activities.

COMMENT 79
LMI BENEFIT PROJECTIONS

Commenter questioned how the State arrived at projected LMI benefit for infrastructure programs.

Staff Response:

The State projects LMI benefit for each program using the different methods by which HUD calculates LMI benefit (e.g., direct benefits to LMI businesses or individuals; area benefit analysis).

COMMENT 80
BUYOUTS – TARGETING COMMUNITIES

Commenters requested information and transparency regarding how the Department of Environmental Protection will target communities for participation in the Sandy Blue Acres Buyout Program, and a commenter suggested that the Action Plan Amendment state that full ecological restoration of buyouts areas will be funded.

Staff Response:

The New Jersey Department of Environmental Protection has engaged with nearly 150 municipalities within the nine most-impacted counties that have repetitive flood loss areas and homes that sustained significant flood damage to notify them about the buyouts program.

The buyouts program is voluntary. Municipalities must be supportive of buyouts because they will be charged with maintaining the open space created by the buyouts and may have to accept a loss of ratables that result from buyouts. A critical mass of individual homeowners within a cluster of damaged properties in a community or area also must be amenable to buyouts because the buyouts program is voluntary and the State seeks to avoid "checkerboard" communities. Because of these factors, many municipalities and/or property owners have not expressed interest in buyouts.

The State continues to prioritize municipalities and homeowners in repetitive flood loss areas that have indicated willingness to pursue buyouts, particularly those areas that also contain severe repetitive flood loss properties. These communities include: East Brunswick Township, Lawrence Township, Linden, Newark, Old Bridge Township, Sayreville Borough, South River Borough, Union Beach and Woodbridge Township. Conversations with other towns in the nine most-impacted counties and within the heavily flood-prone river basins – Passaic and Raritan in particular – remain on-going. DEP will continue to work directly with municipalities and property owners interested in pursuing buyouts and keep them informed regarding the status of the program.

The Action Plan Amendment states, among other things, that program funding can be "used to conduct demolition and debris removal activities, and other related activities necessary to convert the purchased property to open space." Following approval from HUD of the State's Action Plan Amendment and

ongoing assessment of the demand for the program given available funding, the State will define within program criteria the extent of ancillary services for converting the property to open space that may be covered by the program.

COMMENT 81
FUNDING GOAL FOR BUYOUTS

Commenter asked whether the State would be committing an additional $100 million to buyouts to reach its goal of committing $300 million for purchasing homes in repetitive flood loss areas.

Staff Response:

The State remains committed to its goal of dedicating at least $300 million in recovery resources to support buyouts in repetitive flood loss areas. However, there are various and substantial remaining unmet recovery needs across the State, as detailed in the Action Plan Amendment. The State concluded that dedicating $100 million of second tranche CDBG-DR funds for buyouts struck the appropriate balance, given the many other unmet needs across the State. New Jersey will continue to look to other recovery resources, including third tranche CDBG-DR funds if provided by HUD, to support additional funding for buyouts.

COMMENT 82
EMINENT DOMAIN

Commenter expressed concern that CDBG-DR funds could be used by municipalities to condemn people's properties and turn the property over to the private sector for development. Another commenter expressed concern about the possibility the State could declare an area "blighted" as grounds to use eminent domain to force residents to take a buyout.

Staff Response:

The buyouts program is a voluntary program, as set forth in the Action Plan Amendment. Additionally, the Green Acres program does have legal authority to use eminent domain to acquire open space.

With respect to the Unsafe Structure Demolition Program, authorized pursuant to Executive Order No. 152, DCA and its agents may enter onto properties for the exclusive purpose of identifying and demolishing unsafe structures without homeowner consent. Even if DCA avails itself of the authority afforded by Executive Order No. 152 to demolish unsafe structures without owner consent, the State sole and exclusive purpose on the property will be to facilitate the demolition of the unsafe structure.

COMMENT 83
STORM IMPACTS ON VULNERABLE POPULATIONS

Various commenters raised concerns about the impact of storms on vulnerable populations including the poor, elderly, homeless, and persons with disabilities. Some commenters also raised concerns about mental health issues arising after the storm.

Staff Response:

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

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

COMMENT 84
RESPONSE TO DOMESTIC VIOLENCE ISSUES

Commenter raised concerns about increases in domestic violence following natural disasters and the need to focus on the needs of children arising from the storm.

Staff Response:

The New Jersey Department of Children and Families has created programs funded with federal Social Services Block Grant monies specifically designed to address anticipated increases in domestic violent and child abuse following Superstorm Sandy. More information is available here.

COMMENT 85
PLANNING GRANT ELIGIBILITY

Commenters stated that municipalities should be required to assess sea-level rise as a condition of receiving a planning grant, and that municipalities in Cumberland County should be eligible for planning grants. Another commenter stated that the

Post-Sandy Planning Grant Assistance program should include funding for economic development planning.

Staff Response:

The State encourages all communities participating in the Post-Sandy Planning Assistance Grant Program to conduct a robust planning needs analysis. While the program will certainly pay for an impact analysis of sea-level rise, mandating that communities first undertake a sea-level rise analysis would delay other equally critical planning activities that do not relate to sea-level rise. Participation in the program anticipates that municipal grantees engage licensed professional planners expressly to help determine planning priorities based on local conditions.

With regard to Cumberland County, the Post-Sandy Planning Assistance Grant program is already oversubscribed with communities in the HUD-determined nine most-impacted counties. However, if the funds allocated in this Action Plan Amendment are able to meet existing need, the State will consider modifying eligibility to include other counties. In addition, although Cumberland County communities are not eligible to participate in the Post-Sandy Planning Assistance Grant Program, the Department of Community Affairs, through its Local Planning Services, has reached out to Sandy-impacted communities in Cumberland County to provide technical planning assistance.

Finally, the Post-Sandy Planning Assistance Grant can provide grants of up to $50,000 to eligible communities to prepare, modify or replace community development and neighborhoods plans, including economic development plans.

COMMENT 86
PLANNING PROGRAMS

Commenter requested more information about Sandy-related planning programs.

Staff Response:

The Governor's Office of Recovery and Rebuilding website, available here, is a resource for information regarding various Sandy-related programs, including planning programs. Additionally, information regarding planning services and programs, including CDBG-DR funded recovery planning programs is on DCA's website, available here.

COMMENT 87
FEMA COMMUNITY RATINGS SYSTEM

Commenter suggested that the State tie some storm relief for municipalities to a requirement that municipalities participate in FEMA's Community Rating System program.

Staff Response:

FEMA's Community Rating System (CRS) program can be a valuable program for some New Jersey communities, and the State continues to partner with FEMA to assist interested communities in entering the program and improving their respective CRS scores. Information regarding the CRS program is available here.

That said, for various reasons, some communities have determined that the CRS program is not appropriate for them. In respect of home rule in New Jersey and understanding that not all programs will benefit all communities, the State continues to respect the discretion of each community in determining whether to pursue CRS participation. For that reason, the State will not tie Sandy funding for communities to mandatory participation in the CRS program.

COMMENT 88
TAXES

Commenter requested tax relief from municipalities in Sandy-impacted communities.

Staff Response:

There are various resources available to municipalities heavily impacted by Superstorm Sandy to reduce the impact of displacement and a loss of ratables on the municipal tax base. Most significantly, FEMA Community Disaster Loans (CDL) provide funding to eligible counties, municipalities and other government entities to offset losses of taxes and other revenues resulting from a disaster. Through February 2014, almost $175 million in CDL resources have been obligated to counties, municipalities, school districts and other government entities and more than $70 million had been drawn down.

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

While these two programs are intended to directly address the risk of tax increases resulting from the storm, other programs that assist government entities' recovery likewise reduce the need to generate additional tax revenues to pay for storm-related costs. Most notably, FEMA's Public Assistance program is a

primary mechanism for government entities to rebuild or repair damaged government buildings. The State also is using second tranche CDBG-DR funds to expand its Non-Federal Cost Share (Match) program which may assist financially strained counties, municipalities and other entities with projects that carry non-federal cost shares.

COMMENT 89
UPDATING BUILDING CODES

Commenters asserted that the State should update building codes in connection with recovery efforts.

Staff Response:

The State is required to adopt construction codes prepared by nationally recognized organizations. Updates to the present code are expected to be released later this year.

COMMENT 90
COORDINATION WITH LOCAL GOVERNMENTS

Commenter suggested that the State designate a representative to meet with the most-impacted counties on a monthly basis to establish regular communications.

Staff Response:

The State is communicating with impacted counties and municipalities on Sandy recovery and rebuilding initiatives on a daily basis through the Office of the Governor as well as through State departments and agencies.

COMMENT 91
STRONGER NJ BUSINESS GRANTS & LOANS PROGRAMS

Commenters raised concerns about the difficulty in completing applications for NJEDA's Stronger NJ Business Grants and Stronger NJ Business Loan programs, focusing on the extensive documentation required to be submitted pre-approval, as well as the time required to disburse funds to them under those programs.

Staff Response:

NJEDA understands the frustration of small business owners who have had to navigate cumbersome CDBG-DR program application and approval processes, demanding substantial amounts of documentation to prove storm impact and damages, in order to receive critical recovery assistance. Unfortunately, nearly all of the requirements in the funding application and approval process are responsive to federal regulations. If the State cannot document that each business owners' file contains all documentation and other proofs required to meet all applicable federal regulations, then the federal government can de-

obligate (i.e., take back) the very recovery funds that are so critical to the State's revitalization.

NJEDA also recognizes that there may be areas, even at the margins, to streamline the application and approval process, and also that customer services issues raised by some applicants need to be addressed. The New Jersey Economic Development Authority has continued to take steps to streamline the process, where possible, and address customer service complaints. These steps have included, among other things:

- Reducing the amount of documentation required to begin the grant review process;
- Targeting the expenses that can be reimbursed most rapidly in the post approval stage;
- Leveraging federal and State partnerships, including SBA, NFIP and New Jersey Taxation, to verify information to reduce the burden on applicants; and
- Centralized processing staff.

COMMENT 92
SBA APPLICATION PROCESS

Commenters expressed concerns about the SBA application and approval process, as well as the impact of SBA applications on the CDBG-DR duplication of benefits analysis.

Staff Response:

While construction and economic injury loans provided by the U.S. Small Business Administration assisted some residents and businesses in recovery, that funding stream was not without considerable challenges. (The SBA final deadline for submitting disaster-related applications for SBA loans was July 31, 2013.)

New Jersey exercises no authority or control over the SBA application or approval process. The State understands, and has conveyed to its federal partners, many of the obstacles and challenges that arose with SBA, including challenges created by the implications that filing for an SBA disaster loan has on the federally required duplications of benefits analysis for CDBG-DR funds.

The duplication of benefits requirements are established by federal regulation and the State has no flexibility in that respect.

COMMENT 93
NCR PROGRAM

Commenter expressed frustration about the application process for the Neighborhood and Community Revitalization program and asked how funding determinations across projects are being made in that program.

Staff Response:

The Neighborhood and Community Revitalization program (NCR), funded with $75 million of first tranche CDBG-DR monies, includes three separate initiatives: (i) $2.5 million for Community Development Financial Institutions to further facilitate micro-lending to eligible small businesses; (ii) $10 million to a Streetscape Revitalization initiative to repair and enhance "main street" areas in affected municipalities through lighting, façade replacement and similar activities; and (iii) a $62.5 million initiative that focuses on larger catalytic and transformative projects in affected municipalities. The comment relates to the third of these initiatives.

Information relating to the NCR program is available here. Information specific to NCR prioritization and project scoring is available here. Given that NCR demand has far exceeded available funding, the State has closed the NCR project intake process. As stated in the prioritization and scoring criteria, the State initially will assess LMI projects against the identified threshold eligibility criteria, and then score eligible projects against the scoring criteria. Eligible projects will be funded depending on their scoring. Following the LMI funding round, the State will assess non-LMI projects against the identified threshold eligibility criteria, and then score eligible projects against the scoring criteria. Using remaining funding remaining after the LMI funding, eligible non-LMI projects will be funded based on their score.

COMMENT 94
TOURISM FUNDING FOR MIDDLETOWN

Commenter requested that tourism funding be targeted to Middletown.

Staff Response:

The federally funded post-Sandy tourism campaign, Stronger than the Storm (STTS), helped to drive tourist activity and offset the expectation that the summer season would see a drop in tourist activity. We were faced with combating the misperception that Sandy destroyed all New Jersey tourism assets and was not a viable vacation destination.

A preliminary report on the 2013 tourism season, including publicly available and objective third party data on hotel tax receipts, hospitality employment,

beach pass sales, hotel occupancy rates, and transit activity, shows that despite the challenges of the storm and recovery, the tourism industry in New Jersey was not only able to overcome low expectations – it was able to grow and expand in several areas. According to the data, overall, the 2013 season outperformed 2009 and 2011, and was only slightly behind the record 2012 season, even though June of 2013 was the wettest on record.

This success was achieved by utilizing a multitude of digital/social media in order to get the word out to potential visitors that the shore area was ready for summer. Through a comprehensive advertising campaign, we drove audiences to those digital assets, which included myriad information about events occurring and businesses open for business in the impacted areas. These channels include the strongerthanthestorm.com website (which has had 397,803 visits), the STTS Facebook page (97,722 fans), Twitter (6,722 followers), Instagram (707 followers) and You Tube Channels (200,307 video views), as well as a newsletter (5,639 subscribers). Specific to Middletown, there are currently two upcoming events highlighted via STTS channels – Maple Syrup Day on March 9, 2014 and a Colonial Candle Workshop on March 30, 2014, both of which are located at Poricy Park Conservancy in the Township.

The State worked closely with impacted communities to employ the various channels to help get their individualized message out, and the State will continue to do so going forward utilizing any additional HUD CDBG-DR funding that is approved. While the tourism industry exceeded expectations in some areas, in others, it is clear that additional support is required to overcome storm-related perceptions. This pertains largely to those towns that were late in recovering for last summer season's activity. With a recent increase in negative coverage of the shore, it is also critical to once again generate positive stories and interest.

COMMENT 95
TOURISM MARKETING CAMPAIGN

Commenter stated that no CDBG-DR funds should have been spent on the Stronger than the Storm marketing campaign, and that no additional funds should be allocated for tourism marketing in 2014. Another commenter asked about how the proposed $5 million program allocation relates to state legislation on integrity monitoring.

Staff Response:

As detailed in the Action Plan Amendment, preliminary data tend to show that the Stronger than the Storm campaign was effective in combating the misperception that all State tourism assets were destroyed by Superstorm

Sandy. Supporting the recovery of the economic sector generally, and also focusing particularly on the tourism industry given Sandy's devastating impact along the Jersey Shore, is critical to the recovery of businesses, communities and the State as a whole.

Additionally, with respect to tourism marketing in 2014, a $5 million commitment to tourism marketing (a comparatively small investment compared to the other sectors) could assist hundreds of businesses, employees of those businesses, and municipalities with budgets that rely substantially on tourism-related revenues. This is particularly critical for particularly hard hit municipalities, and businesses in those municipalities, that could not take full advantage of the 2013 tourism season because of the damage caused by Superstorm Sandy.

Finally, as stated in the Action Plan Amendment, the State has proposed a $5 million allocation for tourism marketing in 2014 to execute a meaningful, but comparatively smaller, marketing campaign with a particular focus on assisting hard hit communities that could not take full advantage of the 2013 tourism season. The State integrity monitoring legislation captures contracts valued at $5 million or more, assuming federal funding is available for monitoring, so the proposal in the Action Plan (which is not a contract) does not appear to directly relate to the integrity monitoring legislation. Moreover, HUD carefully monitors all CDBG-DR funding expenditures.

COMMENT 96
NUTLEY BOAT RAMP

Commenter requested that funds be allocated to repair the Nutley boat ramp as an economic revitalization project.

Staff Response:

As the data referenced in the Action Plan Amendment show, the unmet need in the economic sector is significantly smaller than the unmet need in the housing and infrastructure sectors. This information is provided not to minimize the economic sector unmet needs, but to show the comparatively greater need to direct the limited second tranche CDBG-DR funds to housing and infrastructure initiatives. The only economic investment to be made with second tranche CDBG-DR funding is $5 million for tourism advertising, which the State has included because that small investment (as compared to the housing and infrastructure investments) can directly benefit hundreds of recovering tourism businesses, employees of those businesses and recovering municipalities with budgets that rely on tourism revenues.

COMMENT 97
ADDITIONAL FUNDING FOR SHRAP; FUNDING FOR INSURANCE PAYMENTS

Commenter requested that additional funds be allocated to the Working Families Living Expenses Voucher program (also known as SHRAP) and that funding should be provided to subsidize homeowners and flood insurance payments.

Staff Response:

The State is closely monitoring the funding level associated with the Working Families Living Expenses Voucher Program (also known as SHRAP), which the State has funded using federal Social Services Block Grant monies. Presently, the SHRAP program continues to be funded above demand. The State will continue to analyze and refine program parameters as appropriate. That said, based on go-forward demand for SHRAP as well as demand related to other unmet recovery needs, the State may consider expanding funding for SHRAP or other recovery programs, as resources permit.

With its limited available resources and significant unmet needs, the State cannot at this time allocate additional funding to a program that would subsidize flood insurance payments. Notably, the Homeowner Resettlement program grants could be applied toward insurance obligations. Additionally, on March 21, 2014, after the public comment period closed for the Action Plan Amendment, the U.S. Congress passed, and the President signed into law, the Grimm-Menendez Flood Insurance Act of 2014, which addresses and modifies various provisions of the Biggert-Waters Flood Insurance Act of 2012, including provisions regarding how flood insurance premiums are determined. The State is evaluating the impact of this legislation on its various recovery programs.

COMMENT 98
SHRAP APPLICATION/APPROVAL PROCESS

Commenters expressed frustration with the time it took to receive funding through the Working Families Living Expenses Voucher Program (also known as SHRAP).

Staff Response:

As with other recovery programs, the State continues to evaluate SHRAP program delivery to improve the process and reduce the burden on applicants, where possible. Some of the State's efforts include: (i) easing program administration by allowing applicants to apply in any county as opposed to just their county of residence; (ii) opening additional SHRAP offices to reduce wait times and more quickly accommodate applicants; and (iii) expanding administrative capacity through new providers. The State will continue to assess steps that could improve the SHRAP process.

COMMENT 99
SHRAP – DUPLICATION OF BENEFITS

Commenter stated that individuals receiving Work First New Jersey (WFNJ) – General Assistance should be able to receive SHRAP.

Staff Response:

Individuals in receipt of WFNJ- General Assistance (GA) are not eligible for SHRAP unless they have exhausted their Emergency Assistance (EA) benefits. Because housing benefits are covered under the Emergency Assistance program, it would be considered a duplication of benefits for a WFNJ-GA recipient to receive both EA and SHRAP. If a WFNJ-GA recipient has exhausted their EA benefits, they may be eligible for SHRAP and eligibility would be determined by the local SHRAP agency.

COMMENT 100
REBUILD BY DESIGN COMPETITION

Commenter asked why the Rebuild by Design initiative is not funded as part of the Action Plan Amendment.

Staff Response:

The State expects to receive additional guidance from HUD regarding potential projects being assessed as part of HUD's Rebuild by Design competition. Once additional information and guidance is provided, the State will evaluate Rebuild by Design funding opportunities accordingly.

COMMENT 101
PUBLIC HEARINGS AND COMMENTS

Two commenters raised concerns about the extent to which the State considers public comments on the Action Plan Amendment prior to submitting the proposed amendment to HUD for approval. Another commenter asked why a public hearing was not held in Ocean County.

Staff Response:

Initially, all comments received on the Action Plan Amendment are considered regardless of the form of submission. Each comment receives equal consideration whether provided at a hearing, on a public comment form available at the hearing, by U.S. mail or by email. In refining the Action Plan Amendment prior to submitting the proposed plan to HUD, the State takes into account all comments received. The State has sought to respond to all comments it has received and has made additions and modifications to the proposed

amendment based on the comments. In short, public input is taken very seriously.

Regarding hearing locations, while HUD's Federal Register Notice FR-5696-N-06 required one public hearing on the State's proposed plan for spending second tranche CDBG-DR funds, New Jersey held three public hearings in the northern, central and southern areas of the nine most-impacted counties. Hearings were held in Atlantic, Essex and Monmouth Counties. Monmouth County was selected as the central New Jersey location because it is more equidistant between the Atlantic and Essex hearing locations and because facilities at Brookdale Community College were available to accommodate the public hearing.

COMMENT 102
PUBLIC HEARING PERIOD; HEARING LOCATIONS; HEARING SESSIONS

Commenter asserted that the 30-day public hearing period was not sufficient, that more individuals may have attended had hearings been held in elementary schools or high schools, rather than on college campuses, and that commenters' questions should have been answered at the public hearing.

Staff Response:

The 30-day comment period complies with the requirements in HUD's Federal Register Notice. More than 300 commenters provided input. Moreover, by closing the comment period at 30 days, the State expedited as much as possible its ability to incorporate responses to the comments, amend the Action Plan Amendment accordingly, and submit the amendment to HUD for approval. Each day that passes before the amendment is approved is another day that displaced homeowners and renters, impacted small businesses and communities and others are not receiving critical recovery assistance.

The State chose to hold public hearings on college campuses to ensure it had space to comfortably accommodate a large number of attendees and to minimize cost. In any case, any person who did not, or could not, attend a public hearing could submit comments via email or U.S. mail, which comment would receive the same treatment as any comment provided at the public hearings.

Finally, the purpose of these public hearings was for the State to explain its plan to the public and then solicit public comment on the plan. The hearings are not intended to be question-and-answer sessions, but rather are intended to maximize public input. Response to comments is provided in writing in this section of the Action Plan Amendment. The State had "mobile cabinets" available at each public hearing to provide answers to individual recovery questions. That said, to the extent commenters raised issues or sought assistance relating to

their personal recovery needs, the State has endeavored to reach out to those commenters directly to provide information and assistance.

COMMENT 103
MUNICIPAL BUILDING/PERMITTING REQUIREMENTS

Commenters raised concerns about municipal permitting requirements and about municipalities that may not increase the height to which homes can be built to accommodate the need for home elevations or allow for setbacks sufficient to permit effective rebuilding.

Staff Response:

Municipalities, not the State, generally have jurisdiction over maximum height construction or setback standards within their respective borders.

COMMENT 104
REBUILDING STANDARDS

Commenter asserted that the State's rebuilding standards should require rebuilding structures to FEMA's best available flood elevation plus two feet of freeboard, rather than plus one foot of freeboard. Another commenter stated that the one-foot-of-freeboard requirement will not address inundation or protect structure against future flood risks.

Staff Response:

As a measure to rebuild more resiliently, the State adopted a rule requiring new construction to be built above FEMA's best available flood elevation plus one foot of freeboard. This standard subsequently was adopted at the federal level. The state regulation does not prohibit homeowners from building to higher elevations (e.g., adding two feet of freeboard or more). The decision of whether to incur the additional cost of elevating beyond the minimum height requirement for the added protection or benefit doing so would afford is left to the discretion of each homeowner.

It also should be noted that while elevating residences is one way to mitigate against future flood risks, the State has pursued a layered approach to flood risk reduction measures as an efficient and effective way to address the challenges of future extreme weather events and other flood-related hazards. The layered approach includes, among other things, incorporating green and grey infrastructure initiatives into the recovery effort, collaborating with the U.S. Army Corps to support ongoing beach and dune construction projects, prioritizing a Flood Hazard Risk Reduction and Resiliency Measures program using second tranche CDBG-DR funds, creating additional open space to absorb flood waters through the Sandy Blue Acres program, and engaging six

universities to develop flood mitigation strategies, including new resilient technologies, which could be deployed throughout the State.

COMMENT 105
TWO-YEAR EXPENDITURE REQUIREMENT

Commenter expressed concern with whether the State would be able to satisfy the federal requirement that CDBG-DR resources be expended within two years of being made available to New Jersey.

Staff Response:

The State is working diligently to satisfy the two-year expenditure requirement. There is a process by which the two-year expenditure requirement can be extended for certain funding streams by a process described in the Sandy Supplemental legislation. Nevertheless, the State is trying to disburse recovery funds as quickly and effectively as possible.

COMMENT 106
TARGETING ASSISTANCE TO LMI INDIVIDUALS, BUSINESSES AND COMMUNITIES

Two commenters expressed concern that LMI individuals were not given sufficient priority for assistance and that not enough funds were being directed to LMI populations.

Staff Response:

In the Action Plan, the State recognized that natural disasters like Superstorm Sandy can have a devastating effect on LMI individuals, businesses and communities, and that these groups may face unique challenges in recovery. As a result, LMI populations were given priority in many Sandy recovery programs. For example, 70 percent of first tranche RREM program funding was reserved for eligible LMI applicants. Sixty percent of first tranche Homeowner Resettlement program funds were reserved for eligible LMI applicants, and all eligible LMI applicants to that program have received, or shortly will receive, funding from that program. Additionally, the State's renter programs overwhelmingly serve LMI individuals. Businesses that employ LMI persons or serve an LMI area are being funded through the Stronger NJ Business Grants and Loans programs. The first round of funding to be provided through the catalytic and transformative project initiative of EDA's Neighborhood and Community Revitalization provides a priority for eligible projects submitted by LMI communities. LMI communities also have been served through the Essential Services Grant program and the Post-Sandy Planning Grant Assistance program. These are just some examples.

As set forth in Appendix A of the Action Plan Amendment, the State currently projects that approximately 54 percent of all funds will benefit LMI households, businesses and communities, which exceeds the 50 percent federal requirement imposed under FR-5696-N-01.

COMMENT 107
LEVERAGING RESOURCES

Commenter supported leveraging various resources in disaster recovery to realize larger neighborhood revitalization initiatives. Another commenter asked about leveraging CDBG-DR and HMGP funds.

Staff Response:

The State agrees with the commenter that leveraging multiple funding sources together to realize critical recovery projects and larger-scale revitalization initiatives is a crucial component to an effective recovery. The State has designed programs with this principle in mind and will continue to evaluate ways that programs can work together to have a greater impact for recovering individuals, businesses and communities.

Leveraging can present challenges, however. Incorporating both HUD CDBG-DR funds and FEMA HMGP funds into the same activity can be difficult. By integrating two funding streams for the same specific activity, the activity must satisfy all the federal regulations that apply to each funding stream. In certain circumstances, the regulatory schemes can conflict or otherwise prohibit leveraging these funding streams to complete a specific recovery project. Nevertheless, where feasible, the State will continue to leverage available resources in various ways to maximize the impact of available resources for recovering New Jerseyans and to realized critical recovery initiatives.

COMMENT 108
INCREASED MONITORING

Commenter stated that more steps should be taken to monitor CDBG-DR funded programs. Commenter further inquired about implementation of integrity monitoring legislation, publication of integrity monitoring reports, and the hiring of external monitors for Sandy recovery.

Staff Response:

Federal disaster recovery monies are carefully regulated and monitored by the federal government. In fact, HUD has monitored New Jersey three times since the inception of the Sandy-assisted programs in May 2013. It is anticipated that these monitoring activities will continue throughout the course of recovery. The State also works with HUD on a weekly basis on compliance issues that arise in

the course of recovery to ensure the State remains in compliance with the numerous federal statutes and regulations implicated by disaster recovery programs. Additionally, employees of the federal Office of the Inspector General have reviewed New Jersey programs in the ordinary course of their responsibilities, and the State expects those reviews to continue as well. Oversight of non-HUD federal recovery funding streams is comparable.

In addition to the close oversight imposed by the federal government, the State also has implemented steps to comply with state integrity monitoring legislation. This includes the hiring of external monitors where federal recovery funds are available to cover the cost. The State will continue to comply with the legislation as the recovery proceeds, including with respect to submission of monitoring reports.

COMMENT 109
"ENVIRONMENTAL JUSTICE" COMMUNITIES

Commenter asked that, to assist with preparations for future storms, the State analyze whether residents of "environmental justice" communities faced more challenges in evacuations, suffered more significant storm impacts and had more difficulty with the rebuilding process as compared to higher socioeconomic communities.

Staff Response:

The State expects that various analyses will be conducted based on the impacts and recovery from Superstorm Sandy in order to inform and enhance preparations for, and responses to, future storm events on the size and scale of Superstorm Sandy throughout the United States.

COMMENT 110
RESIDENT TRACKING SYSTEM

Commenter suggested the State develop a system that would track residents' movements across different neighborhoods to better remain in communications with those residents and provide assistance.

Staff Response:

While the State will evaluate the commenter's suggestion regarding a resident tracking system, individual applicants are responsible for notifying DCA of their current contact information.

APPENDIX A: ALLOCATION OF FIRST AND SECOND TRANCHE CDBG-DR FUNDS BY PROGRAM

Category	Total Amount	Program	Allocation Level
Homeowner Assistance Programs	$1,455,000,000	Reconstruction, Rehabilitation, Elevation & Mitigation	$1,100,000,000
		LMI Homeowners Rebuilding Program	$40,000,000
		Blue Acres Buyout Program	$100,000,000
		Housing Resettlement Program	$215,000,000
Rental Housing and Renter Programs	$624,520,000	Fund for Restoration of Multi-Family Housing	$379,520,000
		Landlord Rental Repair Program (Small Rental)	$70,000,000
		Pre-Development Fund	$10,000,000
		Neighborhood Enhancement Program (Blight Reduction Pilot Program)	$50,000,000
		Incentives for Landlords	$40,000,000
		Sandy Homebuyer Assistance Program	$25,000,000
		Sandy Special Needs Housing Fund	$50,000,000
Economic Development	$305,000,000	Grants/Forgivable Loans to Business	$100,000,000
		Direct Loans for Small Business	$100,000,000
		Neighborhood & Community Revitalization	$75,000,000
		Tourism Marketing Campaign	$30,000,000
Infrastructure Programs	$550,000,000	New Jersey Energy Resilience Bank	$200,000,000
		Flood Hazard Risk Reduction Program	$100,000,000
		Non Federal Cost Share (Match)	$250,000,000
Support for Government Entities	$181,000,000	Unsafe Structures Demolition Program	$25,000,000
		Essential Services Program	$145,000,000
		Zoning/Code Enforcement	$11,000,000
Supportive Services	$10,000,000	Supportive Services Program	$10,000,000
TOTAL	**$3,125,520,000**	**TOTAL FUNDED PROGRAMS**	**$3,125,520,000**
Planning and Administration	$167,000,000	Planning Grants	$15,000,000
		Administration	$152,000,000
TOTAL	**$3,292,520,000**		

APPENDIX B: PERCENTAGE OF AGGREGATE CDBG-DR FUNDS RECEIVED TARGETED TO MOST-IMPACTED COUNTIES

Category	Program	Allocation Level	Portion of Allocation Benefiting Most-Impacted and Distressed Counties	Estimated Percentage to Benefit Most-Impacted and Distressed Counties
Homeowner Assistance Programs	Reconstruction, Rehabilitation, Elevation & Mitigation	$1,100,000,000	$1,100,000,000	100%
	LMI Homeowners Rebuilding Program	$40,000,000	$40,000,000	100%
	Blue Acres Buyout Program	$100,000,000	$85,000,000	85%
	Housing Resettlement Program	$215,000,000	$215,000,000	100%
Rental Housing and Renter Programs	Fund for Restoration of Multi-Family Housing	$379,520,000	$265,664,000	70%
	Landlord Rental Repair Program (Small Rental)	$70,000,000	$49,000,000	70%
	Pre-Development Fund	$10,000,000	$8,000,000	80%
	Neighborhood Enhancement Program (Blight Reduction Pilot Program)	$50,000,000	$40,000,000	80%
	Incentives for Landlords	$40,000,000	$30,000,000	75%
	Sandy Homebuyer Assistance	$25,000,000	$24,500,000	98%
	Sandy Special Needs Housing Fund	$50,000,000	$37,500,000	75%
Economic Development	Grants/Forgivable Loans to Business	$100,000,000	$75,000,000	75%
	Direct Loans to Small Business	$100,000,000	$75,000,000	75%
	Neighborhood & Community Revitalization Program	$75,000,000	$56,250,000	75%
	Tourism Marketing Campaign	$30,000,000	$22,500,000	75%
Infrastructure Programs	New Jersey Energy Resilience Bank	$200,000,000	$100,000,000	50%
	Flood Hazard Risk Reduction Program	$100,000,000	$80,000,000	80%
	Non Federal Cost Share (Match)	$250,000,000	$125,000,000	50%
Support for Government Entities	Unsafe Structures Demolition Program	$25,000,000	$23,750,000	95%
	Essential Services Program	$150,000,000	$142,500,000	95%
	Zoning/Code Enforcement	$11,000,000	$9,900,000	90%
Supportive Services	Supportive Services	$10,000,000	$9,000,000	90%
TOTAL	**TOTAL FUNDED PROGRAMS**	**$3,125,520,000**	**$2,613,564,000**	**84%**
Planning and Administration	Planning Grants	$15,000,000	NA	NA
	Administration	$152,000,000	NA	NA
TOTAL		**$3,292,520,000**		