

New Jersey Landlord Rental Repair Program

Draft Program Guidelines

Exhibit 1



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ATTACHMENT B: Affirmative Marketing Plan (TBD)

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1.0 Program Overview

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

The Program is administered by the New Jersey Department of Community Affairs (DCA), with coordination of other State agencies including the New Jersey Department of Environmental Protection (DEP). The New Jersey DCA has contracted with a consulting firm to provide application intake and processing services (the “Superstorm Sandy Housing Incentive Program Contractor, or SSHIP”). The DCA also administers the Rehabilitation, Reconstruction, Elevation, and Mitigation Program (RREM), a program providing assistance to homeowners to rehabilitate or reconstruct storm-damaged owner-occupied housing. *Possible interaction between the RREM and LRRP are discussed in the document.

The funding for the program is provided by the U.S. Department of Housing and Urban Development (HUD) through the Community Development Block Grant – Disaster Relief (CDBG-DR) Program. The Federal Emergency Management Agency (FEMA) provided important data about the storm damage in the communities where the Program will be implemented. New Jersey in its *CDBG-DR Superstorm Sandy Action Plan* described the designation of \$70,000,000 of the \$1.83 billion of CDBG-DR funds to be made available to fund the rehabilitation of storm damaged rental properties. At least 70% of the funds must be used to repair damaged rental properties located in the nine most affected counties (Atlantic, Bergen, Cape May, Essex, Hudson, Middlesex, Monmouth, Ocean, and Union).

1.1 Program Design

1.1.2 Program Awards

The LRRP will provide grants to existing and new owners of rental properties with 1 to 25 units requiring rehabilitation. Properties that are more severely damaged and possibly in need of reconstruction will be considered on a limited basis. Awards will be equal to the lesser of \$50,000 per affordable rental housing unit, or 100% of the estimated cost to repair the property as determined by the LRRP less any **Duplication of Benefits (DOB)** as calculated in accordance with the Robert T. Stafford Disaster Assistance and Emergency Relief Act (Stafford Act).

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

The following sources are deducted from the award amount for the unit:

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

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

- Funding received from Non-Profit Agencies, unless it was specified for home repairs and resulted in a duplication of benefits.
- Tax adjustments resulting from filings related to losses to the rental property are not considered duplication of benefits and do not affect awards if those funds were used to repair that unit.

Award levels for owner occupied properties include up to \$150,000 in compensation for the owner-occupied portion of the property if the owner-occupant has been approved for RREM Program funds and up to \$50,000 for each affordable rental unit in the property. Properties must meet all eligibility criteria and priorities for funding specific to each program in order to receive funds from both programs.

1.1.3 Priorities for funding

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

1. Properties with seven or fewer units
2. Properties with mold remediation needs
3. Properties containing units that are or will be dedicated for special needs populations, regardless of unit count

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

1.1.4 Basic eligibility criteria

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

1. Properties must have 25 units or less
2. Owner will have to certify that the property will be used for year-long rental housing and not as a second home or seasonal rental property.
3. Units must be rented to low and moderate income households after project completion
4. Rents may not exceed 30% of monthly income for a household earning 80% of the Area's Median Income (AMI)
5. Properties must have received damage from Superstorm Sandy and require rehabilitation or reconstruction

1.1.5 Criteria for selection

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

1. The damaged building or unit will be repaired to re-occupancy standards as permitted by the state and local codes.
2. 70% of the funds shall be spent in the nine most impacted counties.

1.1.6 Landlord Responsibilities

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

- Property will be used for year-long rental housing and not as a second or seasonal rental property
- Units, after project completion, will be leased to a low/moderate income household within 60 days of the project close out
- Tenant income information must be provided to the Program for review and approval prior to executing the lease and/or move in date as outlined in the *LRRP Tenant Selection & Leasing Guidelines* on the DCA website. Landlord must utilize the model lease provided by DCA or have their own lease amended to include LRRP requirements.
- Rents may not exceed 30% of monthly income for a household earning 80% of the Area's Median income (AMI), as determined by the LRRP and published on the DCA website
- Compliance with Davis-Bacon and Related Acts (DBRA) requirements (if applicable)
- Compliance with 24 CFR 135, otherwise known as Section 3, of the Housing and Urban Development Act of 1968 (12 U.S.C. 1701u)
- Compliance with the State of New Jersey Maintenance of Hotels and Multiple Buildings Law
- Must be registered with the Bureau of Housing Inspection (required for owners of properties with 3+ units)
- Compliance with the New Jersey "implied warranty of habitability"
- Compliance with the LRRP Affirmative Fair Housing Marketing Plan (required for properties with 5+ units; properties with 1-4 units must comply with New Jersey State laws) (See **Attachment B**)
- Compliance with HUD's Lead Safe Housing Rule
- Compliance with the Uniform Relocation Act (URA) requirements for tenant notifications (including notifications to existing and new tenants residing in adjacent or nearby undamaged units that may be affected by project construction), temporary housing, and relocation assistance as determined by DCA
- The Landlord must agree to maintain casualty insurance and flood insurance, if property is located within a FEMA designated Special Flood Hazard area for the full term of the grant. The closing agent will collect proof of flood insurance if required.
- Insurance coverage will be required and in an amount determined as appropriate by the insurance agent for the full term of the grant.
- The Landlord must arrange reasonable and timely access to the property for Contractors providing rehabilitation and/or reconstruction services.
- The Landlord is responsible for the movement, storage, and security of all property and personal belongings.

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

1.1.7 Program Components

The following LRRP services will be considered for eligible Landlords based on the status of the repairs as of the LRRP application date, and the Landlord's capacity to develop and complete the construction work. The Program will be administered by the LRRP contractor based on the need of the Landlord and status of repairs under one of three program workflows: **1) Reimbursement of Costs Incurred Prior to the LRRP Application; 2) Landlord-Led Construction Management; 3) Assisted Construction Management.**

Program Components Workflows

Each of the **3 Program Workflows** is depicted in Attachment A and described as follows.

1.1.8 Reimbursement of Costs Incurred Prior to LRRP Application

SSHIP will collect information and documentation regarding the cost of repairs that were completed after the date of the storm and up to the date of the LRRP application and no later than October 29, 2013. SSHIP will inspect and verify costs incurred as reasonable and necessary, according to HUD direction. LRRP will follow guidance related to Reimbursement as noted in HUD Notice CPD-13-038, issued on July 30, 2013.

The eligibility factors include the following criteria:

- Repairs performed prior to the submittal of the LRRP application for assistance must be verified by a LRRP inspector and meet all eligible repair activities to establish both eligibility for and total amount of reimbursement
- Repairs performed after the application has been submitted will not be eligible for reimbursement.
- Property must receive environmental clearance from the New Jersey Department of Environmental Protection (DEP) to allow the reimbursable work to be eligible and to allow for construction work after award approval.
- All units to receive repair funds must be vacant.
- Repairs and associated costs must be validated on-site by the LRRP contractor in order for the Landlord to receive reimbursement.
- For landlord-performed repairs, Landlords can receive reimbursement for their material costs, but cannot receive reimbursement for their own labor or sweat equity (unless they

are a licensed contractor and meet all criteria for contractor qualification and approval at the time of the initial LRRP preliminary award letter).

- The maximum amount of reimbursement funds is \$50,000 per unit.
- If additional repairs are needed to bring the unit to applicable codes and standards and there are remaining funds in the \$50,000 cap, the Landlord may request construction assistance through the LRRP program.

If the amount of the reimbursement request exceeds \$50,000 and all repairs are not yet completed, the Owner will be required to complete the repairs at their expense.

1.1.9 Landlord-Led Construction Management

Landlords may choose to complete the scope of work through to unit eligible occupancy standards by using an existing General Contractor of their choice. In this program workflow, the landlord will finance the completion of the construction work and will receive grant award upon completion of the work and commitment to occupancy with an eligible tenant. LRRP contractor will review that engaged contractors meet minimum qualifications:

- Possess the required registrations in the State of New Jersey for the work being done.
- Not debarred from conducting business.
- Maintain the insurance and bonding relevant to the job and as meets required state and local standards.

1.1.10 Assisted Construction Management

Use of RREM General Contractor Pre-Qualification Pool

Landlords who opt for assistance with the contracting process by the LRRP contractor will be encouraged, and will have access, to utilize the pre-qualified General Contractor Pool used for the RREM Program. Landlords may also use an existing General Contractor of their choice.

General Contractors who are not already pre-qualified for the RREM Program's Pool of Qualified General Contractors must meet and adhere to the minimum qualifications listed below:

Registration and License Requirements for a Landlord Selected Contractor

- The Contractor must hold a current registration issued by the State of New Jersey. Contractor will be required to provide registrations provided by other jurisdictions in which they are assigned work, if applicable;
- Must demonstrate there is no debarment sanction on any individual, organization and/or its affiliates and not excluded from conducting business with any Federal Agency government-wide.

Insurance and Performance Bonds

Contractor(s) shall provide proof of the minimum insurance coverage amounts identified below. Proof of insurance shall be issued by a company that is licensed to do business in the State of New Jersey and that has a rating equal to or exceeding A-VII from A.M. Best.

1. A commercial general liability policy including products, completed operations, contractual liability, with no residential exemptions or exclusions, with a combined single limit of \$1 million per occurrence and \$2 million general aggregate, and \$2 million products/completed operations aggregate;
2. Contractor(s) must provide proof that they will be able to provide a hazard insurance policy on a builder's all risk or special causes of loss policy form with a broad form named insured and with loss payable endorsements acceptable to DCA insuring the Improvements (to the extent they are insurable) and all materials and supplies purchased with advances hereunder against all risks and losses, to include (i) flood and named windstorm coverage for Construction Contract Amount, and (ii) and an allowance for occupancy by Property ODR if Property ODR is remaining in the home during construction.

DCA may lower the insurance requirements on a case by case basis. Landlord must submit a written request with an explanation and providing support documentation as to why the minimum insurance limits should be lowered.

Willingness to Adhere to Federal Requirements

- Contractors will be required to accept the terms and conditions of the LRRP Construction grant Agreement and LRRP Guidelines and procedures to receive incremental construction draws;
- Funding is provided by HUD and is subject to the requirements of Section 3 of the Housing and Urban Development Act of 1968, as amended, 12 U.S.C. 1701u. Section 3 requires that to the greatest extent feasible, opportunities for training and employment be given to lower income residents in the project area and contracts for work in connection with this project be awarded to business concerns that are located in or owned in substantial part by persons residing in the area of the program.
- Contractor(s) shall commit to make a demonstrated effort to provide subcontract opportunities to locally owned businesses, minority and women-owned businesses enterprises, and low-income residents in the program area
- Contractors working on properties containing 8 or more units must accept, understand, and perform work compliant with the requirements under the Davis Bacon and Related Acts (DBRA).

Other information and criteria may be requested and reviewed by DCA or its agents that is deemed necessary for the contractor participation in the LRRP Program. All General Contractors are subject to review by DCA and DCA reserves the right to reject any contractor who does not meet the minimum requirements including contractors that appear unrealistic in terms of technical commitment, technical competence, and that indicate a failure to comprehend the risk and complexity of the potential contract.

1.1.11 Form of Assistance for Affordable Rental Units

Grant Requirements

Assistance for the affordable rental housing units will be made in the form of a grant requiring Landlords to rent to income eligible tenants upon completion of the rehabilitation or reconstruction of the property. To be consistent throughout the Program, grants require commitment to adherence to the unit occupancy requirement (as noted on the executed lease by a program approved tenant). The grant is not considered closed until the occupancy requirement is achieved by the landlord.

1.2 Project Eligibility

1.2.1 Owner Eligibility

1.2.1.1 Ownership Status

The owner of the property must either be the pre-storm owner, defined as the owner of record as of October 29, 2012, or, a new owner who demonstrates valid site control as determined by the SSHIP Contractor. Required documentation for valid site control is defined as a right to acquire or lease 100 percent of the fee title to the property through one of the following mechanisms:

- a written **purchase agreement** for an eligible property executed by all current owners to the applicant which authorizes a closing on or before the program Closing Event;
- a written **option to purchase** an eligible property executed by all the current owners to the applicant which may be exercised on or before the program Closing Event;
- a written **contract for deed or lease purchase agreement** for an eligible property which is executed by all the current owners to the applicant evidencing an immediate right to occupy and improve the property and a future right to acquire 100% of the fee title;
- a written **long term lease with a sufficient term remaining for participation in the program** from the date of the Closing Event for an eligible property which is executed by all the current owners to the applicant; and
- **any other written agreement approved by DCA** to sell an interest in an eligible property which is executed by all the current owners to the applicant evidencing a right to acquire the interest on or before the program Closing Event.

In addition to the above, the applicant must provide a copy of the written agreement signed by all parties which includes all pages and exhibits, includes a valid legal description of the property (including county and city), identifies the tax parcel number for the property, identifies the date of the closing of the sale or purchase (if applicable) and identifies the purchase price or rental amount (if applicable). If the current owner is an entity, the applicant must also provide

sufficient documentation evidencing the good standing and authorization of the entity to sell or lease the property as required by the program. Site control must be maintained throughout the processing of the application and the transfer of ownership must be finalized prior to the Award Closing.

1.2.1.2 Owner Occupants

Owner-occupants may request assistance for vacant damaged rental units in 1-4 unit properties located in the nine most impacted counties under the RREM Program. Participation in the RREM Program for the owner-occupied unit is not required in order to receive LRRP funding. If the owner-occupied unit needs repair, the owner-occupant may provide funding through private resources (or RREM Program funds) for those repairs and utilize LRRP funds for repair of the damaged rental units.

To be eligible to apply for the LRRP funding for the rental units and also receive the funding award as an owner occupant allowable under the RREM Program the landlord or group of owners must meet the following criteria:

- At least one landlord(s) must have owned and occupied one unit of a property as their primary residence on or before October 29, 2012.
- The property must contain 2 or more units meeting all legal requirements for owner and tenant occupancy.
- At least one landlord(s) must re-occupy the subject property
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- If an Owner Occupant has an affordable rental unit as part of their property application, the amount of the award for each affordable unit will be calculated in the same manner as for all other affordable units in the LRRP.
- The RREM award levels for owner occupied properties include up to \$150,000 in compensation for the owner-occupied portion of the property, and the LRRP will provide up to \$50,000 for each affordable rental unit in the property.
- Properties will need to be reviewed on a case-by-case basis to determine allocation of expenditures and rehabilitation or reconstruction of the entire structure.

1.2.1.3 For-Profit Participation

- For-profit Landlords must agree to execute a one-year lease for the unit(s) to low-moderate income households at affordable rent levels established by DCA. Income collected by participating for-profit Landlords will not be considered CDBG Program Income.

1.2.1.4 Non-Profit Participation

- Non-profit agencies qualifying as 501(c)(3) organizations may participate in the LRRP as an eligible Landlord.
- Funded non-profit organizations must provide verification of their non-profit status, and the most recently completed audit as required by OMB Circular A-133 "Audits of Institutions of States, Local Governments and Nonprofit Institutions".

- Income collected by participating non-profit organizations will not be considered CDBG Program Income.
- Non-profit Owners must maintain affordable rent levels for five years.
- For non-profit owners, if a property sale occurs within 5 years of the award, the new owner is subject to DCA approval and must agree to assume all Program obligations and responsibility for the regulatory agreement. If a sale occurs within 5 years and the new owner does not agree to participate in the Program, the property is deemed in violation of the program regulatory agreements and any unforgiven balance must be paid in full to the DCA.

1.2.2 Property Eligibility

Upon verification of the Landlord's eligibility, the property must meet all of the following criteria in order to be eligible for funding from the New Jersey Landlord Rental Repair Program:

- Properties throughout the State damaged by Sandy are eligible. Note that 70% of the funds must be used for properties located in Atlantic, Bergen, Cape May, Essex, Hudson, Middlesex, Monmouth, Ocean, and Union Counties.
- Properties must have included between one and twenty-five rental dwelling units prior to October 29, 2012. A dwelling unit is defined as having complete independent living facilities for one or more persons, including permanent provisions for living, sleeping, eating, cooking and sanitation.
- Single Room Occupancy (SRO) units are not eligible. SRO units are residential properties that include multiple single room dwelling units where each unit is for occupancy by a single individual.
- Properties containing mixed-uses: An eligible mixed-use property containing both commercial/office uses (groceries, corner stores, etc.) and residential uses (primary residences, rental units, etc.) prior to the storm. These rental properties will receive an award only for each affordable residential rental unit. Structures or spaces for commercial uses prior to the storms which will be converted to residential rental space are not eligible.
- When determining whether a commercial property is within the maximum allowable number of 25 units in order to be eligible for the Program, the unit or units identified for commercial use will not be considered in the 1- to 25-unit maximum unit count.
- Units used to house family members or others at no charge are eligible as long as the household meets the LMI requirements and lease terms.

1.2.2.1 Structure Types

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

- Modular Housing (also called Industrialized Housing) is an eligible structure type. Modular homes are residential structures that are designed for occupancy as a permanent residential structure when the module or modular component is transported to the permanent site and erected or installed on a permanent foundation system, and includes the structure's plumbing, heating, air conditioning, and electrical systems.

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

1.2.2.2 Bankruptcy, Liens and Judgments

- Bankruptcy: Any property included in an open bankruptcy will not receive assistance from the Program, and will not be processed further by SSHIP once the bankruptcy is identified.
- Liens and Judgments: Outstanding liens (such as Federal, State or property tax liens, municipal assessment liens or subdivision assessment liens) and judgments which could result in foreclosure and the loss of the property prior to the completion of construction must be satisfied and cancelled of record in order to receive assistance from the Program.

1.2.3 Vacancy Requirements

- ***The Landlord shall immediately notify the Program during the application process as to the occupancy status of all units contained within the property, regardless of whether LRRP funds are being requested for repairs to that unit.***
- All units for which assistance is being requested must be vacant at the time the Program application is submitted. Landlords applying for funding may apply with partially occupied properties, though any unit being assisted must be vacant at time of application.
- The Landlord will be required to comply with all federal and state policies and procedures regarding the Uniform Relocation Act (URA). It should be noted that for recently vacated units, the provisions of the URA may be applicable. Landlords may be requested to provide rent rolls, leases, and eviction notices as needed to verify if the unit was vacant at time of storm or became vacant after the storm to determine URA requirements.
- The costs associated with URA compliance must be paid for by the Landlord.
- Notifications to existing tenants in non-assisted occupied units and occupants at the time of the storm may be required as part of the URA compliance.
- After submitting an application to the LRRP, the owner should not rent any units identified on the application as vacant until construction is complete and the Program verifies the income of potential tenants.

2.0 Initial Site Inspections and Environmental Reviews

2.1 Overview

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

- HUD's Lead Safe Housing Rule
- National Environmental Policies Act (NEPA)
- Housing Quality Standards
- New Jersey Uniform Construction Code (UCC)
- International Residential Building Code (IRC)
- International Building Code (IBC)
- International Energy Code
- EPA's Energy Star Program (for Reconstruction)
- HUD Community Planning and Development Green Building Retrofit Checklist (for Reconstruction)
- Section 504 of the Rehabilitation Act of 1973
- The Architectural Barriers Act
- 24 CFR Part 570 and OMB Circulars for Necessary and Reasonable Requirements Cost Principles

2.2 Initial Site Inspection (Damage Assessments)

- 2.2.1 The primary purpose of the Initial Site Inspection (ISI) is to observe and record the presence of Superstorm Sandy damage (internal and external), confirm existing site conditions, and collect information about the project site to be utilized in making property eligibility and reimbursement eligibility determinations. Data will be collected by LRRP contractor, as a qualified damage assessor and will be used to recommend if the proposed project will follow a rehabilitation or reconstruction pathway. The ISI will occur after SSHIP has reviewed the application and made a determination of ownership eligibility.
- 2.2.2 The Landlord will need to be present for these site visits. The LRRP inspector will note any obvious environmental concerns on the site or nearby that could affect the evaluation.
- 2.2.3 The LRRP will prepare an Estimated Cost to Repair (ECR) which will provide an estimate of the basic costs needed to repair or replace the home and incorporates costs necessary to ensure that the property meets the relevant codes and standards for occupancy and other requirements determined by DCA. The LRRP will also through the ISI determine the Work in Place (WIP) which determines and calculates a reasonable value for the work currently completed and observed in place. The WIP and ECR do not provide an evaluation that takes into account an exact replacement of the original damaged property. In contrast to insurance estimates that may be based on replacement costs, the WIP and ECR evaluation are based on state standards for basic livability standards developed for the program and on costs developed by the construction industry for New Jersey for those items. The method used to prepare the WIP and ECR will account for those scope items that can be counted, measured, or observed. No destructive testing will be performed. The landlord will submit actual receipts for completed work to the SSHIP contractor. This will be used in calculation of Duplication of Benefit (DOB) to determine eligible award amount for the landlord.

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

2.3 Eligible and Ineligible Items

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

2.3.2 In mixed-use properties (properties containing units/areas not used for residential uses, such as commercial areas), the ECR is based on the costs to repair the residential space in order to meet residential occupancy requirements, local rental licensing requirements, and the State Codes as necessary without concern for the cost to repair the commercial space or other undamaged residential units.

2.3.3 Repairs to common/commercial space to meet occupancy/rental housing standards are eligible expenses.

2.3.4 The Landlord is responsible for ensuring compliance and paying any relocation expenses encountered during the course of the project, in conformance with HUD URA requirements.

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

- Site Work (Utility lines, landscaping, etc.)
- Demolition
- Rehabilitation / Reconstruction costs
- Elevation Costs
- Lead/Asbestos Abatement
- Soft Costs:
 - Architectural/Engineering (Drawings, specifications, if applicable) (if these services are provided by the LRRP Contractor, the costs are not considered to be part of the \$50,000 maximum CDBG-DR award)
 - Financing costs (Construction interest, appraisal, origination fees)
 - Survey
 - Legal costs (Attorney Fees, Notary Fees, etc.)
 - Title Insurance
 - Building Permit
 - Other Soft Costs
 - Consultant Fee (if applicable)
- Contingency (to pay for unexpected costs – up to 10%)

- Other development costs

2.3.6 Generally, the LRRP does not allow the use of CDBG funds for the following items: (Note: The Landlord may use their personal funds for these items)

- Repair or replacement of detached structures such as sheds, garages, swimming pools, decks, docks, or boat ramps (garages may be included for projects where required by local codes)
- Replacement of special features, trims and designer features that exceed basic livability requirements and features of standard grade homes such as solar panels, sky lights, wainscoting and wood paneling, Jacuzzis, copper gutters and roofs (these items may be repaired if they present a health or safety hazard or replaced with the Program standard quality of material)
- Repair or replacement of fencing or security systems
- Replacement of clothes washer and/or dryer (allowed for rental units, but not owner-occupied units)
- Replacement of window air conditioners

2.4 Environmental Reviews

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

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

There are four steps to the environmental review process:

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

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

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

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

3.0 Pre-Construction Planning

3.1 Feasibility of Repairs

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

- **Rehabilitation** The ECR will identify quantities and scopes of work required to repair or replace storm-damaged items and to bring the remainder of the structure/site to compliance.
- **Reconstruction** for homes that have been destroyed, are structurally unsafe to enter, or that existing conditions are such that the building cannot be rehabilitated to LRRP standards ***Reconstruction projects will be reviewed on a case-by-case basis and are subject to the final review and approval of DCA.***

The feasibility determination will be presented to the Landlord as a Draft Scope of Work for review and approval. Upon approval, the project development will progress to a Final Scope of Work.

3.2 Development of Plans and Specifications

Upon completion of construction, all LRRP Rehabilitation projects must meet applicable local, state and Federal building codes and requirements and statutes. The Reconstruction standard for the Program is the New Jersey Uniform Construction Code, 2009 Residential International Code, Energy Star, and HUD's CPD Green Building Standards Checklist. When applicable, the Program will comply with Chapter 23 of the State of New Jersey's Uniform Construction Code, Subchapter 6: Rehabilitation Subcode, and the HUD CPD Green Building Retrofit Checklist.

3.2.1 Rehabilitation Projects: Described below are the two options for scope development that apply to projects that qualify for Rehabilitation.

- The Landlord may provide a scope of work (containing quantities and quality of materials to be used) for the LRRP to review for compliance with the LRRP standards. Once approved by LRRP, the project may proceed to bidding. The scope of work will be used for bids from General Contractors in the RREM Qualified Contractor Pool or Landlord selected Homebuilder.
- The LRRP will develop a detailed scope of work that will be used to describe the repair and establish the quantities and quality of materials to be used. Each scope of work will include the scopes of work for all trades that may be required. The scope of work will be used as a cost

reasonableness comparison to SOW's received from General Contractors in the RREM Qualified Contractor Pool or Landlord selected Homebuilder.

A mandatory pre-construction meeting will be conducted to review the scope of work and answer any questions. All official responses to questions presented during the pre-construction meeting and those received in writing will be provided to the General Contractor in writing from the LRRP.

3.3 Escrowed and Supplemental Funds

For Assisted Construction projects the Landlord must, if applicable, provide funding for work on their property in excess of the eligible CDBG-DR award. The funds will be placed in escrow with SSHIP at or before the time of closing, prior to construction. The LRRP contractor will provide an approved draw to SSHIP for the release of both private escrow funds and LRRP grant funds. The Program will work with lenders for Landlords borrowing funds to accomplish the project.

Supplemental funds provided by the Landlord must also be escrowed with SSHIP to pay for program approved upgrades prior to beginning the construction. These funds will be designated in a manner to be determined by SSHIP.

For the Landlord-Led Construction Management workflow, the Landlord's funds will not be required to be placed in escrow. It is understood that the Landlord has pre-engaged all construction funding to complete construction, therefore, the LRRP grant funds will be disbursed for eligible costs at the completion of the project in compliance with LRRP requirements.

3.4 Other Federal Requirements

The cost of compliance with Section 504 Accessibility requirements, the Davis-Bacon and Related Acts (applicable for properties with 8 or more units), and other applicable state and federal requirements will be considered and included in the final determination of project costs.

3.5 Award Closing and Notice to Proceed

Prior to the Award Closing, SSHIP will accept the application and confirm eligibility, including the following: applicant ownership of the property, an estimate of repairs already completed and receipts for reimbursement, an estimate of the repairs to be performed, duplication of benefits analysis, and completion of the site-specific environmental review. Upon finalization of the Scope of Work and confirmation that DCA is prepared to issue a Notice to Proceed, the Landlord will be requested to attend an Award Closing with the Program to execute documentation and submit additional documentation required prior to the commencement of construction.

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

- Landlord and General Contractor Attestation Document for Costs Incurred and Work Completed eligible for reimbursement.
- Landlord and General Contractor Agreement: This document evidences the Scope of Work, compensation and terms and conditions imposed upon the Landlord and General Contractor with regard to construction.
- Subrogation Agreement: Duplication of Benefits will be confirmed at the time of eligibility processing, and the Landlord's award will be based upon the information available as of the date of the Notice to Proceed. This document confirms the Landlord's obligation to remit any additional insurance proceeds or other benefits received after the date of the Closing Event to the Program.
- Appeal Procedure: The Landlord will be required to execute a notification of the appeal procedure provided by the LRRP Program. This process will be used to the extent there are any disputes between the Landlord, Contractor and the Program during the period of construction.
- Compliance Notification Checklist: This document provides a summary of the compliance obligations under the Program. This document must be executed by every Landlord to confirm their acceptance of the terms of compliance.

The Notice to Proceed is given after DCA approves the contract set-up, issues an activity number, the General Contractor obtains necessary permits, performance and payment bonds are received, and utilities are terminated (if applicable). The Notice to Proceed will be provided to the General Contractor in writing only. No work is to commence on the project until a written Notice to Proceed has been issued by the LRRP to the General Contractor.

3.6 Temporary Relocation

Landlords will be responsible for ensuring compliance with the Uniform Relocation Act provisions for temporary relocation assistance for persons who are temporarily displaced because of the CDBG-DR-funded construction activities (i.e., asbestos abatement, temporary disconnection of utilities, etc). Eligible persons include those residing in units that were not storm-damaged or not proposed to receive LRRP funding awards. Landlords shall ensure that all URA notifications and procedures are followed and will work with SSHIP to provide required documentation.

4.0 Construction

4.1 Overview

4.1.1 Rehabilitation

Rehabilitation is defined as non-emergency/emergency repair or renovation of a limited specified area or portion of a housing structure. Rehabilitation shall also be defined as bringing rehabilitated portions of properties into compliance with local building codes (NJ UCC) and the entire structure into compliance with HUD's Housing Quality Standards (HQS) and DCA Reasonable Rehabilitation Standards.

- If the cost of the rehabilitation of the entire structure is more than 75 percent (including 10% for unforeseen conditions) of the pre-storm value of the structure, then the entire structure may be considered for Reconstruction.
- Rehabilitation shall be limited to “stick built” or modular structures that have been deemed feasible for rehabilitation.
- Any slab-on-grade home that will require elevation and that otherwise qualifies for a rehabilitation benefit under program caps will be recommended for Reconstruction. This proposal is based on the intricacies of elevating these structures, particularly the increased cost of elevation for slab structures, additional rehabilitation costs incurred as a direct result of raising the home, potential effects to the structural integrity of the structure and resulting remediation costs, and the additional costs of stairs, ramps, or lifts that will need to be added to allow the occupants to access the home.

4.1.2 Reconstruction

Reconstruction shall be defined as the demolition, removal, and disposal of an existing housing unit and the replacement of that unit on the same lot with a unit that complies with the New Jersey UCC, Energy Star, and HUD’s CPD Green Building checklist, including universal design features, and other NJ LRRP requirements.

A rebuilt and elevated housing unit shall meet the Federal Emergency Management Agency (FEMA) flood zone requirements and additional state or local freeboard requirements.

4.2 Rehabilitation and Lead Based Paint (LBP)*

HUD’s Lead Safe Housing Rule (LSHR) will be applied for all housing considered for rehabilitation construction measures.

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

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

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

**Note: HUD's LSHR requires the use of properly trained individuals to perform hazard reduction activities. ALL individuals who disturb painted surfaces above HUD's de minimis levels must be formally trained in "Lead-safe Work Practices." A list of acceptable training courses can be found by accessing the following HUD website: <http://www.hud.gov/offices/lead/training/hudtraining.pdf>.*

LBP – Lead-based paint

LSHR – Lead Safe Housing Rule

4.3 Asbestos Assessment and Abatement

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

4.4 Progress Inspections and Draw Schedule

For Assisted Construction Management projects, the LRRP Contractor will establish draw schedules. The draw schedule may include up to two draws depending on the complexity of the project. Once a draw is approved by the LRRP Contractor the New Jersey DCA will approve and process the payment

4.5 Final Inspections

For Landlord-Led Construction Management and Assisted Construction Management, once all construction has been completed, the Landlord will request a final site visit to guarantee that all work outlined in the contract has been satisfactorily completed according to the appropriate state and local codes and standards and . Documentation that these inspections have been performed and passed must be provided to the LRRP contractor along with the Certificate of Occupancy (or other local form indicating that the unit is ready for occupancy). A final inspection form will be completed and signed by the Landlord, General Contractor, and LRRP inspector and placed into the project file.

General Contractors must provide all warranties to the Landlord prior to the LRRP inspector signing a final inspection form. Photographs will be taken for documentation purposes.

4.6 Change Orders

For Assisted Construction Management projects, it may occur that additional work is necessary to make repairs or to correct unforeseen dangerous conditions. In those cases, LRRP contractor will be responsible for review documented Change Order requests identifying what type of work is needed, the cost of such work, and the time necessary for such work to be completed. Unless it is determined an immediate health and safety danger exists, NO WORK SHALL BE AUTHORIZED until agreed upon in writing by the Landlord, General Contractor, and the LRRP Contractor. All Change Orders will be reviewed for cost reasonableness by the LRRP Contractor and submitted to DCA for approval.

All Change Order requests that result in proposed amounts in excess of the maximum LRRP grant available will be the responsibility of the Landlord. The Landlord will be required to deposit any additional funding in escrow as required to complete the repairs.

5.0 Tenant Leasing and Project Close-Out

5.1 Rental Rates of Affordable Units

All rental units that receive assistance from Program must be rented to a low- to moderate- income households. Rents will be calculated according to rent levels considered affordable based on 80% of the Area Median Income (AMI) as calculated for each county and as adjusted annually by HUD. The current Rent Schedule for the nine most impacted counties is demonstrated below in Table 5.1. For 2013-2014, the Rent Schedule is as follows:

Figure 5.1

**2013-2014 Rent Schedule
Department of Community Affairs
Sandy Recovery Division**

COUNTY	Zero (0) Bedroom	One (1) Bedroom	Two (2) Bedroom	Three (3) Bedroom	Four (4) Bedroom	Five (5) Bedroom	Six (6) Bedroom
Atlantic	\$960	\$1,028	\$1,234	\$1,425	\$1,590	\$1,755	\$1,801
Bergen	\$1,274	\$1,365	\$1,368	\$1,891	\$2,110	\$2,328	\$2,400
Cape May	\$1,046	\$1,120	\$1,344	\$1,552	\$1,732	\$1,911	\$1,970
Essex	\$1,248	\$1,337	\$1,604	\$1,854	\$2,068	\$2,282	\$2,354
Hudson	\$1,080	\$1,157	\$1,388	\$1,604	\$1,790	\$1,975	\$2,035
Middlesex	\$1,456	\$1,560	\$1,872	\$2,162	\$2,412	\$2,661	\$2,744
Monmouth	\$1,286	\$1,378	\$1,654	\$1,910	\$2,130	\$2,351	\$2,424
Ocean	\$1,286	\$1,378	\$1,654	\$1,910	\$2,130	\$2,351	\$2,424
Union	\$1,248	\$1,337	\$1,604	\$1,854	\$2,068	\$2,282	\$2,354

NOTE: Rents are 30% of income for households at 80% AMI

The Landlord shall provide required documentation to the Program in order to document income eligibility for all new tenants prior to allowing the tenants to move into the property.

5.2 Tenant Selection

- Landlords will screen and select their own tenants. Tenant selection must comply with the NJDCA Affirmative Marketing Plan and the requirements of the Fair Housing Act (42 U.S.C. 3601-3620), which prohibits discrimination based on race, color, religion, sex, national origin, familial status, and disability. For properties with 5 or more units, the Affirmative Marketing requirements at 24CFR 200, 24CFR 620, and 24CFR 625 shall apply. Note: Information

regarding Fair Housing compliance will be provided to all Landlords.

- *LRRP Tenant Selection & Leasing Guidelines* will be made available to all Landlords to provide sample forms and detailed instructions for meeting LRRP requirements.
- Tenants shall provide written documentation of their household income to the Landlord prior to initial occupancy in accordance with HUD’s Part 5 definition of annual income. The Part 5 definition of annual income is the gross amount of income of all adult household members that is anticipated to be received during the coming 12-month period. The receipt of assistance through HUD’s Housing Choice Voucher Program may be used to verify LMI status, defined as households earning less than 80% of the AMI for the county of residence, adjusted for household size. The Landlord will provide Part 5 verification of tenant income, supporting documentation, and approval prior to initial occupancy. Except for applications submitted by non-profit owners, there is no further compliance and monitoring of tenant incomes.
- The Landlord will certify that building health and safety standards are met at initial occupancy and maintained annually thereafter.
- Verification of special needs shall be provided for tenant occupants for properties prioritized for special need funding.

5.3 Tenant Race and Ethnicity Reporting

In accordance with the U.S. Department of Housing and Urban Development’s criteria for race and ethnicity reporting, the LRRP will provide a Tenant Race and Ethnicity Reporting form to all active Landlords. The Landlords will be required to provide the form to all existing and new tenants for the assisted rental units throughout the term of the loan.

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

6.0 LRRP Application, Project Award Approval and Disbursement Process

The steps identified below demonstrate the process flow from time of application to project close-out. This process will be more fully defined in a LRRP Program Manual to assist in defining and understanding the Program workflows.

Stages	Assigned	Anticipated Duration	Action
Stage 1: <i>Intake/Application Acceptance</i>	SSHIP	7 days	<ul style="list-style-type: none"> • Applicant completes and submits a standardized application form • SSHIP sends a Program Acceptance Letter or requests additional information

Stage 2: Prioritize/Verify Eligibility	SSHIP	7-30+ days	<ul style="list-style-type: none"> • Application reviewed for eligibility criteria in Action Plan and LRRP Guidelines • Intake Meeting to gather eligibility documents • Evaluate for URA requirements • Determine LRRP eligibility • Conduct preliminary DOB analysis
<p>The duration of Stage 2 will be affected by the following:</p> <ul style="list-style-type: none"> • Ability of Landlord to provide verification of eligibility components in a timely manner • Need for URA notices 			
Stage 3: Initial Site Inspection/ Environmental Review	LRRP Contractor	30-60 days	<ul style="list-style-type: none"> • Conduct Initial Site Inspection to record damages and develop an Work in Process (WIP) and Estimated Cost to Repair (ECR) • Program Component selected (Reimbursement or Construction Management) • Feasibility Analysis (repair/recon) is completed • Create Draft Scope of Work • Environmental review clearance (Tier II) received from DEP • Final Scope of Work developed
<p>The duration of Stage 3 will be affected by the following:</p> <ul style="list-style-type: none"> • The number of units in a property – larger properties will require longer period for ECR assessments • Units with 5 or more units will require longer period to receive environmental clearances 			
Stage 4: Final Benefit Determination	SSHIP DCA	30-60 days	<ul style="list-style-type: none"> • SSHIP completes DOB analysis • SSHIP obtains Applicant agreement and confirms Applicant funding for gap/upgrades • SSHIP submits preliminary Project Financial Summary Report to DCA
<p>The duration of Stage 4 will be affected by the following:</p> <ul style="list-style-type: none"> • Responsiveness of Landlord to agree to LRRP terms and conditions • Ability of Landlord to obtain additional funding for gaps 			
Stage 5: Management Review and Commitment	SSHIP	15 days	<ul style="list-style-type: none"> • DCA reviews Project Financial Summary • SSHIP sends LRRP Award Commitment Letter to Applicant • Applicant executes Award Commitment
Stage 6: Closing	SSHIP	10 days	<ul style="list-style-type: none"> • SSHIP re-verifies lack of property liens • SSHIP conducts Closing and executes the Landlord Participation Agreement and the Construction Contract
Stage 7: Construction and Disbursement	LRRP Contractor DCA Applicant General Contractors	90-120 days	<ul style="list-style-type: none"> • LRRP Contractor conducts Pre-Construction Meeting • LRRP Contractor issues Notice to Proceed to General Contractor • GCs begin construction • LRRP Contractor conducts Progress/Final Inspections/Reviews Draw Requests • LRRP Contractor verify Certificate of Occupancy (or related document) is obtained
<p>The duration of Stage 7 will be affected by the following:</p>			

<ul style="list-style-type: none"> Larger properties or properties with asbestos abatements may require extended construction times 			
Stage 8: <i>Initial Occupancy Stage</i>	Landlord SSHIP	1 Year 5 years (Non-profits)	<ul style="list-style-type: none"> Landlord advertises vacancies and leases repaired units to low-income tenants. Non-profit owners are monitored for 5-year compliance
Stage 9: <i>DRGR Project Close-out</i>	SSHIP DCA	15 days	<ul style="list-style-type: none"> DCA completes DRGR project close-out upon verification of LMI tenant occupancy

7.0 Compliance and Monitoring

7.1 Overview

The Landlord Rental Repair Program (LRRP) is intended to assist in the restoration of 1 to 25 unit rental properties to address area rental housing needs and also to provide additional housing availability to low to moderate income people in the areas of New Jersey most heavily damaged by Superstorm Sandy. Financial assistance provided by LRRP is awarded by the Department of Community Affairs (DCA) through the U.S. Department of Housing and Urban Development (HUD) funded Community Development Block Grant Disaster Recovery (CDBG-DR) program.

Landlords participating in the LRRP are responsible for adhering to Program requirements as stated in the contract agreements and LRRP Landlord closing documents, as well as any applicable local, state, and federal requirements. Following construction completion and final funds disbursements to the General Contractor, the Landlords must comply for the duration of the governance period (1 year for for-profit Landlords and 5 years for properties owned by Non-profit organizations).

Compliance and Monitoring (C&M) shall monitor pre-closed, closed, and upon request by DCA, grants for continued adherence to program requirements. Monitoring activities will be conducted via the system of record, reviews of routine and ad-hoc requested reports, surveys, as well as by physical on-site inspections. Compliance & Monitoring will report compliance findings to LRRP.

7.2 Rental Unit Vacancy and Occupancy Requirements

7.2.1 To qualify for LRRP funding, the damaged unit(s) must be vacant at time of the application. Landlord shall also certify as to the status of all tenants that may have occupied the property since October 29, 2012. The Landlord will be requested to certify as to the occupancy of all units located in a property. The unit(s) for which funding has been requested and repairs are still required must have been continuously vacant since the storm. All damaged units must remain vacant until there is an approved Certificate of Occupancy, or equivalent

7.2.2 Upon completion of the LRRP repairs, all new tenants must be submitted to LRRP for income certification at initial occupancy, as stated in the closing documents. To verify income of prospective tenants and to communicate denial or approvals prior to the final execution of a new lease for all

program eligible units, the LRRP will use HUD's Part 5 definition of annual income referenced at http://portal.hud.gov/hudportal/HUD?src=/program_offices/comm_planning/affordablehousing/trainin g/web/calculator/definitions/part5

7.2.3 Stafford Act Section 414 provides that persons displaced because of natural disasters shall not be denied eligibility under the Uniform Relocation Act as a result of not being able to meet the occupancy requirements (because of the major disaster) set forth by the URA. This includes the first right of refusal to return to the damaged rental unit(s).

7.3 Continued Landlord Obligations

Landlords are responsible for maintaining compliance on closed and fully funded files throughout the governance period.

Areas include:

- Landlords of properties with five or more units will be required to develop and maintain an Affirmative Marketing Plan
- Landlords will be required to adhere to Section 504 and Fair Housing Act requirements preventing discrimination to prospective tenants due to a disability
- Landlords must provide rents in accordance to the approved annual rates posted on the [ReNew Jersey Stronger website](#).
- Landlords must rent to income eligible tenant upon initial lease up period for for-profits and for 5 years for Non-profit organizations. Following construction close-out, tenants will be required to provide documentation of their household income to the Landlord who shall provide to the Program prior to initial occupancy. If an income eligible tenant's income increases once the lease has been signed and the tenant has been approved, there is no required change in rent or tenant eligibility. The Landlord should provide documentation to the Program in order to approve income eligibility for all new tenants prior to allowing the tenants to move into the property.
- Landlord is subject to compliance and monitoring by DCA or its agent for the term of the contract, agreement, notes, and/or where applicable.

7.4 Property Compliance

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

7.5 The Affirmative Fair Housing Marketing Plan (AFHMP)

Affirmative marketing is part of a larger affordable housing policy overseen by the U.S. Department of Housing and Urban Development. This policy requires rules to be established for marketing practices that specifically target tenants who may be able to take advantage of affordable housing options within the given jurisdiction. The requirements of affirmative marketing apply to any housing with at least five

(5) assisted units or properties with government restrictions on monthly rent or mortgage payments. The AFHMP is a marketing strategy specifically designed to attract renters and buyers of all majority and minority groups, regardless of sex, handicap and familial status to assisted rental units and sales of dwellings that are being marketed. The AFHMP is developed to appeal to persons who traditionally may not seek housing opportunities in neighborhood areas historically of a racial or ethnic concentration different than their own and to assure that individuals of similar income have equivalent housing options.

All Landlords participating in the LRRP will be required to provide an Affirmative Marketing Plan acceptable to the Program prior to receiving any Program benefit. Details of the AFHMP, landlord requirements prior to receiving LRRP funds, and program procedures for ensuring compliance can be referenced within the Compliance & Monitoring Section of the [LRRP Program Manual](#).

7.6 Uniform Relocation Act and Temporary Relocation

The Uniform Relocation Assistance and Real Property Acquisition Policies Act of 1970 provide important protections and assistance for people affected by the acquisition, rehabilitation, or demolition of real property for federal or federally funded projects. This law was enacted by Congress to ensure that people whose real property is acquired, or move as a direct result of projects receiving Federal funds, are treated fairly and equitably and receive assistance in moving from the property they occupy.

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

Eligibility for the LRRP is limited to damaged units that are vacant at time of application. However, the Uniform Relocation Act may apply to residents of nearby or adjacent undamaged units who may be affected by construction activities and all URA rules and regulations must be followed.

The Uniform Relocation Act (URA) requirements are applicable for all LRRP funded projects. If there are currently tenants living in any affordable or market rate units where repairs are complete, the Landlord may still participate in the Program under the following circumstances:

- Landlords must provide tenants occupying units for which funding has not been requested with General Instruction Notices (GIN) providing information about the program with notice of possible relocation requirements in order to complete property repairs; and
- For new tenants, applicants are required to provide *Move-in Notices (MIN)* dated on or before the same date as the lease for any un-damaged market rate units in the same property. Relocation of owner-occupants is voluntary and not subject to URA requirements.

The landlord will be responsible for any temporary relocation costs in accordance with the DCA Temporary Relocation Policy.

7.7 Stafford Act

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

7.7.1 Stafford Act – Section 414

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

7.8 HUD Section 3 Requirements

General Contractors participating in the LRRP with construction contracts exceeding \$100,000 must be in compliance with 24 CFR 135, otherwise known as Section 3. The purpose of Section 3 of the Housing and Urban Development Act of 1968 (12 U.S.C. 1701u) is to ensure that employment and other economic opportunities generated by certain HUD financial assistance shall, to the greatest extent feasible, and consistent with existing federal, state and local laws and regulations, be directed to low- and very low- income persons, particularly those who are recipients of government assistance for housing, and to business concerns which provide economic opportunities to low- and very low-income persons.

The LRRP Contractor will be responsible for monitoring compliance with Section 3 provisions, as applicable. General Contractors working on properties where Section 3 provisions are applicable will be responsible for submitting monthly reports to the LRRP Contractor to demonstrate compliance with Section 3 provisions. The Section 3 Requirements are specified by DCA in its HUD Section 3 plan.

Detailed standards and procedures have been established and are provided in the Compliance procedures in the [LRRP Program Manual](#) to ensure Section 3 Objectives are met.

7.9 Section 504 of the Rehabilitation Act of 1973

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

In addition to General Contractor compliance, Landlords receiving federal funds for housing repairs are obligated to Section 504 and related laws like the [Fair Housing Act \(FHAct\)](#), 42 U.S.C. 3601-19), which makes it unlawful for a housing provider to refuse to rent to a person simply because of a disability.

All General Contractor and Landlord requirements under Section 504 and the Fair Housing Act as it relates to total number of units, reconstruction and various levels of rehabilitation can be found in more

detail in the [LRRP Program Manual](#) under the Compliance & Monitoring Procedures. Landlords will be required to include all applicable accessibility requirements within their final scope of work which may be reviewed and approved by the designated LRRP Construction Managers.

7.10 Davis-Bacon and Related Acts (DBRA)

The Housing and Community Development Act of 1974, as amended (HCDA); Section 110 of the Davis Bacon Act requires all General Contractors and subcontractors performing on federal contracts (and General Contractors or subcontractors performing on federally assisted contracts under the related Acts) in excess of \$2,000 pay their laborers and mechanics not less than the prevailing wage rates and fringe benefits, as determined by the Secretary of Labor, for corresponding classes of laborers and mechanics employed on similar projects in the area.

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

Davis Bacon will apply to all LRRP properties with 8 or more units. LRRP Contractor overseeing any properties with 8 units or more will be required to review and confirm compliance with requirements and maintain records demonstrating General Contractors and subcontractors are informed and provided technical assistance regarding labor standards.

Additionally, each LRRP Contractor team will monitor General Contractor/subcontractor compliance by conducting onsite interviews, addressing and requiring resolution of labor standards discrepancies, checking payrolls/related records, targeting interviews to substantiate suspected violations, and preparing/submitting enforcement reports.

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

7.11 Contract Work Hours and Safety Standards Act (CWHASSA)

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

Covered General Contractors and subcontractors are also required to pay employees weekly and to submit weekly certified payroll records to the contracting agency.

7.12 The Copeland (Anti-Kickback) Act

The Copeland (Anti-Kickback) Act will apply to contracts of \$2000.00 or more with an investment of federal funds. This act makes it a criminal offense to induce an employee to “kick-back” to the employer

compensation to which they are entitled to. The Compliance team will require submission and approval of weekly certified payroll documents.

7.13 Non-Compliance (Landlord and General Contractor)

Landlords who fail to comply with the Landlord Rental Repair Program Regulatory Agreements, or fail to respond to a LRRP compliance request within 30 days shall be deemed non-compliant and may be referred to the Department of Community Affairs (DCA) for further action. Efforts will be made by the Compliance and Monitoring team to assist the Landlord in becoming compliant. Recovery actions may include an opportunity of an additional year of affordability in exchange for becoming compliant, loan repayment, recovery of property, or other legal action.

General Contractors who do not comply with the Landlord Rental Repair Program requirements, or fail to respond to compliance requests, may be deemed non-compliant and referred to the Department of Community Affairs (DCA) for further action.

8.0 LRRP Additional Program Management Requirements

8.1 Appeals

DCA and LRRP Contractor will support and follow the approved DCA Sandy Program Appeals Policy.

8.2 Fraud, Waste, and Abuse Prevention

The Landlord Rental Repair Program (LRRP) Fraud Prevention will maintain and perform procedures for receiving, investigating and reporting cases of Fraud, Waste & Abuse to ensure compliance with all applicable Federal, State and Local laws and regulations. All LRRP affiliated Program Managers, Contractors, and individuals must be dedicated to preventing and deterring criminal conduct by any party, including, but not limited to Applicants, internal LRRP personnel, and other parties associated with the program with a primary responsibility to prevent, detect and respond to allegations of fraud and misconduct.

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

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

8.3 Conflict of Interest

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

- Rental Program Staff/Landlord or Staff/General Contractor relationships
- Landlord/General Contractor relationships
- Evaluation and approval process

(a) Applicability. (1) In the procurement of supplies, equipment, construction, and services by recipients and by subrecipients, the conflict of interest provisions in 24 CFR [85.36](#) and CFR 84.42, respectively, shall apply.

(2) In all cases not governed by 24 CFR [85.36](#) and [84.42](#), the provisions of this section shall apply. Such cases include the acquisition and disposition of real property and the provision of assistance by the recipient or by its subrecipients to individuals, businesses, and other private entities under eligible activities that authorize such assistance (e.g., rehabilitation, preservation, and other improvements of private properties or facilities pursuant to § [570.202](#); or grants, loans, and other assistance to businesses, individuals, and other private entities pursuant to § [570.203](#), [570.204](#), [570.455](#), or [570.703\(i\)](#)).

(b) Conflicts prohibited. The general rule is that no persons described in paragraph (c) of this section who exercise or have exercised any functions or responsibilities with respect to CDBG activities assisted under this part, or who are in a position to participate in a decision making process or gain inside information with regard to such activities, may obtain a financial interest or benefit from a CDBG-assisted activity, or have a financial interest in any contract, subcontract, or agreement with respect to a CDBG-assisted activity, or with respect to the proceeds of the CDBG-assisted activity, either for themselves or those with whom they have business or immediate family ties, during their tenure or for one year thereafter.

(c) Persons covered. The conflict of interest provisions of paragraph (b) of this section apply to any person who is an employee, agent, consultant, officer, or elected official or appointed official of the recipient, or of any designated public agencies, or of subrecipients that are receiving funds under this part.

(d) Exceptions. Upon the written request of the recipient, HUD may grant an exception to the provisions of paragraph (b) of this section on a case-by-case basis when it has satisfactorily met the threshold requirements of (d)(1) of this section, taking into account the cumulative effects of paragraph (d)(2) of this section.

(1) Threshold requirements. HUD will consider an exception only after the recipient has provided the following documentation:

- (i)** A disclosure of the nature of the conflict, accompanied by an assurance that there has been public disclosure of the conflict and a description of how the public disclosure was made; and
- (ii)** An opinion of the recipient's attorney that the interest for which the exception is sought would not violate State or local law.

(2) Factors to be considered for exceptions. In determining whether to grant a requested exception after the recipient has satisfactorily met the requirements of paragraph (d)(1) of this section, HUD shall conclude that such an exception will serve to further the purposes of the Act and the effective and efficient administration of the recipient's program or project, taking into account the cumulative effect of the following factors, as applicable:

- (i)** Whether the exception would provide a significant cost benefit or an essential degree of expertise to the

program or project that would otherwise not be available;

(ii) Whether an opportunity was provided for open competitive bidding or negotiation;

(iii) Whether the person affected is a member of a group or class of low- or moderate-income persons intended to be the beneficiaries of the assisted activity, and the exception will permit such person to receive generally the same interests or benefits as are being made available or provided to the group or class;

(iv) Whether the affected person has withdrawn from his or her functions or responsibilities, or the decision making process with respect to the specific assisted activity in question;

(v) Whether the interest or benefit was present before the affected person was in a position as described in paragraph (b) of this section;

(vi) Whether undue hardship will result either to the recipient or the person affected when weighed against the public interest served by avoiding the prohibited conflict; and

(vii) Any other relevant considerations

8.4 Files, Records, and Reports

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

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

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

Records of the State, including supporting documentation, shall be retained for the greater of five years from closeout of the grant to the state, or the period required by other applicable laws and regulations.

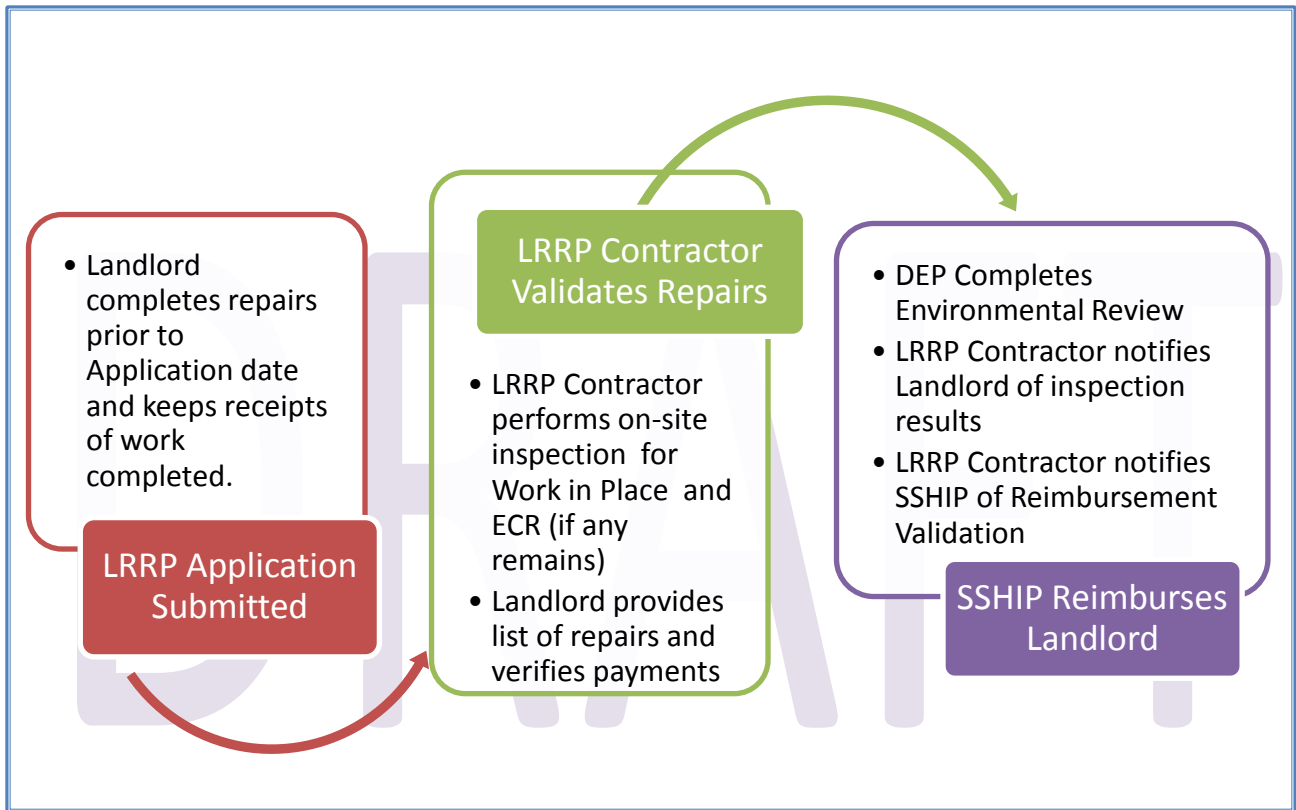
8.4.1 Information Requests & Subpoenas

The procedures implemented for responding to records requests ensure that confidential information will not be released to anyone without a legal requirement to do so and may require written approval by the Department of Community Affairs. The specific steps to request information are included in the *Information Request Procedures* section of the LRRP Program Manual.

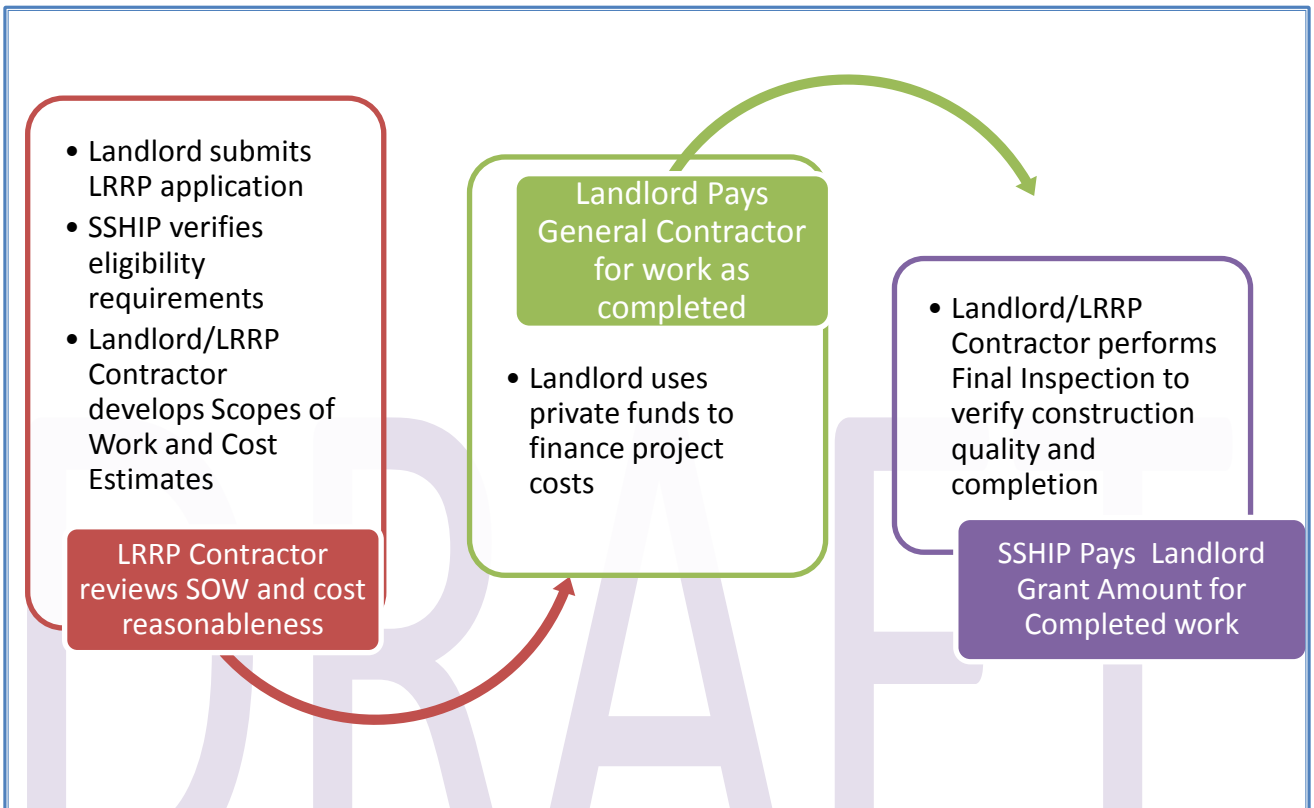
ATTACHMENT A

LRRP Program Workflow Components

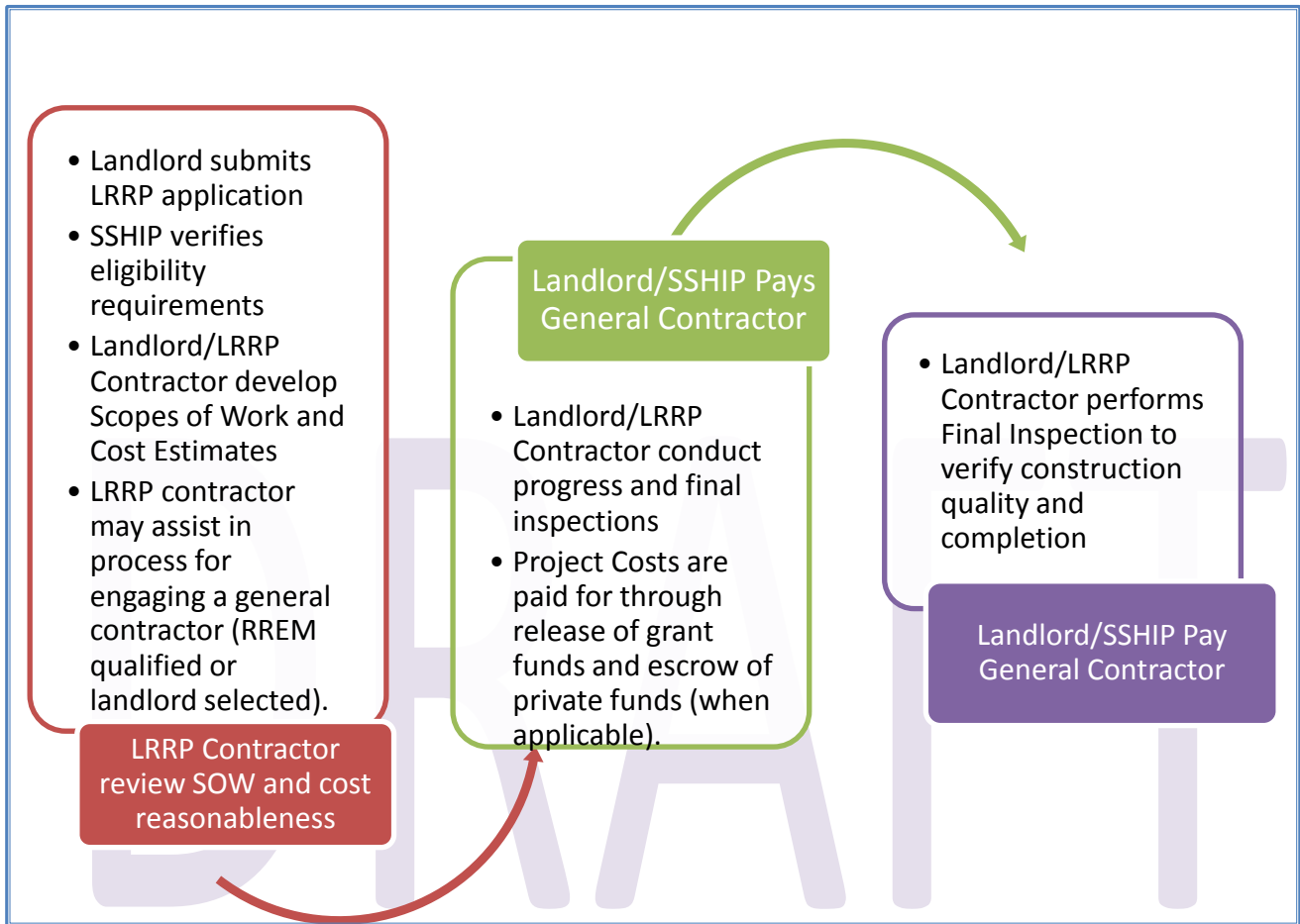
1) Reimbursement of Costs Incurred Prior to Application



2) Landlord-Led Construction Management Services



3) Assisted Construction Management Services



ATTACHMENT B

New Jersey Department of Community Affairs

CDBG-DR Superstorm Sandy

Landlord Rental Repair Program (LRRP)

Affirmative Marketing Plan

(TDB)

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