

Williams, Beth

From: Donna Mahon <Donna.Mahon@dep.nj.gov>
Sent: Friday, January 09, 2015 11:17 AM
To: Bonnaffons, Stacy
Cc: Jerri Weigand
Subject: RE: Newark Housing Authority

Importance: High

Stacy- based on what I have provided, I believe it is your decision on whether this is acceptable for determining and documenting their eligibility. I will therefore, leave this to you for your decision. Can you advise me when you have done so as I know Newark needs to get started and the RE's decision will require that we have to slightly amend the EA before it gets signed to indicate that the demolition was a separate HUD funding source and previously approved by HUD.

They are working on a tight timeline for their other HUD construction grant which means they must be constructed by September so they are anxious to get moving. We will still have to publish this one so we want to help keep it moving if you determine it is eligible under the pre-award reimbursement.

From: Bonnaffons, Stacy
Sent: Tuesday, January 06, 2015 2:01 PM
To: Donna Mahon
Subject: RE: Newark Housing Authority

You need to be private detective in your next life ;-) Great job digging into this. I love it!

Stacy

Stacy Bonnaffons
Assistant Commissioner
NJ Department of Community Affairs
Stacy.bonnaffons@dca.nj.gov
Cell: 609-203-8154
Office: 609-292-3710

From: Donna Mahon
Sent: Tuesday, January 06, 2015 1:40 PM
To: Bonnaffons, Stacy
Cc: Victoria Venable
Subject: FW: Newark Housing Authority
Importance: High

Hi Stacy- Happy New Year.

Here are some additional documents that I obtained from Janet Abrams at Newark Housing Authority as I am trying to keep this moving. This is the project where we there was a question about continuing funding eligibility since they performed the demolition after their EDA grant application. I sent these along to Mike Furda since I checked in with him concerning the acceptability of the approval letter from 1996 (copy attached). He then raised questions about them having the appropriate approvals and I was able to obtain the attached documents which I think can make a good case

for their work having HUD approval, albeit separate from CDBG-DR, but again, they are not coming in for CDBG-DR monies for the demolition but for the other activities.

In the end, DCA as the RE needs to be comfortable that it meets the eligibility requirements. I am available at 5:00 tonight to discuss or tomorrow at 12:30.

My apologies for not copying you when I sent.

From: Donna Mahon
Sent: Tuesday, January 06, 2015 9:41 AM
To: Furda, Michael R (michael.r.furda@hud.gov)
Subject: Newark Housing Authority
Importance: High

Mike- I had the opportunity today to speak to Janet Abrams of Newark concerning the CDBG-DR project and the demolition approvals.

Here is what I now know about the HUD Capital Fund Community Housing Program.

- 1) The HUD CFCH Program funds construction of public housing;
- 2) If demolition is a component, it is funded by the applicant and the required environmental reviews and other grant conditions must be satisfied. There is no allocation of funds since the applicant assumes the cost of the project. Once the demolition is complete, then the financial documentation and proof of demolition is documented through HUD's cost accounting system and construction funds can then be withdrawn.
- 3) The approval of the project is through an approval letter and does not follow an RROF or AUGF process. The 1996 letter is that approval. This approval process remains unchanged (as evidenced by the attached letter for a more recent demolition/construction process – Newark NJ DEMO -1302041138LETT.pdf).
- 4) Newark Housing Authority funded the demolition with a \$1.5 million grant from the HUD CFFP. The CFFP accepted the 1996 approval letter as satisfying the environmental review and other requirements.
- 5) The Newark Housing Authority was awarded a construction grant in 2011 (a notice from HUD of this grant award can be found at the following link). The construction grant was extended through September 2014 which required that the demolition occur as the developer must have a clean development site to begin the construction.
- 6) The EA cannot be located.

Based on the attached documents and a better understanding of the approval process for these programs it appears that all the required HUD approvals were in place for Newark to proceed to demolition. If you agree, then this project would remain eligible and the demolition activity would not be a violation of the pre-award program or 24 CFR Part 58.22 as a choice limiting action. It was a separate HUD approved and funded activity that would occur regardless.

Please let me know if you have the opportunity to discuss after you have reviewed the attached documents. Thanks!

Donna Mahon, Director, Sandy EHP
609-341-5313

Williams, Beth

From: Donna Mahon <Donna.Mahon@dep.nj.gov>
Sent: Wednesday, December 17, 2014 2:50 PM
To: Furda, Michael R (michael.r.furda@hud.gov)
Cc: Jerri Weigand
Subject: FW: Kretchmer Demo Approval Letter - Newark Housing Project
Attachments: img-Z08121220-0001.pdf

Follow Up Flag: Follow up
Flag Status: Flagged

Hi Mike- this is the project that you discussed with both Stacy Bonnaffons and me. The question was whether the demolition activity if previously approved by HUD but not done until recently would affect the Newark Housing Authority's eligibility for a CDBG-DR grant since they performed the demolition after their EDA grant application.

We had asked for some documentation that they completed an environmental review and had an AUGF. If that could be provided then the shared thinking was that the eligibility would not be affected because it had a HUD approval. In response to that request we were recently provided with the attached. Please let me know if you think this suffices.

If it does, for the purpose of our environmental review we document that the demolition is part of the environmental review and the project because it was not done at the time of our EA. If you find that we can bifurcate these activities in our environmental review, then I would recommend that our wording in the EA indicate that the demolition while not part of this funded project was evaluated during our review for environmental impacts. We would also note that there was a previous environmental review and HUD authorization of the demolition activity.

Please advise of your thoughts on how we could proceed.

-----Original Message-----

From: Pettit, Chris [mailto:Chris.Pettit@icfi.com]
Sent: Thursday, December 11, 2014 10:10 AM
To: Jerri Weigand; Sullivan, Neil; Donna Mahon
Subject: FW: Kretchmer Demo Approval Letter

All,

I just wanted to provide you all with a copy of this for your review and to obtain your opinions on the Newark Housing project.

Let me know,

Cheers

Chris

CHRISTOPHER J. PETTIT | Senior Associate | +1.609.403.7443 Office | christopher.pettit@icfi.com | icfi.com ICF INTERNATIONAL | 850 Bear Tavern Road, Suite 101, Ewing, NJ 08628 P Please consider the environment before printing this e-mail.

-----Original Message-----

From: Diana Butcavage [mailto:dbutcavage@njeda.com]
Sent: Tuesday, December 09, 2014 4:44 PM
To: Pettit, Chris
Cc: Margie M. Piliere; Donna T. Sullivan
Subject: FW: Kretchmer Demo Approval Letter

Please review the attached! Good find!

Diana C. Butcavage
Senior Construction Officer
Office of Recovery
New Jersey Economic Development Authority
36 West State Street
Trenton, NJ 08625-0990
phone: (609)858-6089
dbutcavage@njeda.com

-----Original Message-----

From: Janet Abrahams [mailto:jabrahams@NewarkHA.org]
Sent: Monday, December 08, 2014 4:45 PM
To: Diana Butcavage
Cc: Donna T. Sullivan
Subject: FW: Kretchmer Demo Approval Letter

Diana, please see attached approval letter I was able to find regarding HUD approval for the demolition of the building we discussed on last week call. I know the consultant talked about the actual environmental assessment form but can you please run the document pass them to see if it is acceptable. I am still searching for more information.

Thanks

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Washington, D.C. 20410-5000

OFFICE OF EXECUTIVE DIRECTOR

FEB 27 1996

OFFICE OF THE ASSISTANT SECRETARY FOR PUBLIC AND INDIAN HOUSING '96

JA
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AR
Q-540

Mr. Harold Lucas
Executive Director
Newark Housing Authority
57 Sussex Avenue
Newark, NJ 07130-3992

SUBJECT: Approval of Demolition Application for 358 Dwelling Units, the Administrative Building and the Medical Clinic Building at the Otto E. Kretschmer Development, Project Number NJ 2-10

Dear Mr. Lucas:

The Department has reviewed the subject application dated August 30, 1995, which was received in the New York Processing Center on September 5, 1995, as well as all subsequent revisions received through January 11, 1996.

I am pleased to inform you that your request to demolish the two family high-rise buildings and two walk-up buildings consisting of 358 units, as well as the administrative building and medical clinic building at NJ 2-10, which are known as Otto E. Kretschmer Homes, is approved.

The application package you provided to us included documentation that replacement units were not needed as part of this approval. The Department is currently operating under a Continuing Resolution pursuant to which HUD's funding is provided under the authority and conditions of the Fiscal Year 1995 Appropriations Act. The Rescissions Act signed by the President on July 27, 1995, modified that Appropriations Act and included a suspension of the requirement for one-for-one replacement, so we are able to approve this demolition without a plan for providing replacement housing.

You are advised that the Department's Fiscal Year 1996 Appropriations Act has not been approved. However, there is language contained in the proposed legislation to permanently eliminate the one-for-one replacement requirement and the Department's obligation to fund replacement units. If this bill is passed by Congress and signed by the President, the Department will issue a Federal Register Notice informing public housing authorities of the new requirements.

Approval of your application is based on the Department's understanding of your application as outlined in the enclosed memorandum from me to the New Jersey State Office.

OFFICE OF THE EXECUTIVE
DIRECTOR

Washington, D.C. 20410-5000

OFFICE OF THE ASSISTANT SECRETARY
FOR PUBLIC AND INDIAN HOUSING

FEB 27 1996

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HR
HR

MEMORANDUM FOR: Carmen Valenti, Director, New Jersey State
Office of Public Housing

FROM: Kevin Emanuel Marchman, Deputy Assistant Secretary,
Office of Distressed and Troubled Housing Recovery, PT

THROUGH: Ainars Rodins, P.E., Program Advisor

SUBJECT: Approval of the Housing Authority of the City of Newark
Request for the Demolition of 358 Units at Public
Housing Development NJ 2-10, Otto E. Kretchmer Homes

This application was received by the New York Demolition/
Disposition Processing Center on September 5, 1995. The Newark
State Office assisted in the processing by completing the
Environmental Assessment. The Housing Authority of the City of
Newark (HACN) submitted supplemental information on September 8
and 11, 1995, October 12, 1995, and January 11, 1996.

The Otto E. Kretchmer Homes complex originally comprised
of five high-rises, two low-rise walk-ups, one administrative
building and one medical clinic building. The Department
previously approved the demolition of three of the high-rise
buildings (buildings # 3, 4 and 5). The HACN has since taken
these three buildings off their rent roll and is now preparing
these buildings for demolition. Presently, the Kretchmer Homes
complex consists of two 8-story high-rise structures and two 3-
story walk-up structures containing a total of 358 dwelling
units, one administrative building and one medical clinic
building. This current application requests to completely
demolish the four remaining dwelling buildings (buildings # 1, 2,
6 and 7), the administrative building and the medical clinic
building in NJ 2-10. The Date of Full Availability (DOFA) for
NJ 2-10 is June 30, 1993. The bedroom breakdown for the
Kretchmer Homes is as follows:

NJ 2-10 KRETCHMER HOMES				
Building	1-BDR	2-BDR	3-BDR	TOTAL
High-Rise: Building # 2 & 6 (97 - 101 Ludlow Street and 314 - 318 Dayton Street)	0	128	128	256
Walk-Up: Building # 1 & 7 (85 - 95 Ludlow Street and 49 - 61 Ludlow Street)	24	78	0	102
TOTALS	24	206	128	358

The HACN is asking to totally demolish the four remaining dwelling buildings, the administrative building and the medical clinic building in NJ 2-10 based on 24 CFR 970.6(a) "...The project or portions of the project is obsolete as to physical condition, location, or other factors, making it unusable for housing purposes and no other reasonable program of modifications, is feasible to return the project or portion of the project to useful life.....", and 24 CFR 970.6(a) (3), ".... Other factors which have seriously affected the marketability, usefulness, or management of the property." Over the years, the family units in the subject development have experienced severe site problems and substantial deterioration. The layout of the development presents security problems and makes controlling access to residential floors difficult, as well as supervision of the public areas impossible. The concern for safety has made it difficult for the HACN to rent these units effectively.

In August 1994, the HACN commissioned an architectural/engineering (A/E) firm to conduct a viability study on several of its distressed public housing developments. The study looked at factors such as density, security, residents needs and project deterioration and concluded that the Kretchmer Homes's family units were obsolete and inappropriate for use as public housing. Although the study determined that the cost to modernize the development is within the current cost guidelines, the problem of security, density and limited interior usable living area in the dwelling units remains. The HACN believes that the most viable approach is to completely demolish the existing buildings in NJ 2-10. We concur with the HACN's justification that it is in the best interest of the residents of HACN to completely demolish all existing buildings in development NJ 2-10, Otto E. Kretchmer Homes.

In its original application, the HACN requested that the Department provide 226 units of Public Housing development as replacement units in Fiscal Year (FY) 1995, as follows:

Original Replacement Funding Requested					
1-BDR	2-BDR	3-BDR	4-BDR	5-BDR	TOTAL
61	51	88	21	5	226

The HACN also provided a certification assuring that it will comply with the accessibility requirements set forth in 24 CFR 8.25 in conjunction with the proposed replacement units.

However, on January 11, 1996, Mr. Robert Graham, the Assistant Executive Director, sent a facsimile transmission to the New York Processing Center with a letter dated January 9, 1996, from Mr. Harold Lucas, the Executive Director, requesting that the Department refrain from processing the application until such time as pending legislation which proposes to repeal the one-for-one replacement requirement is passed by Congress and signed by the President. (The letter is included with the application package.) Therefore, the Department is processing this application without a request for replacement housing.

The development is partially occupied. The HACN is seeking approval of 21 temporary Section 8 certificates for the relocation of the residents that are still residing at the development. The HACN has provided estimates for relocating the residents, \$241,612 for NJ 2-10, as well as a funding source, the HACN's Comprehensive Grant Program funds. The HACN's submission includes assurances that the relocation housing will be decent, safe and sanitary, as well as a certification that the relocation will comply with all the requirements of the Uniform Relocation, Assistance and Real Property Acquisition Policies Act of 1970, as amended, and implementing regulation at 49 CFR part 24 and the requirements of 24 CFR 970.5.

An Environmental Assessment, as required by 24 CFR Part 50, of the site proposed for demolition was performed by the New Jersey State Office.

Resident consultation was initiated through a public meeting held on August 15, 1995. Included in the submission package are copies of the meeting agenda as well as the talking points raised at the meeting. Also, the application included a letter dated August 29, 1995, from the Newark Tenant Council, Inc., a PEA-wide resident group, acknowledging the active resident involvement in the planning process for the demolition applications. Additionally, a copy of a Memorandum of Agreement executed between the HACN and the Kretchmer Homes Tenants Association was included with the submission, which outlines the obligations of each party with regard to the demolition and relocation.

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Section 970.13 of the final regulation requires that a public housing authority give the resident organization(s) at the development affected by the demolition the appropriate opportunity to purchase the property proposed for demolition. Included in the submission is a letter dated August 23, 1995, sent to the Otto Kretchmer Homes Tenant Association offering the subject properties for purchase. Subsequently, the Kretchmer Homes Tenant Association responded in a letter dated October 12, 1995, declining the HACN's offer of purchase.

As required by the regulation, the HACN's Board of Commissioners approved the submission of the HACN's application for demolition on August 24, 1995, by Resolution No. 95-8-42.

We have reviewed the application and find it to be consistent with Section 18 of the U.S. Housing Act of 1937, as amended, and the implementing regulation 24 CFR Part 970, including requirements related to resident consultation, relocation, and opportunity to purchase the development by the appropriate resident organizations. Therefore, based upon our review and finding that the requirements of 24 CFR Part 970 and Section 18 of the Act have been met, the proposed demolition of the administrative building, the medical clinic building and the four remaining dwelling buildings located at 85 - 95 Ludlow Street, 97 - 101 Ludlow Street, 314 - 318 Ludlow Street and 49 - 51 Ludlow Street in development NJ 2-10, Otto B. Kretchmer Homes, is hereby approved.

The package provided to us included documentation that replacement units were not requested as part of this approval. The Department is currently operating under a Continuing Resolution pursuant to which HUD's funding is provided under the authority and conditions of the Fiscal Year 1995 Appropriations Act. The Rescissions Act signed by the President on July 27, 1995, modified that Appropriations Act and included a suspension of the requirement for one-for-one replacement, so we are able to approve this demolition without a plan for providing replacement units.

The HACN should be advised that the Department's Fiscal Year 1996 Appropriations Act has not been approved. However, there is language contained in the proposed legislation to permanently eliminate the one-for-one replacement requirement and the Department's obligation to fund replacement units. If this bill is passed by Congress and signed by the President, the Department will issue a Federal Register Notice informing public housing authorities of the new requirements.