

New Jersey

Department of Community Affairs

COMMUNITY DEVELOPMENT BLOCK GRANT DISASTER RECOVERY

ACTION PLAN



For CDBG-DR Disaster Recovery Funds
Disaster Relief Appropriations Act of 2013
(Public Law 113-2, January 29, 2013)





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EXECUTIVE SUMMARY

Superstorm Sandy caused unprecedented damage to New Jersey's housing, business, infrastructure, health, social service and environmental sectors.

Superstorm Sandy caused unprecedented damage to New Jersey's housing, business, infrastructure, health, social service and environmental sectors. Indeed, President Obama's October 30th disaster declaration designated all twenty-one New Jersey counties major disaster areas. Yet storm damage was particularly concentrated in communities bordering or near the Atlantic Ocean or the Hudson River, many of which were flooded by Sandy's storm surge. Atlantic, Bergen, Cape May, Essex, Hudson, Middlesex, Monmouth, Ocean and Union Counties have been identified by the U.S. Department of Housing and Urban Development (HUD) as New Jersey's most impacted areas.

The breadth of Sandy's impact across New Jersey emphasizes the need for a thoughtful and comprehensive long-term recovery process. This Community Development Block Grant Disaster Recovery Action Plan ("Action Plan") is part of that process. It quantifies the level of damage known thus far based on current data and describes New Jersey's plan for spending the \$1,829,520,000 Community Disaster Block Grant Disaster Recovery (CDBG-DR) funds, which HUD allocated to New Jersey as part of its initial \$5,400,000,000 fund allocation. CDBG-DR funds must be used to satisfy "unmet needs," that is, financial needs not satisfied by other public or private funding sources like FEMA Individual Assistance funds, Small Business Administration (SBA) disaster loans or private insurance. HUD also requires that CDBG-DR programs focus predominantly, but not exclusively, on the State's most impacted counties and on the State's low and moderate income (LMI) populations.

Gauging Sandy's impact on New Jersey must begin with an analysis of the State's housing sector. Current data suggest that over 37,000 owners' primary residences and approximately 9,300 rental units sustained "severe" or "major" damage according to classifications made by HUD. Additionally, houses determined to be "substantially damaged" – having damages that exceed 50% of a home's pre-disaster value – must be elevated if they are below the federal Advisory Base Flood Elevation maps. Given the breadth of damage and the number of homes that will be required to be elevated, the costs of repairing owners' primary residences and rental units are expected to be substantial. Also, many households displaced by the storm are seeking intermediate or long-term rental housing at a time when rental housing stock has been significantly depleted because of storm damage. Increased demand and limited supply threaten to raise rental prices. This could particularly impact low and moderate income and special needs populations.

Superstorm Sandy also had a widespread and lasting impact on New Jersey's business sector and particularly affected small businesses. The storm caused substantial damage to commercial property and caused short- and long-term business operations losses. Data suggest that businesses in 113 of New Jersey's 565 municipalities incurred a combined \$382,000,000 in commercial property losses

and \$63,900,000 in business interruption losses. While most, if not all, New Jersey industries were impacted, the tourism industry has been particularly affected. While some tourism-driven businesses may require significant rebuilding, certain others on the Jersey Shore that were comparatively less affected are expected to suffer under a general misperception that the entire coastline was decimated by Superstorm Sandy. All of these losses also affected the State's labor market, which in the month after the storm saw more than double the historically expected amount of unemployment claims filed.

Further, the State's infrastructure was badly damaged by Superstorm Sandy. Many lasting images of the storm show its impact on infrastructure. Pictures of the Atlantic Ocean inundating portions of State Route 35, a flooded PATH station in Hoboken, and blacked-out New Jersey homes are all illustrative of the substantial damage to New Jersey roadways, railways, utilities and other infrastructure. Perhaps the most lasting image of the storm – a Seaside Heights roller coaster swept into the Atlantic Ocean – illustrates the impact of wet debris, which continues to be removed from New Jersey waterways.

Superstorm Sandy also increased the need for the State and local governments to provide crucial health and social services. After a natural disaster, the need for health and social services is particularly pronounced. Whether this includes assisting special needs households locate appropriate housing, protecting older adults from financial exploitation, or developing programs to help people cope with added stress of recovering from a natural disaster, post-storm health and social service resources must be provided.

Other sectors were also negatively impacted by Superstorm Sandy. For example, the storm had, and continues to have, an adverse impact on New Jersey's environment. Impacts include beach erosion, compromised levees, and debris strewn across natural habitats. Furthermore, many municipalities are facing storm-induced budget shortfalls due to decreased revenues, increased expenses and declining property tax bases. Because of these impacts there is a risk that, absent assistance, local governments will not be able to continue to fund important services for their communities.

To address the extensive devastation caused by the storm in these various sectors, the State proposes in this Action Plan a range of programs to provide relief. With respect to housing, helping primary residents rebuild is a critical priority. For example, one program provides grants up to \$150,000 to eligible homeowners for reconstruction, rehabilitation, elevation, and mitigation efforts for their homes. This program also provides for reimbursement to eligible homeowners that have begun to rebuild. Per HUD requirements, this program is limited to primary residences; vacation homes or non-primary residences are not eligible for CDBG-DR funds. In addition, another program offers grants of \$10,000 to eligible homeowners who are facing significant short-term pressure to sell or abandon their properties to incentivize them to remain as part of the fabric of their communities. Moreover, the State proposes a separate program that provides financial assistance to eligible home buyers to address the increased challenges of obtaining affordable housing subsequent to the storm. The State also proposes a comprehensive group

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of programs to alleviate the rental stock shortage caused by the storm by increasing available rental units.

Economic recovery and revitalization also is a central component of the State's long-term recovery effort. Per HUD's guidance, CDBG-DR funds must be directed to assist small businesses. To help those businesses, the State proposes to provide grants and no-cost loans to eligible small businesses to promote recovery, resumption of business and long-term sustainability. The State also proposes programs that will spur economic revitalization by improving public facilities (e.g., streetscapes, lighting, sidewalks) and further assisting businesses. Finally, having received a waiver from HUD, the State proposes using \$25,000,000 of CDBG-DR funds for a tourism marketing campaign to inform tourists that much of the Jersey Shore is open for business in 2013.

While the housing and economic sectors are the focus of the first tranche of CDBG-DR funds, the State also recognizes other important unmet needs. The State proposes to use CDBG-DR funds to assist localities at risk of not being able to fund important services for their communities because of storm-related expenditures. The Action Plan also proposes that funds be allocated to subsidize the local match component of projects funded by FEMA's Public Assistance program, which may include infrastructure and environmental projects. The State also would allocate funds for critical health and social services to better ensure that populations most in need have those services available. And the State proposes to provide funding to assist with code enforcement to better expedite the recovery and rebuilding process. Appendix A to the Action Plan contains charts detailing the funding allocation for each proposed program and how the State will satisfy HUD's requirement that 80% of CDBG-DR funding target the State's most significantly impacted counties as identified by HUD.

This Action Plan merely begins to address New Jersey's substantial unmet needs after Superstorm Sandy. As damage and impact assessment continues and additional tranches of CDBG-DR funding are provided by HUD, the State expects to continue to prioritize programs that focus on unmet needs and offer additional assistance to affected New Jerseyans.

SECTION 1: INTRODUCTION

The State is committed to implementing a thoughtful, comprehensive strategy that expeditiously, efficiently and effectively addresses the State's long-term recovery, rebuilding and revitalization needs.

On October 29, 2012, Superstorm Sandy made landfall near Atlantic City, New Jersey. The storm surge, which measured 8.9 feet at its highpoint in Sandy Hook, inundated and severely affected regions of the State's shore from Cape May to Raritan Bay, including the barrier islands and many areas along the Hudson River. Other overland flooding, wind damage, and an ensuing snowstorm further damaged these communities as well as other communities throughout New Jersey. Superstorm Sandy affected, in some way, virtually every household, business and community in New Jersey.

In the immediate aftermath of the storm, New Jersey quickly embarked on the road to recovery. Millions of cubic yards of debris have been removed from impacted communities. Risks to public health and welfare were addressed. Essential infrastructure, including roadways, railways, and utilities were restored. And countless other steps were undertaken by the State, by local communities and by New Jersey citizens to pick up the pieces with the support of federal agency partners. Short-term response now has given way to focus on long-term recovery and rebuilding. The State is committed to implementing a thoughtful, comprehensive strategy that expeditiously, efficiently and effectively addresses the State's long-term recovery, rebuilding and revitalization needs.

To assist New Jersey's and other disaster-impacted states' recovery efforts, the federal government enacted the Disaster Relief Appropriations Act of 2013 (Public Law 113-2, approved January 29, 2013) (the Act). The Act appropriates monies targeted for disaster recovery to various federal agencies. Among those monies, the federal government appropriated \$16,000,000,000 in Community Development Block Grant Disaster Recovery (CDBG-DR) funds to be split among states that experienced natural disasters in 2011 or 2012, or that experience natural disasters in 2013, which the President declared or declares to be Major Disasters. These CDBG-DR funds are administered by HUD and are to be used to address unmet disaster recovery needs, that is, funding needs not satisfied by other public or private funding sources like FEMA Individual Assistance, SBA Disaster Loans or private insurance. Per an evaluation performed by HUD, New Jersey will receive \$1,829,520,000 of the initial \$5,400,000,000 CDBG-DR fund distribution to assist the State's recovery efforts. Additional allocations are expected to be made at a subsequent date to be determined by HUD. Funds must be spent within two years unless HUD provides an extension.

CDBG-DR funds appropriated in the Act are subject to additional guidance provided by HUD in the Federal Register (FR-5696-N-01). For example, HUD requires that each grantee expend at least 80% of its allocation in the most impacted and distressed counties, which in New Jersey HUD identified to be Atlantic, Bergen, Cape May, Essex, Hudson, Middlesex, Monmouth, Ocean and Union Counties. Funds only can be used for eligible disaster-related activities unless HUD provides a

This Action Plan was developed after having received considerable input from other State departments and agencies, affected communities and stakeholder groups and with support from federal government partners.

waiver. Moreover, sufficient monitoring protections must be in place to prevent waste, fraud and abuse. And as a precondition to receiving CDBG-DR funds, New Jersey must submit a comprehensive Action Plan that details its unmet needs and describes the proposed uses of CDBG-DR funds to address those needs.

New Jersey Action Plan

Governor Christie has designated the New Jersey Department of Community Affairs (DCA) as the entity responsible to HUD for administering the distribution of CDBG-DR funds for New Jersey. This Action Plan was developed after having received considerable input from other State departments and agencies, affected communities and stakeholder groups and with support from federal government partners.

Section 2 of the Action Plan provides an impact and unmet needs assessment that details many of the impacts of Superstorm Sandy and identifies the State's current projection of unmet need. The unmet needs assessment is based on currently available data and likely will change. The State will continue to refine its unmet needs assessment as more data become available.

Section 3 outlines disaster relief and long-term recovery activities, focusing on the reconstruction and rehabilitation of primary residences and rental properties, assisting small businesses and promoting economic revitalization, and restoring critical infrastructure. Within each area, the State will focus on meeting the needs of low and moderate income populations and the most impacted counties as identified by HUD.

Section 4 sets forth New Jersey's proposed programs. While housing and economic recovery are the leading priorities that will be addressed with the first allocation of CDBG-DR funds from HUD, the State also proposes to allocate CDBG-DR funds to support infrastructure projects, enable municipalities to provide essential services to their communities, address health and social services for individuals in need, and provide code enforcement support to localities.

Section 5 addresses New Jersey's performance schedule for its proposed programs. At this time, it is premature to set out detailed performance metrics. The State will timely amend its Action Plan to describe performance metrics when appropriate.

Section 6 describes other criteria pertaining to New Jersey's use of CDBG-DR funds based on HUD guidance.

Amendments to this Action Plan likely will be necessary at different points throughout the long-term recovery. As additional needs are identified and prioritized and additional CDBG-DR monies are allocated to New Jersey by HUD, new programs may be added or existing programs may be altered in a manner necessitating amendment.

SECTION 2: IMPACT AND UNMET NEEDS ASSESSMENT



2.1 Background

HUD requires the State to complete an unmet needs assessment that quantifies the funding needed for recovery. The assessment is used to determine the extent of unmet needs and to help prioritize among those needs, with a focus on low and moderate income households and the most impacted counties. The assessment must evaluate three core recovery sectors: (1) housing; (2) the economy; and (3) infrastructure. Data sources relied on in this assessment include:

- Federal Emergency Management Agency (FEMA) Individual Assistance (IA) Data
- Federal Emergency Management Agency Inundation Shapefiles
- Federal Emergency Management Agency Public Assistance (PA) Data
- Federal Emergency Management Agency Point Surveys
- Department of Housing and Urban Development (HUD) Comprehensive Housing Affordability Strategy (CHAS) 2012 Data
- InfoUSA Business Records
- Local, Municipal and County Governments
- Marshall and Swift Construction Cost Estimator
- National Atmospheric and Oceanic Administration Data
- New Jersey Board of Public Utilities
- New Jersey Department of Banking and Insurance
- New Jersey Department of Children and Families
- New Jersey Department of Community Affairs
- New Jersey Department of Education
- New Jersey Department of Environmental Protection
- New Jersey Department of Health
- New Jersey Department of Human Services
- New Jersey Department of Labor and Workforce Development
- New Jersey Department of Transportation
- New Jersey Economic Development Authority

- New Jersey Housing Mortgage Finance Agency
- New Jersey Redevelopment Authority
- Rutgers University
- Small Business Administration (SBA) data

2.2 Summary of Impact and Unmet Needs

According to HUD, “unmet needs” are financial resources necessary to recover from a disaster that are not satisfied by other public or private funding sources like FEMA Individual Assistance, SBA Disaster Loans, or private insurance. Per HUD’s guidelines that an unmet needs analysis focus on the housing, economic and infrastructure sectors, Table 2-1 reflects New Jersey’s current unmet needs in these three sectors. The figures likely will change as more recent, geographically specific, and precise data are compiled and analyzed.

Of course, the State’s unmet needs extend far beyond the housing, economic and infrastructure sectors. New Jersey’s recovery effort must focus not only on economic recovery, but also economic revitalization, which is not captured within Table 2-1. New Jersey also must provide critical health and social services to certain populations affected by Superstorm Sandy, protect municipalities from losing critical services as a result of the storm, and address environmental issues. CDBG-DR funds must begin to address these unmet needs as well.

Table 2-1 Estimate of Unmet Needs			
	Need	Funds Disbursed/ Eligible	Unmet Need
Housing	\$3,837,560,311	\$1,942,314,263	\$1,895,246,048
Businesses	\$1,873,278,430	\$145,465,017	\$1,727,813,413
Infrastructure/Community Facilities*	\$25,440,800,963	\$10,942,262	\$25,432,594,266
Total	\$31,151,639,704	\$2,098,721,542	\$29,055,653,727

Sources: FEMA Individual Assistance and Public Assistance data, SBA claims, insurance claims provided by the New Jersey Department of Banking and Insurance, InfoUSA, NOAA and input from State agencies effective March 8, 2013.

**Note: Infrastructure funds have either been disbursed or are eligible under FEMA Public Assistance. FEMA Public Assistance recipients will likely be required to provide 25% match reflected in the Unmet Need calculation.*

2.3 Housing

Superstorm Sandy significantly impacted New Jersey’s housing sector. According to an analysis of FEMA Individual Assistance data effective February 27, 2013, approximately 37,700 owners’ primary residences and 9,300 renter-occupied homes sustained “severe” or “major” physical damage. According to HUD, “severe” damage is defined as homes FEMA determined to have greater than \$28,800 worth of physical damage or more than four feet of flooding on the first floor, while “major” damage is defined as homes FEMA determined to have between \$8,000 and \$28,799 worth of physical damage. Current data also indicate that 39,740 total residences sustained “minor” damage, that is, damage between \$1 and \$7,999

Table 2-2 Housing Damage by Severity for FEMA Individual Assistance Applicants

	Minor	Major	Severe	Total
NFIP Zone A	16,351	13,428	3,117	32,896
Owned	12,588	10,827	2,069	25,484
Rented	3,763	2,601	1,048	7,412
NFIP Zone V	3,870	4,763	1,255	9,888
Owned	2,855	3,935	986	7,776
Rented	1,015	828	269	2,112
Other	19,519	16,349	8,054	43,922
Owned	14,834	13,277	6,606	34,717
Rented	4,685	3,072	1,448	9,205
Total	39,740	34,540	12,426	86,706
Owned	30,277	28,039	9,661	67,977
Rented	9,463	6,501	2,765	18,729

Source: FEMA Individual Assistance Data, effective February 27, 2013 and FEMA ABFE Maps

as determined by FEMA. Table 2-2 describes housing damage by severity among FEMA Individual Assistance applicants who occupied homes in Coastal Zone A, Coastal Zone V, or other areas, while Table 2-3 reflects the estimated extent of damage to a housing unit using HUD's "minor," "major," and "severe" damage categorizations.

The State also has tracked the number of letters from flood-plain managers formally identifying properties as "substantially damaged," where repair costs exceed 50% of the structure's pre-disaster value. As of March 8, 2013, 2,995 such letters have been issued. Based on discussions with floodplain managers, more than 18,000 homes are estimated to be "substantially damaged," though this figure is preliminary and is expected to increase significantly as verification of housing damages continues.

The location of FEMA Individual Assistance registrants with reported housing damage also may reflect the extent and concentration of damage to New Jersey's housing stock. Based on the FEMA Individual Assistance data, the greatest concentrations of housing damage are located in Atlantic (12%), Bergen (5%), Cape May (4%), Essex (2%), Hudson (6%), Middlesex (5%), Monmouth (16%), Ocean (35%) and Union (6%) Counties. These nine counties account for 92% of reported housing damage in New Jersey. Table 2-4 reflects reported homes that sustained flood damage by county.

Table 2-3 Damage Categories by FEMA Full Verified Loss (FVL) Designations

Category	Reported FVL
Minor	\$1 - \$7,999
Major	\$8,000 - \$28,799
Severe	\$28,800+

Source: HUD and FEMA Individual Assistance Data, effective February 27, 2013

These figures merely scratch the surface in examining the extent of damage Superstorm Sandy visited on New Jersey's housing stock. To more fully address the extent of that impact, it is necessary to examine the storm's impact on homeowners, rental stock, displaced populations, New Jersey's low and moderate income population and the most vulnerable households.

2.3.1 Impact on Homeowners

Homeowners throughout New Jersey were significantly affected by Superstorm Sandy. Based on data reflected in Table 2-5, approximately 67,977 owners' primary residences sustained some amount of physical damage.

FEMA, in order to promote stronger, safer rebuilding, published Advisory Base Flood Elevation maps (ABFEs) for the State of New Jersey, which advise a significant expansion of New Jersey's 100-year floodplain. Data suggest that more than 33,000 residential structures that were not in the floodplain under the current FEMA Base Flood Elevation maps are now within the floodplain under the newly released ABFEs (Table 2-6). FEMA had been remapping the floodplain along New Jersey's coastline for two years when Sandy hit. The ABFEs were established as the best available data because FEMA's current, formally adopted maps are outdated and do not accurately reflect flood risk. It may take FEMA 18 to 24 months before

the final updated maps are formally adopted through the federal regulatory process.

Table 2-4 Housing Stock with Flood Damage as a Result of Superstorm Sandy

County	Total Housing Units with Flood Damage Greater than 1 Foot	Total Housing Units with Flooding Greater than 1 Foot
OCEAN	24,134	18,262
MONMOUTH	12,809	9,664
ATLANTIC	10,324	7,472
HUDSON	5,129	4,061
BERGEN	3,193	2,573
MIDDLESEX	2,877	1,589
CAPE MAY	2,867	2,005
UNION	1,082	496
ESSEX	859	261
CAMDEN	409	73
SALEM	222	133
SOMERSET	217	32
CUMBERLAND	209	105
BURLINGTON	186	103
MERCER	182	15
PASSAIC	112	11
MORRIS	104	22
GLOUCESTER	79	32
SUSSEX	64	19
WARREN	39	11
HUNTERDON	28	3
TOTAL	65,125	46,942

Source: FEMA Individual Assistance Data effective February 27, 2013

Homeowners whose homes are determined to be “substantially damaged,” by a floodplain manager must rebuild to FEMA’s ABFEs. Many of these homeowners likely will be required to elevate their homes. Without financial support, the added costs of housing elevations likely will be overly burdensome. Homeowners of structures that were not “substantially damaged” by Sandy may not be facing mandatory elevation requirements in the short term, but may face significant increases in insurance premiums if they do not elevate their houses in compliance with the final maps adopted by FEMA over the next two years.

Compounding the importance of housing elevation assistance, federal legislation passed in 2012 removes insurance subsidies and bases premiums on actual flood risk which likely will significantly increase flood insurance costs for homeowners residing within a floodplain. Therefore, housing elevation assistance is a critical need for many of these homeowners in order to avoid pricing them out of their current residences.

Based on available data, as well as input from federal and state departments and agencies, local communities, stakeholder groups and citizens, New Jersey’s owner-occupied housing needs include:

- Assisting homeowners with the reconstruction or rehabilitation of their homes;
- Assisting homeowners in Sandy-impacted communities who are now required to elevate their “substantially damaged” homes to meet ABFEs;
- Providing case management and technical assistance to help homeowners navigate the rebuilding and reconstruction process;
- Providing interim assistance to Sandy-impacted homeowners to encourage them to resettle and reoccupy homes they owned prior to the storm; and
- Providing buyout assistance where appropriate for homeowners residing in flood-prone areas where large scale buyouts would serve a public health and safety benefit, as well as an environmental benefit.

2.3.2 Impact on Rental Stock

Based on current data, approximately 22% of all housing damage occurred to rental stock, equivalent to 18,729 units. Table 2-7 reflects damage to New Jersey rental housing stock by severity of damage.

Table 2-5 Owner Occupied Homes Damaged from Superstorm Sandy

Income Level	Amount of Damage			
	Minor	Major	Severe	Total
Less than 80% Area Median Income	9,359	11,446	4,730	25,535
NFIP Zone A	4,008	4,705	965	9,678
NFIP Zone V	929	1,805	495	3,229
* All Other Zones	4,422	4,936	3,270	12,628
80%-120% Area Median Income	7,513	6,132	2,063	15,708
NFIP Zone A	3,184	2,387	475	6,046
NFIP Zone V	695	772	210	1,677
* All Other Zones	3,634	2,973	1,378	7,985
Greater than 120% Area Median Income	10,271	7,842	2,187	20,300
NFIP Zone A	4,138	2,789	486	7,413
NFIP Zone V	923	981	218	2,122
* All Other Zones	5,210	4,072	1,483	10,765
No Income Data	3,134	2,619	681	6,434
NFIP Zone A	1,258	946	143	2,347
NFIP Zone V	1,568	1,296	475	3,339
* All Other Zones	308	377	63	748
All Homeowners	30,277	28,039	9,661	67,977
<i>Source: FEMA Individual Assistance Data effective February 27, 2013 and FEMA ABFE maps</i>				
<i>*Includes areas not yet determined by FEMA under ABFE</i>				

As a result of the storm, there is a significant shortage of rental housing in the State, particularly in the most impacted communities. Local officials and realtors in some of those communities have described rental stock as virtually non-existent. In Hudson and Monmouth Counties, for example, planning departments reported vacancy rates below 1%.

According to FEMA data, approximately 44,000 Sandy-displaced households were receiving rental assistance after the storm. Even presuming that some of these Sandy-displaced households have found a rental unit, it is probable that many remain “doubled up,” that is, living with friends or relatives.

Superstorm Sandy also had a significant impact on federally owned housing, which includes public housing as well as housing financed primarily for older adults and Housing Choice Voucher (HCV) recipients. According to preliminary estimates effective mid-February 2013, 2,188 federally subsidized units in 192 multi-family properties were damaged, and 229 households remain displaced. These properties are predominately located in Atlantic City, Flanders, Hoboken, Jersey City, New Brunswick, Ocean City, and Port Monmouth. Eight-hundred and twenty-four public housing units were damaged in the storm, and 100 public housing households remain displaced.

Atlantic City suffered the greatest concentration of damage to federally owned housing, with 84 impacted units that housed 250-300 residents. Additionally, 740 HCV recipient households were displaced by Superstorm Sandy, and only 310 of those households have returned to their former home.

Table 2-6 Structures that Moved into a Floodplain Designation with Recent ABFE

	Total Units
Structures within 100-year flood plain pre-ABFEs	234,448
Structures within 100-year flood plain with new ABFE guidelines	267,944
<i>Source: FEMA HAZUS Multi-Hazard version 2.1</i>	

With increased demand for rental units from Sandy-displaced households coupled with a diminished supply as a result of storm damage, rental prices will likely increase throughout the State and particularly in the most impacted communities. This potentially would make rental units unaffordable for many low and moderate income families. According to HUD CHAS 2012 data, at least 42% of all renter households are cost burdened, meaning that households pay for housing in excess of 30% of their income, with a significant percentage of those households paying more than half of their income towards monthly housing costs. Any increase in rental costs would further exacerbate that strain. Among the “working poor,” defined as households earning less than 50% of Area Median Income, the impact of increased rents is more significant. According to HUD CHAS data, 50.5% of “working poor” households are already severely cost burdened, and rent increases

Table 2-7 Renters with Housing Damage by Severity

Income Level	Amount of Damage			
	Minor	Major	Severe	Total
Less than 80% Area Median Income	7,262	4,874	1,900	14,036
NFIP Zone A	2,967	2,029	734	5,730
NFIP Zone V	793	652	186	1,631
*All Other Zones	3,502	2,193	980	6,675
80%-120% Area Median Income	953	696	370	2,019
NFIP Zone A	348	230	147	725
NFIP Zone V	96	76	34	206
*All Other Zones	509	390	189	1,088
Greater than 120% Area Median Income	519	417	274	1,210
NFIP Zone A	189	142	93	424
NFIP Zone V	48	45	24	117
*All Other Zones	282	230	157	669
No Income Data	729	514	221	1,464
NFIP Zone A	259	200	74	533
NFIP Zone V	78	55	25	158
*All Other Zones	392	259	122	773
All Renters	9,463	6,501	2,765	18,729
<i>Source: FEMA Individual Assistance data effective February 27, 2013 and FEMA ABFE maps</i>				
<i>*Includes areas not yet determined by FEMA under ABFE</i>				

could threaten to price these households out of the rental market. Even for households in need that might be able to afford available rental units, the post-storm New Jersey rental market has limited ability to absorb those households.

Based on available data, as well as input from federal and state departments and agencies, local communities, stakeholder groups and citizens, New Jersey's rental housing needs include:

- Rental programs to assist currently displaced low and moderate income households;
- Rental programs to repair or replace damaged rental units, particularly those that service low and moderate income households; and
- Rental programs that address the unique needs of New Jersey's special needs populations.

2.3.3 The Transitional Sheltering Assistance Program

On November 3, 2012, FEMA activated the Transitional Sheltering Assistance (TSA) Program to provide temporary housing for households displaced by the storm and living in shelters. In total, the TSA Program has served more than 5,500 New Jersey households. As of March 1, 2013, 717 households were enrolled in the TSA Program post storm.

Because the TSA Program provides only temporary assistance, households must find more permanent housing before the TSA Program expires. The State has been working diligently with federal agency partners to find more permanent housing solutions for these households. The limited availability of rental stock after the storm has made this challenging, however. Households in the TSA Program that are of extremely low income or that have special needs are particularly difficult to place in more permanent situations because of the limited availability of housing that accommodates their needs.

2.3.4 Impact on Low and Moderate Income Populations

Superstorm Sandy's impact on low and moderate income (LMI) households in New Jersey was particularly pronounced. Of FEMA Individual Assistance applicants who have reported damage to their homes, 46% are low and moderate income, equaling more than 39,000 households. Seventy-five percent of renters with reported damage to their homes were low and moderate income households, equaling 14,036 households.

While low and moderate income households throughout the State were affected by the storm, the most impacted LMI households generally are found within the

nine most impacted counties. Table 2-8 reflects the total housing units in the most impacted counties and the percentage of impacted households that are low income. Appendix B to this Action Plan provides a map series illustrating Low and Moderate

Income Census Tracts overlaid with storm damage by county.

2.3.5 Impact on Special Needs Populations

Households with special needs are oftentimes more vulnerable to natural disasters due to damaged or displaced support networks, accessibility issues or increased costs of living. Special needs populations displaced by Superstorm Sandy include adults, children, and youth who are homeless or at risk of homelessness, who have intellectual or developmental disabilities, who have physical disabilities or who have behavioral health needs. Certain populations of older adults also may face specialized challenges after a natural disaster.

Table 2-8 Percentage of Housing Stock with Major to Severe Damage

County	Total Housing Units	Percent of Units with Flooding Over 1 Foot or Major/Severe Damage Reported in FEMA Individual Assistance Data	Percent of Households with Housing Damage that are Low-Income
Ocean	275,793	7.3%	47%
Atlantic	125,826	6.5%	63%
Monmouth	256,504	4.2%	46%
Cape May	98,394	3.0%	49%
Hudson	264,844	2.1%	39%
Bergen	351,122	0.9%	54%
Middlesex	292,495	0.9%	57%
Union	198,668	0.7%	52%
Essex	311,738	0.6%	54%
Total	2,175,384	2.6%	50%

Sources: American Community Survey, 2006-2010 5-Year Averages, HUD CHAS 2012 data, and FEMA Individual Assistance Data effective February 27, 2013.

2.3.5.1 Homeless Households

Damage caused by Superstorm Sandy drastically limited housing options available for New Jersey’s homeless population. For example, according to New Jersey’s Department of Human Services, 400 motel units along the barrier islands that might be used to accommodate homeless populations remain unavailable because of storm damage. A 31+ bed homeless shelter in Monmouth County also remains closed. The lack of available facilities as a result of storm damage has put substantial pressure on operational facilities. For example, an Atlantic City homeless shelter reported an overcapacity of over 100 people.

In addition to the impact on available housing options for homeless households, Superstorm Sandy demonstrated basic equipment failures in some facilities that serve the homeless. According to shelter operators, some shelters lost power during the storm. Some could not generate heat. Others lost phone service.

2.3.5.2 Older Adults

According to FEMA Individual Assistance data dated February 27, 2013, Superstorm Sandy impacted more than 38,000 older adult households, the majority of whom are homeowners. Based on past experience from other disasters, New Jersey recognizes that certain older adult households may face special challenges after a natural disaster. Initially, new building code requirements may require that many older adults elevate their homes. Elevating properties may result in accessibility issues that must be addressed to accommodate a household’s needs. Additionally, older adult populations may be at a greater risk of financial exploitation following a disaster.

2.3.5.3 Individuals with Mobility Impairments

New Jersey's Department of Human Services, Division of Disability Services (DDS) has identified ramping and other accessibility measures that may have to be undertaken in conjunction with housing elevations to ensure that certain properties can continue to serve the needs of individuals with physical disabilities. Additionally, retrofitting a newly elevated house with a ramp or lift will place additional financial burdens on households needing this accommodation.

2.3.5.4 Households with Individuals Having Developmental or Intellectual Disabilities or Behavioral Health Needs

A number of homes that house individuals with developmental or intellectual disabilities or with behavioral health needs were damaged or displaced during Superstorm Sandy. For example, a boarding house which served 50 individuals from this population sustained significant damage during the storm. Damage from the storm has made it difficult for some displaced households with individuals having developmental or intellectual disabilities or behavioral health needs to find accommodating housing.

Section 2.3.6 Analysis of Unmet Housing Need

To estimate the unmet housing need in New Jersey, the State must first use available data to quantify the cost to repair damage to the housing sector caused by the storm as well as the costs to perform required housing elevations. The State then must add together amounts received from other funding sources like FEMA Individual Assistance, SBA disaster loans, and private insurance to quantify funding that has been provided for repairs to the housing sector. Subtracting the latter figure from the former arrives at New Jersey's current estimate of its unmet housing need. This estimate likely will change when the extent of housing damage becomes more precisely measurable.

FEMA Individual Assistance data as of February 27, 2013 reports a Full Verified Loss (FVL) of \$732,560,112, which is derived from cursory FEMA inspection reports. Previous disasters have shown that an FVL figure substantially underestimates the actual cost of rehabilitation and reconstruction. To estimate damage to owner-occupied units, HUD has previously adjusted FVL based on the ratio of SBA loans to FVL determinations to capture a more realistic estimate of repair costs, while assessing damage to rental units based on their proximity to damaged homes.

This unmet needs assessment does not attempt to replicate the FVL analysis due to the lack of address-level SBA information specific to each applicant. Rather, to estimate the cost of repair for homeowners, this assessment multiplies the average construction cost per square foot (\$135 in New Jersey per a 2012 Marshall & Swift report) by the damage category and the total square footage. For example, the estimated cost to repair a 1,000 square foot unit with severe damage (i.e., damage to 51% of the structure) is \$135,000 (100% * 1000 * 135). For damage to rental properties, the assessment uses flood depth as a proxy for determining damage.

The extent of the damage uses the following defined categories combined with FVL values for owner-occupied homes and flood depths for renter occupied homes

as shown in Table 2-9. All homeowners with more than four feet of flooding were assumed to be severely impacted.

Category	Reported FVL	Flood Threshold	Percent Damaged
None	\$0	0	0%
Minor-Low	\$1 - \$2,999	1"-11"	2%
Minor-High	\$3,000 - \$7,999	1'-1' 11"	5%
Major-Low	\$8,000 - \$14,999	2' - 2'11"	10%
Major-High	\$15,000 - \$28,799	3' - 3'11"	20%
Severe	\$28,800+	4'+	*100% owned; 50% rented

Source: GCR Inc. using HUD Damage Classifications and FEMA Individual Assistance data effective February 27, 2013
** Assumes an owned property with Severe Damage has greater than 50% damage and is defined as a complete loss*

In addition to physical damage to housing stock caused by the storm, the need for home elevations also represents a substantial cost. This unmet needs assessment assumes all of the owner-occupied homes with more than four feet of flooding and newly added to the 100-year floodplain will require elevation.

Having performed this analysis based on currently available data, the total cost to repair New Jersey’s housing sector presently is projected at \$3,837,560,311. The current total amount of federal and non-federal funds distributed for repairs to New Jersey’s housing sector and for elevations – including FEMA Individual Assistance funds, SBA loans and private insurance proceeds – totals \$1,942,314,263. As a result, New Jersey currently projects an unmet housing need of \$1,895,246,048. Table 2-10 reflects New Jersey’s current estimate of damage to its housing sector, the current amount of funding received from other sources for housing sector recovery, and New Jersey’s current unmet need.

	Repair/ Replace Costs ¹	Elevation Costs for Homes with 4' Flood Depth and Newly Added to 100-Year Floodplain ²	Insurance Claims ³ (Residential and Flood)	FEMA Grant and SBA Loan ⁴	Unmet Need (GAP)
Total	\$3,674,310,311	\$163,250,000	\$1,434,422,611	\$507,891,652	\$1,895,246,048
Major-High/Severe Damage (only uninsured homeowners with Major-High to Severe Damage)	\$1,213,173,036	\$—	\$—	\$82,807,887	\$1,130,365,149

1. Analysis using FEMA Individual Assistance data FVL values, flood depth, HUD damage categories and associated damage estimates
 2. Geospatial analysis of FEMA Q3 and ABFE maps overlaid with FEMA HAZUS data to determine total homes shifting into a 100-year floodplain effective February 27, 2013. Elevation costs assumed at \$50,000 per unit.
 3. Private insurance data provided by NJ Department of Banking and Insurance
 4. FEMA Individual Assistance data, effective February 27, 2013 and SBA data effective February 6, 2013

This figure likely understates the extent of New Jersey’s unmet housing needs. It does not represent the universe of damaged homes, but instead is limited to individual FEMA applicants determined by FEMA to have sustained damage. It also excludes households that have not yet registered with FEMA. As additional data are compiled and analyzed, the State expects this figure to become more accurate and to rise. Notably, this unmet needs assessment purposefully includes only owners’ primary residences and rental properties. Per guidance provided by HUD, providing CDBG-DR funds to assist owners of vacation homes or non-primary residences that were damaged during the storm is prohibited.

2.4 Economic Development

2.4.1 Businesses

Superstorm Sandy devastated many businesses in New Jersey, causing substantial commercial property damage and short-term and long-term business operations losses. The entire State of New Jersey, which has over 390,000 businesses, experienced high winds. Tens of thousands of businesses sustained short-term and long-term economic injuries. For example, current data from the New Jersey Department of Banking and Insurance suggest that businesses within 113 of New Jersey’s 565 municipalities incurred a combined \$382,000,000 in commercial property loss and another \$63,900,000 in business interruption losses.

Separately, damages to public infrastructure such as roads, rail and bridges as well as compromised water and electrical utility systems have caused significant interruption to the State’s economy and have had a corresponding negative impact on businesses trying to recover after the storm. For example, international trade and travel at the Port of New York and New Jersey, the nation’s third largest port, stopped for days due to loss of power. Flooding caused New Jersey Transit systems to shut down, and some transit lines did not reopen for months. Gas unavailability also created issues for businesses trying to return to routine operations.

Showing the breadth of Sandy’s impact across business sectors, Table 2-11 reflects New Jersey businesses impacted by Sandy by sector.

In the months following Superstorm Sandy, many businesses grappled with the cost of repairing damaged assets and economic injuries that resulted from temporary closures, unavailability of critical inputs, and/or displaced customer bases. In coming years, it is expected that revenues may suffer from the loss of some customers that have not returned to the area, and may not return. To emphasize the point, Table 2-12 projects economic and fiscal impacts that might result from Superstorm Sandy in the absence of a robust economic recovery.

Table 2-11 Businesses Impacted by the Storm

Sector	Businesses Impacted by High Winds
Total	391,664
Retail trade	58,529
Other services, except public administration*	45,793
Construction	36,563
Professional and technical services	35,791
Health care and social assistance	30,701
Accommodation and food services	26,535
Administrative and waste services	21,528
Finance and insurance	21,051
Real estate and rental and leasing	18,117
Wholesale trade	17,848
Unclassified**	14,731
Manufacturing	13,936
Public Administration	12,413
Educational services	10,715
Transportation and warehousing	10,477
Information	7,383
Arts, entertainment, and recreation	7,179
Agriculture, forestry, fishing and hunting	1,025
Utilities	678
Management of companies and enterprises	408
Mining, quarrying, and oil and gas extraction	263

Source: GCR Inc. effective March 6, 2013, using data from NOAA and InfoUSA

*The “Other Services” sector includes a variety of miscellaneous business types classified as “Other” by the North American Industry Classification System. A list of these business types can be found at <http://www.naics.com/free-code-search/sixdigitnaics.html?code=81>

** Unclassified businesses are those which NAICS deems unclassifiable. A list of these business types can be found at <http://www.naics.com/free-code-search/siclist.html?Sictwo=99&rng=9199>.

Small businesses with five or fewer employees, which make up the majority of the State's business community, are expected to have been more severely affected than larger businesses likely to have more resources or capability to offset storm-based losses. Based on a preliminary assessment, the lack of comprehensive insurance and limited access to capital likely will be drivers of those difficulties. SBA figures demonstrate the extent of access to capital issues. Based on current figures, 93% of New Jersey businesses that have applied for SBA disaster loans were denied, oftentimes because they did not qualify or did not have sufficient funds available to rebuild their businesses.

Table 2-12 Economic and Fiscal Impacts of Superstorm Sandy (without reconstruction)

	State GDP	Employment	Personal Income	State Tax Revenues
Q4 2012	-11,879.0	-7.3	-1,186.2	-108.5
2013	-2,802.8	-8.8	-290.3	-24.3
2014	-554.5	-2.3	-7.5	-2.6
2015	-325.2	-0.9	-32.0	-2.7

Sources "The Economic and Fiscal Impacts of Hurricane Sandy in New Jersey. A Macroeconomic Analysis." Mantell, Nancy H. Rutgers University, Edward J. Bloustein School of Planning and Public Policy, Issue Paper Number 34, January 2013.

2.4.2 Labor and Employment

The storm, which is estimated to have affected over 1,000,000 employees, severely impacted New Jersey's labor force. According to current data from the New Jersey Department of Labor, approximately 138,000 workers filed unemployment claims in November 2012, the first full month after Superstorm Sandy. By comparison, unemployment claims filed in November 2011, totaled 54,444 claims. As of February 2013, \$3.4 million has been spent in disaster unemployment benefits, including disaster unemployment claims which are aimed towards individuals who do not qualify for full unemployment benefits. Higher than average unemployment rates are presently expected to continue over the next three years as a result of the storm, largely driven by potential downsizing of businesses hardest hit by the storm including those supporting tourism, namely retail and accommodations, that are clustered in shore communities.

The loss of employee income hinders the overall economy, creating a ripple effect as households have less disposable income to support businesses. While the anticipated high demand for rebuilding projects may afford some opportunity to offset job losses that may occur in other sectors, it is expected that the current labor force with adequate skills to perform rebuilding projects will not be able to satisfy demand. Left unchecked, this could result in price hikes and project delays. Job training and support of the construction, hazard mitigation and planning industries could mitigate these effects.

2.4.3 Tourism

New Jersey's tourism industry, the State's third largest industry, contributes more than \$38 billion to the State's Gross Domestic Product and, for 2011, represented 24.5% of private sector employment. Superstorm Sandy had, and continues to have, severe and far-reaching impacts on this vital sector. The substantial concentration of damage across many of New Jersey's shore communities — particularly those in Atlantic, Monmouth, and Ocean Counties — begins to show the breadth of the storm's impact on the tourism industry. The Jersey Shore, where the majority of tourism dollars are spent, is an iconic and long-established tourist destination, with retail, hospitality, and entertainment venues that contribute significantly not only to local community vitality but also to the overall State employment and business tax revenue base.

To further emphasize what the impact on the tourism industry means for local economies and the State economy:

- Tourism spending directly supports 312,000 jobs in New Jersey and 486,000 jobs indirectly. These jobs represent nearly 10% of all jobs in New Jersey. In Atlantic and Cape May Counties, in particular, the tourism sector represents 55.5% and 54.2% of private sector employment, respectively.
- Leisure, hospitality and retail industries represented \$43,400,000,000 or 8.9 % of the State's Gross Domestic Product in 2010.
- New Jersey's Tourism Economy is comprised of its Leisure, Hospitality and Retail (LHR) industries. The four components are weighted as follows: retail trade (56.8% of employment), food services/drinking places (29.0%), accommodation (7.4%) and arts/entertainment/recreation (6.9%).
- Many of the businesses within LHR directly and indirectly support the state's tourism industry, the State's 3rd largest industry according to the New Jersey Division of Travel and Tourism.
- Tourism in New Jersey generated \$4.4 billion in state and local taxes in 2011.
- The tourism industry had just begun to see a resurgence in 2011 from the decline beginning in 2007 that was related to the beginning of the national economic downturn.

Early estimates suggest that the tourism industry will lose \$950 million in the third quarter of 2013 as a result of Superstorm Sandy. This represents approximately 2.5% of the industry's annual revenue. This statewide figure does not reflect the severe impact that tourism industry losses have on communities, particularly on the Jersey Shore, whose budgets rely on annual tourism revenues.

As a result of Superstorm Sandy, many potential tourists are under the misperception that the entire Jersey Shore was decimated. According to Oxford Economics, *Potential Impact of the Gulf Oil Spill on Tourism*, U.S. Travel Association 2010, ongoing misperceptions of the level of damage caused by disasters hurts tourism economies even after assets have been restored. These misperceptions have endured an average of 10 to 27 months.

The negative effects of the misperception manifest in myriad ways. It has resulted in convention center cancellations. It also threatens the hotel/motel industry at the shore, which would project to have lower revenues and less need to retain employees if fewer tourists are patronizing the shore. In Atlantic, Cape May, Monmouth, and Ocean Counties alone there are over 740 hotels and motels (non-gaming) that employ nearly 8,000 people. For these and other reasons, the misperception regarding the Jersey Shore continues to threaten a robust recovery for the tourism industry in New Jersey.

2.4.4 Examples of Other Impacted Industries

2.4.4.1 Trade and Warehousing

The warehousing and shipping industries are at risk of job losses, as companies may stop shipping and storing goods in areas prone to flooding.

2.4.4.2 Manufacturing

The manufacturing industry also experienced significant losses in inventory and suffered from a lack of workforce in the immediate aftermath of the storm when transportation routes were compromised. The supply chain for these companies was also impacted by gas unavailability which prevented products from being produced and transported.

2.4.4.3 Fishing and Aquaculture

The State's fishing industry, comprised of commercial and recreational fishing and seafood processing, contributed more than \$2.7 billion to the economy in 2011 and directly employed 8,500 people. This industry suffered sizable losses in inventory and business interruption. Processing plants, docks, boats, roads and railways were destroyed or severely comprised. In addition, the storm caused significant ecological impacts by destroying the natural habitat of many species. Further, debris left in waterways by the storm has compromised some remaining navigation channels which must be addressed. New Jersey continues to actively address wet debris in State waterways. Initial estimates place the cost to recover from environmental infrastructure and ecological damage relating to this industry at \$100 million. However, because of the seasonal nature of the industry and because the full extent of "wet debris" issues in navigable waterways remains unknown, this loss estimate likely will increase, perhaps substantially.

2.4.5. Analysis of Unmet Business Need

To estimate the extent of the unmet need in New Jersey's economic sector, this assessment subtracts funding provided to date by FEMA, SBA and private insurance from the current estimate of the total cost to repair commercial property damages and total amount of losses from interrupted business in the aftermath of the storm.

Commercial property damage is defined as any storm-related damage to commercial buildings, loss of inventory, and damage to fixtures, machinery and equipment. To estimate commercial property damage, the unmet needs assessment uses information on insurance claims reported by the New Jersey Department of Banking and Insurance rather than SBA loans. Its dataset represents a greater universe

of business damage than the SBA loan information, showing more than 15,000 business claims compared to the SBA's reported 1,579 commercial applicants.

To estimate damage caused by business interruptions the unmet needs assessment assumes, based on power outages throughout much of the State, that businesses experienced a business interruption of seven to ten days. The calculation assumes a 7.2% profit yield which is a 35-year average based on S&P and Bloomberg data. This does not take into account lost wages or unemployment.

Based on this analysis, New Jersey businesses suffered an estimated \$1,873,278,430 in total commercial loss and interrupted business operations, as shown in Table 2-13. So far, recovery funds disbursed, including SBA loans and commercial insurance, amount to \$145,465,017. This leaves \$1,727,813,413 in current unmet need.

Table 2-13 Summary of Unmet Business Needs		
Need	Funds Disbursed	Unmet Need
\$1,873,278,430	\$145,465,017	\$1,727,813,413
<i>Source: GCR Inc. using commercial loan data provided by SBA effective February 6, 2013, insurance information provided by New Jersey Department of Banking and Insurance effective February 13, 2013, InfoUSA business listings (2012) and NOAA hurricane impact maps retrieved February 4, 2013.</i>		

This analysis is based on currently available data and is subject to change. It does not take into account any long-term losses or systemic impacts to the State's key economic base, notably tourism and the coastal real estate market. This exclusion is due to the limited availability of data and the inability to accurately predict how coastal communities will rebuild over the next several months. It is anticipated that the full unmet business needs will far exceed the figures presented in this assessment, particularly regarding the tourism industry, property values, and the long-term needs of businesses in heavily impacted areas.

2.5 Infrastructure

Superstorm Sandy extensively impacted New Jersey's infrastructure. Local and state roadways experienced significant damage from extensive flooding. Sustained winds caused trees and debris to make roads impassable. Rail and other public transit systems, which suspended operations in anticipation of the storm, experienced equipment losses and other service disruptions.

The delivery of core utility services was substantially impaired. An estimated 2.6 million New Jersey residents lost power as falling trees downed power lines and tidal surges as high as 13 feet inundated electrical substations. Many wastewater treatment plants, dependent on commercial electrical power, were unable to maintain service.

In addition to the transportation damage and utilities interruptions, many municipalities had to contend with extensive damage to other public infrastructure. Superstorm Sandy damaged police, fire and emergency response buildings, vehicles and equipment. The storm created multiple public health issues, including environmental hazards (e.g., mold, lead and asbestos) and unsafe debris. Superstorm

Sandy also damaged many public and community buildings, such as town halls, libraries and post offices, among others.

The State, in close partnership with counties and local municipalities, and with support from federal agency partners, has been diligent in performing assessments of the impacts of the storm, has already undertaken some repair work, and is designing resiliency plans and other infrastructure programs to mitigate the impact of future storms. The repair and reconstruction of New Jersey's transportation system, utility networks, public health infrastructure, and public and community buildings is critical to the long-term recovery effort.

In addition to the damages reported by individual State agencies through these assessments, the following summaries cite damage estimates from FEMA Project Assistance data current as of February 23, 2013. This data is also used to estimate unmet needs using methods applied by HUD in response to other significant disasters in recent allocations of CDBG funds. This calculation subtracts the total amount in project worksheets which has been deemed eligible for FEMA funds from the overall damage categories and factors in a 25% required local match. For example, if \$200,000 of a \$1,000,000 project has been deemed eligible, the unmet need of that project is \$850,000, calculated as follows: $\$1,000,000 - \$200,000 + (0.25 \times \$200,000) = \$850,000$. Hazard mitigation costs are also added to the FEMA data as part of the overall unmet need. The figures for unmet infrastructure needs are preliminary, and it is anticipated that the full cost of repairs and recovery are likely to greatly exceed what is currently reported in the FEMA Project Assistance data.

2.5.1 Transportation Infrastructure

The impact of Superstorm Sandy on New Jersey's transportation infrastructure was felt long before the storm made landfall. To protect life and mitigate the potential for damage, the State closed three quarters of the 173-mile long Garden State Parkway — an unprecedented safety precaution. New Jersey Transit suspended operations and ferry service was shut down.

Although post-storm damage assessments continue, a more complete picture is now emerging of the substantial damage that Superstorm Sandy caused. A number of roads in shore communities were entirely washed out, as were the berms that protected the roadways. For example, in Mantoloking Township, the Atlantic Ocean breached over 1,000 feet of State Route 35 in three locations. Highways, including parts of State Route 37 in Toms River Township, experienced severe erosion. Laborers and heavy equipment were required to remove debris from multiple highways, including cars, and even portions of building structures.

Bridges experienced structural and other damage that will cost millions of dollars to repair. For example, the State Route 71 Shark River Bridge suffered flooding of electrical and mechanical bridge operations equipment. The State Route 37 Bridge suffered bearing damages. The State Route 72 Causeway Bridge experienced considerable erosion.

Even those roadways that did not flood experienced significant damage. In Jersey City and Point Pleasant, the arms of barrier gates were sheared off due to excessive wind. Guiderails and fences along roads throughout the State sustained damage from falling trees and other debris. Hardwired warning signs – intended to guide residents in times of disaster – were turned and disabled by the storm’s powerful winds. Traffic signals throughout the State were knocked down or otherwise rendered inoperable by power outages. Sinkholes have also been reported throughout the State. On just State Routes 35 and 36, approximately eighty sink holes were created.

Without exception, every New Jersey Transit rail line experienced damage. Tracks washed out, rail storage areas flooded, and maintenance facilities were damaged. Even with extensive and time-intensive restoration efforts, full operations were not resumed until December 3, 2012, with limited service in some cases.

New Jersey’s roadways are critical to the evacuation of New Jersey’s residents in the event of another disaster. The quick restoration of the transit system’s trains, light rail, and buses is critical to the economic recovery of the region. The State took immediate steps to begin the process of assessing the damage and prioritizing the repair and rebuilding of New Jersey’s transportation networks. The State intends to rebuild storm-damaged infrastructure in a manner that helps it to better withstand the forces of violent storms.

As part of this process, the State identified a number of hazard mitigation projects that should be implemented during the rebuilding process. Potential projects include reconstruction and replacement of critical roads and bridges, the construction of bridge abutment/pier scour counter measures at 130 scour critical state owned bridges, traffic signal hardening including emergency generator interface capability, drawbridge hardening and movement of electrical and mechanical systems to higher elevations, and the installation of emergency generators at maintenance yard facilities. Some long-term projects are already being undertaken, including the construction of a new bridge, among other improvements, to be built parallel to the State Route 72 Manahawkin Bay Causeway. The new bridge will provide the safety of a redundant route on or off Long Beach Island in the event a span needs to be closed. The State also recently announced an aggressive schedule to completely rebuild a 12.5-mile storm-damaged stretch of State Route 35 along the Barnegat Peninsula in Ocean County. The project incorporates significant mitigation design elements, including an improved drainage system, pump stations, and 24-inch thick pavement and sub-base materials.

New Jersey’s transportation needs are expected to be substantial. Preliminary information indicates estimated damages of \$882,613,000 to systems maintained by the New Jersey Department of Transportation, the New Jersey Turnpike Authority, New Jersey Transit, the South Jersey Transportation Authority, and county and municipal transportation agencies. An additional \$2,367,470,000 in resiliency projects—to ensure protection of roadways and transit systems from future events—have been identified to date, bringing the total estimated costs to \$3,250,083,000. Additional damages not reflected here were incurred in connection with debris removal operations and in loss of revenue.

With respect to outstanding project worksheets submitted to FEMA, as of February 23, 2013, only \$1,400,124 in estimated damage has been deemed eligible in Public Assistance funds for transportation projects, although substantial additional transportation projects are expected to be committed in the future. Factoring in the \$2.367 billion in resiliency projects and a 25% local match for FEMA-funded projects, New Jersey's current estimate of its unmet transportation need totals \$3,249,032,907. This figure does not include funding from federal (non-PA) or other sources or mitigation projects that are currently planned by the Port Authority of New York & New Jersey.

2.5.2 Utility Infrastructure

In the aftermath of Superstorm Sandy, an estimated 2.6 million New Jersey residents were without power due to damaged switching and substations, damaged poles and electrical equipment, and downed trees that brought down wires. At least one-third of these residents lacked power for at least six days. Schools, small businesses, and other commercial enterprises did not have power restored, in some cases, for more than a week. Electricity interruption also impacted 9-1-1 facilities, hospitals, nursing homes, long-term care facilities, domestic violence shelters, foster homes, mental health facilities, and other infrastructure that provides critical social services throughout the State. In many cases, electricity outages rendered unusable New Jersey's petroleum production and delivery systems, by disabling the refineries, terminals, pipeline operations, and gas stations needed to deliver petroleum products to end users.

Damage to homes delayed reconnection to the power grid. One month after Superstorm Sandy made landfall in New Jersey, approximately 18,800 households were still without power.

Superstorm Sandy's impacts were not limited to electric utilities. Interruption of natural gas service – critical for heating in winter months – impacted 32,000 households. Five miles of natural gas line spanning Bay Head to Seaside experienced substantial damage.

Water and wastewater infrastructure, which is largely owned by municipalities and other government entities, were not spared and suffered an estimated \$2.7 billion in direct damages. Sand infiltrated and blocked a number of sewer lines, and other lines were determined to be structurally damaged beyond repair. At the height of the storm, 94 wastewater treatment systems suffered failures or disruptions, including inadequate treatment, broken sewer mains, and other operational issues. The loss of electrical power rendered many water systems unable to maintain service. Even at plants where backup generation was available, the disruption of the petroleum production and delivery system caused generator fuel supplies to be limited.

The vast majority of New Jersey's community water supply systems were impacted: 427 of 604 community water systems experienced power loss during the event. As a direct result of the service interruptions, 362,334 New Jersey residents were placed under a boil water advisory. One month after Superstorm Sandy made

landfall, eight drinking water systems in Ocean County, serving approximately 10,000 households, were still subject to a boil water advisory.

New Jersey is already taking steps to fully assess the impact to statewide utilities and develop long-term recovery plans. Complete repair and restoration of service is essential. In the long term, it is critical that New Jersey's electric, natural gas, and water and wastewater systems become more durable and stable to withstand the impacts of severe weather events. In some cases, systems need to be hardened and redundant systems may need to be developed.

Investor-owned public utilities have also identified potential projects to make utility infrastructure less susceptible to storm damage, such as that which results from high winds, flying debris, storm surge and flooding. Potential projects include proposals to raise, relocate, or protect switching and substations in ABFE flood zones; the modernization of gas mains in flood-prone areas; the improvement of pole distribution systems; and the construction of additional redundancy in the system.

The costs of building a more resilient utility infrastructure will be substantial. Approximately \$21.1 billion in mitigation projects have been identified. With regard to damages, while additional utilities projects are expected to be committed in the future, initial data as of February 23, 2013 indicates that \$277,487,381 in project worksheets have been submitted to the FEMA Public Assistance (PA) program for utilities projects, of which \$901,182 has been deemed eligible. Assuming a 25% local share of existing PA funding, the total local share is currently \$225,295.50. Therefore, excluding the federal share, New Jersey's current estimate of its unmet utilities need totals approximately \$21,350,000,000.

2.5.3 Schools, Parks, and Recreation Infrastructure

Damage from Superstorm Sandy significantly impacted students and faculty of many New Jersey schools. Flood waters and power outages forced at least 370 school districts to close for at least one week. A total of 77 schools suffered damages from the storm including flood, roof, structural, and window damage.

Because of the damage and closings of New Jersey Public Schools, over 2,800 students were displaced. The Department of Education was responsible for funding the creation of accommodations for these students at schools that were undamaged, and the cost of transporting students to these locations. Damages to schools on Long Beach Island were so severe that 85 students may have to be permanently relocated.

Superstorm Sandy also caused substantial damages to New Jersey's State and community parks. Statewide, hundreds of millions of dollars of damage was reported at New Jersey marinas, beaches, and boardwalks. Many community parks were closed and remain closed because of safety concerns, some because they are still being used to store debris as cleanup continues.

As of February 23, 2013, throughout the State, the damage estimates reflected in FEMA project worksheets was \$8,406,986 to schools facilities and \$392,899,577 to parks and recreational facilities. Of these estimates, \$1,898,855 has been

deemed eligible for schools and \$1,037,427 has been deemed eligible for parks and recreational facilities. Assuming a 25% local match, the unmet need for schools is \$6,982,845, and the unmet need for parks and recreational facilities is \$392,121,507, totaling \$399,104,352 for both categories.

2.5.4 Public Health and Safety Infrastructure

Police buildings, vehicles, and equipment were damaged during the storm. Police departments in areas such as Absecon, Bay Head, Egg Harbor Township, Florence Township, Guttenberg, Haddonfield, Kearny, Lavallette, Newark and Toms River suffered losses. Local fire departments, mostly volunteer in New Jersey, were crippled. The loss of facilities and vehicles in areas such as Berlin Township, Brick Township, Brigantine, Hoboken, Jersey City, Kearny, Rivervale, South Amboy, Brick Township, Sussex and Ventnor City has caused increased response times for fire and medical services, further endangering local residents.

Superstorm Sandy created potential public health issues, including mold due to moisture infiltration, lead and asbestos hazards within storm debris, and potential increases in mosquito-borne diseases caused by storm-created conditions that increase mosquito breeding. The storm also deposited enormous quantities of debris on both public and private property over a large area resulting in widespread immediate health and safety threats to the public-at-large.

An estimated \$20,900,000 is needed to mitigate the public health issues caused by Superstorm Sandy outlined above and to repair critical safety-related infrastructure. Additionally, an estimated \$32,700,000 is needed for hazard mitigation projects identified to date. Based on these figures, New Jersey's estimate for the repair and recovery of public health and safety infrastructure is \$53,600,000.

As of February 23, 2013, only \$156,401 has been deemed eligible in Public Assistance funds for public health and safety projects, with an estimated \$117,000 of that amount provided by FEMA (assuming a 25% local match requirement). Based on eligible FEMA funds, New Jersey has an unmet public health and safety infrastructure need of approximately \$53,500,000.

2.5.5 Public and Community Buildings

Many public and community buildings provide critical services to the neighborhoods in which they reside and are vital to the proper functionality of local governments and organizations. These types of buildings can include city/town halls, courthouses, libraries, post offices, correctional facilities, day care, family and social service centers and senior care facilities.

As a result of Superstorm Sandy, many of the State's important public and community buildings were damaged, and many of them still cannot be used in their original capacities. A quick and thorough response to repairing these buildings and replacing their contents is critical to New Jersey's recovery.

Damage to public and community buildings throughout the State is estimated to be \$385,882,428 according to FEMA project worksheets as of February 23, 2013. Of this amount, \$5,548,273 has been deemed eligible. Assuming a 25% local match, the estimated unmet need for public and community buildings is \$381,721,223.

2.5.6 Analysis of Unmet Needs

To estimate the extent of the unmet need in New Jersey's infrastructure, this assessment calculates: a) the cost of repairing storm-induced damage minus the amount eligible for FEMA assistance plus the 25% local match; and b) the cost of implementing hazard mitigation as reported by state agencies as of March 8, 2013. According to this analysis, New Jersey infrastructure currently has an estimated unmet need of \$25,432,594,266.

As illustrated in Table 2-14, \$1,968,197,279 is for repairs to critical infrastructure and public buildings, and approximately \$23,470,000,000 has been identified by state agencies to date for hazard mitigation projects.

A large amount of data involving infrastructure repair and mitigation costs is still unavailable. It should be noted that these estimates exclude environmental infrastructure, such as flood protection, and the need for critical health and social services for impacted populations.

Table 2-14 Summary of Unmet Infrastructure Needs

Infrastructure Category	Estimated Damages (FEMA PA estimate)	Hazard Mitigation Costs	FEMA Eligible Expenses and Other Funding	Unmet Need Assuming 25% FEMA PA Match
Transportation*	\$882,613,000	\$2,367,470,000	\$1,400,124	\$3,249,032,907
Utilities	\$277,487,381	\$21,072,400,000	\$901,182	\$21,349,211,494
Schools, parks and recreation	\$401,306,564	\$0	\$2,936,282	\$399,104,352
Public health and safety	\$20,907,907	\$32,733,684	\$156,401	\$53,524,291
Public and community buildings	\$385,882,428	\$0	\$5,548,273	\$381,721,223
Total	\$1,968,197,279	\$23,472,603,684	\$10,942,262	\$25,432,594,266

Source: FEMA Public Assistance data and input from New Jersey Department of Transportation, New Jersey Department of Environmental Protection, New Jersey Board of Public Utilities, New Jersey Department of Education and New Jersey Department of Health effective March 8, 2013

**Based on preliminary damage assessments prepared by the New Jersey Department of Transportation, not based on FEMA Public Assistance data*

SECTION 3: NEW JERSEY'S GOALS, OBJECTIVES, AND RECOMMENDATIONS FOR LONG-TERM RECOVERY

Priorities have been established to facilitate thoughtful and effective recovery, and the State is refining its framework that will streamline recovery in a manner consistent with its priorities.

In the weeks and months following the storm, the State has worked with federal, local, nonprofit and other stakeholder partners to assess the nature and scope of damages caused by the storm. Priorities have been established to facilitate thoughtful and effective recovery, and the State is refining its framework that will streamline recovery in a manner consistent with its priorities. State long-term recovery teams have been established to develop initiatives to lead the State's housing, economic, infrastructure and health and social service sectors toward recovery. Likewise, other teams have been established to focus on addressing community capacity needs, natural and cultural resources and mitigation opportunities.

3.1 Long-Term Recovery Recommendations

The State has taken, and continues to take, steps toward implementing and executing a sustainable and resilient long-term recovery. In accordance with HUD regulations, the State also continues to examine its long-term recovery goals and objectives, which include designing, implementing and administering policies, programs, strategies and streamlined implementation methods informed by post-disaster evaluations and input from citizens, local communities, and other stakeholders. Moreover, consistent with HUD guidance, the State will undertake and promote hazard mitigation techniques and programs and seek to utilize green technologies and practices where doing so is feasible and cost-effective. In addition, the State remains committed to assisting local municipalities by providing resources, technical assistance and targeted programs to support their efforts to recover and rebuild efficiently, effectively and expediently.

The State, through DCA and in coordination with the Governor's Office of Recovery and Rebuilding and relevant State departments, will coordinate planning activities with communities statewide to ensure that the long-term planning process benefits New Jersey citizens and meets HUD CDBG-DR objectives. Such planning efforts will outline the State's vision to coordinate and channel public and private investments to create economic opportunities and support workforce development. Contemporaneously, efforts will be made to balance the need to preserve open space and promote sustainable communities. DCA's Office of Local Planning Services (LPS) will work to provide municipalities with sound planning strategies to ensure long term recovery. LPS has a staff of licensed professional planners who work with municipalities to effect changes and improve the quality of life.

To assist local governments with recovery, the State has significantly enhanced recovery operations within the Office of Emergency Management to work with localities and other eligible applicants to maximize and expedite projects funded by FEMA's Public Assistance program. Throughout the recovery process, the State will continue to work toward providing technical assistance and other resources to affected communities.



The State has been facilitating discussions between federal agencies, local governments, nonprofits, and other concerned stakeholders regarding long-term recovery needs. The following recommendations were compiled from initial efforts.

3.1.1. Housing: Long-Term Recovery Recommendations

As detailed in Section 2, Superstorm Sandy caused catastrophic damage to a broad range of New Jersey's suburban and urban communities, and had a substantial negative impact on New Jersey families of all income levels. Low and moderate income households were hit especially hard, particularly in the most significantly impacted counties. Based on FEMA Individual Assistance (IA) reports, and as referenced above, approximately 37,700 owner-occupied homes and 9,300 rental units sustained "severe" or "major" physical damage from the storm, as defined by HUD, while nearly 40,000 additional properties sustained "minor" physical damage. These figures include only primary owner-occupied residences and year-round rental properties, not damage to seasonal rentals, vacation homes or secondary residences. As previously noted, HUD has identified Atlantic, Bergen, Cape May, Essex, Hudson, Middlesex, Monmouth, Ocean and Union Counties as the areas that sustained the most significant damage as a result of Superstorm Sandy.

To address New Jersey's housing needs, the State will undertake a number of initiatives including:

- Providing funding assistance for reconstruction and rehabilitation programs that focus primarily, but not exclusively, on low and moderate income households
- Developing adequate, storm-resistant housing that will meet building standards and incorporate mitigation measures including green technologies where feasible and/or housing elevations which may require construction to FEMA's Advisory Base Flood Elevation maps
- Providing resettlement and reoccupancy incentives to homeowners contemplating selling or abandoning their homes post-storm
- Developing affordable rental housing across household income levels, with a focus on serving low and moderate income households and priority given to the nine counties identified by HUD as most impacted by the storm
- Developing a housing plan for supportive services for special needs populations.

3.1.2 Economic Vitality: Long-Term Recovery Recommendations

Restoring economic vitality to New Jersey's businesses and communities is essential for the State's long-term economic recovery and revitalization. Accomplishing this goal requires opportunities to recover from losses and to spark new economic activity within communities. Economic recovery initiatives following Superstorm Sandy should include grants and loans to small businesses that suffered damage. A broad spectrum of programs should be offered that include support for the varied needs of communities, including housing redevelopment, small business financial and technical assistance, commercial redevelopment or enhancement, tourism marketing, and planning for economic growth.



Restoring economic vitality to New Jersey's businesses and communities is essential for the State's long-term recovery.

The State will undertake a number of economic initiatives as part of its recovery, which have included, or will include:

- Focusing on economic revitalization
- Conducting a state workforce study
- Conducting entrepreneurial and small business needs assessments
- Providing Grants to eligible small businesses
- Addressing Infrastructure improvements in commercial/retail corridors
- Providing Unemployment Assistance
- Considering New Jersey Economic Development Authority initiatives
- Considering New Jersey Casino Redevelopment Authority initiatives
- Considering New Jersey Redevelopment Authority initiatives
- Considering other economic/financial incentives for business retention and growth
- Restoring public parks and recreational facilities
- Restoring public streetscapes and public spaces
- Providing workforce training

3.1.3 Infrastructure: Long-Term Recovery Recommendations

Programs for the long-term recovery of infrastructure and public facilities will be coordinated with local and regional efforts and will leverage funding from FEMA Public Assistance and other funding sources. Repairing and restoring public infrastructure that was damaged by Superstorm Sandy will involve infrastructure initiatives including:

- Undertaking planning studies to assess strategic infrastructure initiatives inclusive of hazard mitigation plans and incorporating results of planning studies in constructing more resilient infrastructure projects
- Developing a match program to subsidize the local cost share of public assistance projects

3.2 Federal, State, Local, Nonprofit, Private and Individual Sources of Funding to be Leveraged to Fund Unmet Needs

The State will leverage its CDBG-DR funds with other federal and non-federal funding sources to maximize the impact of disaster relief monies and prevent duplication of benefits. The State will program CDBG-DR funds to address funding needs not satisfied by other funding sources such as FEMA Individual Assistance grants, SBA Disaster Loans and private insurance. The State also plans to leverage its CDBG-DR dollars with funding from the FEMA Hazard Mitigation Grant Program (HMGP). Additional guidance on this process will be provided at a later date.

Section 3: New Jersey's Goals, Objectives, and Recommendations for Long-Term Recovery

CDBG-DR funds will complement, not supplant, these resources. The State also will provide technical assistance to ensure that local and county governments exhaust FEMA and other federal funding options prior to providing assistance through CDBG-DR programs.

In addition, through an ongoing focus toward developing and strengthening public-private partnerships with corporations, foundations, nonprofits, and other stakeholders, the State will assist and integrate efforts of the organizations already active, or that will become active in the recovery.

SECTION 4: METHOD OF DISTRIBUTION

Based on the unmet needs assessment in Section 2 and input from impacted communities throughout New Jersey, the State has prioritized a portfolio of programs that will assist in meeting the short- and long-term recovery needs of its residents and communities. While the impact of the storm was much greater than the resources available under the initial HUD allocation, these programs will begin to address the unmet needs in owners' primary residences and rental housing, economic recovery and revitalization, infrastructure, environmental needs and public services activities.

The Disaster Relief Appropriations Act of 2013, requires that all CDBG-DR funded activities address an impact of the disaster for which funding was appropriated. The CDBG-DR provisions require that each activity: (1) be CDBG eligible (or receive a waiver), (2) meet a national objective as defined by 24 CFR 570.483, and (3) address a direct or indirect impact from the disaster in counties declared by the President to have been impacted by the disaster. A disaster impact can be addressed through a number of eligible CDBG activities listed in Section 105(a) of the Housing and Community Development Act of 1974, as amended.

The recovery activities herein will make full use of the three national objectives under 24 CFR 570.483 which include benefitting low and moderate income persons, preventing or eliminating slums or blight, and meeting urgent needs to implement a robust and comprehensive recovery for the residents of New Jersey.

All HUD regulations regarding lead-based paint, asbestos removal, environmental, housing quality standards, procurement and other applicable standards apply to these programs.

Details of Proposed Programs are below (Table 4-1).

Housing

Superstorm Sandy caused significant levels of damage to owner-occupied and rental housing within impacted counties. Based upon the State's review of the most recent data obtained from FEMA and SBA, the unmet need for housing repair and replacement is almost \$1,900,000,000. The need for safe, decent, and affordable housing is the State's top priority. Proposed housing activities are intended to assist homeowners in reconstructing, rehabilitating, and elevating homes within floodplains as well as providing affordable rental housing for persons displaced by the storm.

New Jersey will require all replacement and new construction to meet green building standards by requiring compliance with ENERGY STAR™.

Table 4-1 Method of Distribution

Category (Action Plan Section No.)	Allocation Level		Program (Action Plan Section No.)	Allocation Level	Estimated LMI Benefit	Maximum Housing Award	Estimated Unit Benefit
	Total Amount	Estimated LMI Amount					
Homeowner Housing (4.1)	\$825,000,000	\$565,000,000	Reconstruction, Rehabilitation, Elevation and Mitigation Program (4.1.1)	\$600,000,000	70%	\$150,000	6,000
			Housing Resettlement Program (4.1.2)	\$200,000,000	60%	\$10,000	20,000
			Sandy Home Buyer Assistance Program (4.1.3)	\$25,000,000	100%	\$50,000	500
Total	\$825,000,000	\$565,000,000		\$825,000,000			
Rental Housing (4.2)	\$254,520,000	\$240,068,000	Fund for Large Multi-Family (4.2.1)	\$104,520,000	90%	\$120,000	1,000
			Small Rental Properties (4.2.2)	\$70,000,000	100%	\$50,000	1,750
			Pre-development Fund (4.2.3.1)	\$10,000,000	90%	\$500,000	1,000
			Blight Reduction Pilot Program (4.2.3.2)	\$30,000,000	90%	\$100,000	300
			Incentives for Landlords (4.2.4.1)	\$40,000,000	100%	\$50,000	1,000
Total	\$254,520,000	\$240,068,000		\$254,520,000			
Economic Revitalization (4.3)	\$500,000,000	\$75,000,000	Grants/Recoverable Loans to Small Businesses (4.3.1)	\$300,000,000	15%		
			Direct Loans for Small Businesses (4.3.2)	\$100,000,000	15%		
			Neighborhood and Community Revitalization (4.3.3)	\$75,000,000	15%		
			Tourism Marketing (4.3.4)	\$25,000,000	15%		
Total	\$500,000,000	\$75,000,000		\$500,000,000			
Support for Governmental Entities (4.4)	\$116,000,000	\$29,000,000	FEMA Match Program (4.4.1)	\$50,000,000	25%		
			Continuation and Enhancement of Essential Public Services (4.4.2)	\$60,000,000	25%		
			Code Enforcement (4.4.3)	\$6,000,000	25%		
Total	\$116,000,000	\$29,000,000		\$116,000,000			
Supportive Services Programs (4.5)	\$50,000,000	\$50,000,000	Sandy Special Needs Housing Fund (4.5.1)	\$25,000,000	100%	\$100,000	250
			Supportive Services Program (4.5.2)	\$25,000,000	100%		
Total	\$50,000,000	\$50,000,000		\$50,000,000			
Planning, Oversight and Monitoring (4.6)	\$84,000,000	N/A	Administrative/Planning	\$84,000,000	N/A		
Total		\$959,068,000 (Estimated)	Total	\$1,829,520,000	52.4%		



Repair, replacement or relocation of damaged infrastructure is also a priority for use of these dollars.

4.1 Homeowner Assistance Programs

Homeowners suffered great losses to their physical property as a result of Superstorm Sandy. In addition, many homeowners now face challenging decisions of how to best rebuild their homes given the increased costs of insurance, decreases in property values and the costs of mitigation. The State's homeowner assistance programs will assist homeowners to stay in their homes as well as to rebuild and repair safer and smarter.

In addition to assisting homeowners in their rebuilding efforts, these programs will provide stability to communities impacted by the storms and support job growth in the construction industries.

The homeowner assistance programs will contribute to more sustainable communities. Reconstruction and rehabilitation of impacted housing provides an opportunity to incorporate green building technology and energy efficient development and meet modern building standards such as:

Reconstruction Standard: When applicable, replacement and new construction will meet the 2009 Residential International Code and the green building standards by requiring compliance with ENERGY STAR™.

Rehabilitation Standard: When applicable, the programs will adhere to the following housing rehabilitation standards:

- The State of New Jersey's Uniform Construction Code
- The Single Family Housing Rehabilitation Standard provided by the program
- The HUD CPD Green Building Retrofit checklist

All reconstruction, new construction and rehabilitation must be designed to incorporate principles of sustainability, including water and energy efficiency, resilience, and mitigating the impact of future disasters.

4.1.1 Homeowner Reconstruction, Rehabilitation, Elevation and Mitigation (RREM) Program

The RREM program 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.

Allocation for Activity: \$600,000,000 to benefit approximately 6,000 homeowners. The initial phase of the program will be allocated 70% for low and moderate income (LMI) households and 30% for non-LMI households.

Maximum Award: \$150,000

Eligible Applicants: Homeowners whose primary residences sustained "substantial," major and severe damage from Superstorm Sandy. The residence must be located in one of the nine most impacted counties.

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

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
- Homeowner must have been registered with FEMA
- Homeowner must have a household adjusted gross annual income of less than \$250,000
- The RREM program will follow the reconstruction and rehabilitation standards noted previously

Criteria for Selection:

- First-come, first-served basis
- 70% of the funds are reserved for LMI income households in accordance with HUD income guidelines

Eligibility: Section 105(a)(4) Housing and Community Development Act (HCDA) of 1974 as amended, (Section 18. Reimbursement of disaster recovery expenses)

National Objective: Low and moderate income, urgent need

4.1.2 Homeowner Resettlement Program

Most Sandy-impacted households had significant property damage to their homes and have suffered diminished property values. As of March 1, 2013, based on a survey of nearly 20,000 damaged homes, the New Jersey Division of Taxation documented that an average home’s taxable value decreased \$44,883 due to Superstorm Sandy. In addition, according to the New York Times, early estimates indicate that New Jersey homeowners may face home insurance premium rate increases of up to 25%. In addition, newly issued flood hazard maps will require some homeowners to make expensive adjustments such as elevation and storm hardening. Accordingly, many are deliberating whether it makes financial sense for them to reconstruct or rehabilitate and reoccupy their homes. Notably, many are facing anticipated increases in insurance, the financial and practical impact of the requirement to elevate, as well as myriad other personal and economic concerns that impact the decision whether to stay or move. For low and moderate income

homeowners, these costs pose a threat to affordability and their ability to remain in their homes.

Some homeowners may have started to rebuild their homes, but now worry that their neighbors may not do the same if the costs of rebuilding eclipse the current market value of their property. The resettlement program will stabilize neighborhoods by encouraging homeowners to stay and rebuild.

In an effort to support homeowners' decisions to stay in their homes and contribute to the rebuilding of their neighborhoods, the Homeowner Resettlement Program was created to provide struggling homeowners with much-needed resources to resettle in their homes.

Allocation for Activity: \$200,000,000 to benefit up to 20,000 owners. Initial phase will be allocated 60% for LMI households and 40% for non-LMI households.

Maximum Award: \$10,000

Eligible Applicants: Homeowners whose primary residence sustained major and severe damage from Superstorm Sandy. The residence must be located in one of the nine most impacted counties.

Eligibility Criteria:

- Homeowner must have owned and occupied the home at the time of the storm
- Home must have served as primary residence
- Home must have sustained a FVL of \$8,000 or greater or more than one foot of flooding on the first floor (Determined by FEMA)
- Homeowner must apply for the New Jersey Homeowner Reconstruction, Rehabilitation, Elevation and Mitigation (RREM) program, another rehabilitation program, or otherwise take steps to repair or reconstruct their residence

Controls to Ensure Compliance with Program Guidelines:

- Prior to funds being released, threshold eligibility criteria have been validated
- Prior to funds being released, the homeowner will sign a lien to remain in his or her home as their primary residence for two years or funds will be repaid to the State
- The State will initiate monitoring of the incentive award within six months of award to ensure that the homeowner is meeting the terms of the agreement

Criteria for Selection:

- First-come, first-served
- Initially, 60% of the funds are reserved for LMI income families in accordance with HUD income guidelines

In an effort to support homeowners' decisions to stay in their homes and contribute to the rebuilding of their neighborhoods, the Homeowner Resettlement Program was created to provide struggling homeowners with much-needed resources to resettle in their homes.

Determination of Reasonable and Necessary Incentive Award Amounts: HUD requires all CDBG Disaster funds be justified as “reasonable” and “necessary.” Based on the continued uncertainty of homeowners who face the costs of increased mitigation measures, insurance premiums and questions about the viability of their neighborhoods which are still recovering, the resettlement incentive award is both a reasonable and necessary investment in the recovery.

National Objective: Low and moderate income, urgent need

Eligibility: Federal Register-5696-N-01

4.1.3 Sandy Home Buyer Assistance Program

Superstorm Sandy depleted both owner-occupied and rental housing stock, causing rents to increase. The Sandy Home Buyer Assistance program will provide low and moderate income households the opportunity to purchase a home by providing financial incentives to do so. The program will not only provide an affordable alternative to leasing, but will create a market for rebuilt and restored homes. The program will be administered by the New Jersey Housing and Mortgage Finance Agency.

Allocation for Activity: \$25,000,000

Eligible Applicants: Potential LMI home buyers

Eligibility Criteria:

- Home buyers must have credit score of 520 or higher
- The units will be deed restricted to LMI households

Maximum Award: \$50,000

Eligibility: 105(a)(24)

National Objective: Low and moderate income

4.2 Rental Housing Programs

New Jersey is proposing a range of rental housing activities designed to (1) replenish the stock of rental housing lost due to Superstorm Sandy, (2) rehabilitate and restore affordable rental units left uninhabitable by Sandy, (3) restore rental housing inventory that received the majority of damage to rental property and (4) provide affordable housing for special needs populations. In recognition of the breadth of damage inflicted by Superstorm Sandy, at least 80% of the projects will address the need for affordable housing in the nine most impacted counties; however, it is clear that the loss of housing in coastal areas and the push of displaced residents to other areas of the State has led to, and will continue to lead to, a severe shortage of rental housing in many areas across the State.

The program will restore or create a variety of rentals from “1 to 4 unit” buildings to large multi-family housing developments. Such an approach will involve a range of construction models from new construction to substantial rehabilitation of foreclosed or vacant properties to moderate rehabilitation of buildings that are currently uninhabitable but could be brought back to code with targeted repairs.

New Jersey will take a holistic approach to this important facet of recovery, taking stock of existing rental housing resources (e.g. LIHTC, HOME, CDBG, Section 8 Vouchers, Tax Exempt Bonds, Federal Home Loan Bank, Conduit Bond Financing) and leveraging them, when appropriate, with this funding. In keeping with this approach, New Jersey will utilize the State's existing array of governmental agencies and the legal powers/authority they hold, including DCA, NJHMFA, the New Jersey Redevelopment Authority, and the Department of Human Services (DHS) and other public housing authorities, to oversee and deliver rental housing recovery efforts.

While the State will directly oversee all disaster recovery rental housing efforts, private and nonprofit partners will be utilized, when appropriate, to perform particular program functions.

In addition to expanding the supply of affordable rental housing, these initiatives will create both construction and permanent jobs, provide a new platform for commercial development in neighborhoods left devastated by Superstorm Sandy, and better link housing to employment opportunities. Rental housing activities will be in compliance with all Fair Housing Act requirements to ensure that special needs populations are served and will include an initiative to promote the creation of permanent supportive housing for that purpose.

The 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. Reconstruction and rehabilitation of rental housing will meet modern building standards such as:

Reconstruction Standard: When applicable, replacement and new construction will meet the 2009 Residential International Code and the green building standards by requiring compliance with ENERGY STAR™.

Rehabilitation Standard: When applicable, the programs will adhere to the following housing rehabilitation standards:

- Chapter 23 of the State of New Jersey's Uniform Construction Code, Subchapter 6: Rehabilitation Subcode
- The HUD CPD Green Building Retrofit checklist

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.

4.2.1 Fund for Restoration of Multi-Family Housing

The fund will provide multiple funding mechanisms to facilitate the creation of quality, affordable housing units to help New Jersey recover from the loss of multi-family housing. CDBG-DR funds will be provided as zero- and low-interest loans to qualified developers to leverage 9% and 4% low income housing tax credits, tax-exempt bonds and stand-alone financing to support development. Development may include new construction, conversion of vacant commercial/ industrial buildings, or substantial rehabilitation of uninhabitable dwellings. In

addition, a portion of the fund will be used to assist in the development of new permanent supportive housing units for people with special needs as well as public housing and other federally-supported housing. Funding will be allocated to the individual program components within the fund as needed in order to maximize the effectiveness of the fund and ensure that those with the greatest needs are assisted as rapidly as possible.

- The first component of the fund will leverage zero- and low-interest CDBG-DR loans with 9% low income housing tax credits in order to stretch both funding sources and to create projects that accomplish several goals. The program will follow the model New Jersey established several years ago with its HOME Express and State Balanced Housing Programs and incorporate several features that proved effective in Louisiana’s “Piggyback Program.”
- The second component will combine zero- and low-interest CDBG-DR loans with the State’s allocation of tax-exempt bonds and 4% low income housing tax credits to create or rehab affordable housing units. The program will incentivize developers to produce mixed income buildings providing opportunities for the full spectrum of New Jersey’s citizens including extremely low income households usually overlooked in traditional tax credit projects; households with incomes between 60% and 80% of AMI (not eligible for tax credit assistance) and market rate tenants.
- The third component will be a program that utilizes stand-alone CDBG-DR funds to provide zero- and low-interest loans to create new multi-family projects that will be safer, stronger, and more resilient.
- Finally, in order to address the need for repairs in public housing and other federally-funded housing, the State has established a set-aside of up to \$5,000,000 to provide the necessary resources to support repairs to damaged public housing units, damaged federally-owned housing units, damaged HUD assisted multi-family housing and assistance to other displaced households in impacted areas as needed. These funds may be used in conjunction with tax credits or stand alone.



Allocation for Activity: \$104,520,000

Maximum Award: \$120,000 per unit

Eligible Applicants: Private for-profit and nonprofit housing developers and public housing authorities capable of developing and managing large multi-family developments

Eligibility Criteria:

- The projects must help replenish the supply of affordable rental units lost in the nine most impacted counties, or other areas deemed priority by the State

4.2.2 Fund for Rehabilitation of Small Rental Properties

More than 70% of rental properties in the most impacted areas have less than 20 units. Often, this rental type is provided by a homeowner that has an extra unit that contributes rental income to the owner, or by landlords with fewer than

25 properties. As a way to rebuild important rental assets in keeping with the neighborhood fabric, the small rental fund will provide zero interest forgivable loans to existing and new owners of rental properties with 1 to 25 units requiring significant rehabilitation. This program will produce additional rental units in areas facing severe shortages. It will also work to alleviate blight in some of the areas that were hit hardest by the storm. Properties with mold remediation needs will be prioritized. Priorities will also be set for properties of seven or fewer units and units for special needs populations regardless of unit count under the program cap.

The small rental fund will provide zero percent forgivable loans to “original” or new owners of small rental properties that received significant damage through Superstorm Sandy. To qualify as an original owner, the owner must have owned the property continuously from the time of the storm until the time of application for assistance. Eligible new owners include those entities that: (1) purchased the property after the storm or have an option to purchase, or other suitable form of site control for an eligible property that received a significant amount of damage during the storm; and, (2) wish to exercise that option in order to rehabilitate the property. First priority will be given to properties with less than eight units and properties serving certain special needs populations which typically are four units or less.

Allocation for Activity: \$70,000,000

Maximum Award: \$50,000 per unit

Eligible Applicants: Existing and new owners of small rental properties damaged by Superstorm Sandy

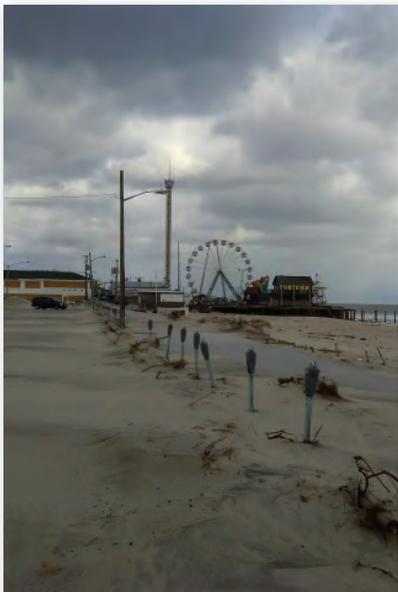
Eligibility Criteria:

- Properties must have 25 units or less
- Owners will have to certify that the property is used for year-long rental housing, and not as a second home
- Units must be targeted to low and moderate income households
- Rents may not exceed 30% of income for a household earning 80% of AMI
- Projects must have received damage from Superstorm Sandy and must now require rehabilitation or contain a number of units that are in need of rehabilitation

Cost Effectiveness: All projects will be individually underwritten so as to minimize the amount of public funds spent to deliver the proposed development

Criteria for Selection:

- Demonstrate that the building or unit will be brought up to code using an award that is within the funding limits of the program component
- Properties with seven or fewer units and properties containing units for special needs populations will have priority for funding in the program. Properties larger than seven units that do not contain units reserved for populations with



special needs may receive funding through this program after all qualified properties with seven or fewer units and those properties with units reserved for populations with special needs are awarded. Varies by program components within the fund (please see below)

Eligibility: Section 105(a)(4) HCDA

National Objective: Low and moderate income benefit for housing

Project Size/Building Type: All projects must have 25 units or less. Developments with smaller buildings containing more than 25 units in total are ineligible.

4.2.3 Housing Programs for Targeted Development Areas

Superstorm Sandy caused statewide damage and destruction of property and infrastructure and displaced thousands of households. The storm also impaired the economic vitality of heavily impacted communities and threatens to substantially reduce local tax revenues in those communities. New Jersey CDBG-DR will fund programs that will restore housing in targeted communities that, due to the impact of the storm, are at risk of physical decay and economic decline. These programs will also continue to address the unmet housing needs resulting from the loss of owner occupied homes, the loss of affordable rental housing, and the storm's impact on populations with special needs, all in ways that reduce the possibility of loss from future storms.

4.2.3.1 Predevelopment Fund for Affordable Rental Housing

The fund would provide financing to help nonprofit developers cover the pre-development costs of properties that are unsafe, underutilized, or in foreclosure. This program offers support at the early stages of development to allow nonprofit developers to complete site preparation work as well as work to finalize construction and permanent financing. The fund will cover costs related to pre-development including feasibility studies, architectural costs, environmental and engineering studies, legal costs, or other eligible soft costs.

This program would help target areas of redevelopment in which New Jersey is working with local leadership to meet the development needs of the municipality in the aftermath of the storm. This program will facilitate the development of real property deemed unsafe or counterproductive to the welfare (including economic welfare) of its residents.

Allocation for Activity: \$10,000,000

Eligible Applicants: Nonprofit developers

Eligibility Criteria:

- Projects must aid in the process of preparing a site for development
- Projects must create new affordable rental housing developments
- Projects must help to revitalize a community that has been directly or indirectly impacted by Superstorm Sandy

Criteria for Selection:

- Nonprofit developers
- Projects must meet the program's underwriting and feasibility standards

Maximum Award: \$500,000**Eligibility:** Section 105(a)(1) HCDA**National Objective:** Low and moderate income, and urgent need**Cost Effectiveness:** All projects will be individually underwritten so as to minimize the amount of public funds spent to deliver the proposed development**4.2.3.2 Blight Reduction Pilot Program**

The Blight Reduction Pilot Program will provide zero percent loans to eligible nonprofit and for-profit developers to purchase and rehabilitate foreclosed, vacant or abandoned properties in targeted communities. The program will support efforts to develop a mixed-income model of rebuilding to prevent concentrations of poverty and rebuild strong neighborhoods. The program will encourage development of affordable rental or homeownership housing in the nine most impacted counties as well as areas deemed priority areas throughout the State. The program is designed to alleviate the shortage of rental and for-sale housing and potential blight caused by the storm. The properties may be rented, developed as lease-to-purchase, or provide homeownership opportunities for low and moderate income households.

Allocation for Activity: \$30,000,000**Maximum Award:** \$100,000**Eligible Applicants:** Nonprofit and for-profit developers**Eligibility Criteria:**

- Project must provide housing for households that are LMI
- Units must be affordable at 30% of the gross income of the resident applicant
- Properties must have an unaddressed funding need to bring the structure into compliance with all building code ordinances
- Properties may have seven units or less
- Projects must be feasible within funding caps and underwriting standards
- The Blight Reduction Pilot Program will adhere to the housing reconstruction and rehabilitation standards previously noted

Criteria for Selection: First-come, first-served**Eligibility:** Rehabilitation: Section 105(a)(4) HCDA, New Construction: FR-5696-N-01(VI)(B)(28)**National Objective:** Low and moderate income, alleviate slum or blight, and unmet need

4.2.4 Programs for Immediate Housing Needs

4.2.4.1 Project Based Incentives for Landlords to Provide Affordable Housing

Incentive payments will be provided to qualified rental property owners to (1) quickly address the need for affordable housing in the State that has been exacerbated by Superstorm Sandy and (2) provide for the immediate needs of displaced low and moderate income households. Subsidies will be provided on a sliding scale, with the minimum subsidy provided for units made available at affordable rents for households earning at or below 80% of the AMI. Priority will be given to households earning at or below 50% of AMI.

Allocation for Activity: \$40,000,000

Eligible Applicants: Property owners who agree to lease their units at affordable rents to low and moderate income households established by the State

Eligibility Criteria:

- Projects must provide affordable units to relieve the shortage of affordable rental housing
- Rents may not exceed 30% of income for a household earning 80% of AMI; rents may not exceed 30% of income for a household earning 50% of AMI for deeply affordable units

Criteria for Selection:

- First-come, first-served

Maximum Award: Funding will allow for maximum awards to support 1,000 households for a duration of up to four years

Eligibility: FR 5696-N-01

National Objective: Low and moderate income

4.3 Economic Revitalization

Assisting communities in economic recovery and revitalization is imperative. Many of New Jersey's small businesses sustained physical damage during the storm and/or short-term and long-term economic losses. These losses are compounded by damage in the housing and infrastructure sectors. Moreover, the vast majority of impacted small businesses have substantial unmet needs, perhaps best reflected by the fact that 93% of SBA business applicants to date have been denied.

The State has developed programs to assist in satisfying many of the unmet needs of the small business sector. In addition to activities which only serve to alleviate direct damage caused by the storm, the State will provide funding for activities that restore and improve local economies.

New Jersey will utilize the Economic Revitalization activities allowed under CDBG-DR to support the resurgence of the economy at the local and State level. For purposes of the programs detailed herein, economic revitalization is not limited to activities that are "special economic development" activities under



Proposed economic revitalization activities are intended to enable a broad spectrum of activities to support the varied needs of communities recovering from the disaster.

the HCD Act, or to activities that create or retain jobs. For CDBG-DR purposes, economic revitalization can include any activity that demonstrably restores and improves some aspect of the local economy. Thus, an eligible activity also may address job losses, or negative impacts to tax revenues or businesses. All economic revitalization activities must address an economic impact(s) caused by the disaster (e.g., loss of jobs, loss of public revenue).

Proposed economic revitalization activities are intended to enable a broad spectrum of activities to support the varied needs of communities recovering from the disaster. Activities supporting the business sector may include small business financial and technical assistance, commercial redevelopment or enhancement, special economic development projects, workforce training, wage subsidies, tourism marketing, planning for economic growth and other activities to catalyze the State's economic recovery. Because of a wide variation in the structure of industries in these sectors, there is no common size or standard pattern. According to the SBA, "the most widely used, and SBA-endorsed, sizing criteria for small businesses is the following - the business must have no more than 500 employees for most manufacturing and mining industries, and no more than \$7,000,000 in average annual receipts for most nonmanufacturing industries."

New Jersey small businesses are the backbone of the State's economy. According to SBA statistics, 98.4% of the businesses in the State are classified as small. Most are very small with less than 20 employees. Nearly 76% are one person businesses. In keeping with HUD's requirement, recovery resources are only used to support small businesses.

Eligible activities also may include infrastructure development for economic purposes as well as mitigation and resiliency to protect and strengthen investments. It is through this comprehensive approach to revitalization that the State will be able to support its communities as they rebuild and grow. Funds will not be used to cover economic loss.

An initial allocation of \$500,000,000 will support programs developed by the New Jersey Economic Development Authority (NJEDA), an independent state authority whose primary mission is to strengthen New Jersey's economy by retaining and growing businesses through financial assistance and by renewing and revitalizing communities. NJEDA proposes a multi-pronged approach to ensure the businesses in New Jersey's most impacted areas are provided the support they require, including:

- Direct financial support to small businesses to satisfy unmet needs
- Financial support to impacted communities for economic revitalization efforts
- A comprehensive, national, marketing campaign to prevent further economic loss to the State's tourism industry by informing the public that New Jersey's tourism assets are open and visitors are welcome

As noted in Section 2.3 of this Action Plan, HUD, in its methodology for assessing economic unmet needs, acknowledges that there is a substantial gap in the financial assistance needs of small businesses and the ability for initial federal



recovery resources to cover these needs. Initial programs developed by the State will be aimed at rapidly providing funds for operating expenses and commercial rehabilitation to small businesses that are experiencing time-critical cash flow issues resulting from the storm. Financial assistance will also provide catalytic resources to small and medium-sized businesses to support economic recovery. Funds will also be used for economic revitalization activities to grow local economies. Additionally, funding is to be provided to fuel economic revitalization activities to promote the growth of local businesses together with other eligible uses.

The funding limits identified for the following programs to be administered by NJEDA are considered suggested amounts and may be reallocated among these programs based on demand and need. Future allocations may be dedicated to other entities such as the New Jersey Redevelopment Authority and the Casino Reinvestment Development Authority.

4.3.1 Grants and Recoverable Loans to Small Businesses

With a focus on the most impacted communities throughout the State, New Jersey will offer aid through grants of up to \$50,000 to small businesses which sustained physical damage from Superstorm Sandy. Eligible uses of funds include costs related to rehabilitation, new construction, equipment, inventory, mitigation, refinancing and working capital. The working capital and other uses may be structured as recoverable loans. In following HUD's recent guidance, funds may not be used to recover financial losses from the storm.

This assistance will provide impacted small businesses with the low-cost, flexible capital that they need to resume and sustain their businesses in the months and years following Superstorm Sandy. Financial assistance under this program will be focused in geographic areas determined as storm-related priorities for the State. Other priority areas may be determined by the NJEDA as relevant to economic recovery. This program will assist supporting the long-term recovery of businesses by enabling them to repair damage and access working capital to stabilize their business operations function, return to profitability, and retain or hire new employees, thus contributing again to the State's economy.

All business types may receive this benefit with the exception of uses customarily prohibited, and those businesses with more than \$5,000,000 in annual revenues. Types of businesses served may be limited based on additional criteria. Businesses may be required to apply to the SBA for one or both of their applicable disaster-related loan products until the respective application deadlines lapse. Nonprofits are also eligible for this assistance and may be subject to alternate criteria.

Allocation for Activity: \$300,000,000

Maximum Award: \$50,000. The actual award will be based on EDA's underwriting and feasibility standards.

Eligible Applicants: Small businesses and nonprofits, NJEDA will require businesses to demonstrate need for assistance

Eligibility Criteria:

- Businesses and nonprofits that sustained a minimum of \$5,000 in physical damage by Superstorm Sandy
- Businesses with a minimum of \$25,000 and a maximum of \$5 million in annual revenues
- Home-based businesses excluded

Criteria for Selection: First-come, first-served

Eligibility: Section 105(a)(14), (15), (17), (22) HCDA

National Objective: Low and moderate income, alleviate slum or blight, and urgent need

4.3.2 Direct Loans for Impacted Small Businesses

To further assist impacted small businesses in New Jersey in the short term, NJEDA will offer access to capital through no cost loans to credit-worthy businesses. The products offered will be in the form of direct loans to businesses through NJEDA in amounts ranging between \$100,000 and \$5,000,000. These loans are intended to assist businesses that suffered physical damage as a result of Superstorm Sandy as well as spur economic revitalization by providing funding for expansion, and new businesses in storm-impacted areas. Eligible uses include, but are not limited to rehabilitation, expansion, new construction, acquisition, equipment, mitigation, refinancing, and working capital.

All business types may receive these loans with the exception of uses customarily prohibited, and may be further limited based on additional criteria determined by NJEDA and outlined in program guidelines. Nonprofits are also eligible for this assistance and may be subject to alternate criteria. Credit worthiness, contribution to community revitalization and other factors determining eligibility will be further outlined in programs guidelines.

Repaid loans under this product are intended to be revolved as loans for CDBG uses to continue to assist small businesses.

Allocation for Activity: \$100,000,000

Maximum Award: Between \$100,000 and \$5,000,000. The actual award will be based on EDA's underwriting and feasibility standards.

Eligible Applicants: Small businesses and nonprofits

Eligibility Criteria:

- Businesses and nonprofits that suffered physical damage during Superstorm Sandy and/or will develop projects that will contribute to community revitalization

Criteria for Selection: First-come, first-served.

Eligibility: Section 105(a)(14), (15), (17), (22) HCDA



National Objective: Urgent Need, Alleviate Slum/Blight, LMI Area Benefit depending on the location and the nature of the business, and/or LMI jobs

4.3.3 Neighborhood and Community Revitalization

Because of the severe damage to the economies of affected areas, NJEDA will support activities tied to the economic growth and revitalization of the affected areas. This program will support the long-term recovery of small businesses and communities by funding long-term economic revitalization priorities. It will also support businesses to return to profitability and retain or hire new employees thus contributing again to the State's economy.

- Public facility improvements; including but not limited to: streetscapes, lighting, sidewalks, other physical improvements to commercial areas, and other activities for transformative projects such as property acquisition, demolition, site preparation and infrastructure repair and installation
- Assistance to businesses for physical improvements to their places of business
- Assistance to small businesses, including micro-loans for Superstorm-related damage and working capital, loan guarantees for loan loss reserves, and technical assistance
- Façade and code-related improvements

These funds will be administered directly by NJEDA or awarded to other entities through notices of funds availability or competitive processes which may maximize the economic impact of innovative uses, "Greening of Communities" and other transformative aspects of redevelopment. Funds are anticipated to be prioritized for low and moderate income (LMI) communities. Eligible entities will include redevelopment agencies, municipalities, businesses and nonprofits, including Community Development Financial Institutions (CDFIs), and may be in the form of grants and/or loans up to approximately \$10,000,000. Loan and technical assistance programs may be administered through New Jersey's CDFI network as either sub-grantees or contractors. Funding described above is intended to revolve for CDBG purposes once loans are repaid, unless administered by a CDFI designated as a Community Based Development Organization (CBDO).

Allocation for Activity: \$75,000,000

Maximum Award: Up to \$10,000,000

Eligible Applicants: Eligible entities will include redevelopment agencies, municipalities, businesses and nonprofits, including CDFIs and CBDOs

Eligibility Criteria: Financial assistance will support public facility improvements, including but not limited to: streetscapes, lighting, sidewalks, other physical improvements to commercial areas, and other activities for transformative projects such as property acquisition, demolition, site preparation and infrastructure repair and installation; assistance to businesses for physical improvements to their places of business; assistance to small businesses, including micro-loans for Superstorm-related damage and working capital, loan guarantees for loan loss reserves, and technical assistance; and façade and code-related improvements.



Types of eligible resiliency items are structural retrofitting and non-structural retrofitting (e.g., storm shutters, hurricane clips, bracing systems) of existing structures to meet or exceed applicable building codes relative to hazard mitigation.

Criteria for Selection: Funds are anticipated to be prioritized for low and moderate income (LMI) communities

Eligibility: Section 105(a) HCDA all provisions

National Objective: Urgent need, alleviate slum and blight, LMI area benefit depending on the location and the nature of the business, and/or LMI jobs

Addressing the Needs of the Most Impacted and Distressed Areas: This program will support the long-term recovery of small businesses and communities by funding long-term economic revitalization priorities. It will also support businesses to return to profitability and retain or hire new employees thus contributing again to the State's economy.

4.3.4 Tourism Marketing Campaign to Support Impacted Areas

As mentioned in Section 2.4.3, tourism is a critical industry to the State. Tourism contributes \$38,000,000,000 in revenues in New Jersey, of which summer tourism along the New Jersey shoreline accounts for the majority. The national media coverage New Jersey received during Superstorm Sandy highlighted the devastating effects of the storm. Unfortunately, it also has left the misconception that the entire shoreline is devastated and closed to tourism. Any significant loss in tourism would risk the future of thousands of small businesses along the Jersey Shore and other impacted areas. Many of these businesses in the impacted areas are small services providers or retailers that also employ low and moderate income workers. Given this need, the State sought a waiver from HUD to market the vitality of the Jersey Shore and encourage tourism. That waiver was granted by HUD.

New Jersey will follow the example of the Lower Manhattan Development Corporation and the Louisiana Tourism Marketing Program by utilizing CDBG-DR funds to revitalize New Jersey's tourism and encourage consumer confidence in the impacted regions. Given the impacts of Superstorm Sandy in October 2012 on New Jersey tourism assets and long-term economic conditions, the State will develop a comprehensive marketing effort to promote within and outside the State that the impacted areas of New Jersey, including the Jersey Shore, is recovering or open for business.

This critical funding is needed as soon as possible to provide a powerful, positive impact on the large number of tourism-related jobs in the impacted regions. This campaign also will strengthen consumer confidence, helping to encourage conventions to commit to areas such as Atlantic City, which has seen a \$31,000,000 loss in convention business since Superstorm Sandy.

A campaign must be put into place by April 2013 to ensure vacationers understand that many of New Jersey's businesses are operational and that other shore assets will be ready for the Summer 2013 season. A campaign also must encourage New Jersey residents and those that visit our State to shop local, thereby supporting all the businesses that are operational and ready for business.

A core part of the first year of the contract will be to design and implement a newly branded message for New Jersey to attract visitors and bolster consumer spending in Sandy-impacted areas.

Any significant loss in tourism would risk the future of thousands of small businesses along the Jersey Shore and other impacted areas.

Given the impacts of Superstorm Sandy in October 2012 on New Jersey tourism assets and long-term economic conditions, the State will develop a comprehensive marketing effort to promote within and outside the State that the impacted areas of New Jersey, including the Jersey Shore, is recovering or open for business.

The State will initially allocate \$25,000,000 to support the first year of this marketing effort, specifically focused on Superstorm Sandy Recovery. Campaigns to support the tourism industry in 2014 and 2015 will be developed dependent on subsequent funding availability.

NJEDA will issue a competitive Request for Qualifications/Proposals for this Marketing and Outreach campaign, with the scope of services to include outreach/ sponsorship related to community events in the impacted areas, as well as a media campaign to include television/radio, digital media, print advertising, as well as out-of-home advertising (i.e., billboards).

Recovery Campaign Goals:

The goals and intended outcomes of the advertising and marketing campaign are:

- Stabilization or increase in tourism-related revenues in impacted areas for 2013 as compared to 2012
- Stabilization or increase in tourism-related employment in impacted areas for 2013 as compared to 2012
- Stabilization or increase in tourism-related tax revenues in impacted areas for 2013 as compared to 2012

The State Tourism Office collects annual statistics and will measure the return rate of tourism activity to the most impacted areas and the state.

The messaging of the campaign is envisioned as follows:

- The Jersey Shore is recovering or open, and visitors are welcome
- Restaurants and other businesses previously affected by Superstorm Sandy are open, fun, and ready for business
- New Jersey residents are encouraged to support impacted communities by shopping local

Allocation for Activity: \$25,000,000

Eligibility Criteria:

- The projected use of funds for marketing and outreach efforts will be focused as follows: Event and festival planning and sponsorship in impacted areas within New Jersey; advertising creation and media placement (television/radio/digital and out-of-home advertising) in targeted markets throughout New Jersey and nationally, with a focus on areas as noted above with a large base of New Jersey visitors
- New Jersey will issue a Request for Qualifications/Proposals through the Department of Community Affairs under the current procurement policies of New Jersey to select a qualified firm to undertake the services required to implement a marketing and outreach plan as described herein

Eligibility: Waiver requested and received FR-5696-N-01

National Objective: Urgent need, alleviate slum and blight, LMI area benefit

4.4 Support for State and Local Governmental Entities

4.4.1 FEMA Match for Public Assistance Program

The program will provide critical funding support to eligible applicants that lack resources to provide some, or all, of the FEMA required match for FEMA Public Assistance projects (currently 25%). The impact of Superstorm Sandy has placed an additional financial burden on governmental entities that are struggling to provide basic services.

CDBG-DR funds will be used to provide some, or all, of the (currently 25%) match required under FEMA's Public Assistance Program.

Allocation for Activity: \$50,000,000

Maximum Award: No limit

Eligible Applicants: FEMA PA Recipients

Eligibility Criteria: FEMA PA funded project

Criteria for Selection:

- Evidence that the project has been determined to be eligible and funded under the FEMA PA program

Eligibility: Section 105(a)(2) HCDA and FR 5696-N-01

National Objective: Low and moderate income, and urgent need

4.4.2 Continuation and Enhancement of Essential of Public Services to Facilitate Short-Term Sustainability and Long-Term Recovery

Financial assistance will be made available to local governments in those instances where Community Disaster Loans are either unavailable or insufficient to allow for the continuation of critical/essential public services such as police protection, fire protection, health and welfare (including public works, garbage collection/disposal, and water/ and sewer), and education. Applicants will be required to seek a Community Disaster Loan prior to applying for funding. Only the amounts needed to sustain essential public service needs after exhausting other federal and state resources available for the same purpose will be funded. Draws will be made on an as needed reimbursement basis.

The State has the authority to approve local budgets and will use that authority to ensure that municipal applicants' budgets do not reduce tax rates for taxable properties to otherwise cause the federal government to pay for services that local governments could pay for themselves. The State will describe its process for ensuring that substitution of funds does not occur in its program guidelines, and will provide documentation of its calculations of funding awards for inspection by HUD and the Office of Inspector General in subsequent audits.

Allocation for Activity: \$60,000,000

A core part of the first year of the contract will be to design and implement a newly branded message for New Jersey to attract visitors and bolster consumer spending in Sandy-impacted areas.



To assist impacted businesses in New Jersey, NJEDA will offer access to capital through no cost loans to credit-worthy businesses.

Maximum Award: Will be based upon a financial review by the DCA's Division of Local Government Services. Staff will review requests for duplication of benefits and ensure that only the amount necessary for unmet needs will be granted.

Eligible Applicants: Counties, Municipalities, Authorities, Fire Districts, School Districts and other local government agencies providing essential services

Eligibility Criteria:

- Application must address a severe financial need in one or more of its public service functions, resulting from the impact of Sandy
- Application must aid in the short term recovery of those units of local governments most impacted by Superstorm Sandy and allow for appropriate budget capacity to accommodate needs related to additional essential services to long-term recovery

Criteria for Selection:

- Completed Community Disaster Loan applications and FEMA action on applications that demonstrate a financial burden created by Superstorm Sandy that will jeopardize the delivery of essential government services
- The Community Disaster Loan is fully utilized, but is insufficient to sustain essential/critical applicant services, including: police protection, fire protection, health and welfare (including public works, garbage collection/disposal, and water/sewer), and education until local budgets have been stabilized
- The DCA has determined through a review of financial information, including Community Disaster Loan Applications, Introduced Budgets, and Annual Financial Statements that there exists an extreme hardship and the applicant will have to reduce or eliminate essential services unless assistance is provided
- The DCA shall issue, through its Division of Local Government Services, a Local Finance Notice explaining the program objective of ensuring essential services and setting forth program parameters to ensure transparency. Program parameters shall include minimum and maximum awards and a requirement to utilize funding for essential services that would otherwise be unfunded due to a disparity between essential service funding levels and the availability of Community Disaster Loan funds

Eligibility: 105(a)(8)/570.201(e) - Public Services. Provision of public services (including labor, supplies, and materials) including but not limited to those concerned with employment, crime prevention, child care, health, drug abuse, education, fair housing counseling, energy conservation, and welfare (but excluding the provision of income payments identified under 570.207(b)(4))

National Objective: Benefit to low and moderate income and urgent need

4.4.3 Code Enforcement Grant Program

Ensuring that homes are built safer and up to code is a precondition of effectively repairing and rebuilding the housing sector. The State is proposing to supplement local code enforcement offices with additional personnel, to provide an online plan

review and permitting process, and to enhance the Department of Community Affairs' continuing education curriculum for code officials to include training in flood hazard mitigation practices and other storm-related code issues.

Allocation for Activity: \$6,000,000

Eligibility Criteria:

- Code enforcement must support local construction code officials related to the reconstruction and rehabilitation of buildings impacted by Superstorm Sandy
- Code enforcement must support the training of code enforcement officials in both preventive and mitigation measures

Criteria for Selection:

- Code enforcement
- Training
- Online plan review and permits
- Staffing analysis

Individual Grant Threshold: TBD

Eligibility: Section 105(a)(3) HCDA

National Objective: Low and moderate income, urgent need, and alleviate slum and blight



4.5 Supportive Services Programs

Superstorm Sandy had a severe impact on households that include individuals with special needs. The State will fund the Sandy Special Needs Housing Fund to provide capital subsidies for supportive housing development and allocate CDBG-DR funds to the Departments of Human Services, Health, and Children and Families to support the services these agencies provide to assist nonprofit organizations in addressing the needs of this population.

4.5.1 Sandy Special Needs Housing Fund

Because of the storm's impact on housing that accommodates special needs populations, as well as victims of domestic violence, a direct allocation will be made to the New Jersey Housing and Mortgage Finance Agency to operate a fund in a manner similar to the New Jersey Special Needs Housing Trust Fund dedicated to the construction of quality, permanent supportive housing throughout New Jersey to expand housing options for these groups.

Allocation for Activity: \$25,000,000

Eligible Applicants: For-profit and nonprofit developers with demonstrated housing development experience

Affordability Restrictions: Units will be deed restricted

Eligibility Criteria:

- Developer must demonstrate that the Special Needs Housing Fund dollars can be fully expended within the allowable time frame (two years)
- 75% of the fund will benefit households at or below 30% of the Area Median Income. The remaining 25% will benefit households with gross income between 30% and 80% of the Area Median Income
- Financing will be structured as an amortizing loan. Cash flow loans may be available for projects that cannot support an amortizing loan as determined by the New Jersey Housing Mortgage and Finance Agency
- Loans cannot exceed 80% of total development cost. For 100% special needs projects the maximum loan amount is \$2,500,000. For mixed occupancy the maximum loan amount is \$100,000 per unit

Eligible Uses: Capital financing for acquisition of land or buildings, rehabilitation of existing buildings or new construction

Eligibility: Section 105(a)(8) HCDA

National Objective: Low and moderate income and urgent need

4.5.2 Supportive Services Program

Lead Agency: DCA will administer the Supportive Services program to deliver grants for critical supportive services needs that have been increased as a result of the storm

Allocation for Activity: \$25,000,000

Eligible Applicants: Department of Children and Families; Department of Health; Department of Human Services

Process: DCA will receive applications from eligible departments to serve persons with special needs

Eligible activities under this program include, but are not limited projects that:

- Provide funding to prevent homelessness among low income residents of the nine most impacted counties
- Develop education outreach in impacted communities on possible post-storm health risks
- Train public health and environmental health specialists workers to support health assessments in impacted communities
- Mitigation of environmental health concerns including West Nile Virus
- Mold remediation training
- Maintaining a database and systems for emergency communications
- Establishing protocols to better prepare medical needs shelters following natural disasters

Superstorm Sandy had a severe impact on households that include individuals with special needs.

- Case management
- Capital funding for group and transitional home development for individuals with disabilities and those at risk of homelessness
- Emergency homeless shelter replacement
- Capital grants for elderly, mobility disabled households, and institutions to provide accessibility features such as ramps, rails and elevators

Eligibility: Section 105(a)(8) HCDA

National Objective: Low and moderate income, alleviate slum or blight, and urgent need

4.6 Planning, Oversight and Monitoring

The State must certify and have in place proficient financial controls and procurement processes, adequate procedures to prevent any duplication of benefits as defined by section 312 of the Stafford Act, processes to ensure timely expenditure of funds, maintain comprehensive websites regarding all disaster recovery activities assisted with these funds, processes to detect and prevent waste, fraud, and abuse of funds, perform environmental reviews on every project and ensure all projects are compliant with the Uniform and Relocation Act, Davis-Bacon and other labor standards, Fair housing, Section 3, Part 85 and other federal laws. HUD provides monies to the State for the operating costs associated with day-to-day management of programs. Proper oversight and administration ensures reduction in concerns or findings from HUD. Findings from the Federal Government can require repayment of CDBG Disaster funds back to HUD. Additional oversight and monitoring activities are described in Section 6.

Planning also falls within the program administration and program delivery category. Planning grant assistance is available on a local and/or regional basis in order to guide long-term recovery and redevelopment. Examples of planning studies include but are not limited to: comprehensive plans, economic development plans, recreation plans, zoning ordinances, and land development codes. The State will provide up to \$2,500,000 for historic preservation, archeological and other mitigation studies as required by HUD for the implementation of programs.

Any planning assistance provided through CDBG-DR funds will be required to be coordinated within the framework of the New Jersey Statewide Hazard Plan and with other relevant functional land use and critical infrastructure investment plans. The state agency steering committee that coordinates statewide planning efforts will be charged with ensuring that this local and regional planning assistance is complemented with alignment of a wide range of State functional plans and regulations, as well as identifying available non-recovery fiscal resources to facilitate implementation.

Some of the funding will also be utilized to provide technical assistance to agencies and local governments receiving CDBG-DR funds so that recovery programs will be implemented efficiently, effectively and in compliance with the federal, state and local regulations. This includes ensuring coordinated and streamlined compliance

with environmental and historical preservation requirements, which New Jersey's Department of Environmental Protection is actively working toward.

Allocation for Activity: \$84,000,000

4.7 Pre-Agreement Costs

New Jersey will follow provisions of 24 CFR 570.489(b) which permits the State to reimburse itself for otherwise allowable costs incurred by itself or its recipients, subgrantees or subrecipients (including public housing authorities) on or after the incident date of the covered disaster. Section 24 CFR 570.200(h)(1)(i) will not apply to the extent that it requires pre-agreement activities to be included in a consolidated plan. All the pre-agreement costs such as engineering, planning, administration, and program delivery are exempt from the environmental process in accordance to 24 CFR 58.34.

SECTION 5: PERFORMANCE SCHEDULE

When performance metrics are not met by service providers, penalties against those providers will be assessed.

To satisfy HUD guidance in the Federal Register (5696-N-01), New Jersey will amend its Action Plan within 90 days to provide detailed performance metrics. The performance metrics will be based on quarterly expected expenditures and outcomes. When performance metrics are not met by service providers, penalties against those providers will be assessed.

The Action Plan must contain estimated and quantifiable performance outcome factors. The below table illustrates the currently estimated outcomes per funding category. These estimates are preliminary and likely will change.

Factors that may affect performance measures include completing federally required environmental and historical reviews, contractor availability, weather, and availability of other funding sources. These and other potential factors will be important in finalizing and meeting proposed performance metrics. The State anticipates that HUD will provide flexibility to extend timelines based on these and other relevant factors.

Performance Metrics					
Program Category	Total Funding	Begin Date	End Date	Estimated Outcomes	
Homeowner Housing	\$825,000,000.00	April 15, 2013	April 13, 2015	26,000	Homeowners Assisted
Rental Housing	\$254,520,000.00	April 15, 2013	April 13, 2015	5,000	Rental Units Assisted
Economic Revitalization	\$500,000,000.00	April 15, 2013	April 13, 2015	10,000	Businesses Assisted
FEMA Match Program	\$50,000,000.00	April 15, 2013	April 13, 2015	2,000	Applicants for Assistance
Supportive Services	\$50,000,000.00	April 15, 2013	April 13, 2015	5,000	Individuals Assisted
Public Services	\$60,000,000.00	April 15, 2013	April 13, 2015	60	Governmental Agencies to Benefit
Code Enforcement	\$6,000,000.00	April 15, 2013	April 13, 2015	30,000	Home Inspections Completed
Administration/Planning	\$84,000,000.00	April 15, 2013	April 13, 2015		

SECTION 6: OTHER CRITERIA

Housing rehabilitation and reconstruction activities will be designed to achieve maximum energy efficiency to the extent achievable on a cost-effective basis, considering construction and operating costs over the life cycle of the structure.

6.1 Promotion of High Quality, Durable, Energy Efficient, and Mold Resistant Construction Methods

Newly constructed or substantially rehabilitated housing units must meet all locally adopted and enforced building codes, standards, and ordinances. New Jersey has adopted the 2009 International Residential Code, which provides for quality, durable, energy efficient and mold resistant construction. Housing rehabilitation and reconstruction activities will be designed to achieve maximum energy efficiency to the extent achievable on a cost-effective basis, considering construction and operating costs over the life cycle of the structure. Efficiency may be demonstrated through design based on LEED, ENERGY STAR™, and/or other comparable guidelines and rating systems. Construction methods should comply with local building codes and incorporate mold resistant construction materials.

6.2. Steps the State Will Take to Encourage Adequate, Flood-Resistant Housing for All Income Groups

New Jersey, by emergency order, has adopted FEMA's updated Advisory Base Flood Elevation (ABFE). Using these more current advisory maps provides residents and communities with FEMA's best available data for mitigating against the risk of future flood events.

The State has adopted the following provisions for rebuilding stronger structures:

- **Advisory Base Flood Elevation Maps:** Adopts the height and construction requirements in FEMA's ABFE maps as a State standard for reconstruction. The ABFEs reflect the best available and most current scientific data.
- **Permits by Rule:** Allows property owners who rebuild to the ABFEs (plus one additional foot, as has been required by the New Jersey Flood Hazard Area Control Act) to do so via Permit by Rule. This should eliminate the need for thousands of property owners to apply for permits, saving them at least \$500 in permit fees plus the design and engineering costs associated with an application, and allowing them to begin reconstruction without waiting for review.
- **Wet Floodproofing:** Allows "wet floodproofing" for non-residential buildings. Wet floodproofing means that a building may flood but will structurally withstand the water, and enables reconstruction in urban areas in a safer and less costly manner than requiring elevations or dry floodproofing.
- **Foundation Requirements:** Prohibits certain building foundations from having only three walls, a potentially unsafe construction method.

6.2.1 Sea Level Rise

Per HUD guidance (FR-5696-N-01), New Jersey's Action Plan must account for and address sea level rise. New Jersey will incorporate, where applicable, appropriate mitigation measures and floodplain management throughout proposed programs.

6.2.2 Special Needs Populations

Currently, the State provides housing for special needs populations through the following agencies: the Department of Human Services, Department of Community Affairs, Housing and Mortgage Finance Agency, the Department of Veterans Affairs, and the Department of Children and Family Services. The State will implement a series of programs designed to afford special needs populations access to affordable, long-term housing.

6.2.3 Homeless and Special Needs Support

Based on the unmet needs identified in Section 2, the State has existing programs to support special needs populations, including: homeless populations, households at risk of becoming homeless, persons with disabilities, older adults, and other special needs. These programs include but are not limited to: residential services for group homes, apartments and family care homes, and programs to assist individuals who are homeless or at imminent risk of becoming homeless. The Department will continue to provide these services, focusing additional resources as appropriate to solve storm-related issues.

Emergency Shelter and Transitional Housing Needs of Homeless Individuals and Families: The State will work with FEMA to extend the deadline on the Temporary Sheltering Assistance program to ensure that families and individuals with longer-term rebuilding needs have access to safe and affordable temporary housing.

Actions New Jersey Will Take to Assist Homeless Persons Transition to

Permanent Housing: The State currently has a number of programs to address special needs residents including the homeless. The special needs funding rounds in the Low Income Housing Tax Credits Program produce new permanent housing units for the homeless and other special needs populations. The Special Needs Housing Trust Fund is used to support the operation and provision of services in these developments. The CDBG-DR Rental Housing Programs support these efforts for the homeless as well as significantly increase the overall supply of affordable housing to help prevent homelessness.

Actions to Prevent Low-Income Individuals and Families with Children

(especially those with incomes below 30% of area median) from Becoming Homeless: DCA provides a number of programs to support low-income families. Following the storm, the State made available an allocation of 1,000 Section 8 Housing Choice Vouchers to prevent low-income families from becoming homeless. The State also has a rental assistance program that is designed for low income populations.

Actions to Address Supportive Housing Services: The State has strong existing programs to produce and provide permanent supportive housing services. These

The State will implement a series of programs designed to afford special needs populations access to affordable, long-term housing.

services will be supplemented by new special permanent supportive housing projects to be developed through the CDBG-DR rental and housing programs. The State will provide permanent supportive housing “set asides” in the multi-family components by requiring developers to provide a certain percentage of their units for people with special needs. These new units will also be eligible for services provided by the Division of Mental Health and Addiction Services to ensure the best outcomes for tenants. Through its slate of housing recovery programs, the State will seek to increase its stock of permanent supportive housing units, which provide stable, permanent housing to the formerly homeless and those persons with special needs.

6.2.4 Public Housing and HUD Assisted Housing Support

As discussed in Section 2, a significant number of public housing units and federally funded housing units were damaged by Superstorm Sandy. Additionally, many Housing Choice Voucher recipients remain displaced. The State’s housing programs have given a priority with a \$5,000,000 set-aside to restoring damaged public housing and other federally funded or owned housing as needed. Additionally, the rental programs proposed in this plan will bring on line affordable units for persons of low and moderate income.

The State will also promote the availability of affordable housing in areas of opportunity where appropriate and support plans that are equitable to racial, ethnic and low-income concentrations.

6.3 Green Building

The State will require replacement and new construction to meet green building standards by requiring compliance with ENERGY STAR™. New Jersey will further encourage green building practices throughout all other proposed programs. New Jersey and its grantees can utilize the Center for Green Building at Rutgers University and its New Jersey Green Homes Remodeling Guidelines as a resource for green building practices. The New Jersey Green Home Remodeling Guidelines was funded with grants from the New Jersey Department of Environmental Protection and the United States Environmental Protection Agency. The Guidelines were developed with broad participation and the concurrence of an advisory group composed of residential building and remodeling professionals, interior designers, landscape architects, and experts in the field of green building and energy-efficient design.

Further, New Jersey has had several meetings with various agencies including Northeast Energy Efficiency Partnerships, U.S. Green Building Council (USGBC), International Code Council, New Jersey Chapter of USGBC, and New Jersey Chapter of American Institute of Architects (AIA) to develop a plan for encouraging sustainable community initiatives and implementing green building, energy efficiency and storm hazard mitigation measures.

6.4 Anti-Displacement and Relocation

The State plans to minimize displacement of persons or entities and assist persons or entities displaced as a result of implementing a project with CDBG-DR funds. This is not intended to limit the ability of the State to conduct buyouts or acquisitions for destroyed and extensively damaged units or units in a floodplain.

The State will ensure that the assistance and protections afforded to persons or entities under the Uniform Relocation Assistance and Real Property Acquisition Policies Act (URA), and Section 104(d) of the Housing and Community Development Act of 1974 are available. The State plans to exercise the waivers set forth in Federal Register 5696-N-01 pertaining to URA and HCD Acts given its priority to engage in voluntary acquisition and optional relocation activities to avert repeated flood damage and to improve floodplain management.

6.5 Program Income

The State will comply with HUD requirements found in 24 CFR 570.489. In the event the State's activities generate program income, those funds, to the maximum extent feasible, shall be distributed before the State makes additional withdrawals from the Treasury.

6.6 Monitoring Standards and Procedures

DCA will oversee all activities and expenditures of the CDBG-DR funds. Existing State employees will be utilized and additional personnel and contractors may be hired to aid in the administration of, and to carry out, recovery programs. Not only will these personnel remain involved in ensuring that there are layers of financial control, they also will provide technical assistance to the State, and will undertake administrative and monitoring activities to better assure compliance with applicable requirements, including, but not limited to, meeting the disaster threshold, eligibility, national objective compliance, fair housing, nondiscrimination, labor standards, environmental regulations, and procurement regulations at Part 85.

Each activity funded will meet the disaster threshold and one of HUD's three national objectives, with emphasis on achieving the primary national objective of benefiting low and moderate income persons, and will be an eligible activity. DCA staff will perform the monitoring in accordance with a DCA CDBG-DR monitoring plan.

DCA will maintain a high level of transparency and accountability by using a combination of risk analysis of programs and activities, desk reviews, site visits, and checklists modeled after HUD's Disaster Recovery Monitoring Checklists and existing monitoring checklists used in monitoring regular program activities. DCA will determine appropriate monitoring of grants, taking into account prior CDBG-DR grant administration performance, audit findings, as well as factors such as the complexity of the project.

The primary purpose of the State's monitoring strategy is to ensure that all projects comply with applicable federal regulations and are effectively meeting their stated goals. The frequency and areas monitored will be determined by a risk analysis. All projects will be monitored at least once on-site during the life of the activity. The

results of monitoring and audit activities will be reported to the Commissioner of DCA.

The DCA will determine the areas to be monitored, the number of monitoring visits, and their frequency. Communities and State agencies will be provided training and technical assistance if requested, or if the DCA determines that in-house or on-site monitoring is needed.

The State will continue to follow all guidelines it uses to monitor projects funded under the regular CDBG program. The monitoring will address program compliance with contract provisions, including, but not limited to environmental reviews, fair housing, Section 3 compliance, compliance with the Davis-Bacon Act as well as other labor standard provisions, procurement regulations, fair housing and equal opportunity requirements, and compliance with the OMB A-87, program income, and other CDBG financial requirements. The State plans to retain all program income but may allow certain subgrantees and subrecipients to retain program income to continue eligible CDBG-DR activities. These policies and procedures are consistent with those used by HUD to monitor state-administered entitlement programs. All necessary environmental reviews shall be performed on each project prior to funding.

6.6.1 Administration and Staffing

Additional personnel and contractors may be hired to administer and carry out the CDBG-DR Program. Tasks may include ensuring there are layers of financial control, providing technical assistance to grantees, and/or undertaking administrative and monitoring activities to ensure compliance with applicable requirements. These regulations include, but are not limited to: fair housing, nondiscrimination, labor standards, environmental regulations, and procurement.

In accordance with New Jersey Executive Order No. 125, Accountability Officers will be appointed to oversee the responsible disbursement and utilization of federal reconstruction resources allocated by or through each department. Each Accountability Officer will serve as a liaison to the Governor's Office of Recovery and Rebuilding and to the State Comptroller. Internal auditors will monitor and review for compliance with federal and state laws and regulations. Internal auditors will report directly to the Commissioner of DCA.

6.6.2 Reporting

Each awarded applicant will report information necessary and relative to the status of its activities, and other information as required by HUD. Additional reporting requirements (i.e., annual audits, contractual obligations, labor and minority business enterprise reports, as applicable) will be specified in the contract documents.

6.6.3 Prevention of Duplication of Benefits

As provided by the Stafford Act, duplication of benefits is prohibited in accordance with the HUD Federal Register 5582-N-01. DCA will continuously monitor, or cause to be monitored, for compliance with this requirement. FEMA, National

Flood Insurance Program, private insurers, the U. S. Army Corps of Engineers, SBA and other agencies will be contacted and data sharing agreements put into place to ensure that there is no duplication of benefits occurring within the various programs.

6.6.4 Floodplain Restrictions

Floodplain restrictions will be monitored closely. Funds may not be used for persons who have received previous federal assistance (including loans) where the purchase and maintenance of flood insurance was a requirement, and the individual has allowed his or her flood insurance to lapse. In addition, all grantees must inform participating property owners of any future requirements related to the purchase and maintenance of flood insurance.

No funds will be used for activities in areas delineated as a Special Flood Hazard Area 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.

6.6.5 Additional Steps To Avoid Occurrence of Fraud, Abuse and Mismanagement

On February 8, 2013, Governor Chris Christie signed Executive Order No. 125 concerning the monitoring and oversight of federal reconstruction funds. The Executive Order directed all Executive Branch departments administering federal reconstruction resources to follow a framework that will provide comprehensive and stringent safeguards to make certain all federal resources are utilized through an ethical and transparent process. Such safeguards include:

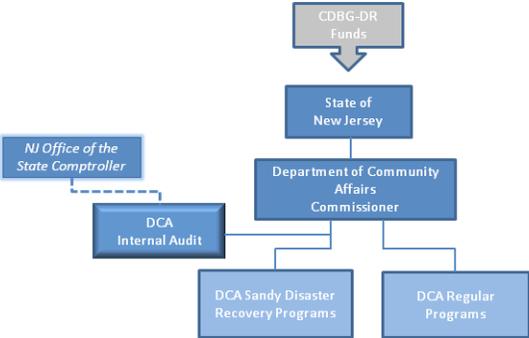
- Each principal department of the State shall submit all potential State procurements involving expenditure of federal reconstruction resources to the New Jersey Office of the State Comptroller for review prior to commencement of the procurement process. The State Comptroller shall determine whether the proposed procurement process complies with applicable public contracting laws, rules and regulations. Pursuant to its enabling legislation, the State Comptroller's Office is an independent office that is charged with evaluating the efficiency, effectiveness and transparency of all government entities and to identify and eliminate fraud, waste and abuse throughout State and local government.
- Each principal department and agency of the State is directed to appoint an "Accountability Officer" to oversee the responsible disbursement and utilization of federal reconstruction resources allocated by or through that department or agency. Each Accountability Officer shall serve as a liaison to the Governor's Office of Recovery and Rebuilding and the State Comptroller.
- The New Jersey Office of the State Comptroller shall maintain a transparency website that will provide access to approved State contracts for the allocation and expenditure of federal reconstruction resources. The website also will provide information to the public regarding available federal funding streams and funding criteria, the tracking of federal funding allotments, and contract vendor information.

Technical assistance or training will be provided to sub-recipients and State agencies on regulations, reporting requirements, and payment procedures for funds awarded for disaster recovery.

The State will adhere to the conflict of interest provisions referenced at 24 CFR 570.611.

To establish an effective system of internal control and a program of audit and evaluation to provide assurances and safeguards concerning DCA's disbursement of federal reconstruction funds, DCA's Office of Auditing, in conjunction with other departmental personnel, will conduct a thorough and comprehensive enterprise-wide risk assessment related to federal reconstruction funds every six months. The organizational diagram of DCA's Internal Audit office is shown below. The risk-assessment will serve as the basis for the audit and compliance plans which will address the following:

- Audit paper application files for anomalies through risk-based judgmental sampling.
- Evaluate and test selected internal controls, including IT-related controls.
- Deliver training to all staff responsible for monitoring or administering federal reconstruction funds that will focus on the identification of risk factors and fraud indicators, and the implementation of a system of internal controls that provides reasonable assurances that funds are being administered in accordance with law, code and policy. The training sessions will emphasize that sound internal controls require the efforts of all departmental personnel, not only auditors and compliance staff.
- Ensure that anti-fraud brochures and posters that include a fraud tip-line to the State Comptroller's Office are distributed and prominently displayed throughout the department, satellite offices and construction sites.
- Coordinate with applicable Federal, State and Local law enforcement authorities concerning the disbursement of federal reconstruction funds.
- Implement a comprehensive and effective compliance program that includes: investigative protocols, whistle-blower procedures, and a process to refer matters to local, state and federal authorities.
- Ensure that DCA's auditing, monitoring and evaluation process effectively mitigates the risk of fraud, waste and abuse and the disbursement of reconstruction funds is transparent to all stakeholders.



6.7 Increasing Capacity at the Local Level

Technical assistance or training will be provided to sub-recipients and State agencies on regulations, reporting requirements, and payment procedures for funds awarded for disaster recovery. Applications for programs that may be contracted with local governments will be reviewed by DCA using an application with guidelines and instructions. Other State or federal agencies will be requested to review and comment on applications, as appropriate.

6.8 Substantial Amendments to Action Plan

The following events would require a substantial amendment to the Action Plan:

- Change in program benefit or eligibility criteria
- A new allocation or re-allocation of more than \$1,000,000
- The addition or deletion of an activity

A substantial amendment to the New Jersey Action Plan will follow the same requirements as the publication of the original action plan in accordance to the Citizen Participation Plan.

6.9 Citizen Participation

Citizen participation is an essential component of the State's planning effort. The State strongly encourages public participation to identify community needs. Citizens and other stakeholders are given an opportunity for reasonable and timely access to information and comment period relating to the Action Plan, any ensuing substantial amendments, and the use of CDBG-DR Funds under the Disaster Recovery Program.

The Action Plan and substantial amendments will be published in both English and Spanish. Individuals with disabilities may request auxiliary aids and service necessary for participation by contacting (TTY/TDD) 609-984-7300 or 1-800-286-6613 (within NJ, NY, PA, DE, and MD). The DCA website provides a direct link to Sandy-related recovery resources and will be updated with CDBG-DR information. DCA has established the email address of Sandy.Recovery@dca.state.nj.us to enable ongoing citizen input.

6.9.1 Citizen Participation Plan

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

State personnel have been providing ongoing support to the hardest hit communities following the storm. State officials also have held frequent calls and meetings with impacted communities to discuss, among other things, the storm's effects on New Jersey's housing stock, infrastructure, and business community. Examples of these outreach efforts include:

- In December of 2012, outreach and informational meetings were held in Bay Head, Lavallette, Little Ferry, Sea Bright, Seaside Heights and Toms River.
- In January of 2013, outreach and informational meetings were held in Bay Head, Keansburg, Mantoloking, Sea Bright, Stafford and Union Beach,

In addition, the State organized outreach sessions with the Governor's Office of Recovery and Rebuilding, DCA, the Department of Environmental Protection, and leaders of local governments. Examples include:

- February 4, 2013 with Atlantic City, Brigantine, Longport, Margate, Pleasantville and Ventnor.
- February 5, 2013 with Aberdeen, Keyport, Union Beach, Keansburg, Middletown, Atlantic Highlands and Highlands.
- February 6, 2013 with Perth Amboy, South Amboy, Sayreville, Old Bridge, South River and Carteret.
- On February 11, 2013 with Sea Bright, Monmouth Beach, Little Silver, Rumson, Fair Haven, Red Bank, Long Branch, Shrewsbury and Oceanport.
- February 12, 2013, with Cape May County, Stafford, Little Egg Harbor, Barnegat, Tuckerton, Long Beach Island, Surf City, Ship Bottom, Beach Haven, Harvey Cedars and Barnegat Light.
- February 12, 2013 with Asbury Park, Bradley Beach, Avon, Belmar, Lake Como, Spring Lake, Sea Girt, Manasquan, Bay Head, Pt. Pleasant Beach, Pt. Pleasant Boro, Sea Bright, Monmouth Beach, Little Silver, Rumson, Fair Haven, Red Bank, Long Branch, Shrewsbury and Oceanport.
- February 13, 2013 with Brick, Seaside Heights, Seaside Park, Berkeley, Toms River and Lavallette.
- February 14, 2013 with Little Ferry, Moonachie, Hoboken, Jersey City, and Bayonne.

Moreover, the State has deployed "mobile cabinets," whereby senior officials traveled to the most impacted communities to meet with local leaders and hundreds of residents to discuss recovery-related needs. Additional mobile cabinets will be deployed in the future. And, State departments and agencies have responded to tens of thousands of Sandy-related correspondence and telephone calls from constituents.

The State's outreach also has included numerous meetings with stakeholders having important perspective on recovery related issues. For example, DCA met with the Fair Share Housing Center and the Housing and Community Development Network of New Jersey to listen to recommendations as the State develops housing recovery priorities. DCA leadership also has received direct input from several other associations, including the New Jersey Builder's Association, the New Jersey Society of Architects, New Jersey Apartment Association, and the New Jersey Realtor's Association.

Additionally, DCA's Division of Local Government Services has actively engaged local governments, universities, associations of architects and planners, and private sector groups to discuss planning needs. For example, input was received from such groups as the Barnegat Bay Partnership, the College of New Jersey, Urban Land Institute, and Together North Jersey. This coordination will continue and will inform planning initiatives going forward.

DCA also established the State Led Disaster Housing Task Force (the Task Force), which members include federal and state agencies, as well as the National Voluntary Organizations Active in a Disaster (VOAD), area non-profits, and the long term recovery committees in the most impacted counties. The Task Force was activated just days after Superstorm Sandy and continues to meet weekly, along with its subgroups, amounting to over 50 meetings. The subgroups are designed for in-depth discussion and strategy development around specific topic areas of the housing recovery, including: construction, short and long term housing assistance, finance, communications and information management.

The HUD Field Office Director has been an active participant in the Task Force and additionally leads the Housing Recovery Support Function, which provides a situational assessment of key housing recovery issues and concerns. DCA as a state housing authority and HUD as participant in the Task Force have continually assessed and represented the impacts on public housing authorities in the affected communities to address the impacts to public housing building stock and residents, and mobilize additional resources to confront those needs.

The State's outreach efforts will continue throughout the duration of the program planning and recovery in accordance with the established CDBG-DR Citizen Participation Plan.

6.9.2 Citizen Complaints

The State, sub-grantees and recipients, if any, will establish procedures for responding to citizens' complaints regarding activities carried out utilizing these CDBG-DR funds. Citizens will be provided with an appropriate address, phone number, and times during which they may submit such complaints. The State and sub-grantees will provide a written response to every citizen complaint within 15 working days of the complaint.

6.9.3 Comment Period

A formal public comment period opened on March 13, 2013 to extend for a 7 day period until March 19, 2013 at 5:00pm (EST). Comments to the proposed Action Plan are accepted during the public comment period, submitted via email to Sandy.Recovery@dca.state.nj.us.

The proposed Action Plan is posted prominently on the DCA website at www.state.nj.us/dca/. News releases as well as links on the New Jersey government website at www.state.nj.us and the Sandy Transparency Portal announce the comment period and the proposed Action Plan.

6.9.4 Summary of Comments to the Proposed Action Plan

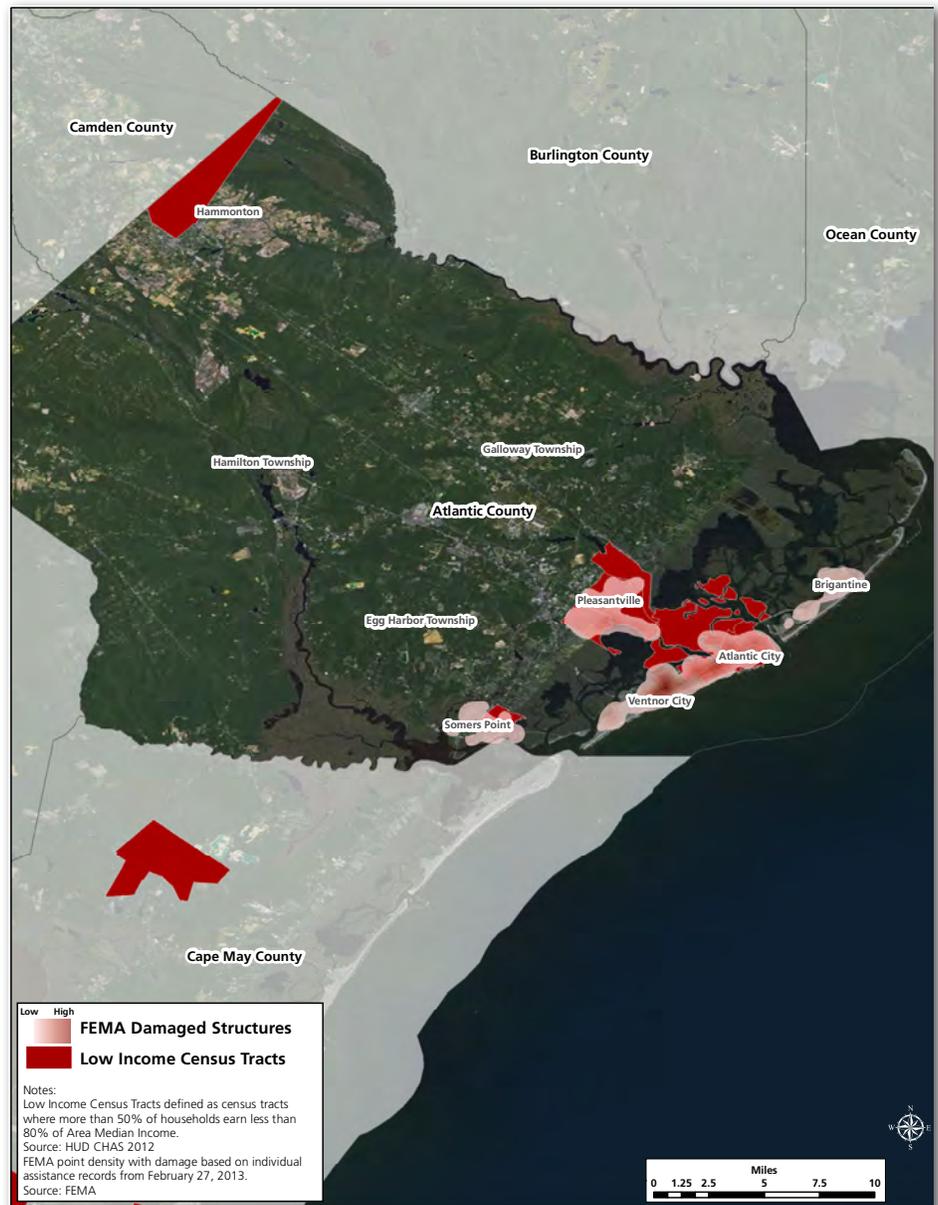
APPENDIX A: ALLOCATION AND METHOD OF DISTRIBUTION

METHOD OF DISTRIBUTION							
Category (Action Plan Section No.)	Allocation Level		Program (Action Plan Section No.)	Allocation Level	Estimated LMI Benefit	Maximum Housing Award	Estimated Unit Benefit
	Total Amount	Estimated LMI Amount					
Homeowner Housing (4.1)	\$825,000,000	\$565,000,000	Reconstruction, Rehabilitation, Elevation and Mitigation Program (4.1.1)	\$600,000,000	70%	\$150,000	6,000
			Housing Resettlement Program (4.1.2)	\$200,000,000	60%	\$10,000	20,000
			Sandy Home Buyer Assistance Program (4.1.3)	\$25,000,000	100%	\$50,000	500
Total	\$825,000,000	\$565,000,000		\$825,000,000			
Rental Housing (4.2)	\$254,520,000	\$240,068,000	Fund for Large Multi-Family (4.2.1)	\$104,520,000	90%	\$120,000	1,000
			Small Rental Properties (4.2.2)	\$70,000,000	100%	\$50,000	1,750
			Pre-development Fund (4.2.3.1)	\$10,000,000	90%	\$500,000	1,000
			Blight Reduction Pilot Program (4.2.3.2)	\$30,000,000	90%	\$100,000	300
			Incentives for Landlords (4.2.4.1)	\$40,000,000	100%	\$50,000	1,000
Total	\$254,520,000	\$240,068,000		\$254,520,000			
Economic Revitalization (4.3)	\$500,000,000	\$75,000,000	Grants/Recoverable Loans to Small Businesses (4.3.1)	\$300,000,000	15%		
			Direct Loans for Small Businesses (4.3.2)	\$100,000,000	15%		
			Neighborhood and Community Revitalization (4.3.3)	\$75,000,000	15%		
			Tourism Marketing (4.3.4)	\$25,000,000	15%		
Total	\$500,000,000	\$75,000,000		\$500,000,000			
Support for Governmental Entities (4.4)	\$116,000,000	\$29,000,000	FEMA Match Program (4.4.1)	\$50,000,000	25%		
			Continuation and Enhancement of Essential Public Services (4.4.2)	\$60,000,000	25%		
			Code Enforcement (4.4.3)	\$6,000,000	25%		
Total	\$116,000,000	\$29,000,000		\$116,000,000			
Supportive Services Programs (4.5)	\$50,000,000	\$50,000,000	Sandy Special Needs Housing Fund (4.5.1)	\$25,000,000	100%	\$100,000	250
			Supportive Services Program (4.5.2)	\$25,000,000	100%		
Total	\$50,000,000	\$50,000,000		\$50,000,000			
Planning, Oversight and Monitoring (4.6)	\$84,000,000	N/A	Administrative/Planning	\$84,000,000	N/A		
Total		\$959,068,000 (Estimated)	Total	\$1,829,520,000	52.4%		

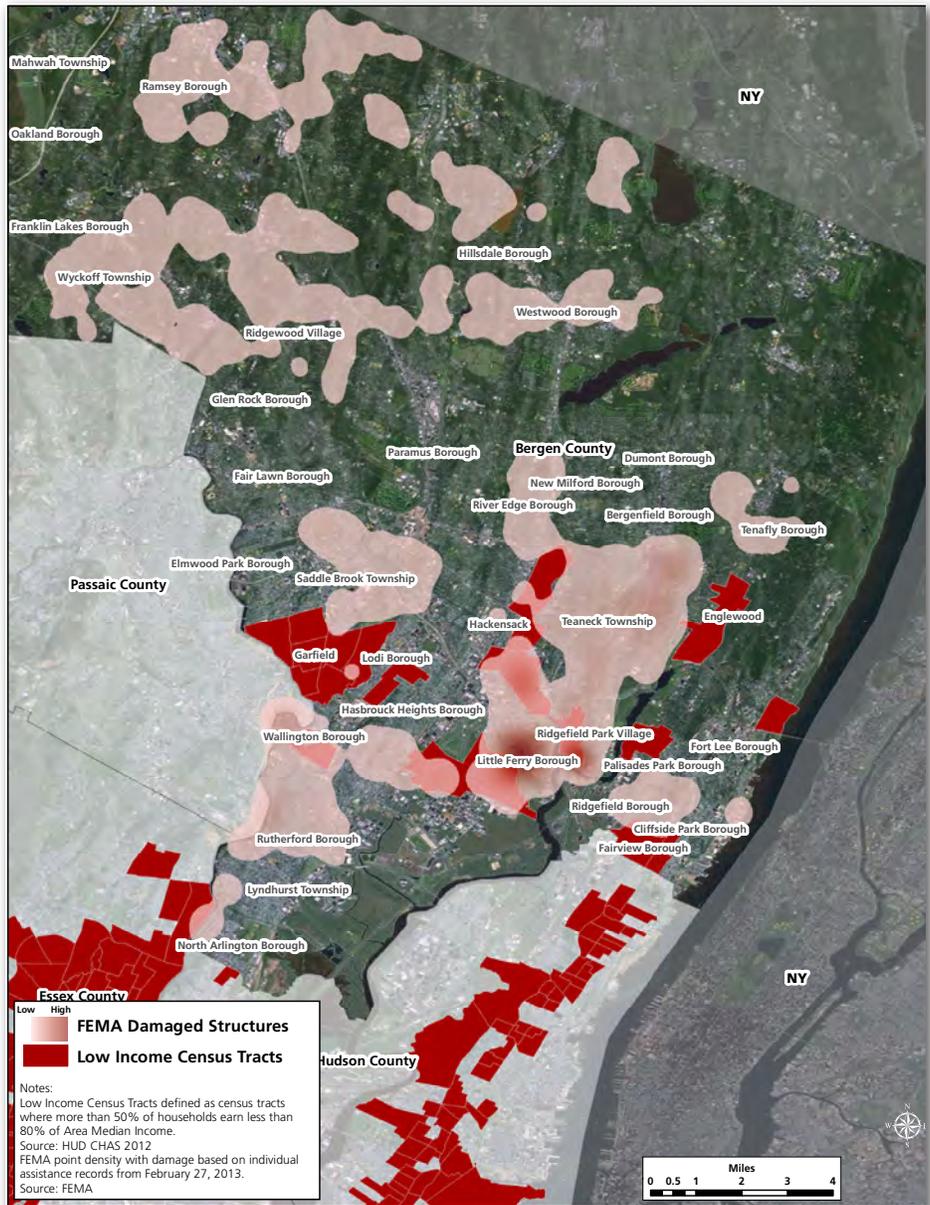
Percentage of Funds to Impacted and Distressed Counties				
Category	Program	Allocation	Portion of Allocation Benefiting Most Impacted and Distressed Counties	Percentage to Benefit Most Impacted and Distressed Counties
Homeowner Housing (4.1)	Reconstruction, Rehabilitation, Elevation and Mitigation Program (4.1.1)	\$600,000,000	\$600,000,000	100%
	Housing Resettlement Program (4.1.2)	\$200,000,000	\$200,000,000	100%
	Sandy Home Buyer Assistance Program (4.1.3)	\$25,000,000	\$24,500,000	98%
Rental Housing (4.2)	Fund for Large Multi-Family (4.2.1)	\$104,520,000	\$73,164,000	70%
	Small Rental Properties (4.2.2)	\$70,000,000	\$49,000,000	70%
	Pre-development Fund (4.2.3.1)	\$10,000,000	\$8,000,000	80%
	Blight Reduction Pilot Program (4.2.3.2)	\$30,000,000	\$24,000,000	80%
	Incentives for Landlords (4.2.4.1)	\$40,000,000	\$30,000,000	75%
Economic Revitalization (4.3)	Grants/Forgivable Loans to Small Businesses (4.3.1)	\$300,000,000	\$225,000,000	75%
	Direct Loans for Small Businesses (4.3.2)	\$100,000,000	\$75,000,000	75%
	Neighborhood and Community Revitalization Program (4.3.3)	\$75,000,000	\$56,250,000	75%
	Tourism Marketing (4.3.4)	\$25,000,000	\$18,750,000	75%
Support for Governmental Entities (4.4)	FEMA Match Program (4.4.1)	\$50,000,000	\$40,000,000	80%
	Continuation and Enhancement of Essential Public Services (4.4.2)	\$60,000,000	\$57,000,000	95%
	Code Enforcement (4.4.3)	\$6,000,000	\$5,400,000	90%
Supportive Services (4.5)	Sandy Special Needs Housing Fund (4.5.1)	\$25,000,000	\$18,750,000	75%
	Supportive Services Programs (4.5.2)	\$25,000,000	\$22,500,000	90%
Planning, Oversight and Monitoring (4.6)	Planning, Oversight and Monitoring	\$84,000,000	N/A	N/A
Total	Total	\$1,829,520,000	\$1,527,314,000	83.5%

APPENDIX B: MAP SERIES ILLUSTRATING LOW AND MODERATE INCOME CENSUS TRACTS (OVERLAID WITH STORM DAMAGE BY COUNTY)

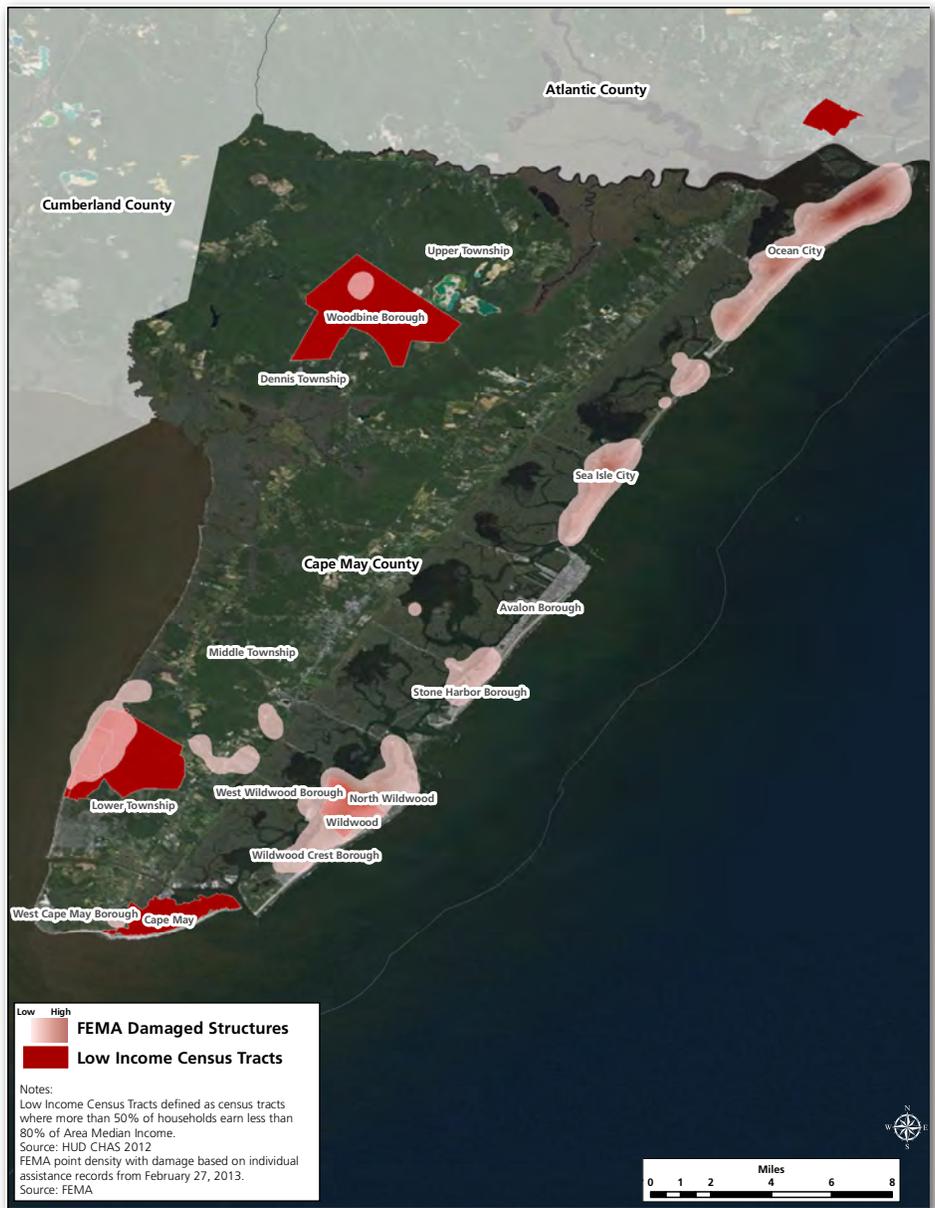
Map Series - Low and Moderate Income Census Tracts and Storm Damage by County - Atlantic County



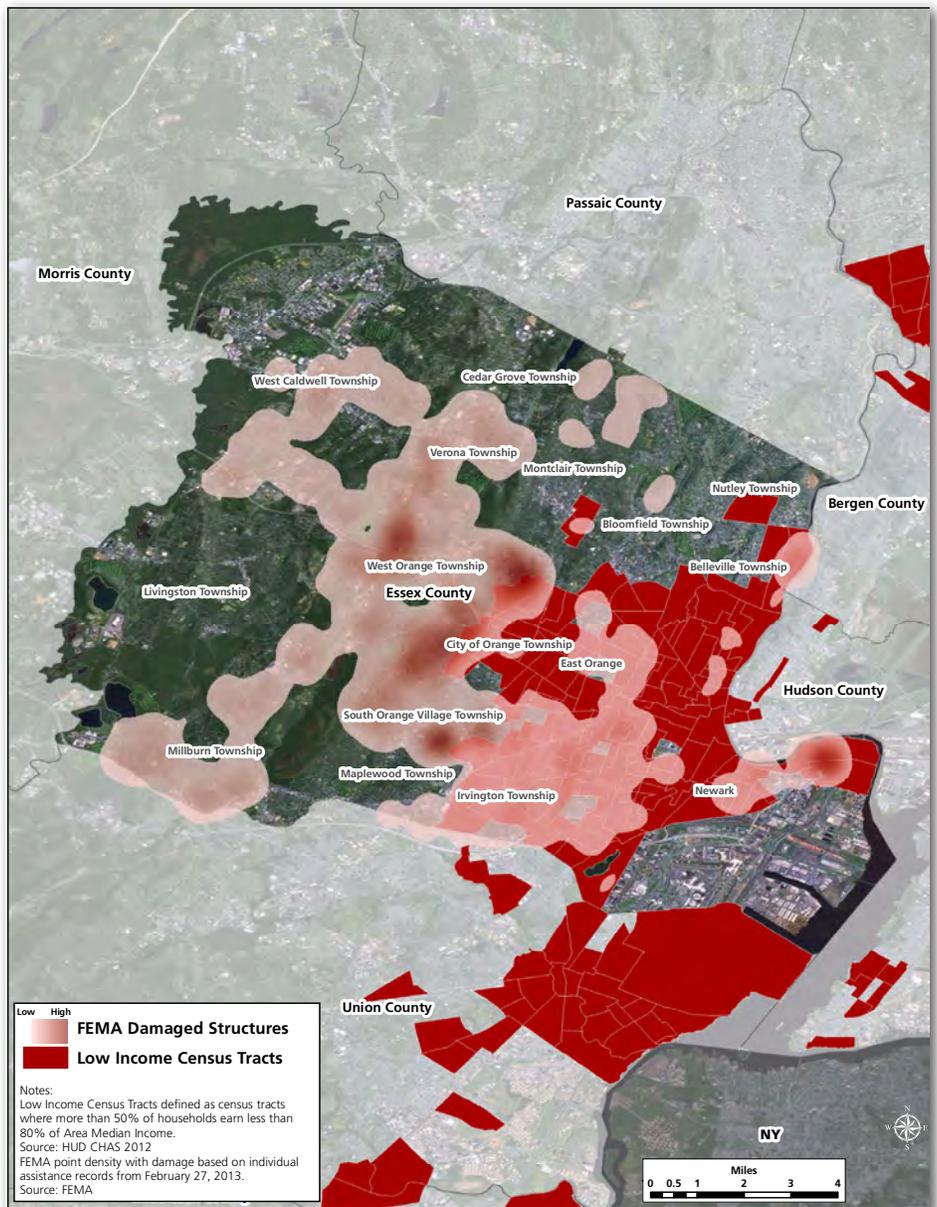
Map Series - Low and Moderate Income Census Tracts and Storm Damage by County - Bergen County



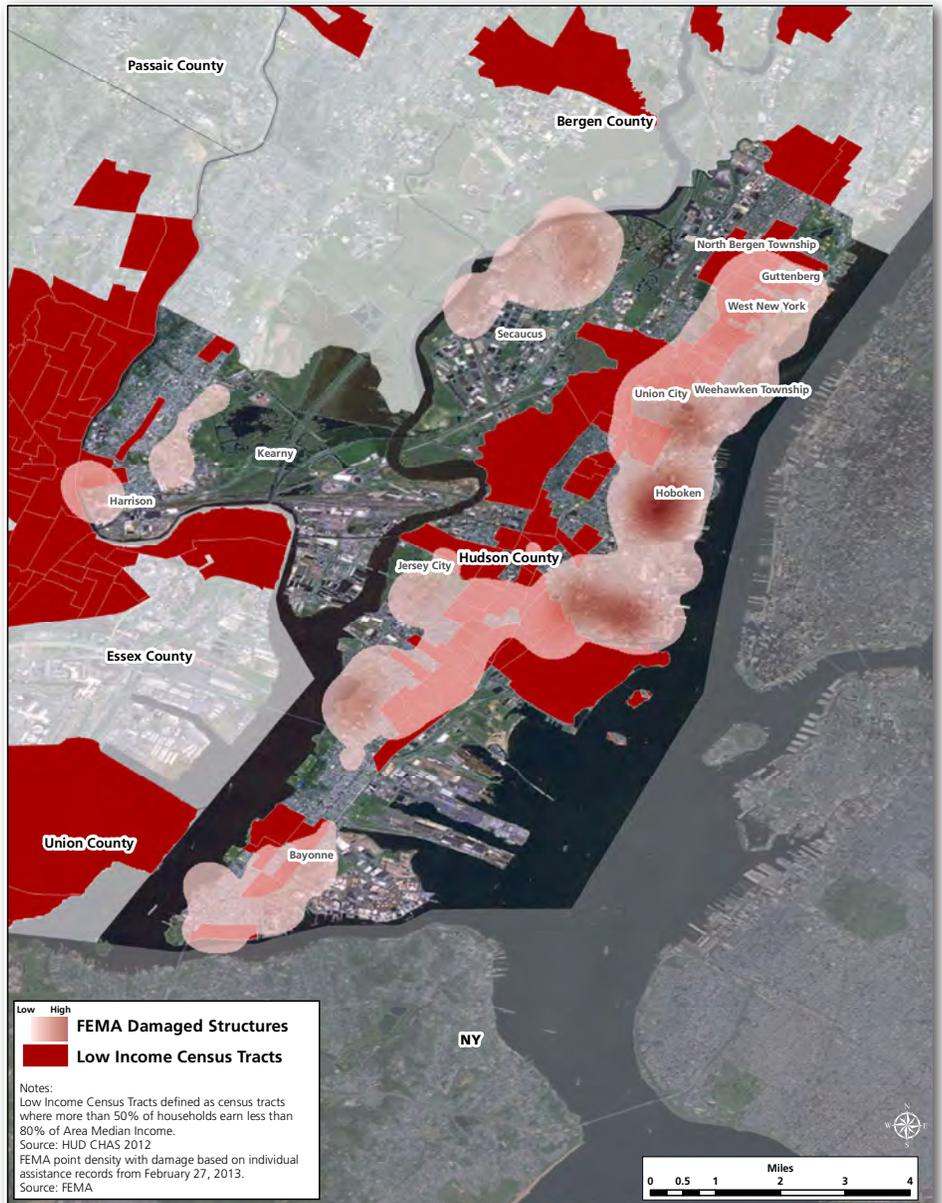
Map Series - Low and Moderate Income Census Tracts and Storm Damage by County - Cape May County



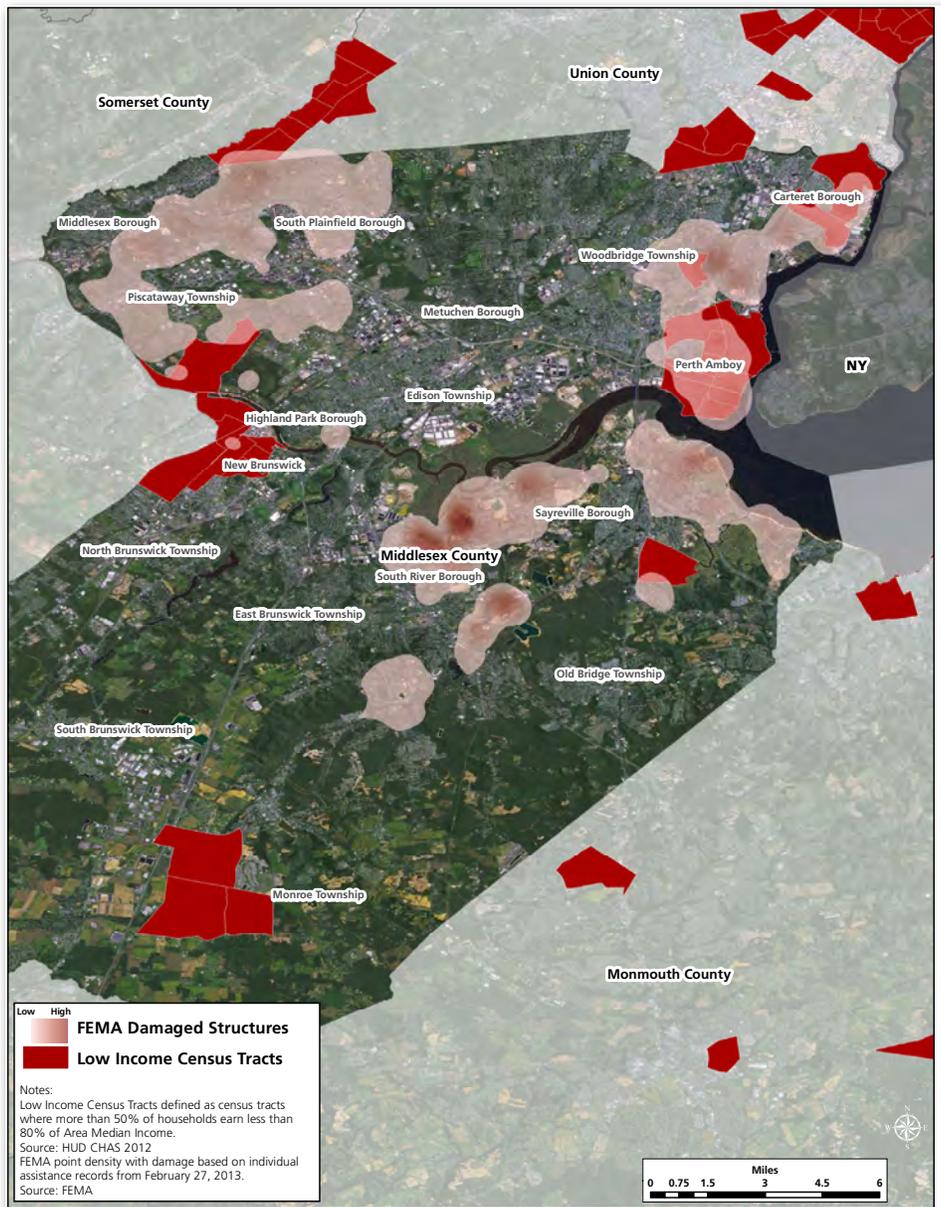
Map Series - Low and Moderate Income Census Tracts and Storm Damage by County - Essex County



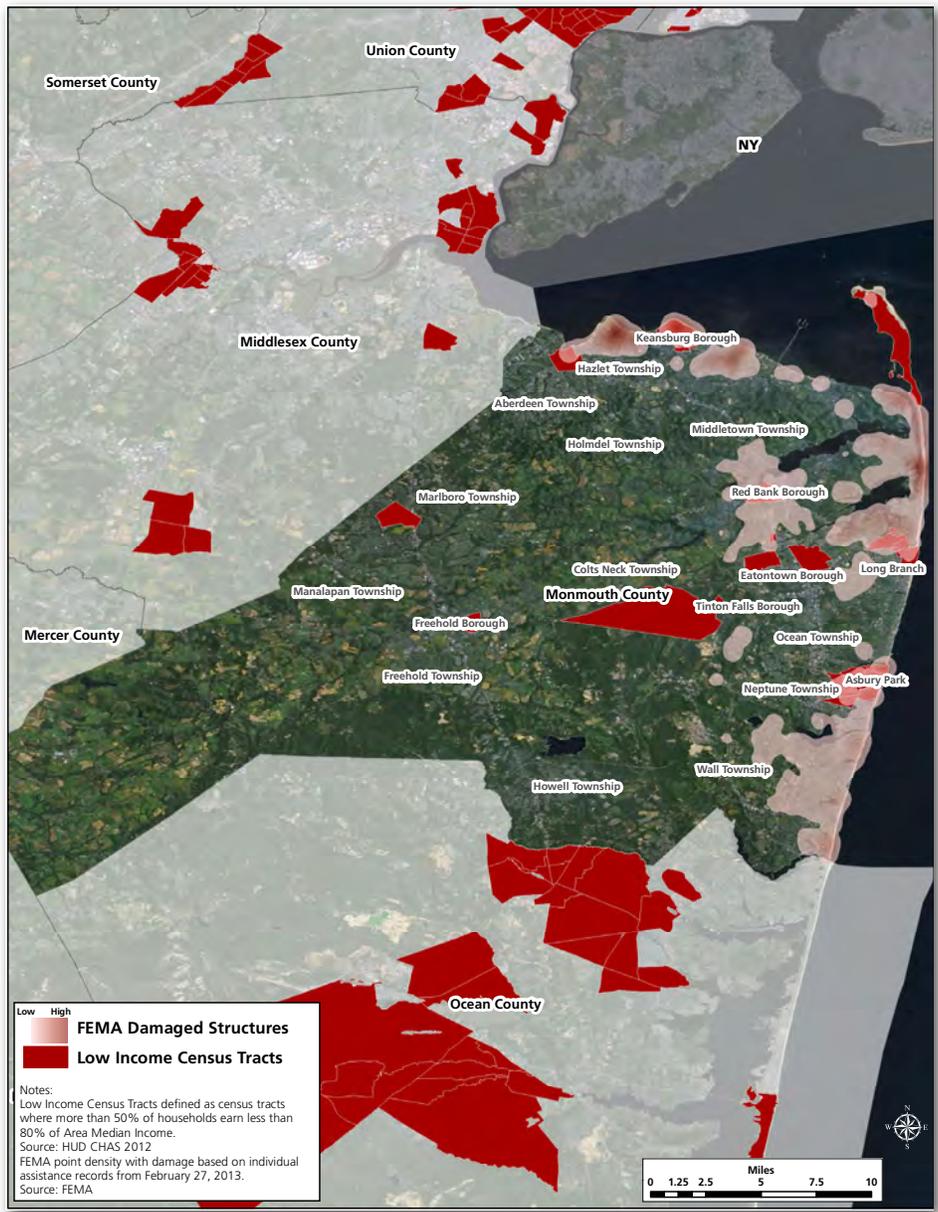
Map Series - Low and Moderate Income Census Tracts and Storm Damage by County - Hudson County



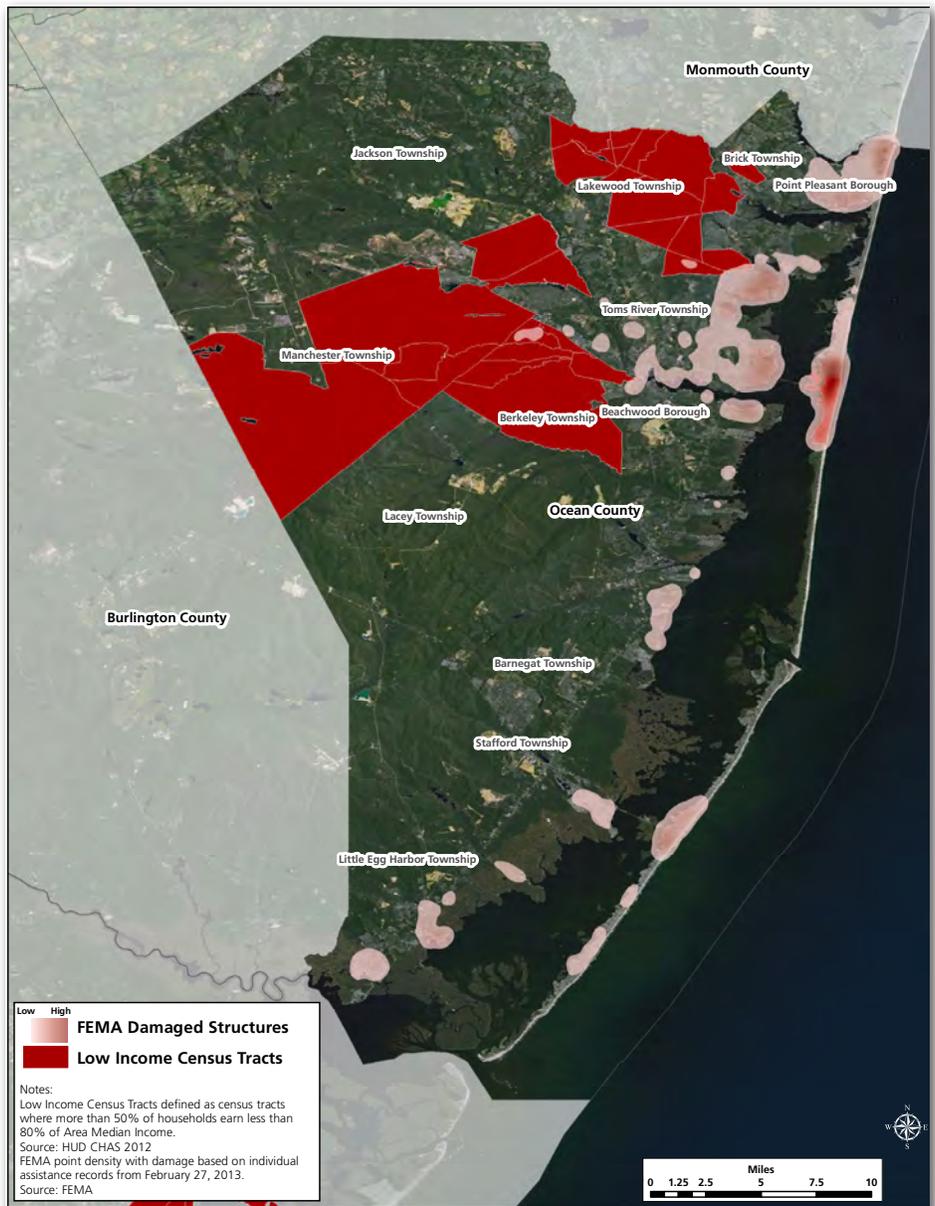
Map Series - Low and Moderate Income Census Tracts and Storm Damage by County - Middlesex County



Map Series - Low and Moderate Income Census Tracts and Storm Damage by County - Monmouth County



Map Series - Low and Moderate Income Census Tracts and Storm Damage by County - Ocean County



Map Series - Low and Moderate Income Census Tracts and Storm Damage by County - Union County

