

Grant Reconciliation Policy Updates FAQs

as of May 2025

What is HUD's new guidance on DOB Collections?

The Department of Community Affairs (DCA), Division of Disaster Recovery and Mitigation (DRM) has updated its Grant Reconciliation Policy for CDBG-DR Housing Programs in accordance with guidance from the U.S. Department of Housing and Urban Development (HUD) CDBG-DR Policy Bulletin 2025-01 titled "HUD's Duplication of Benefits Collection Policy". The HUD bulletin allows DRM to apply exceptions to an applicant's grant when an over disbursement of grant funds, or recoupment, has been identified by the Program.

Which Programs will follow the updated policy?

The Grant Reconciliation Policy for CDBG-DR Housing Programs applies to Programs that the Division created in response to Superstorm Sandy and Tropical Storm Ida. Namely, the programs are Reconstruction, Rehabilitation, Elevation, and Mitigation Program (RREM), Low- to Moderate-Income Homeowner Rebuilding Program (LMI), Landlord Rental Repair Program (LRRP) Homeowner Resettlement Program (RSP), Homeowner Assistance and Recovery Program (HARP), and Small Rental Repair Program (SRRP).

Only Superstorm Sandy Programs have reached a phase in the process that could result in recoupment.

What are the exceptions to recoupment that have been added to the policy?

In accordance with HUD's Policy Bulletin 2025-01, the Division has established the following exceptions which are detailed further in the policy document:

1. Deceased Applicants: Recoupment will be forgiven in full if an applicant is deceased and over disbursed grant funds have not yet been returned to the Program.
2. Bankruptcy: Recoupment will be forgiven in full if an applicant had their debts discharged through bankruptcy and over disbursed grant funds have not yet been returned to the Program.
3. Foreclosure: Recoupment will be forgiven in full if an applicant lost their property through foreclosure and over disbursed grant funds have not yet been returned to the Program.
4. Duplication of Benefits: Up to \$27,000 of recoupment will be forgiven if a low- to moderate-income (LMI) applicant completes construction in accordance with Program standards and receives additional duplicative Federal assistance (FEMA IA, ICC, SBA) after execution of the CDBG-DR grant creating over disbursed grant funds.

What does Low- to Moderate-Income (LMI) mean?

Households earning between 0% and 120% of the Area Median Income (AMI) as defined by HUD and posted on their website are considered low- to moderate-income.

(<https://www.huduser.gov/portal/datasets/il.html>)

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I've previously been notified of an over disbursement of grant funds. How do I know if I qualify for an exception and how do I apply?

Applicants do not need to apply for this exception. The Programs are in the process of reviewing all applicants' grant awards and the reasons for recoupment. Applicants will be notified in writing if their recoupment has been forgiven in full by the Summer of 2025.

How should I submit foreclosure or bankruptcy documents to the Programs if I have not yet done so? Can they still be reviewed and considered for an exception?

It is not too late to submit documentation for the Programs to review. Please email proof of foreclosure or bankruptcy filings to DRM.GrantReconciliation@dca.nj.gov. Please include a Program Application ID, damaged property address, and other pertinent applicant information. You will be notified in writing by the Program if an exception has been granted and recoupment has been forgiven in full.

I am an heir of an applicant who was part of one of your programs. Can I request consideration for the deceased applicant's exception?

Yes. Please email a death certificate to DRM.GrantReconciliation@dca.nj.gov. Please include a Program Application ID, damaged property address, contact information for the heir or estate, and other pertinent applicant information. You will be notified in writing by the Program if an exemption has been granted and recoupment has been forgiven in full.

I'm unsure if I was LMI at the time of my award signing but my circumstances have changed and I am LMI now. Can I be considered for the Duplication of Benefits exception?

The policy does reference an opportunity for an exception if an applicant was not LMI at the time of the award signing but is LMI now. However, the Programs are initially reviewing applicants that were identified as LMI at the time of their award signing. When the Programs resume collection activities for non-LMI applicants, you will have an opportunity to submit documentation supporting the change in your financial circumstance.

Additional details regarding how to apply for an exception will be posted to the DCA's website in future phases of implementation.

When will the Declaration of Covenants and Restrictions placed on my property be removed?

Applicants will be notified in writing if their recoupment has been forgiven in full and the letter will include information regarding the release of the Declaration of Covenants and Restrictions. Please allow at least 90 days from receipt of an updated Program closeout letter for the Program to mail the release of the covenant to your county clerk's office.

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What if I owe more than \$27,000 in recoupment because of duplicative federal assistance?

At this time, the Programs are only notifying applicants that will have their recoupment forgiven in full based on exemptions outlined in the updated policy.

I was withdrawn from a Program, but I've since completed all necessary repairs to my home and I have passed all required township inspections. How do I request a review of my application and recoupment?

If you signed an award agreement with a DRM Sandy or Ida Housing Recovery Program and were administratively withdrawn from the Program, but have now completed all required repairs, please send a Certificate of Occupancy and, if required to elevate, a Certificate of Elevation to DRM.GrantReconciliation@dca.nj.gov. Please include a Program Application ID and pertinent applicant information. Additional information may be required upon the Program's review.

The Program will review your request and may reach out for additional information or to schedule a Final Site Inspection. Your application will be reviewed for reinstatement and closeout.