

New Jersey Department of Community Affairs

SUPERSTORM SANDY COMMUNITY DEVELOPMENT BLOCK GRANT – DISASTER RECOVERY

Public Law 113-2; January 29, 2013
FR-5696-N-01; March 5, 2013
FR-5696-N-06; November 18, 2013
FR-5696-N-11; October 16, 2014



ACTION PLAN AMENDMENT NUMBER 58 NON-SUBSTANTIAL AMENDMENT

- Modification to Smart Move Program
- Modification to Small Rental Repair Program (SRRP)

DATE SUBMITTED TO HUD: December 12, 2024
DATE APPROVED BY HUD: December 19, 2024

Philip D. Murphy
Governor

Tahesha L. Way
Lt. Governor

Jacquelyn A. Suárez
Commissioner



SECTION 1: OVERVIEW

New Jersey (State) received approval from the U.S. Department of Housing and Urban Development (HUD) for the State's Community Development Block Grant-Disaster Recovery (CDBG-DR) Action Plan on April 29, 2013. The Action Plan described the State's allocation of \$1,829,520,000 of first round CDBG-DR funds allocated by HUD to support New Jersey recovery efforts. As Grantee, the Department of Community Affairs (DCA) was chosen to administer the CDBG-DR grant. Since that time, HUD has approved fifty-seven amendments to the Action Plan, including Substantial Amendment Number 7, which detailed the allocation of \$1,463,000,000 of second round CDBG-DR funds across the recovery programs, and Substantial Amendment Number 11, which described the allocation of \$501,909,000 of the third (and final) round of CDBG-DR funds intended to address unmet recovery needs.

This **Action Plan Amendment 58 (APA 58)** is considered a non-substantial amendment according to the definition stipulated in the March 5, 2013, HUD [Federal Register Notice 5696-N-01](#) and in accordance with the State's citizen participation plan because it does not change a program benefit or eligibility criteria; add or delete an allowable activity described in the approved application; or reallocate more than \$10 million or propose a reduction in the overall benefit requirement.

SECTION 2: ACTION PLAN CLARIFICATIONS

A. Modification to the Smart Move Program

DCA issued a NOFA for communities to apply to the Smart Move program, which closed on April 4, 2024. The program only received applications from two communities. DCA will work with these communities with the intent that these projects may become pilot projects under a revised version of the program described herein.

In order to provide the most flexible program and garner more interest, DCA proposes to make changes to program implementation without changing program beneficiaries and eligibility criteria. In addition to working with the two pilot communities, DCA will allow developers to apply directly to DCA for assistance with support from local communities.

The following sections of the Smart Move Program will be modified to accommodate the change in program implementation:

5.3.2 Smart Move: New Housing Development Program

Program Description

The State is piloting a program that subsidizes the new development of quality, energy-efficient, resilient, and affordable housing in lower risk areas within or near disaster-impacted communities that are participating in Blue Acres or other buyout programs that are supported by different funding sources. The program aims to provide safe housing for relocating residents so they may stay in or near their communities after selling their high-risk properties.

In summer of 2024, DCA revised its approach to this program due to lack of interest. The first application round resulted in two communities that may be selected to work with DCA to construct affordable new single-family homes. Subsequent application rounds will allow developers to apply directly to DCA. All for-profit or nonprofit developers working with the program will build new housing that will be sold to qualified homebuyers and/or Blue Acres participants. DCA will prioritize qualified primary residential occupants who sold their high-risk owner-occupied homes through the Blue Acres

Buyout Program. As part of the pilot, the State may, depending on the availability of funding, incorporate alternative resilient and green energy solutions into the development, including, but not limited to, fuel cells or microgrids. New construction will meet HUD's Green and Resilient Building Standards, which requires that the new building meet an industry-recognized green building standard that has achieved certification and a minimum energy efficiency standard. DCA will also be competitively procuring a Construction Management firm that will assist DCA in implementing the program.

The new developments will be built outside the 500-year floodplain and the inland or coastal climate adjusted floodplain, as defined by DEP. The site and housing designs may include additional resilience and energy efficiency construction standards, which will be defined in the program guidelines.

The budget also includes funding for infrastructure in support of housing. In DRGR, it is listed as a separate program and activity.

Program Affordability Period

Recapture

For the new homebuyer properties, the recapture requirements will be recorded as a deed restriction or covenant on the property. The restriction will ensure that if the property is sold during the period of affordability, some or all of the funding provided to the homebuyer at initial sale will be returned to DCA upon sale of the home,

Within the program guidelines, agreement, and deed restriction or covenant, the State will include language which ensures that the initial sale price and recapture guidelines provide the homebuyer with a fair return on investment and will ensure that the initial sale price is affordable to a reasonable range of low-income homebuyers.

Program Maximum Assistance

New Housing Development

Through an agreement with the developer, DCA will fund pilot communities with a \$15,000,000 maximum award for each based on funding availability after the first rounds of funding and program demand.

Within program guidelines and the NOFA, the State will define minimum construction standards that achieve the resilience, energy efficiency, affordability, and quality goals of the program. The award is calculated as the total development costs less sale proceeds. Prior to publishing the NOFA, the State will carry out an independent cost estimate to identify the maximum assistance that is necessary and reasonable for achieving the detailed resilience, energy efficiency, affordability, and quality construction standards.

Exceptions to the maximum award and eligible expenses may be required, and the exceptions review and approval processes will be further detailed in the program guidelines.

Program Estimate Begin and End Dates

The State anticipates that the program will begin in 2024 and extend through project and program closeout or expiration of the grant.

Program Competitive Application Overview

In the initial application round, DCA competitively selected two jurisdictions for the initial pilot. Scoring criteria was published in the NOFA documents and included weighted levels based on the project site, development team experience, project readiness, resilient and/or innovative design components, community need, value of the CDBG-DR investment, level of community engagement, unit and income mix, and the leveraging of partnerships. Subsequent rounds may include weighted levels of environmental site conditions, the feasibility of gaining site control, proximity to buyout or prospective buyout communities, concentrations of poverty, proximity and accessibility to infrastructure and public services, hazards, and other criteria that may impact the financial feasibility of the project and livability and safety for the occupants relocating to the new development.

Subsequent rounds will allow developers to directly apply to DCA. Scoring criteria will be published in the application documents and may include the criteria listed above in addition to weighted levels of financial reasonableness, the ability to leverage other funding, resilient design, energy efficiency, affordable units, mixed income, and location.

Program Method of Distribution Description/Overview

DCA will administer the program and will coordinate with DEP and local governments.

DCA may partner with other State agencies, such as the New Jersey Housing and Mortgage Finance Agency (HMFA) to underwrite or otherwise assist with project developments and/or homeowner eligibility.

DCA may partner with HMFA when applicants need mortgage financing assistance when they are unable to buy the house through a private first mortgage provider.

B. Modification to the Small Rental Repair Program

In order to give the Department of Community Affairs the most flexibility in delivery of the program, the Action Plan has been modified to take out the wording regarding loans and instead referencing awards which can be either grants or loans.

Section 5.3.4 Small Rental Repair Program will be modified to accommodate the change in program implementation:

Program Description

This program will provide awards to owners of rental properties with one to seven units requiring rehabilitation as a result of damages from Tropical Storm Ida. The program will restore or create additional affordable rental units in disaster-impacted areas. It also will work to alleviate blight in some of the areas that were hit hardest by the storm. Properties must maintain affordability periods in accordance with the standards described in the Program Affordability section below.

Program Affordability Period (if applicable)

Other Requirements and Enforceability

This affordability period will be documented through an award agreement and restricted use covenant. Both will be in place until the end of the affordability period.