

NEW FEDERAL GUIDANCE ON SANDY RECOVERY REIMBURSEMENTS

On July 30, 2013, the federal government issued a notice in response to the various requests from the Christie Administration to allow for reimbursement of homeowners and landlords of costs they have already undertaken to rebuild, repair and mitigate their homes, or rental properties.

The notice provides guidance to recovery programs funded by the federal government through the Community Development Block Grant Disaster Recovery (CDBG-DR) grants. The Department of Community Affairs (DCA) will issue additional guidelines and procedures in the coming week to ensure the maximum benefit is applied to New Jersey's Sandy-impacted households and landlords.

ELIGIBLE HOUSING PROGRAMS:

- **Homeowner Reconstruction, Rehabilitation, Elevation and Mitigation (RREM):**
Reimbursement will now be considered for all eligible RREM applicants regardless of level of property damage.
- **Landlord Rental Repair Program (LRRP):** Reimbursement will now be considered for all eligible applicants of LRRP regardless of the level of property damage and regardless of the number of units.

GUIDANCE FOR HOMEOWNERS AND RENTAL PROPERTY OWNERS THAT HAVE ALREADY STARTED WORK ON THEIR PROPERTY:

- The State is still currently restricted by the federal government on reimbursement of costs incurred after the Time of Application; therefore, continuing with work after an application has been submitted will likely make that work ineligible for the grant funds.
- Homeowners, landlords and businesses are advised that it is their choice to continue work; however, it is in their best interest to stop ongoing construction and repairs in order to maximize the costs that CAN be covered by the grant funds.
- This is a decision for homeowners, landlords and businesses to make, and this guidance is only to alert them of the risks associated with a decision to continue work.
- Homeowners, rental property owners and businesses that have started work are advised to keep all receipts of money spent to date on activities related to the rebuild, repair and mitigation of their property for possible reimbursement.

GENERAL GUIDANCE FROM THE FEDERAL GOVERNMENT:

- Allows reimbursement of eligible costs as a result of Sandy that were incurred by an applicant PRIOR to the TIME OF APPLICATION.
- Reimbursement rules:
 - Before any CDBG-DR funds can be provided for reimbursement to the applicant, an environmental review must be completed and cleared by the State.
 - Costs must be considered within federal guidelines as "necessary and reasonable" for federal program funds.
 - Limited to properties where work has been done on the same footprint as before.

Due to limited federal funding, it is unlikely that even with an additional allocation that every RREM awardee will receive an award, even if New Jersey receives additional funds from the federal government. Therefore, those who are waitlisted should be guided by that fact as they choose whether or not to begin to repair or reconstruct their Sandy-damaged home.