

Introduction:

This analysis describes the decision-making process performed for the proposed rehabilitation of 423 East Magnolia Avenue (SBL618138) in the City of Wildwood, Cape May County (see Exhibit 1) to comply with Executive Order 11988, Floodplain Management as required by HUD Regulations at 24 CFR Part 55.

The existing Nino's Family Restaurant located in North Wildwood suffered severe storm damages during Superstorm Sandy, resulting in a total loss to the owners. The new location of Nino's Family Restaurant will be in the City of Wildwood at an existing commercial property called Groff's Restaurant. The proposed rehabilitation and reconstruction of the structure at 423 East Magnolia will consist of interior and exterior repairs with no expansion of structure footprint or change in use. The planned improvements include: removal and replacement of two exterior signs; removal of existing siding, corners, and window trim and replacement with stucco and brick; new interior brick and stucco wall in lobby; painting of the ceiling and lobby area; renovations to bathrooms; installation of lighting fixtures; new restaurant equipment; and new table tops, chairs, and small wares.

The proposed rehabilitation and reconstruction of this existing restaurant is critical in re-establishing local businesses that were impacted by Superstorm Sandy. Superstorm Sandy damaged approximately 793 businesses in the City of Wildwood, Cape May County¹. The Stronger NJ Business Loan (SBL) Program addresses the post-Sandy recovery need to repair and restore businesses and make properties more resilient against future flooding.

Analysis:

The HUD floodplain management decision-making process at 24 CFR Part 55.20 contains eight steps, including public notice and an examination of practicable alternatives. However, the proposed action meets all of the criteria at 24 CFR 55.12(a), so a 5-step floodplain analysis is applicable (i.e. Steps 2, 3 and 7 are not required):

1. Funding is for an existing building or structure: The proposed project involves the rehabilitation of an existing commercial restaurant with no change in footprint or use.

2. Community is part of NFIP and in good standing: The proposed project is located in the City of Wildwood, NJ, which is part of the National Flood Insurance Program (NFIP) and in good standing (see Exhibit 2).

¹ New Jersey Spotlight, March 15, 2013. Interactive Map: Assessing Damage from Superstorm Sandy, source data provided by NJ DCA.
<http://www.njspottlight.com/stories/13/03/14/assessing-damage-from-superstorm-sandy/>

3. Action does not meet the threshold for ‘substantial improvement’ – (a). HUD funding <50% of pre-storm value, OR (b). < 20% increase in average peak number of customers or employees (for residential, it’s the number of dwelling units)

Proposed HUD funding for repair, reconstruction, modernization or improvement of the structure = \$86,200 against the actual market value (*2015 purchase price*) of \$610,000.00. Proposed funding is less than 50% of pre-storm property value. The structural square feet will not be increased.

4. Footprint and paved areas are not significantly increased (>10%): The footprint of the structure will not be changed as part of this project.

5. For residential, add: cannot convert a non-residential structure to a residential structure: The existing structure is a non-residential, commercial restaurant; no use conversion proposed.

Step 1: Determine whether the action is located in a 100-year floodplain (or a 500-year floodplain for critical actions).

The proposed project is located in an “A” Zone (area of special flood hazard) as indicated on the Preliminary FEMA Flood Insurance Rate Map (FIRM) Map Number 34009C0306F (Panel 306 of 311) for Cape May County, effective January 30, 2015 (see Exhibit 2). Areas designated as a Special Flood Hazard Area are those subject to inundation by the 1% annual chance flood (e.g., a 100-year flood), also known as the base flood. The base flood elevation (BFE) associated with the project site is 10.0 feet above sea level (NAVD88). (*Note: the floodplain map and legend using the NJDEP HUD Environmental Review Tool depicts the floodplain zone as “A”, which is a generalized category that includes FEMA-designated zone “AE” and other non-coastal 100-year floodplain areas*).

Step 2: Notify the public for early review of the proposal and involve the affected and interested public in the decision making process.

Not Applicable

Step 3: Identify and evaluate practicable alternatives.

Not Applicable

Step 4: Identify Potential Direct and Indirect Impacts Associated with Floodplain Development

Rehabilitation of the existing restaurant building within the floodplain represents no change from pre-Sandy conditions and would not increase floodplain occupancy. No increase in building footprint, impervious surface coverage, or floodplain development would occur. Furthermore, rehabilitating an existing structure, versus new construction, would help maintain conditions prior to Superstorm Sandy and would not increase base flood elevations.

Superstorm Sandy had a widespread and lasting impact on New Jersey’s business sector and particularly affected small businesses. The storm caused substantial damage to commercial property and caused short- and long-term business operations losses. Loans available through the Stronger NJ program are intended to assist businesses that suffered physical damage as a result of Superstorm Sandy as well as spur economic revitalization by providing funding for expansion, and business relocation into storm-impacted areas.

Statewide, tourism accounts for approximately 10% of total employment and almost 7% of the state's economic output. Tourism is the major component of the local economy. In Cape May County, direct tourism sales were \$5.5 million in 2013. Employment in the tourism industry (including direct and indirect/induced employment) in Monmouth County was 25,479—accounting for an estimated 48.5% of total county employment. State and local tax receipts attributed to tourism were \$511.4 million for Cape May County in 2013, accounting for an estimated 11.1% of total state tourism income (New Jersey Division of Travel and Tourism, *The Economic Impact of Tourism in New Jersey, 2013*, Prepared by Tourism Economics, Inc).

In Wildwood, approximately 40% of employment in the borough is comprised of jobs in three tourism-related industry sectors—the Arts, Entertainment & Recreation sector; the Accommodations and Food Services sector; and the Retail Sales sector (U.S. Census Bureau, OnTheMap Application and Longitudinal Employer-Household Dynamics, *Work Area Profile Analysis, Q2-2011 data*).

Step 5: Where practicable, design or modify the proposed action to minimize the potential adverse impacts to lives, property, and natural values within the floodplain and to restore, and preserve the values of the floodplain.

With the proposed improvements, potential threats to life and property would be reduced. The existing restaurant consists of two floors. The ground floor is constructed of concrete block walls and currently houses a bakery kitchen, storage area, and loading area. The elevated first floor includes a dining room and kitchen. Per the Flood Elevation Certificate, the top of bottom floor/bottom of top floor has an elevation of approximately 9.3 feet (N.A.V.D. 1988). No floodproofing is required as the rehabilitation/reconstruction does not constitute a major rehabilitation. No structure elevation is necessary or practicable as the structure is already raised and reinforced, and the building footprint will not be increased or moved; therefore preserving the floodplain.

The City of Wildwood is a member of the National Flood Insurance Program and structures located within the flood zone must comply with the local flood ordinance. HUD required projects located in the floodplain to maintain flood insurance for the economic life of the property.

Step 6: Reevaluate the Alternatives.

Practicable alternatives to relocate the project outside of the floodplain are not available and would be contrary to the purpose and function of the proposed improvements. Similarly, the option of “no action” also remains impracticable because it will not satisfy the need for post-Sandy recovery. The No-Action alternative would also not address the State's need of re-establishing local businesses that were impacted by Superstorm Sandy.

It is our determination that there is no practicable alternative to locating the proposed project in the flood zone. This is due to: 1) the local and statewide need of re-establishing local businesses in the wake of Superstorm Sandy; 2) the placement of the existing restaurant structure, whereas new construction or relocation would require additional impervious surface coverage within the floodplain or revitalization in non-impacted areas, and 3) no net-change in floodplain impact in comparison with pre-Sandy conditions.

Overall, construction of the proposed project would not result in significant adverse impacts to flood levels, flood risk, or the flow of flood waters on the project site or surrounding areas. Implementation of the proposed action would provide cost-effective improvements with no net-change in floodplain development and increased protection for property. Therefore, the proposed project would be compliant with the National Flood Insurance Act of 1968 (44 CFR § 59) and Executive Order 11988 on Floodplain Management (42 FR 26951).

Step 7: Determination of No Practicable Alternative

Not Applicable

Step 8: Implement the Proposed Action

The DCA will ensure that the project is constructed as proposed to ensure no adverse floodplain impacts. Implementation of the proposed action may require additional local and state permits, which could place additional design modifications or mitigation requirements on the project. The applicant is required to obtain all required federal, state, and county/local permits prior to commencement of construction and comply with all permit conditions.

If the scope of work of a proposed activity changes significantly, the application for funding must be revised and resubmitted for reevaluation under the National Environmental Policy Act (NEPA).

U.S. Department of Housing and Urban Development
New Jersey Superstorm Sandy Community Development Block Grant- Disaster Recovery Program
Stronger NJ Business Loan (SBL)

5-Step Floodplain Analysis - Executive Order 11988, HUD 24 CFR 55
SBL618138 - 423 East Magnolia Avenue, City of Wildwood, Cape May County

Exhibit 1: Photographs



South elevation



North elevation

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Exhibit 2: Floodplain Map

