

RESILIENT MULTIFAMILY HOUSING PROGRAM

POLICY GUIDELINES

Version 1.0

STATE OF NEW JERSEY

DEPARTMENT OF COMMUNITY AFFAIRS

DIVISION OF DISASTER RECOVERY AND MITIGATION



**DIVISION OF
Disaster Recovery
& Mitigation**



CONTENTS

1. VERSION HISTORY AND POLICY 4

2. PROGRAM OVERVIEW AND REQUIREMENTS 5

2.1. INTRODUCTION/PURPOSE 5

2.2. PROGRAM DESCRIPTION 5

2.3. PROGRAM OBJECTIVES 6

2.4. FUNDING SOURCE 6

2.5. METHOD OF DISTRIBUTION 6

2.6. PROGRAM BUDGET AND MAXIMUM AWARD AMOUNT PER PROJECT 7

2.7. TIMELY EXPENDITURES AND PROJECT COMPLETION 7

2.8. PROGRAM ADMINISTRATION 7

2.9. NJHMFA ROLES AND RESPONSIBILITIES 8

2.10. GREEN BUILDING REQUIREMENTS 9

2.11. BROADBAND REQUIREMENTS 9

2.12. PROGRAM AFFORDABILITY PERIOD; RENTS; AND RESTRICTIVE COVENANTS 10

3. ELIGIBILITY 11

3.1. MID AREAS 11

3.2 ELIGIBLE APPLICANTS 12

3.3PROGRAM TIEBACK TO DISASTER/UNMET NEEDS 12

3.4RESPONSE TO DISASTER MITIGATION NEEDS 12

3.5 ELIGIBLE AND INELIGIBLE ACTIVITIES 12

3.6 NATIONAL OBJECTIVE 14

4. CITIZEN PARTICIPATION 14

4.1. CITIZEN PARTICIPATION PLAN 14

4.2. PUBLIC HEARING REQUIREMENTS 15

5. GRANT ADMINISTRATION 16

5.1. SUBRECIPIENT AGREEMENT 16

5.2. PERIOD OF PERFORMANCE 16

5.3. PROGRAM BUDGET 16



-

5.4. ELIGIBLE AND INELIGIBLE COSTS	16
5.5. DUPLICATION OF BENEFITS (DOB)	17
5.6. DISBURSEMENT METHOD	17
5.7. SUBRECIPIENT AGREEMENT MODIFICATIONS AND EXTENSIONS	18
5.8. FINANCIAL MANAGEMENT	18
5.9. PROGRAM INCOME	19
5.10. SUBROGATION	19
5.11. RECAPTURE OF FUNDS	19
5.12. REPORTING REQUIREMENTS	19
5.13. RESILIENCE PERFORMANCE METRICS	20
5.14. RETAINAGE	21
6. PROGRAM IMPLEMENTATION	21
6.1. PROCUREMENT	21
6.2. CONTRACTORS	21
6.2.1. CHANGE ORDERS	21
6.3. ENVIRONMENTAL REVIEW	22
6.4. COST REASONABLENESS EVALUATION	23
6.5. HAZARD MITIGATION STANDARDS	24
6.5.1. MITIGATION MEASURES APPLICABLE TO RESIDENTIAL HOUSING	24
6.5.2 FLOODPLAIN STANDARDS	24
6.6 FLOODPLAIN INSURANCE	25
6.7 RESPONSIBILITY TO INFORM PROPERTY OWNERS OF THE REQUIREMENT TO OBTAIN AND MAINTAIN FLOOD INSURANCE	25
6.8 UNIFORM RELOCATION ACT	25
6.9 SECTION 3	26
6.10 DAVIS-BACON ACT	26
7. OTHER CROSS-CUTTING REQUIREMENTS	27
7.1. PREVENTION OF FRAUD, WASTE, AND ABUSE	27
7.2. EQUAL OPPORTUNITY	27
7.3. CONFLICT OF INTEREST	28
7.4. AUDIT	28



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8.	MONITORING AND COMPLIANCE	28
8.1.	DEVELOPMENT OF INTERNAL CONTROLS AND REPORTING	28
8.2.	MONITORING TYPES AND METHODOLOGY	29
8.3.	FILES, RECORD, AND REPORTING REQUIREMENTS	29
8.3.1.	FILE MANAGEMENT	29
8.3.2.	RECORD KEEPING	30
8.3.3.	DESTRUCTION OF RECORDS	30
9.0	GRANT CLOSEOUT	31
9.1	CLOSEOUT DOCUMENTS	31
9.1.1	FLOOD INSURANCE AT CLOSEOUT	32
9.1.2	DUPLICATION OF BENEFITS AT CLOSEOUT	32



1.Version History and Policy

The version history of the policy manual is tracked in the table below, with notes for each change. The dates of each publication are also tracked in the table.

The New Jersey Department of Community Affairs (DCA) will publish a new version after making substantive changes that reflect a policy change. The updated policy manual will be assigned a new primary version number, such as 2.0, 3.0, and so forth.

After making non-substantial changes, such as minor wording and editing or clarification of existing policy that do not affect the interpretation or applicability of the policy, the State will publish a version of the document with a sequential number increase following the primary version number, such as 2.1, 2.2, and so forth.

Amendments made to policy may go into effect on the date of the revision or may be applied retroactively. Whether a policy will be applied proactively or retroactively will be detailed in the version history below and/or within the relevant program sections.

Version No.	Date Revised	Key Revisions
1	10/24	Original Policy Document

2. Program Overview and Requirements

2.1. Introduction/Purpose

In alignment with the State of New Jersey’s comprehensive approach to resilient recovery from Tropical Storm Ida, the DCA is allocating funds to support the resilient rehabilitation of rental housing properties in the portfolio of the NJHMFA to mitigate damage due to future severe weather events and flood damage. The Resilient Multifamily Housing Program is funded by Community Development Block Grant–Disaster Recovery (CDBG-DR) funds appropriated by the United States Congress for recovery from Tropical Storm Ida. CDBG-DR grants are administered by the U.S. Department of Housing and Urban Development (HUD) and allocated to states and other jurisdictions to address “unmet needs” that are not satisfied by other federal, State, and local recovery resources.

This policy manual explains the overall objectives and policy requirements of this activity to be administered directly by the New Jersey Housing and Mortgage Finance Agency (NJHMFA). This manual describes the process by which the New Jersey Department of Community Affairs (DCA) will award CDBG-DR funds to the NJHMFA. The funds are to be used for resilient recovery activities encompassing the rehabilitation of rental housing properties under NJHMFA oversight providing affordable rental housing to residents of the state. DCA will provide oversight of NJHMFA to ensure the compliance with applicable rules and requirements of this funding. This manual summarizes many of the policies and requirements that apply to this allocation of funds. The DCA and NJHMFA will work collaboratively to determine appropriate procedures for compliance with the requirements. Therefore, detailed procedures describing how NJHMFA will ensure proper and compliant administration of CDBG-DR funds will also be developed.

2.2. Program Description

The DCA is allocating funds directly to NJHMFA which will administer CDBG-DR funds as a subrecipient of the State. The Program, Resilient Multifamily Housing Program (RMHP), will provide non-amortizing cash flow loans to developers of multifamily properties under NJHMFA oversight, such as but not exclusively those leveraging 9% and 4% Low Income Housing Tax Credits (LIHTC) to offset costs associated with resilient rehabilitation that meet or exceed the standards in HUD’s CPD Green Building Retrofit Checklist.

Eligible expenses include but are not limited to elevating and/or floodproofing buildings, moving vulnerable equipment, installing emergency generators and/or on-site renewable generation, hardening sites, adding stormwater mitigation infrastructure such as berms, vegetation, bioswales, green roofs, blue roofs, and rain gardens, creating safe refuges, and/or performing other necessary exterior work identified by applicants in their submitted site and risk assessments. No new construction of multifamily rental projects will be eligible.

2.3. Program Objectives

Program funds will be used to help the communities recover from the impacts of Tropical Storm Ida and mitigate flooding to protect life and property. The activities will focus on achieving the following objectives:

1. Reduce or eliminate the long-term risk of loss of life, injury, damage to and loss of property, and suffering and hardship by lessening the impact of future disasters.
2. Recover from the disaster impacts of Tropical Storm Ida.
3. Protect publicly funded recovery investments in the impacted community.

2.4. Funding Source

In January 2023, the U.S. Department of Housing and Urban Development (HUD) announced that the State of New Jersey would receive an additional \$149,229,000 in Community Development Block Grant Disaster Recovery (CDBG–DR) funding through publication in the Federal Register, Vol. 88, No. 11, January 18, 2023 (88 FR 3198) to support long-term recovery and mitigation efforts following Tropical Storm Ida (DR-4614). This allocation was made available through the Continuing Appropriations Act, 2023 (Pub. L. 117–180) approved on September 30, 2022 (the 2023 Appropriations Act).

This additional allocation will supplement the initial allocation of \$228,346,000 of CDBG–DR funding announced by HUD in May 2022 through publication in the Federal Register, Vol. 87, No. 100, May 24, 2022 (87 FR 6326). That allocation was made available through the Disaster Relief Supplemental Appropriations Act of 2022 (Pub. L. 117-43) and approved on September 30, 2021 (the Appropriations Act).

Funding for the RMHP is provided through HUD’s Community Development Block Grant–Disaster Recovery (CDBG-DR) Program, as appropriated by Congress as referenced above.

2.5. Method of Distribution

DCA will directly allocate all funds to the NJHMFA through an executed subrecipient agreement. The administration of the project will be a joint effort between the NJHMFA and DCA. DCA will work directly with NJHMFA officials and staff in a collaborative and coordinated fashion. NJHMFA will use an application process to solicit interest from owners for properties under oversight of NJHMFA and located in eligible counties. All applications submitted to NJHMFA are to be provided to DCA for review and approval prior to the submission of applications for approval by the NJHMFA Board, NJHMFA staff is to seek concurrence for such recommendations for approval by DCA.

If after the first round there are additional funds forecasted available, an additional round may be initiated. NJHMFA technical staff will be responsible for the evaluation of rehabilitation requirements necessary to achieve resilience and energy efficiency. DCA is to provide oversight of the funds allocated for the project and ensure they are administered in compliance with applicable Federal and State laws and regulations, while the NJHMFA will implement the program activities.

2.6. Program Budget and Maximum Award Amount per Project

In the Substantial Amendment of the Public Action Plan #4 funding was allocated to the Resilient Multifamily Housing Program. Please check the CDBG-DR Public Action Plan for additional allocations or reallocations to the Resilient multi-family policy. The maximum award per project is \$3,500,000.

2.7. Timely Expenditures and Project Completion

- Funding Period

HUD imposed a six-year period of performance on CDBG-DR funds, requiring DCA to expend all funds by December 20, 2029.

All funding awarded to subrecipients like NJHMFA are subject to these timelines. DCA requires a three-year performance period per project expenditure to ensure its ability to manage and meet statutory expenditure guidelines. DCA will include performance benchmarks, evaluation markers, and monitoring schedules in the standard subrecipient agreement with the NJHMFA to ensure the statutory deadline is met.

- Extension of Funding

HUD may extend the six-year period of performance administratively. Such an extension is not an automatic extension to DCA's subrecipients and/or sub-awardees. Extensions to DCA's subrecipients, including NJHMFA, will be determined by various factors such as project performance, subrecipient performance, timelines, overall program performance, national objective criteria, percentage of completion, total investment/expenditures at the time of the request for extension, etc. When the initial and/or extended period of performance has ended, DCA will close out the grant. Any remaining funds not expended by the subrecipients and/or sub awardees will be recaptured.

2.8. Program Administration

As a grantee to HUD, DCA is responsible for oversight of the funds allocated for the program. DCA will retain the role of Responsible Entity, ensuring all activities and expenditures of NJHMFA and contractors meet statutory and regulatory program requirements: national objectives, fair housing, social equity and non-discrimination, procurement and labor standards, environmental regulations, compliance, construction standards, and eligibility. All reporting requirements related to statutory and regulatory program requirements will be placed into DCA's shared system of record "SIROMS Module for Resilient MFH". The NJHMFA will implement the projects funded using program resources and will oversee construction scope of work performed by contractors and subcontractors.



2.9. NJHMFA Roles and Responsibilities

As subrecipient to the State, NJHMFA's key roles include, but are not limited to:

- Develop and provide DCA with detailed procedures that guide administration of the funds to ensure compliance with all applicable Federal and State rules and regulations, in particular:
 - Disaster Tie-back-
 - Response to Disaster Recovery Mitigation Needs
 - Citizen Participation Plan
 - Duplication of Benefits
 - Financial Management-
 - Grant Closeout
 - Procurement
 - Environmental Review
 - Section 3
 - Davis Bacon Act
 - Prevention of Fraud, Waste, and Abuse
 - Development of Internal Controls and Reporting
 - Monitoring Results and Reporting Record Keeping

The NJHMFA must develop new procedures or adopt existing procedures that demonstrate how it will adhere to the requirements of this grant. Procedures, forms, templates, and /or workflows or reference to such must be maintained to:

- Perform grant administration of the grant award.
- Meet all established performance goals and measures.
- Provide management and oversight of contractors
- Enforce policies, program guidelines and procedures.
- Oversee contractor performance and compliance with grant agreement and applicable federal regulations related to administrative and financial management, federal crosscutting requirements (i.e., suspension and debarment, Davis Bacon, Section 3, MBE/WBE, etc.), and other requirements,
- Manage any URA triggered relocation process, if applicable.
- Conduct project-specific environmental review process to ensure compliance.
- Manage project approval processes (i.e., approval of construction drawings, permits, etc.).
- Review and approve payments/reimbursements to contractors.
- Submit request for reimbursement to the DCA for review.
- Maintain project financial and budget records.
- Submit data to DCA for proper reporting (i.e., DRGR reporting, Section 3, Davis Bacon, etc.)
- Track/oversee project progress (i.e., status, time, and expenditure reports, etc.).
- Follow record keeping requirements established by DCA and establish additional requirements as needed for contractors.
- Ensure payment requests, reports, and program documents exist and are accurate.



- Confirm completion of related construction work before the release of reimbursements to the developer.
- Review and approve change orders, when necessary.
- Affirm budget for long-term operations and maintenance.
- Assist with Duplication of Benefits process to ensure no duplication exists related to housing rehabilitation activities for individual projects.
- Oversee contractor with the management of the closeout process and other aspects of Program/grant closeout related to the development project.
- Participate in DCA monitoring and auditing processes including coordinating with subcontractors during and after the program's lifecycle. Provide relevant documentation upon request.

2.10. Green Building Requirements

The below linked Green Building Retrofit Checklist must be followed to the extent applicable to the building type being retrofitted and to the rehabilitation work undertaken using CDBG-DR resources.

<https://www.hud.gov/sites/dfiles/CPD/documents/CPD-Green-Building-Retrofit-Checklist.pdf>

Several examples cited in the applicable Federal Register Notice, https://www.hud.gov/sites/dfiles/CPD/documents/CDBG-DR/87_FR_31636.pdf, specifically II B. 2. b., reference that among other cited requirements, in non-substantially damaged residential buildings owners accessing CDBG-DR funds must use mold resistant products when replacing surfaces such as drywall; and that the products and appliances replaced as part of the rehabilitation work, must be ENERGY STAR labeled, WaterSense labeled, or Federal Energy Management Program (FEMP)- designated products or appliances. A non-substantially damaged residential property under the CDBG-DR resources made available for this initiative is defined as damage of any origin sustained by a structure whereby the cost of restoring the structure to its before damaged condition is less than 50 percent of the market value of the structure before the damage occurred.

If a reconstruction activity is to occur using CDBG-DR resources, the requirements specified in II.B.2.a. of the above-cited Federal Register Notice must be followed.

2.11. Broadband Requirements

Any substantial rehabilitation, as defined below, of a building with more than four rental units must include, within the scope of work, installation of broadband infrastructure, except where determined to be infeasible or in properties where broadband infrastructure already exists. Broadband installation may be determined to be infeasible under one or more of the following circumstances:

- The location of the new construction or substantial rehabilitation makes the installation of broadband infrastructure infeasible.

- The cost of installing broadband infrastructure would result in a fundamental alteration in the nature of its program or activity, or in an undue financial burden.
- The structure of the housing to be substantially rehabilitated makes installation of broadband infrastructure infeasible.

The RFMP defines broadband infrastructure as the component(s) needed to exist within the property for the end user to access high-speed internet services, which generally include network cable and coaxial cable.

Substantial rehabilitation, for the purposes of determining when installation of broadband infrastructure is required, is defined as the following:

- Significant work on the electrical system. Significant work means complete replacement of the electrical system or other work for which the pre-construction cost estimate is equal to or greater than 75% of the cost of replacing the entire electrical system. In the case of housing units with multiple buildings with more than four units, the entire system refers to the electrical system of the building undergoing rehabilitation.
- Rehabilitation of the housing units in which the pre-construction estimated cost of the rehabilitation is equal to or greater than 75% of the total estimated cost of replacing the housing units after the rehabilitation is complete. In the case where there are multiple buildings with more than four units, the replacement cost must be the replacement cost of the building undergoing rehabilitation.

2.12. Program Affordability Period; Rents; and Restrictive Covenants

The affordability period cited below is to be the greater of the affordability period referenced in the existing regulatory agreement in place for the LIHTC program or other rental housing development program requirement of the NJHMFA, or the below referenced applicable affordability periods based on CDBG-DR per unit award amounts.

For work completed within common areas, the affordability period would be based upon the number of units in the entire structure.

Affordability Periods, Based on CDBG-DR Per Unit Award

Under \$15,000	1 year
\$15,000-\$50,000	3 years
\$Over \$50,000	5 years

Affordable Rents:

Units that are intended to meet an LMI national objective in a project must be rented to households of verified LMI income and subject to the 65% HOME rent limits (published annually by HUD) for the

affordability period. A NJHMFA approved utility allowance schedule shall be utilized in calculating the total tenant rent payment responsibility. 51% of the units rented are required to meet LMI income requirements.

Project rent levels may exceed 65% of HOME rents provided there is a rental assistance contract to subsidize the tenant rents at levels determined to be affordable per Section 8 or other applicable rental assistance program.

Restrictive Covenants:

To ensure that projects are completed per program requirements, applicants/owners must agree to a restrictive covenant being recorded on the property through the term of the affordability period. The affordability period will be documented through a non-amortizing cash flow loan and restricted use covenant. Both will be in place until the end of the affordability period or until the loan is paid in full.

3. Eligibility

3.1. MID Areas

As required by the Federal Register, the State will allocate at least 80% of the funds to address unmet needs within HUD-identified “most impacted and distressed” (MID) areas that have been Presidentially declared as a major disaster as a result of Tropical Storm Ida. The properties to be assisted under the RMHP will be located in the below referenced communities:

The following were identified by HUD as the most impacted and distressed counties (MID) counties:

- ▶ Bergen
- ▶ Essex
- ▶ Hudson
- ▶ Middlesex
- ▶ Passaic
- ▶ Somerset
- ▶ Union

In addition to the above counties, the state-identified counties eligible for funding under the RMHP include:

- ▶ Gloucester
- ▶ Hunterdon
- ▶ Mercer
- ▶ Morris, and
- ▶ Warren

3.2 Eligible Applicants

Eligible applicants are owners of multifamily buildings who are subject to NJHMFA oversight or are part of NJHMFA's tax credit portfolio.

3.3 Program Tieback to Disaster/Unmet Needs

HUD permits the State to fund eligible mitigation activities that address the disaster's impacts and that respond solely to the Mitigation Needs Assessment. Activities funded under this program will address unmet recovery and mitigation needs in HUD-identified and State-identified MIDs related to Tropical Storm Ida. The RMHP will rehabilitate rental housing units and make existing units more resilient to future disaster events. Tie back to the storm may be effectively documented for physical losses from damage or insurance estimates. The NJHMFA must document how the project responds directly to Tropical Storm Ida-related risks and mitigation impacts.

3.4 Response to Disaster Mitigation Needs

This RMHP responds to unmet recovery needs in a community that would otherwise not receive funding through other sources of funds. As described in the Unmet Needs Assessment, there are many housing needs resulting from Tropical Storm Ida that are not covered by FEMA's Public Assistance Program or Hazard Mitigation Grant Program. The areas benefitting from this program were impacted by flooding and storm related damage to properties resulting from Tropical Storm Ida. CDBG-DR funding for the RMHP will be used to address those unmet needs resulting from the disaster and not already covered by FEMA or other federal agencies.

This program seeks to reduce the risk of future and repeated flooding and storm related damage to people and property. This program will reduce future disaster risks in the community and address climate change and other future conditions as they relate to the community, and will, therefore, meet HUD's definition of mitigation. In coordination with DCA, NJHMFA will document how the projects incorporate mitigation measures and will be reported as a mitigation activity type within HUD's reporting system, as described below. The NJHMFA must document how the project mitigates hazard risk in the areas of benefit.

3.5 Eligible and Ineligible Activities

Eligible activities include rehabilitation, reconstruction, elevation, and lead-based paint and clearance; HCDA Section 105(a)1, 2, 4, 5, 11, 14 and 15 as further defined below, as well as applicable waivers identified in the Allocation Announcement Notice and Consolidated Notice (87 FR 31636), other applicable waivers or alternative requirements. New construction of multifamily rental properties is not eligible for funding.

Eligible activities defined in HCDA Section 105(a):

Section 105(a)(1) - the acquisition of real property (including air rights, water rights, and other interests therein) which is (A) blighted, deteriorated, deteriorating, undeveloped, or inappropriately developed

from the standpoint of sound community development and growth; (B) appropriate for rehabilitation or conservation activities; (C) appropriate for the preservation or restoration of historic sites, the beautification of urban land, the conservation of open spaces, natural resources, and scenic areas, the provision of recreational opportunities, or the guidance of urban development; (D) to be used for the provision of public works, facilities, and improvements eligible for assistance under this title; or (E) to be used for other public purposes.

Section 105(a)(2) - the acquisition, construction, reconstruction, or installation (including design features and improvements with respect to such construction, reconstruction, or installation that promote energy efficiency) of public works, facilities (except for buildings for the general conduct of government), and site or other improvements

Section 105(a)(4) - clearance, demolition, removal, reconstruction, and rehabilitation (including rehabilitation which promotes energy efficiency) of buildings and improvements (including interim assistance, and financing public or private acquisition for reconstruction or rehabilitation, and reconstruction or rehabilitation, of privately owned properties, and including the renovation of closed school buildings).

Section 105(a)(5) - special projects directed to the removal of material and architectural barriers which restrict the mobility and accessibility of elderly and handicapped persons.

Section 105(a)(11) - relocation payments and assistance for displaced individuals, families, businesses, organizations, and farm operations, when determined by the grantee to be appropriate.

Section 105(a)(14) - provision of assistance including loans (both interim and long-term) and grants for activities which are carried out by public or private nonprofit entities, including (A) acquisition of real property; (B) acquisition, construction, reconstruction, rehabilitation, or installation of (i) public facilities (except for buildings for the general conduct of government), site improvements, and utilities, and (ii) commercial or industrial buildings or structures and other commercial or industrial real property improvements; and (C) planning.

Section 105(a)(15) - assistance to neighborhood-based nonprofit organizations, local development corporations, nonprofit organizations serving the development needs of the communities in non-entitlement areas, or entities organized under section 301(d) of the Small Business Investment Act of 1958 to carry out a neighborhood revitalization or community economic development or energy conservation project in furtherance of the objectives of section 101(c) of this title, and assistance to neighborhood-based nonprofit organizations, or other private or public nonprofit organizations, for the purpose of assisting, as part of neighborhood revitalization or other community development, the development of shared housing opportunities (other than by construction of new facilities) in which elderly families (as defined in section 3(b)(3) of the United States Housing Act of 1937) benefit as a result of living in a dwelling in which the facilities are shared with others in a manner that effectively and efficiently meets the housing needs of the residents and thereby reduces their cost of housing.

3.6 National Objective

HUD enforces compliance with the overall benefit requirements in the Housing and Community Development Act of 1974 (HCDA) and 24 CFR 570.484¹, 24 CFR 570.200(a)(3), and 24 CFR 1003.208² and requires that all CDBG-DR funded activities meet one of the specifically defined national objectives which ensures the funding is predominantly used to assist low to moderate income individuals, supports efforts to eliminate slums or blight, or addresses post-disaster urgent needs (within a prescribed timeframe). The assistance provided under this initiative is to meet the Low Mod Housing Activities national objective requirement as defined in section 3.2.3 of the below linked description applicable to the CDBG-DR funded activities: <https://files.hudexchange.info/resources/documents/Basically-CDBG-Chapter-3-Nat-Obj.pdf>.

4. Citizen Participation

4.1. Citizen Participation Plan

New Jersey has developed a Citizen Participation Plan to meet the requirements of the CDBG-DR funding to comply with the requirements outlined in 24 CFR Part 91.115. The Plan reflects the alternative requirements as specified by the U.S. Department of Housing and Urban Development (HUD) in the Federal Register (FR-5696-N01 and 6326-N-01) and notice of specific waivers. The State will ensure that any local governments who receive funds are required to follow this citizen participation plan. The New Jersey Citizen Participation Plan for CDBG-DR Recovery is on the official website of the Department of Community Affairs at <https://www.nj.gov/dca/>.

The State has outlined targeted actions to encourage participation and allow equal access to information about programs by all citizens, especially those of low and moderate income, those living in slum and blighted areas and in areas where CDBG-DR funds are proposed to be used, non-English-speaking persons, minorities, and those with disabilities. The State encourages the participation of statewide and regional institutions and other organizations (including businesses, developers, and community and faith-based organizations) that are involved with or affected by the programs or activities covered by the Action Plan.

Subrecipients of the State's CDBG-DR grant must adhere to the requirements for local governments stated in DCA's [Citizen Participation Plan](#)³ at Section V. Citizen Participation Requirements for Local Governments Participating in CDBG-DR Programs. As stated, jurisdictions which receive CDBG-DR funds must develop a written Citizen Participation Plan (CPP) that includes opportunities for citizens to learn

¹ Code of Federal Regulations. Title 24, Housing and Urban Development. National Objective- Low and Moderate Income. [eCFR :: 24 CFR 570.484 -- Overall benefit to low and moderate income persons.](#)

² Code of Federal Regulations. Title 24, Housing and Urban Development. Criteria for compliance with the primary objective. [eCFR :: 24 CFR 1003.208 -- Criteria for compliance with the primary objective.](#)

³ https://nj.gov/dca/ddrm/pdf_docs/CDBG-DR%20Citizen%20Participation%20Plan.pdf



about the project and provide feedback. Subrecipients must publish the CPP on its website. New Jersey's CDBG-DR Citizen Participation Plan is triggered when the project is Federalized, otherwise understood to be when CDBG-DR funds are first allocated to the project. Therefore, the NJHMFA is required to develop a CPP that adheres to the stated requirements.

4.2. Public Hearing Requirements

The NJHMFA must provide for and encourage citizen participation, particularly by low- and moderate-income persons who reside in areas in which CDBG-DR funds are proposed to be used and is required to solicit public feedback on their proposed projects. A key element of the hazard mitigation process is the discussion it promotes among community members about creating a safer, more disaster-resilient community. Community engagement and other outreach activities that capture a community's values and priorities are likely to result in a project having greater legitimacy and support, leading to greater success in implementation.

As part of adhering to its Citizen Participation Plan, the NJHMFA is required to provide a minimum of two public hearings, each during a different stage of the program, for the purpose of obtaining residents' views and responding to proposals and questions. The NJHMFA can solicit feedback through a virtual or in-person public meeting with municipality, county, and tribal governments. Hearings must cover community development and housing needs (including affirmatively furthering fair housing), the needs for LMI households, other development and housing needs, and how the potential activity will address that need. The public hearing(s) to cover community development and housing needs must be held before executing a subrecipient grant agreement with the State. Hearings must also cover the development of proposed activity and application including when the application will be submitted, requested amount of funds, location of the project, and plans to minimize displacement of persons and businesses as a result of the funded activity.

NJHMFA must keep documentation that would normally be required to demonstrate that a meeting was held, including the following:

- A public meeting notice posted at least 5 days prior to the meeting.
- A sign-in sheet
- Meeting minutes

The meeting notice should be posted in a newspaper with general circulation and on the NJHMFA's website and must include the following:

- The type(s) of project(s) to be undertaken.
- The source(s) of funds (i.e., CDBG-DR funds)
- The amount of CDBG-DR funds allocated to the RMFP.
- The date by which comments must be made.
- A contact person from whom to obtain a copy of the proposed project.
- Accommodations for non-English-speaking citizens (all information posted will need to be translated into Spanish, unless less than 5% of population of the community benefitting from the project speaks Spanish).



5. Grant Administration

5.1. Subrecipient Agreement

A written subrecipient agreement will be provided to the NJHMFA before any disbursement of CDBG-DR funds. At a minimum, the agreement will include terms and conditions of administering CDBG-DR funds in manner compliant with Federal and State rules and regulations (either explicitly stated or by reference to applicable source documents), statement of scope of work, period of performance with schedule of activities and milestones, budget, record and reporting requirements, and recapture of funds guidance, among other provisions. Before the subrecipient agreement is executed, the NJHMFA will review the terms and conditions for their program.

5.2. Period of Performance

To ensure that projects are completed within the required timeline, DCA will impose a period of performance of 3 years for all activities funded under the Project.

The period of performance will commence upon the execution of a subrecipient agreement between DCA and the NJHMFA. DCA may approve extensions of the period of performance, contingent upon the overall grant timeline, provided that the NJHMFA demonstrates that good cause exists.

5.3. Program Budget

Funds will be granted in accordance with DCA's assessment of reasonable and necessary work, which may equal the original budgets proposed. The NJHMFA's budget for individual RMHP projects must provide a comprehensive picture of the Project funds, including CDBG-DR funds, local funds, and any other committed sources for the project, and a requested CDBG-DR reimbursement payment schedule based on project milestones.

5.4. Eligible and Ineligible Costs

Eligible costs for this program must comply with the eligibility requirements outlined in Section 3 of this policy manual and be reasonable and necessary as determined by DCA and the detailed eligibility requirements of [24 CFR §§ 570.201–206](#). Examples of basic eligible activities include, but are not limited to, the following:

- Planning, including the cost of an environmental review.
- Project Scoping
- Pre-construction
- Construction and rehabilitation improvements

Costs associated with activities not outlined in 24 CFR §§ 570.201–507.206 are generally considered to be ineligible for CDBG funds unless waived by HUD. The following activities are specifically stated in [24 CFR 570.207](#) to be ineligible:



- General government expenses
- Political activities

The following activities are generally ineligible unless authorized specifically under special provisions of 24 CFR [§ 570.203](#):

- Purchase of equipment
- Operating and maintenance expenses
- Buildings used for general government entities.

Further, this program will not reimburse pre-award expenses, including design and engineering work done prior to execution of the subrecipient agreement.

A fully detailed list of ineligible activities and their descriptions can be found in [24 CFR § 570.207](#), unless waived by HUD, and are applicable to this manual.

In addition, cost principles as outlined in [2 CFR 200, Subpart E](#) are also applicable to projects assisted under this program.

5.5. Duplication of Benefits (DOB)

Section 312 of the Stafford Act prohibits any person, business, or other entity from receiving duplicative financial assistance for the same disaster recovery purpose from multiple sources of federal and other support (42 United States Code [U.S.C.] 5155(a) and (c)). Duplication occurs when a beneficiary receives assistance from multiple sources for a cumulative amount that exceeds the total need for a particular disaster recovery purpose. The amount of duplication is the amount of assistance provided in excess of the need. CDBG-DR funds are intended to assist grantees in responding to disaster recovery needs that are otherwise unmet through other sources of funding; therefore, other funds available for the same purpose are considered duplicative of CDBG-DR.

Per CDBG-DR regulations, subrecipients are required to disclose all other benefits (e.g., cash, in-kind, grants, loans) received, or which will be received for the proposed project to ensure that federal funds do not duplicate funds received from other sources, and agree to return funds that are found to be duplicative in accordance with the Subrogation Policy in this document described at Section 5.10. The determination of the duplication of benefits (DOB) will be completed by NJHMFA administrators following DCA's Duplication of Benefits Policy 2.10.73. The NJHMFA is required to develop procedures that adhere to requirements of 2.10.73 or adopt DCA procedures. DCA will review and approve the procedures as part of finalizing the Policies and Procedures.

5.6. Disbursement Method

DCA will directly allocate all funds to the NJHMFA through a subrecipient agreement to ensure completion of the project activities. The project's administration will be a joint effort between NJHMFA and DCA. DCA will function in an oversight and support role, ensuring NJHMFA is implementing the project in accordance with applicable requirements. Funding will be provided as a grant on a cost reimbursement basis according to the terms identified in the subrecipient agreement. Subrecipients

must verify all costs before submitting invoices to DCA for reimbursement and provide all required reporting and supporting documentation (e.g., grant agreements, contracts and procurement files, program files) requested by DCA.

5.7. Subrecipient Agreement Modifications and Extensions

The NJHMFA may request a subrecipient agreement amendment to extend the period of performance and for scope changes that affect the grant award through the change order process identified in Section 6.2.1. DCA will review the submission and determine whether an amendment is warranted. NJHMFA must submit the request for an amendment as soon as the need is identified. Requests should be submitted at least 90 days prior to the end of the period of performance.

5.8. Financial Management

The NJHMFA is responsible for developing Finance Policies and Procedures that describe how the subrecipient will ensure activities adhere to all applicable financial rules and requirements.

As per this program policy and other documentation, and in coordination with DCA, the NJHMFA must ensure that it has the policies and procedures for expending and accounting for all CDBG-DR funds received and to maintain adequate source documentation to demonstrate that CDBG-DR funds are used in compliance with all terms and conditions of the CDBG-DR award, only spent for reasonable and necessary costs, and not used for general expenses to carry out other responsibilities of State and local governments.

The NJHMFA's financial policies also will ensure that the following are met:

1. NJHMFA will charge the CDBG-DR award only necessary, allowable, reasonable, and allocable costs incurred during the period of performance.
2. NJHMFA will minimize the time elapsing between the receipt of Federal funds from the State and the reimbursement of funds to subrecipients or contractors.
3. If applicable, NJHMFA will disburse funds available from program income before requesting additional grant funding.
4. For any changes made to the approved budget, scope, or objectives, NJHMFA will notify DCA about the changes and any substantial changes must be approved by HUD.

NJHMFA will submit to DCA mandatory quarterly progress reports for HUD's review of program progress. See Reporting Requirements, Section 5.12.

The NJHMFA is required to develop financial procedures or adopt the DCA procedures that adhere to financial requirements. DCA will review and approve procedures as part of finalizing the Policies and Procedures. All approved documentation must be stored within DCA's system of record.

5.9. Program Income

Program income is the gross income received by DCA or any of its subrecipients that is directly generated from the use of CDBG-DR funds. Information regarding how program income may be generated and used is available at 24 CFR 570.489, 24 CFR 570.504, and 87 FR 31636, as well as on HUD's website. Program income may be generated through the Resilient Multifamily Housing Program. When program income is generated, it will be subject to the applicable terms and conditions within the grant agreement and managed by DCA in accordance with policy 2.10.6, Program Income. Program Income when generated will be returned to DCA.

5.10. Subrogation

The NJHMFA must agree to subrogate (commit to the State) any future payments they may receive after the subrecipient agreement is signed from sources that represent a potential duplication of benefits. The subrogation agreement, included as part of the subrecipient agreement, requires NJHMFA to notify the DCA if additional funds are received.

5.11. Recapture of Funds

During the implementation and ongoing monitoring of the RMHP projects, files must be made available for review by program staff, monitors, and State and Federal auditors. In some instances, the review may identify a situation that requires the recapture of funds. Under the circumstances listed below, NJHMFA may be required to repay all, or a portion of the CDBG-DR assistance received. The reasons for grant recapture include, but are not limited to, the following scenarios:

- NJHMFA is determined to have provided false or misleading information to the program.
- NJHMFA withdraws from the program prior to completion of the project (withdrawal from the program must be in writing or by email).
- The RMHP projects are not completed due to non-cooperation by NJHMFA.
- NJHMFA did not comply with the approved scope of work in a manner that made a project eligible.
- NJHMFA failed to report the receipt of any additional funds received after a DOB analysis was conducted.

Subrecipients who have been identified for the recapture of program funding will not be able to close out of the program until all funds have been repaid to the program.

5.12. Reporting Requirements

To meet the HUD requirement for submitting the DRGR Quarterly Performance Report, DCA will require the NJHMFA to provide quarterly progress update reports. These reports will provide updates on various elements of the award, including, but not limited to, the following:

- Progress narratives
- Current expenditures of federal funds
- Progress on performance metrics, including Resilience Performance Metrics

5.13. Resilience Performance Metrics

For all activities designed to reduce hazard risk and that will meet the State's 15 percent mitigation set-aside requirements, DCA will work with the NJHMFA to establish resilience performance metrics that are feasible and meet HUD requirements. Metrics will be included within the NJHMFA's quarterly progress reports to DCA. See Section 5.12 Reporting Requirements.

The process for developing resilience performance metrics includes:

- An estimate of the projected risk to the completed activity from natural hazards, including those hazards that are influenced by climate change (e.g., high winds destroying homes),
- Identification of the mitigation measures that will address the projected risks (e.g., using building materials that are able to withstand high winds), and
- An assessment of the benefit of the mitigation measures through verifiable data (e.g., ten newly built or rehabilitated homes will withstand high winds up to 100 mph).

Tracking and reporting resilience performance metrics will be a required activity included within the terms of the subrecipient agreement. The benefit of each activity should be a quantifiable metric that illustrates how the resilience measure is expected to improve outcomes compared with the conditions if the activity had not been implemented.

HUD has published specific measures⁴ for mitigation activities such as the number of fewer outages of critical facilities and utilities, number of linear feet of public improvement, number of public facilities, number of residents protected from future flooding, and number of plans or planning products developed.

To count activities towards the CDBG-DR mitigation set-aside, DCA must document how those activities and how the incorporated mitigation measures will meet HUD's definition of mitigation. These activities will be reported as a mitigation activity type ("MIT") in the HUD Disaster Recovery Reporting system called DRGR. By tracking these activity types in DRGR, DCA will be able to demonstrate to HUD how the 15 percent mitigation set-aside was expended.

If a project includes known mitigation activities, to the extent feasible, the NJHMFA will work with vendors to delineate those costs as separate line items in the budget. This will allow DCA to create separate mitigation activities in DRGR to track those costs under a program.

If it is not feasible to separate out the mitigation activities from the larger project, DCA may also treat the entire cost of a project as counting towards the 15 percent mitigation set-aside. The NJHMFA will coordinate with DCA and HUD on the best reporting approach.

⁴ DRGR Guidance on Grantee Program Projections - [Adding Grantee Program Projection of Outcomes](#)

5.14. Retainage

HJMFA uses a retainage based upon the construction costs and the amount of construction completed. A percentage of the cost incurred are held back by the developer of the project and includes a 10% Retainage throughout construction. Requests can be made for a reduction once the architect and NJHMFA Field Representative agree that construction has reached 50% completion. If all parties agree, a request for a reduction to 5% will be considered.

6. Program Implementation

6.1. Procurement

HMFA must follow the procurement requirements outlined in 2 CFR. 200. However, awardees are only subject to the requirements outlined in their grant agreement.

Any entity that is listed as excluded, debarred, or suspended on the System for Award Management (<https://sam.gov/SAM/>), including affiliated businesses with the same employer identification number, is not eligible to receive CDBG-DR funds under the Resilient Multifamily Housing Program, and may not be selected as a subrecipient, partner, subcontractor, or vendor. The NJHMFA must develop new procedures or adopt existing procedures that demonstrate how it will adhere to the procurement requirements of this grant.. DCA will review and approve procedures as part of finalizing the Policies and Procedures.

6.2. Contractors

Contractors must comply with the Contract Work Hours and Safety Standards Act (CWHSSA) and the Copeland Anti-Kickback Act (Copeland Act). CWHSSA requires that, for any project in which the prime contract exceeds \$100,000, workers must be paid one-and-a-half times their normal hourly rate for any hours worked in excess of 40 hours weekly, based on a work week of seven (7) consecutive days. The Copeland Act prohibits any person from inducing a worker on a federally funded project to give up any part of the compensation to which the worker is entitled. No payroll deductions are permitted that are not specifically listed in the Copeland Act unless the contractor has obtained written permission from the employee as specified in 29 CFR 3.5 for otherwise permissible payroll deductions.

6.2.1. Change Orders

Change orders to contracts executed by the HMFA and developers may be required to address unforeseen and/or unanticipated circumstances. Should change orders change overall total project cost the developer will be responsible for ensuring that the change order is review by HMFA prior to overall approval of the change order. HMFA will review the change order and notify DCA whether an environmental re-evaluation is necessary. Any amount in excess of the contract amount will be considered an overage and will be the responsibility of the developer. Based on the circumstances and the availability of CDBG-DR funds, HMFA may allow for an increase in funding to complete projects. DCA will be notified of any budget changes.

6.3. Environmental Review

The National Environmental Policy Act of 1969 (NEPA), as amended, established national policies, goals, and procedures for protecting, restoring, and enhancing environmental quality. It requires an evaluation of the environmental impacts of proposed federally funded projects and the identification of mitigation measures to minimize or prevent adverse impacts. All projects funded by HUD CDBG-DR funds will require an Environmental Review Record (ERR) to be completed in compliance with 24 CFR Part 50⁵, 51, 55, and 58; and all applicable State and local regulations.

For the purpose of compliance with State and Federal environmental regulations, DCA will act as the Responsible Entity for activities funded through the Resilient Multifamily Housing Program. DCA is responsible for decision-making, and actions that would otherwise apply to HUD under NEPA approvals, including reviews determining whether activities are exempt or categorically excluded from environmental rules and not subject to federal rules (CEST) and providing Notice to Proceed permitting subrecipients to continue with the project.

HMFA is responsible for compiling the materials to conduct the environmental reviews for specific projects in collaboration with DCA who will be the Responsible Entity (RE). All consultations with agencies like the State Historic Preservation Office (SHPO), the Fish and Wildlife Service (FWS), and other agencies that must be consulted with as part of the environmental review will be done by the DCA the RE.

Environmental Reviews include categorically excluded and subject to Federal rules (CEST), Environmental Assessments (EA), and Environmental Impact Statements (EIS), and demonstrating compliance with all applicable regulations. To achieve compliance, HMFA must determine the appropriate level of environmental review for a project (e.g., environmental impact statement, environmental assessment, categorically excluded subject) and establish an Environmental Review Record (ERR) to support environmental clearances, in coordination with DCA. Once a HMFA enters into a grant agreement with DCA, an ERR is required to support the following:

- Release of Funds from HUD to the Responsible Entity (DCA) – applies to categorically subject to 24 CFR 58 (CEST), Environmental Assessments (EA), and Environmental Impact Statements (EIS) levels of review.
- A Notice to Proceed from DCA to HMFA, approving the ER with possible mitigating actions and conditions.
- Funding disbursement from DCA to HMFA through the Authority to Use Grant Funds.

Other previously performed environmental reviews may not satisfy all applicable HUD requirements for the project but may be submitted for review if completed within the last five years. It is the responsibility of HMFA in coordination with their recipients to develop the scope of services needed for

⁵ Code of Federal Regulations. Title 24 Housing and Urban Development. Protection and enhancement of Environmental Quality. [eCFR :: 24 CFR Part 50 -- Protection and Enhancement of Environmental Quality](#)



development of the ERR and to include these costs within the project budget.⁶ If an environmental condition identified on a proposed activity site cannot be cleared or mitigated, the site may not be an eligible location for activities. HMFA shall ensure that its assessment efforts and compilation of documentation are in accordance with applicable local, state, and federal requirements. Once HMFA is allocated funds through a grant agreement, it is HMFA's responsibility to conduct appropriate environmental compliance activities for awarded projects and to ensure that contractors and subcontractors are notified that work must comply with environmental mitigation and conditions and is subject to all local, state, and federal requirements.

HMFA need not start the environmental review process until projects are selected but are encouraged to begin earlier if local resources permit and only once the project plans have reached 30 percent design. HMFA and their recipients and partners are prohibited from initiating choice-limiting actions as defined at 24 CFR 58.22 until the ERR is approved and the Notice to Proceed is provided by DCA. Choice limiting actions include acquisition, demolition, site clearance, bidding, and construction. Subrecipients can continue planning and design efforts up to 30% of design to initiate an ERR. Please note, grant funds cannot be used to reimburse expenditures for activities occurring prior to execution of a grant agreement, including project scoping or the environmental review record. Applicants that choose to plan and design a project and start the environmental review process must do so with sources of funding other than anticipated CDBG-DR funds and will not be reimbursed for activities occurring prior to grant execution. DCA staff will provide oversight and guidance to subrecipients on the environmental compliance process as needed.

The NJHMFA must develop new Environmental Policies and Procedures or adopt existing procedures that demonstrate how it will adhere to all applicable environmental requirements. DCA will review and approve procedures as part of finalizing the Policies and Procedures.

6.4. Cost Reasonableness Evaluation

Costs incurred for the completion of the program must be considered necessary and reasonable. Costs are considered reasonable if, in their nature and amount, they do not exceed that which would be incurred by a prudent person in the conduct of competitive business. 2 CFR 200.404. The NJHMFA is responsible for determining what costs are considered necessary and reasonable, but DCA will review and approve reimbursement of expenses that meet its necessary and reasonable standards. In reviewing expenses, DCA may use analytical techniques and procedures to ensure that the final costs are fair and reasonable, such as a cost analysis detailing the individual cost elements of projects to certify elements such as necessity, pricing, and consistency before reimbursing the subrecipient for expenses.

⁶ 30 percent design is needed to develop the ERR, but the scope of services cannot exceed 30 percent design until the ERR is complete.

6.5. Hazard Mitigation Standards

6.5.1. Mitigation Measures Applicable to Residential Housing

The Federal Register Notice provides resilient mitigation measures that are required for the construction, reconstruction, and rehabilitation of residential and non-residential structures. One of the grant funds' conditions is that mitigation measures are to be incorporated into CDBG-DR activities so that properties are more resilient to the impacts of natural disasters and climate change. As a condition of the expenditure of the RMFP funds for rental housing, in order to meet this condition the NJHMFA must establish resilience performance metrics for the applicable activity, including: (1) an estimate of the projected risk to the completed activity from natural hazards, including those hazards that are influenced by climate change (e.g., high winds destroying newly built homes), (2) identification of the mitigation measures that will address the projected risks (e.g., using building materials that are able to withstand high winds), and (3) an assessment of the benefit of the grantee's measures through verifiable data (e.g., 10 newly built homes will withstand high winds up to 100 mph). See II. A.2.b. and II.A.2.c., page 32060, in the below linked notice at: <https://www.hud.gov/sites/dfiles/CPD/documents/FR-6393-N-01-AAN.pdf>

6.5.2 Floodplain Standards

The HMFA must certify that they will not use CDBG-DR funds for any activity in an area identified as flood-prone for land use or hazard mitigation planning purposes by the State, local, or tribal government or delineated as a Special Flood Hazard Area (or 100-year floodplain) in FEMA's most current flood advisory maps, unless it also ensures that the action is designed or modified to minimize harm to or within the floodplain, in accordance with Executive Order 11988 and 24 CFR 55.

The program will comply with the rules set by the applicable Federal Register Notices but also will follow the more stringent rules set by the New Jersey Department of Environmental Protection.⁷ The rules go above what is expected by FEMA and HUD in that the rules would require a new design flood elevation that is determined by adding a minimum of 3 feet to FEMA's 100-year flood elevation and allow compliance with local ordinances that exceed FEMA's standard.

Section II.B.2.c. of 87 Fed. Reg. 31636 (May 24, 2022), details additional requirements specific to elevation standards for new construction, and rehabilitation of substantially damaged residential buildings funded with CDBG-DR funds. As defined by HUD, for the purposes of CDBG-DR funded initiatives, a residential property is substantially damaged if fifty-one percent (51%) of more of the pre-disaster market value of the structure is damaged. If an application for CDBG-DR funds is approved that includes either new construction or substantial renovation of residential property, the requirements of Section B.2.c. of the above-mentioned federal register notice must be met.

⁷ New Jersey Department of Environmental Protection – Watershed and Land Management



6.6 Floodplain Insurance

Property owners that received federal assistance to repair their property that resulted from a prior disaster event and that were required to maintain flood insurance to address future losses, must demonstrate as part of the application process that the pertinent flood insurance has been maintained. As part of their review of the eligibility of individual applicants for Program resources, the subrecipient is required to affirm that if applicable, an applicant maintained the required flood insurance.

6.7 Responsibility to Inform Property Owners of the Requirement to Obtain and Maintain Flood Insurance

Section 582 of the National Flood Insurance Reform Act of 1994 mandates that property owners receiving disaster assistance that triggers the flood insurance purchase requirement have a statutory responsibility to notify any transferee about the requirement to obtain and maintain flood insurance and maintain such written notification in the documents evidencing the transfer of the property, and that the transferring owner may be liable if he or she fails to do so. A grantee or subrecipient receiving CDBG-DR funds must notify property owners of their responsibilities. HMFA must develop and implement a process to ensure that property owners adhere to this requirement, which should include a permanent covenant. HMFA will consult with DCA on the implementation of this NFIP requirement.

6.8 Uniform Relocation Act

The Uniform Relocation Assistance and Real Property Acquisition Act of 1970 (URA), as amended, and its implementing regulations at 49 CFR § 24⁸, establish minimum standards for federally funded programs and projects requiring the acquisition of real property or the displacement of persons from their homes or businesses. The URA applies broadly to all planned or intended federally funded projects, funded in part or in whole, where acquisition, rehabilitation, or demolition occurs during any phase.

DCA and its subrecipient must consider the potential impacts on tenants. If an identified project results in tenants leaving their homes involuntarily (being displaced), the tenants may be eligible for Tenant Relocation Assistance under the URA. These requirements apply to the relocation of any displaced person as defined at 49 CFR § 24.2(a)(9). Displaced persons under this definition must be fully informed about their right and entitlement to relocation assistance and payments provided by the URA and its implementing regulations. For more information, refer to 49 CFR § 24, Subpart C.

All URA activities must be entered into and maintained within DCA's system of record.

⁸ Code of Federal Regulation. Title 49, Transportation. Uniform Relocation Assistance and Real Property Acquisition Act. [eCFR :: Title 42 of the CFR -- Public Health](#)



6.9 Section 3

Section 3 provides that economic opportunities generated by federal financial assistance for housing and community development programs shall, to the greatest extent feasible, be directed toward low- and very-low-income persons and contracting opportunities should be directed to Section 3 businesses that employ those individuals.

Under CDBG-DR, DCA must report Section 3 labor hour requirements for the number of total labor hours, Section 3 labor hours, and targeted Section 3 labor hours for all applicable construction activities. HUD staff will review the data reported to analyze DCA's progress toward meeting Section 3 requirements and to inform on-site and remote monitoring engagements.

The NJHMFA must develop new procedures or adopt existing procedures that demonstrate how it will adhere to Section 3 requirements. DCA will review and approve procedures as part of finalizing the Policies and Procedures. All Section 3 activities must be entered into and maintained within DCA's system of record.

6.10 Davis-Bacon Act

Under Section 110(a) of the Housing and Community Development Act of 1974, laborers and mechanics employed by contractors and subcontractors on construction work "financed in whole or in part" with CDBG-DR assistance must be paid not less than the wages determined to be prevailing on similar construction work in the locality by the Secretary of Labor in accordance with the Davis-Bacon Act (40 U.S.C. 3141 et seq.). Davis-Bacon prevailing wage requirements do not apply to the rehabilitation, reconstruction, and demolition of residential property containing fewer than eight units, to prime contracts of \$2,000 or less, to bona fide volunteers where the procedures and requirements of 24 CFR § 70 are met, or to demolition that is not followed by construction.

Davis-Bacon requirements do not apply to non-construction activities, such as storm debris removal.

For activities that are subject to the Davis-Bacon requirements, the NJHMFA will carry out implementation, monitoring, enforcement, and reporting activities that are specified in HUD Handbook 1344.1 Rev 2, Chapter 1, Section 1-5.B.⁹ DCA is responsible for monitoring NJHMFA's compliance with this requirement.

The NJHMFA must develop new procedures or adopt existing procedures that demonstrate how it will adhere to Davis-Bacon requirements. DCA will review and approve procedures as part of finalizing the Policies and Procedures

⁹ HUD Exchange. [HUD Handbook 1344.1, Federal Labor Standards Requirements in HUD Programs - HUD Exchange](#)

7. Other Cross-cutting Requirements

7.1. Prevention of Fraud, Waste, and Abuse

As the grantee of the CDBG-DR funds, DCA must oversee all activities and expenditures of funds awarded to subrecipients. Subrecipients are responsible for developing a Fraud, Waste, and Abuse Policies and Procedures document that describes how the subrecipient will ensure activities adhere to all applicable fraud prevention rules and regulations. All projects will be monitored at least once during the life of the activity. The results of the monitoring and audit activities will be reported to the Deputy Commissioner of DCA (DCA Policy No. 2.10.3, Detection of Fraud, Waste, and Abuse).

7.2. Equal Opportunity

Through the use of CDBG-DR funding, no person should be excluded, denied benefits, or subjected to discrimination on the basis of their race, color, national origin, sex, disability, or age. DCA and its subrecipients may not discriminate in any of the following areas: deciding who will be admitted or have access to any CDBG-DR-funded program or activity; providing opportunities in or treating any person with regard to such a program or activity; or making employment decisions in the administration of or in connection with such a program or activity.

DCA and the subrecipient must administer and fund programs that are in conformity with Title VI of the Civil Rights Act of 1964 (42 U.S.C. 2000d)¹⁰, the Fair Housing Act (42 U.S.C. 3601–3619¹¹), and implementing regulations, and will affirmatively further fair housing.

Residents of properties to be assisted with RMFP resource are to be informed that if they believe their rights may have been violated, they can file a complaint with the Office of Fair Housing and Equal Opportunity via online submission, email, phone, or mail.

HUD Form 903 Online Complaint
Atlanta Regional Office of Fair Housing and Equal Opportunity
U.S. Department of Housing and Urban Development
Five Points Plaza
40 Marietta Street, 16th Floor
Atlanta, GA 30303-2806
Phone: 678-732-2493

Email: ComplaintsOffice04@hud.gov

¹⁰ US Code. Civil Rights Act. [42 USC 2000d: Prohibition against exclusion from participation in, denial of benefits of, and discrimination under federally assisted programs on ground of race, color, or national origin \(house.gov\)](#)

¹¹ US Code. Fair Housing Act. [42 USC 3601: Declaration of policy \(house.gov\)](#)

7.3. Conflict of Interest

No 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 who are receiving funds under this part who exercise or have exercised any functions or responsibilities with respect to CDBG-DR 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-DR-assisted activity, or have a financial interest in any contract, subcontract, or agreement with respect to a CDBG-DR-assisted activity, or with respect to the proceeds of the CDBG-DR-assisted activity, either for themselves or those with whom they have business or immediate family ties, during their tenure or for 1 year thereafter.

7.4. Audit

As per the provisions of 2 CFR 200, Subpart F, Audit Requirements, grantees that expend \$750,000 or more during their fiscal year in federal awards must have a single or program-specific audit conducted for that year. Subrecipients also must have a single or program-specific audit if they meet the \$750,000 expenditure threshold.

If DCA is disbursing grant funds to subrecipients, DCA is required by 2 CFR 200.331 to ensure that subrecipients comply with Subpart F. DCA will verify that subrecipients, if applicable, have prepared financial statements (including the schedule of expenditures of federal awards) that there are no significant findings in the single audit that impact the use of CDBG-DR funding and, if there are findings, the subrecipient has taken corrective action.

8. Monitoring and Compliance

8.1. Development of Internal Controls and Reporting

Internal controls are the established mechanisms, policies, and procedures implemented by an organization to ensure the integrity of fiscal management and accounting information to promote accountability and prevent fraud. Furthermore, internal controls consist of the development of job responsibilities, personnel, and proper recordkeeping to aid organizations with the necessary capacity to maintain adequate program oversight and control of its cash, property, and other assets.

Specifically, effective, and efficient internal controls will include:

- Support for the organization's day-to-day operations
- Reliable and timely submission of financial reporting
- Compliance with applicable local, state and, federal laws and regulations
- Resources to protect against waste, mismanagement, or loss.



- Systems secured to prevent unlawful access and/or disclosure of information.
- Proper utilization of funds for eligible program expenses

8.2. Monitoring Types and Methodology

The Division of Disaster Recovery and Mitigation (DRM) will monitor subrecipients according to the CDBG-DR Subrecipient Monitoring Policies and Procedures. Monitors will coordinate with HMFA to collect documents and schedule meetings. At least 30 days prior to a monitoring review, written notification will be provided to the subrecipient or the contracted vendor about the type of review that will be conducted. After the review is complete, Monitors will prepare a detailed report with findings and recommendations for corrective action. The subrecipient is responsible for remedying any instances of deficiency. Where necessary, Monitors will provide technical assistance or schedule time with HMFA to follow-up on corrective action.

Each program subrecipient will cooperate fully with DCA, HUD, or HUD Office of the Inspector General monitors/auditors and assist them by providing all necessary access to databases and documents requested in a timely manner.

8.3. Files, Record, and Reporting Requirements

8.3.1. File Management

Below is a list of supporting documentation that DCA staff may review to validate the disbursement of funds. This is not an exhaustive list and not all documentation will be required for a single request. Activity-specific documentation will be pulled and reviewed when applicable.

- Project work (e.g., cost, scope, maps)
- Procurement files (e.g., bids, contracts)
- System for Award Management (SAM) active unique entity identification verification
- Payroll records, justification, and reports
- Memorandum of understanding or subrecipient agreement
- Award letter
- Eligibility of the activity
- Evidence of having met a national objective.
- Duplication of Benefits (DOB) assessment
- Budget, expenditure information, and CDBG-DR draw-down requests
- Source documentation (e.g., purchase orders, invoices, canceled checks)
- Applicable environmental review records
- Applicable monitoring and audit reports

- Evidence of compliance with cross-cutting requirements such as Section 3 and the Davis-Bacon Labor Standards

8.3.2. Record Keeping

Accurate record keeping is crucial to the successful management of CDBG-DR-funded activities and record keeping should be consistent with requirements referenced at <https://www.ecfr.gov/current/title-24/subtitle-B/chapter-V/subchapter-C/part-570/subpart-I/section-570.490>.

Insufficient documentation is likely to lead to monitoring findings and those findings will be harder to resolve if records are missing, inaccurate, or inadequate. DCA and the subrecipient are required to maintain complete and accurate documentation, by project, for all disaster-related costs. DCA, through their individual management information systems, as applicable, retain relevant program files as electronic records for 7 years after final closeout. The subrecipient is required to retain records for at least 6 years. This policy is more stringent than 24 CFR 570.490, which states that files should be retained for the greater of 3 years from the closeout of the grant. [OBJ]

As defined in the policy, records must be retained and audited after the end of the program. To assist with compliance of these codes, DCA will work with the New Jersey Division of Revenue and Enterprise Services, Records Management Services, to submit and obtain electronic imaging system certification, if applicable. This will include documenting the retention schedule outlined by program policy, defining the system configuration, quality control, disaster prevention/recovery, scanning policy, and procedures and a data migration plan.

All program activity must be maintained and available for DCA and/or HUD for review and monitoring within DCA's system of record, the State Integrated Recovery and Operations Management System (SIROMS). NJHMFA must use DCA's system of record as requested which includes, but is not limited to program information, disbursements, justification for eligible activity, and national objectives. Some project details may exist at the local level. Agreements will detail the record-keeping requirements for how documentation should be retained between DCA and its subrecipients.

The NJHMFA is responsible for developing procedures that describe how it will adhere to applicable requirements (New Jersey's Policy for Record Keeping, No. 2.10.19). DCA will review and approve the procedures.

8.3.3. Destruction of Records

In no case shall the record destruction date be less than 7 years from the time of final closeout for original copies of documents. All original records become property of the State of New Jersey. These original records shall be transferred to DCA for storage consistent with the plan. All public agencies must submit a proposal to the State's record disposal system before disposing of retained records.



9.0 Grant Closeout

The closeout process is designed to ensure that all CDBG-DR activities are completed, and funds are expended in accordance with the grant agreement, program rules, and State and federal requirements. This means that any financial, administrative, and performance issues as stipulated in the subrecipient agreement have been resolved to the satisfaction of DCA, HUD, and the subrecipient. The NJHMFA must develop new procedures or adopt existing procedures that demonstrate how it will adhere to Closeout requirements. DCA will review and approve procedures as part of finalizing the Policies and Procedures.

The project will be ready for closeout when the following conditions are met:

- All eligible activities are completed in accordance with the scope of work agreed upon within the signed subrecipient agreement, as certified by an engineer.
- DCA has conducted a final closeout site inspection.
- All funds are expended in full, or the remaining funds are planned to be returned to HUD.
- All reporting requirements (e.g., Quarterly Performance Reports, HUD Monthly Status Reports, HUD Contract Reports, other internal reporting) were completed.
- Any specials conditions of the program were met.
- All audit and monitoring issues were resolved.

9.1 Closeout Documents

The subrecipient is required to submit the following to DCA to complete the closeout:

- Final request for funds
- Documentation reporting the grant accomplishments and expenditures of each project to the residents of the jurisdiction, as well as the HUD national objective met.
- Documentation that funds were expended in full, or certification of the return of the remaining funds.
- Documentation describing the resolution of any outstanding audit or monitoring issues.
- Duplication of Benefits Forms
- Certification of Completion from an engineer
- Flood insurance documentation, where applicable
- Final inspection documentation
- Checklist for environmental review

DCA will review the documentation and process the final request for funds if all provided documentation and the circumstances of the project warrant closeout. DCA will disencumber any remaining funds, if applicable, and enter all needed information into DRGR to show that the activities and projects have been completed.

Once all closeout documentation has been processed and DRGR has been updated, DCA will send a closeout letter to the subrecipient. Subrecipients are advised to sign and return the closeout letter to DCA to receive retainage. Subrecipients are required to retain CDBG-DR records for at least 7 years after the final closeout in accordance with State and federal records retention requirements.



9.1.1 Flood Insurance at Closeout

The subrecipient must ensure flood insurance is obtained for applicable projects located in a Special Flood Hazard Area. If the rental housing project owner fails to comply with flood insurance requirements, to the extent applicable, at the time of closeout, they may have to repay all, or a portion of the assistance provided under the program. Property owners who were not required prior to this program to have flood insurance and are not within the Special Flood Hazard insurance will not be required to get flood insurance as a program requirement. Property owners who were required by FEMA with prior disasters to maintain flood insurance but failed to maintain flood insurance as required by FEMA under 88 FR-3198, the property will be ineligible for project funding.

Section 582 of the National Flood Insurance Reform Act of 1994, as amended (42 U.S.C. 5154a)¹², prohibits recipients of this grant program from providing disaster assistance for the repair, replacement, or restoration of a property to a property owner who has failed to satisfy the federal requirement to obtain and maintain flood insurance following previous disaster assistance from the Federal Government. The subrecipient must develop and implement a process to verify and monitor for compliance with Section 582 and the requirement to obtain and maintain flood insurance.

Section 102(a) of the Flood Disaster Protection Act of 1973 ([42 U.S.C. 4012a](#)) requires property owners located within a Special Flood Hazard Area assisted through CDBG-DR funds to purchase and maintain flood insurance protection for any HUD-assisted property (building or personal property). The requirement for purchasing flood insurance will be stated within the grant agreement and proof of compliance included within the closeout procedures. Subrecipients must develop and implement a process to ensure that property owners adhere to this requirement.

9.1.2 Duplication of Benefits at Closeout

If there are any additional DOB funds disbursed after the subrecipient agreement is signed, the subrecipient is required to pay back these funds to DCA. See Section 5.10 Subrogation. DCA will conduct a final DOB analysis to ensure that the project owner has not received any additional funding. In accordance with HUD reporting requirements, following the completion of the compliance period, DCA will communicate to HUD that the file is formally closed.

¹² US Code. Title 42, Public Health and Welfare. [42 U.S.C. 5154a](#)

