

**NEW JERSEY  
RECONSTRUCTION, REHABILITATION, ELEVATION  
AND MITIGATION PROGRAM (RREM)**

**DRAFT POLICIES**



## **Part I: New Jersey Reconstruction, Rehabilitation, Elevation and Mitigation Program Policy**

### **1.0 Purpose**

The New Jersey Reconstruction, Rehabilitation, Elevation and Mitigation Program (RREM) is a competitive program for the nine most affected counties to assist homeowners who received significant damage from Superstorm Sandy that occurred on October 29, 2012. RREM will provide assistance to affected homeowners to repair damages caused by Superstorm Sandy. The federally declared disaster declaration is FEMA-4086-DR declared on October 30, 2012. This incident period for FEMA-4086-DR is October 26, 2012 through November 8, 2012.

### **2.0 Program Overview**

#### **2.1 Funding Appropriation**

On January 29, 2013, President Obama signed into law the Disaster Relief Appropriations Act, 2013, (Pub. Law 113-2), which appropriated \$16 billion through the Community Development Block Grant (CDBG) program to states that experienced major declared natural disasters during 2012. The Appropriations Act, requires funds to be used only for specific disaster-related purposes.

On February 6, 2013, HUD announced the first portion of disaster recovery CDBG funds allocating \$1,829,520,000 to New Jersey. \$600,000,000 million of the 1,829,520,000 will provide grant awards to eligible homeowners for activities necessary to restore their storm-damaged homes, including rehabilitation, reconstruction, elevation and/or other mitigation activities. The program will also provide reimbursement for eligible expenses incurred prior to the implementation of this program.

#### **2.2 Federally-Designated Areas Eligible for CDBG Assistance**

The following counties are eligible areas that can receive financial assistance from this allocation: Atlantic, Bergen, Cape May, Essex, Hudson, Middlesex, Monmouth, Ocean and Union.

#### **2.3 Overall LMI Benefit Requirement**

Although New Jersey has received a waiver regarding the overall benefit to LMI persons, the federal requirement is not entirely waived. Fifty percent (50%) of the funds allocated to New Jersey for all their eligible projects must be used for activities that meet a LMI national objective (described below).

### **3.0 New Jersey RREM Program Requirements**

New Jersey has allocated CDBG-DR funds for reconstruction, elevation and/or other mitigation activities. The program will also provide reimbursement for eligible expenses incurred prior to the implementation of this program in accordance with the State's approved Action Plan.

#### **3.1 CDBG National Objective**

All program activities (with certain exceptions with regard to administrative and planning activities) must meet an applicable CDBG National Objective. The New Jersey RREM program will provide benefit to those households meeting the Low-and-Moderate Income (LMI) National Objective requirements in accordance with HUD LMI standards and provide benefit to those households meeting the Urgent Need National Objective requirements as defined in Federal Register 5696-N-01.

To determine the household income, the New Jersey RREM will follow HUD's methodology for using the IRS 1040 tax return as outlined in the Technical Guide for Determining Income and Allowances for the HOME Program.

70% of the allocation will benefit LMI homeowners, 30% of the allocation will benefit non-LMI homeowners

#### **3.2 Homeowners Eligible for Assistance**

The program will prioritize homeowners within the nine most impacted counties.

- Priority 1: Homes with "substantial damage," as determined by New Jersey floodplain managers, regardless of zone
- Priority 2: (if demand and funds remain after Priority 1) Severe/major damage only in A/V zones
- Priority 3: (if demand and funds remain after Priority 2) Severe/major damage in all other zones

Eligibility Criteria:

- Home must have been owner-occupied at the time of the storm
- Home must have served as primary residence
- Home must have been in one of the nine most impacted and distressed counties
- Home must have a minimum unmet need of \$5,000
- Homeowner must have been registered with FEMA
- Homeowner must have a household income of less than \$250,000

Due to the overall unmet need and limited funding, meeting the eligibility requirements above does not guarantee funding will be granted to an eligible homeowner. Applicants will be eligible for funding on a first come first serve basis.

### **3.3 Ineligible Items**

The following types of ownership are ineligible for assistance under this program:

- Business entities are not eligible. This includes but not limited to: Limited Liability Corporations, Limited Liability Partnerships, Corporations, etc.
- Applicants who lost ownership of their homes due to foreclosure, or in foreclosure proceedings are ineligible for assistance.
- Properties located where federal assistance is not permitted are ineligible for assistance. Properties must be in compliance with Environmental Code 24 CFR Part 58.
- Appliances and housing components that are not integral to the structure of the home such as washers, dryers, and detached garages and carports are not eligible to be replaced under the CDBG Disaster Recovery Program.

### **3.4 Types of Homeowner Assistance**

#### Housing Rehabilitation

Restoring a home to its pre-storm condition if the estimated cost of repairs is less than 75% of the pre-storm fair market value

#### Housing Reconstruction

Replacing a home if the estimated cost of repair is over 75% of the pre-storm fair market value

#### Housing Reimbursement

Reimbursing homeowners for the cost of repairs incurred prior to their acceptance into this Program

#### Elevation

Elevating a home to the applicable advisory base flood elevation (“ABFE”)

#### Housing Mitigation

Activity to protect the home from future storm damage (*i.e.* elevation, shutters, elevated HVAC, strengthen doors, soil stabilization, roof-ties, etc.).

### **3.8 Award Calculation**

Each eligible homeowner will be given an individual grant award in the form of a 5 year forgivable loan. The Maximum award is \$150,000.

## **4.0 Roles and Responsibilities**

### **4.01 Application Intake Program Manager**

Application Intake  
Determine Applicant Eligibility  
Notice of Award  
Collect required paperwork from homeowner  
Final Closeout of the applicant file

### **4.02 Program Manager/Construction Manager**

Coordinate all required work necessary for the RREM program  
Coordinate with Department of Environmental Protection (DEP) for Environmental clearances  
Duplication of Benefit  
Verifying the receipts of work completed by inspecting the home repairs for home that are part of the Reimbursement Component of the RREM Program  
Prepare Estimated Cost of Repairs (ECR)  
Provide SSHIP Program Manager with award determination  
Prepare rehabilitation contract, promissory note and escrow accounts (where needed)  
Pre-Qualify homebuilders and check for debarment  
Process invoice payments  
Prepare all required reporting  
Inspect home for completeness