

Frequently Asked Questions About The Disaster Recovery Action Plan

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Helping New Jerseyans Understand What The Christie Administration's Community Development Block Grant Disaster Recovery Action Plan Means For Them

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How was the amount of disaster recovery funds from the US Department of Housing and Urban Development (HUD) determined for New Jersey and what is the process for receiving them?

On Tuesday, January 29, 2013, President Obama signed the Disaster Relief Appropriations Act (HR152) providing \$16 billion in funding to the Department of Housing and Urban Development (HUD) Community Development Block Grant Disaster Recovery (CDBG-DR) program in order to help affected States respond to and recover from the severe damage caused by Superstorm Sandy. On Tuesday, March 5, a Notice was published in the Federal Register (Docket

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FR-5696-N-01) allocating \$1,829,520,000 of those funds to New Jersey. The Secretary of HUD made this the initial funding award based on data from FEMA and SBA, used to determine the areas of greatest need in the region impacted by Superstorm Sandy. It is expected that there will be additional allocations of CDBG-DR funds to New Jersey in the coming months and programs will be developed accordingly.

To obtain the funds from the initial funding award, New Jersey is required to submit an Action Plan to HUD detailing the proposed use of funds, including criteria for eligibility and how the use of these funds will address disaster relief, long-term recovery, restoration of infrastructure and housing and economic revitalization in the most impacted and distressed areas.

The State has been in constant communication with its residents, local leaders and other stakeholders prior to and following Superstorm Sandy's landfall. This continuous outreach has helped to identify the needs and priorities of the many communities affected throughout the state and was used in the development of the programs set forth in the Action Plan.

Although the deadline to submit the Plan is not until April 9th, the State worked diligently to craft the most effective Action Plan and released it publicly on March 12th so that the State's impacted residents can get the assistance they need as soon as possible.

What is the Action Plan and why does the State of New Jersey have to submit it?

HUD requires that an Action Plan be submitted and approved before the State of New Jersey can receive any CDBG-DR funds. As prescribed by HUD in the Federal Register Notice, a state's Action Plan must outline how the State will utilize its allocation of federal funding to help homeowners, renters, businesses and communities impacted by Superstorm Sandy. The Plan sets forth New Jersey's proposed programs to address housing and economic recovery needs, as well as infrastructure needs.

When is HUD expected to make a decision about the Action Plan?

HUD has 45 days from the day it receives the Action Plan from the State to make its decision.

What happens if HUD rejects the Action Plan?

Per the Appropriations Act and Federal Register, the Secretary of HUD must approve an Action Plan. If the Secretary fails to approve the Plan, the State of New Jersey would review the requested changes and develop an amended Action Plan for resubmittal to HUD.

How long will it take to launch assistance programs once the Action Plan is approved?

A seven-day public comment period ended March 19, 2013. Public comment are now being responded to and incorporated into the Action Plan. The Plan will be submitted to HUD in the near future. HUD has up to 45 days to approve the Plan. While HUD is reviewing the Plan, the State is moving diligently to finalize all program designs and hire the contractors needed to implement the programs in order to enable funds to reach residents as quickly as possible.

The State is working diligently to put in place the program infrastructure needed so that programs can begin operating as soon as possible after the Plan is approved. However, this does not mean people will receive financial assistance right away. For example, information will have to be reviewed to determine a person's eligibility for funding, federally mandated environmental reviews will be needed. The State is taking every step to be prepared to begin the process of applying for and distributing aid as quickly as possible.

How many people will these programs help?

If approved by HUD, utilizing monies from just the initial federal allocation, the Action Plan would assist more than 26,000 homeowners, more than 5,000 renters and more than 10,000 businesses, as well as local governments.

What communities does most of the funding in the Action Plan go to?

In New Jersey, HUD mandates that 80% of the CDBG-DR funds be spent in the nine most storm-impacted and distressed counties: Atlantic, Bergen, Cape May, Essex, Hudson, Middlesex, Monmouth, Ocean, and Union. Other communities will also benefit from the Action Plan's contemplated programs.

Will there be direct allocations to local governmental entities?

HUD elected not to make a direct allocation to local governmental entities in New Jersey. Instead, the funds were allocated to the State and will be administered by the NJ Department of Community Affairs.

How will the CDBG Disaster Recovery dollars help local governments impacted by Superstorm Sandy?

HUD has allowed CDBG-DR funds to be used as matching funds for other federal programs when used to carry out an eligible CDBG Disaster Recovery activity, including those funded by FEMA. For example, if a federal program requires a 25% match, the locality must provide 25% of the total program costs, which is often a strain on local budgets. A program for match assistance outlined in the Action Plan will help alleviate the match required to be met with local government funds. A program to fund public services and a code enforcement program will also relieve the increased costs faced by local governments as a result of the impact of Superstorm Sandy.

How will low-and-moderate-income households benefit from the grants?

The Appropriations Act requires that 50% of CDBG-DR funds must be used for activities that benefit persons of low- and moderate-income. The provision can only be waived by the Secretary of HUD, and even then, only when a compelling need is specifically identified.

Will there be CDBG Disaster Recovery funds available for homeowners who fall outside the low-and-moderate-income threshold?

The State is required to prioritize serving low and moderate income households in its housing recovery programs. However, in order for the State to serve those whose income is above 80% of the area median income, there are funds available in the Rehabilitation, Reconstruction, Elevation and Mitigation (RREM) and Housing Resettlement programs for those who fall outside of the HUD definition of low-to-moderate income.

Will there be CDBG Disaster Recovery funds available for people with special needs and disabilities?

As part of the Christie Administration's continued commitment to the most vulnerable, a direct allocation of funds will be made to the NJ Housing and Mortgage Finance Agency to operate a fund, similar to the NJ Special Needs Housing Trust Fund, dedicated to the construction of permanent supportive housing across New Jersey for special needs populations. The Action Plan also has an array of rental programs that will benefit people with special needs. It is anticipated these programs will add more than 1,000 housing units over the next two years for special needs households.

How do you prioritize between affected homeowners?

HUD requires that the state develop a needs assessment to identify the unmet needs in housing, infrastructure and the economy. Programs are designed to demonstrate a proportionate allocation of resources to areas and categories of greatest needs. These determinations take into account factors such as income, extent of damage, and location of property (in or out of a flood zone).

Will secondary homeowners be helped?

HUD does not allow CDBG-DR funds to be utilized for second homes or vacation homes.

Can CDBG Disaster Recovery Funds help me elevate my home?

Yes, funding in the Rehabilitation, Reconstruction, Elevation and Mitigation (RREM) Program will provide eligible homeowners up to \$150,000 for reconstruction, rehabilitation, elevation and/or mitigation of damaged homes. Priority will be given to homes in the nine most impacted counties that are deemed "substantially damaged" (damages exceed 50% of a home's assessed value) by a municipality's floodplain manager.

What happens to all the non-coastal communities that were affected by Sandy?

HUD has specified that 80% of the funds must be spent in the most impacted nine counties, which include non-coastal communities in Bergen, Hudson, Essex, Middlesex and Union. The remaining funds can be utilized in other areas impacted by the storm.

What does the plan do to ensure that New Jersey is rebuilt in an environmentally sustainable way?

To address New Jersey's housing needs, the State will undertake a number of initiatives including developing adequate, storm-resistant housing that will meet building standards and incorporate mitigation measures including green technologies where feasible. For example, the Action Plan's rental housing programs will promote sustainable communities and help to protect the environment by requiring the incorporation of green building technology and energy efficient development. When applicable, replacement and new construction will meet the 2009 Residential International Building Code and the green building standards by requiring compliance with ENERGY STAR™. Also, housing rehabilitation work will adhere to such standards as the HUD CPD Green Building Retrofit checklist when applicable. All reconstruction, new construction and rehabilitation must be designed to incorporate principals of sustainability, including water and energy efficiency, resilience, and mitigating the impact of future disasters.

How does the Action Plan ease New Jersey's rental stock shortage?

The State has designed several programs aimed at assisting in the replacement of rental units including those for low and moderate income renters. It is expected that approximately 5,000 affordable rental units will be created as a result of programs in the Action Plan.

Will the State use some of the CDBG-DR funds to promote the Jersey Shore and let people know that New Jersey is open for business?

The State has proposed a \$25 million program for a Tourism Marketing Campaign that will promote storm-impacted businesses and shore communities by letting the nation know that New Jersey is recovering and open for business. The campaign would also encourage New Jerseyans and tourists to shop locally. The Administration has requested, and HUD has approved, a special waiver to allow this program which will provide much needed assistance to the vital tourism industry that is critical to our shore communities.

How many jobs will be created as a result of the CDBG-DR funds?

Many direct jobs will be sustained and/or created in the implementation of local rehabilitation, reconstruction and elevation of homes and rental units. Additionally, businesses that are recipients of grant and loan funds administered by the New Jersey Economic Development Authority will be able to retain and hire employees, particularly in the shore-impacted communities striving to re-open and be fully operational for the summer season. Currently we have no definite estimates, but thousands of jobs should result from the programs being funded in the Action Plan.

Are there any protections to guard against waste, fraud and abuse?

Yes. There are several controls in the Action Plan's policy and procedures to control waste, fraud and abuse. This includes the requirements for detailed procedures to detect and prevent waste, fraud and abuse and avoid duplication of benefits. In addition, Executive Order 125 signed by Governor Christie, establishes several additional safeguards, including an Accountability Officer within each department. The New Jersey Sandy Transparency Portal was created to provide public access to all State contracts for the allocation and expenditure of federal disaster relief funds, including contract vendor information. In addition, the portal lists the available federal funding streams and funding criteria and tracks the federal funding allotment of disaster relief funds in New Jersey. There will be staff at all levels, including at HUD and the State, to ensure transparency throughout the Sandy recovery.

Will the receipt of CDBG-DR funds affect my ability to qualify for New Jersey's Homestead Rebate and Senior Freeze (Property Tax Reimbursement) Programs?

No. While individual tax circumstances may vary, Homestead Rebate and Senior Freeze eligibility should not be affected by the receipt of CDBG –DR funds.

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