

# New Jersey

## Department of Community Affairs

SUPERSTORM SANDY COMMUNITY DEVELOPMENT BLOCK GRANT - DISASTER  
RECOVERY

Public Law 113-2; January 29, 2013  
FR-5696-N-01; March 5, 2013  
FR-5696-N-06; November 18, 2013  
FR-5696-N-11; October 16, 2014



### **ACTION PLAN AMENDMENT NUMBER 35**

#### **SUBSTANTIAL AMENDMENT**

- **Transferring Funds to the Atlantic City Resilience Program**
- **Creation of a Special Purpose Revolving Loan Fund**
- **Clarification on the Substantial Amendment Cap**

PUBLIC COMMENT PERIOD: November 18 to December 18, 2019

DATE SUBMITTED TO HUD:

DATE APPROVED BY HUD:

Philip D. Murphy  
Governor

Lt. Governor Sheila Y. Oliver  
Commissioner



## SECTION 1: OVERVIEW

New Jersey (State) received approval from the U.S. Department of Housing and Urban Development (HUD) for the State's Community Development Block Grant-Disaster Recovery (CDBG-DR) Action Plan on April 29, 2013. The Action Plan described the State's allocation of \$1,829,520,000 of first round CDBG-DR funds allocated by HUD to support New Jersey recovery efforts. As Grantee, the Department of Community Affairs (DCA) was chosen to administer the CDBG-DR grant. Since that time, HUD has approved thirty-four amendments to the Action Plan, including Substantial Amendment Number 7, which detailed the allocation of \$1,463,000,000 of second round CDBG-DR funds across the recovery programs, and Substantial Amendment Number 11, which described the allocation of \$501,909,000 of the third (and final) round of CDBG-DR funds intended to address unmet recovery needs.

This **Action Plan Amendment Number 35 (APA 35)** is considered a substantial amendment according to the definition stipulated in the March 5, 2013 HUD [Federal Register Notice 5696-N-01](#) and in accordance with the State's Citizen Participation Plan because it involves a reallocation of more than \$1,000,000 of CDBG-DR funds.

This Amendment is available in English and Spanish through DCA's website at <http://www.renewjerseystronger.org>, and can be obtained by email to [sandy.recovery@dca.nj.gov](mailto:sandy.recovery@dca.nj.gov) (Subject: APA 35) or by contacting Sandy Recovery Division Constituent Services at 609-292-3750. To obtain a translated copy in a language other than Spanish, please call 1-855-SANDYHM (1-855-726-3946). When the agent answers the line, inform them of the requested language. For hearing-impaired users, Text Telephone Service is available at (TTY/TDD) 609-984-7300 or 1-800-286-6613.

The public comment period for Action Plan Amendment 35 is open from 9:00 a.m. on November 18th to 5:00 p.m. on December 18th. Per HUD requirements, a public hearing will be held during the comment period on November 26th from 5:00 p.m. to 7:00 p. m. at the following location:

Stockton University Atlantic City  
Academic Center, Fannie Lou Hamer Event Room  
3711 Atlantic Ave.  
Atlantic City, NJ 08401

Comments on this proposed amendment can be submitted at the hearing, or via email to [sandy.publiccomment@dca.nj.gov](mailto:sandy.publiccomment@dca.nj.gov) or to the attention of Lisa Ryan, New Jersey Department of Community Affairs, 101 South Broad Street, Post Office Box 800, Trenton, New Jersey 08625-0800. All comments are given the same consideration regardless of the method of submission.

## SECTION 2: FUNDING TRANSFERS

Through this Amendment, the State proposes to transfer \$20 million in Community Development Block Grant-Disaster Recovery (CDBG-DR) funds to create the Atlantic City Resilience Program. Additionally, the State proposes to create a special purpose revolving loan fund for the purpose of supporting existing CDBG-DR programs, as well as other ongoing and future mitigation efforts. Lastly, per [84 FR 4386 \(February 29, 2019\)](#), the State of New Jersey proposes to change the substantial amendment threshold amount to \$10 million.

### Transfer of Funds to the Atlantic City Resilience Program

Program	Activity Previous Allocation	Amount of Transfer	Activity Revised Allocation
Blue Acres Buyout Program	\$157,056,576	(-) \$20,000,000	\$137,056,576
Atlantic City Resilience Program	\$0	(+) \$20,000,000	\$20,000,000

Reallocating funding from the Blue Acres Buyout Program does not impact the State's ability to fund its existing commitments to communities interested in buyouts.

### Atlantic City Resilience Program

The Atlantic City Resilience Program ("Program") will repair and replace infrastructure that sustained damage due to Superstorm Sandy ("Sandy"). DCA has determined that each project in the Program is CDBG-DR eligible.

While the funds will address unmet needs remaining in the wake of Superstorm Sandy, on a longer-term basis, the improvements will help mitigate against repetitive flooding that has handicapped economic development in Atlantic City (the "City").

While the media coverage following Superstorm Sandy focused on potential damage to the casinos, to which there was ultimately no serious flooding, the rest of the City was devastated. According to an article from *The New York Times* dated October 29, 2012 ("Empty of Gamblers and Full of Water, Atlantic City Reels"):

"Even as the first samplings of the storm's ravages descended on the New Jersey Coastline, Atlantic City was already in big trouble. At high tide around 8 a.m., officials said 70-80 percent of the city was underwater. Water as much as eight feet deep coursed through some streets, leaving them impassible ... When the storm hit landfall around 8 p.m. water surged through the streets again."

This article also pointed out that two (2) of six (6) evacuation shelters had to be vacated because they were flooded and "[a]mid everything else, in early afternoon, a gasoline spill in

City Hall from floating gas tanks shorted out some 911 equipment and the city almost had to abandon its 911 system.”

Because of the city’s well documented difficulties, including an extreme shortfall of funds, these projects have remained unaddressed since the storm. Four (4) of the projects identified in this Action Plan Amendment address either the repair, replacement, or introduction of bulkheads. All projects include mitigation efforts and are described below in the order of priority. The State will use the funds allocated to this program to complete as many of the following projects as possible based on the priority and feasibility.

**Protection of previous and ongoing CDBG-DR investment**

By allocating \$20 million in CDBG-DR funds for infrastructure and public facilities projects, the State is protecting the investment already made in public and private projects in Atlantic City. The State has invested almost \$100 million in CDBG-DR funds to restore the housing stock in the City. Projects such as stabilizing bulkheads will serve to protect these homes and other investments made by the State. In addition, the State has made a significant investment in the Atlantic City community, both in government and business, including nearly \$7 million in CDBG-DR funds to rebuild small businesses. The allocation of \$20 million for recovery and future resiliency and mitigation in the largest City at the Jersey Shore will protect investments already made and fortify the City to attract future investment.

<b>Program</b>	<b>Activity Previous Allocation</b>
Fund for the Restoration of Multifamily Housing/Sandy Special Needs Housing Fund	\$39,653,310
RREM	\$44,691,830
LMI	\$3,060,967
Landlord Repair Program	\$4,072,145
Small Business Grants	\$1,874,607
Small Business Loans	\$5,060,145
<b>Total</b>	<b>\$98,413,004</b>

**Atlantic City Resilience Program Project Summaries**

**Lower Chelsea Bulkhead Replacement**

This project is the City’s highest priority, proposing to replace existing bulkheads on long stretches of the City’s Back Bay, west of Albany Avenue, with new elevated bulkheads to prevent damage by flood inundation and wave-overtopping. These bulkheads will complete a Bayfront protection network stretching from the Atlantic City Expressway to the City’s border with Ventnor.

**Gardner’s Basin Park Bulkhead Stabilization and Dredging**

Gardner’s Basin is a unique waterfront neighborhood in the City. It is home to waterfront dining, shopping, marinas, the Aquarium, and other water-dependent uses. A significant section of the bulkhead is collapsing into the water, which presents environmental and

pedestrian risks and contributes to regular flooding. Stormwater outlet pipes have also been submerged under layers of mud over time. This project includes dredging to enable stormwater drainage.

### **South Boulevard Bulkheads**

While the provision of bulkheads in this project is relatively small in scope, these sections of waterfront on South Boulevard in Chelsea Heights do not have bulkheads and are subject to regular flooding at high-tide, which is causing significant erosion.

### **Ducktown-Chelsea Bayfront Bulkhead Replacement**

The Ducktown-Chelsea Bayfront is the most densely populated, low-elevation area of the City. Even a minor surge event brings street flooding to the neighborhood. The bayfront neighborhood contains many older rowhomes that experienced significant damage during Sandy. Although some of these older structures are being replaced or elevated, the neighborhood's viability is threatened by the lack of floodwalls and bulkheads in some waterfront sections and undersized bulkheads in others.

Properties in the vicinity of Sunset Avenue are predominately residential with some interspersed commercial and recreational structures. The bulkheads that currently exist along the back bay are discontinuous. In 2014 the U.S. Army Corps of Engineers completed a Federal Interest Determination for the portion of the bulkhead system along Sunset Avenue. The new bulkhead system would be at least 8 feet NAVD88 and is expected to protect the area against 50-year flood conditions.

### **Inspection and Replacement of Check Valves along the Bay**

To mitigate the impacts from tidal flooding, the City has historically installed check valves to prevent the backflow of the tidal waters into the City's stormwater system. In the back-bay area there are over 100 outflow pipes outfitted with check valves. In recent years the City has observed an increasing amount of flooding in drainage areas that utilize these valves, at or near their points of discharge. Malfunctioning and/or broken check valves are the primary culprit. The City will use CDBG-DR funds to inspect the check valves, evaluate the impact from malfunctioning valves and analyze the need for additional valves where they are not now used. Subsequent to the inspection and evaluation, the malfunctioning check valves will be replaced, and additional valves installed as deemed necessary during the inspection process.

### **Public Building Dry Floodproofing**

Atlantic City's City Hall, including the emergency generators on the first floor, is not flood-proofed. City Hall is home to the 9-1-1 dispatch system that coordinates all emergency services in the City, so the dispatch system is also vulnerable in a flood event (as described in *The New York Times* article). Ensuring that the dispatch system is always operable, particularly during times of flooding, will help ensure the City's resiliency.

Flood waters also damaged the All Wars Building. The installation of temporary steel flood walls at each door will mitigate flood damage from future storm events.

### **Traffic Signal Upgrades**

Traffic signals in 27 locations throughout the City (including Ducktown, Chelsea, and the Inlet) need to be replaced due to damage sustained from Sandy.

### **Administration of the Program**

Upon HUD's approval of this Action Plan Amendment, DCA shall execute a subrecipient agreement with Atlantic City and partnering authorities such as the Casino Reinvestment Development Authority if necessary, to ensure completion of these projects by 2022. The administration of the Program will be a joint effort between Atlantic City and DCA. DCA will take an active role in program management, working directly with City officials and staff in a collaborative and coordinated fashion. DCA will retain the decision-making authority for each project. Consequently, DCA will require a physical presence in the City, and will work closely with City officials and partnering authorities to ensure completion of these projects by 2022.

DCA expects to hire a construction management firm to oversee the projects by utilizing an existing construction management contract procured by the State for Rebuild by Design. All projects will need an environmental assessment to comply with the federal environmental requirements prior to any release of funds for engineering and construction. All State procurement rules will be followed to ensure that each project remains eligible for CDBG-DR funding. Prior to the submission of their quotes for construction management, construction management bidders will be required to attend a pre-bid conference to connect with women, minority and veteran-owned businesses and members of the local workforce who could assist the bidders with their Section 3 compliance.

**Allocation for Activity:** \$20 million. Funding will be allocated based on priority, up to the stated amount.

**Eligibility:** HCDA Section 105(a)(2); (a)(12); (a)(14)

**National Objective:** LMI Area Benefit, Urgent need

## SECTION 3: CLARIFICATIONS

### Creation of a Special Revolving Loan Fund

DCA proposes to direct all future program income into a Special Purpose Revolving Loan fund which will be dedicated for several purposes. This Special Purpose Revolving Loan fund will provide funding for new mitigation and resilience efforts leading up to and following the federal expenditure deadline of September 2022. Federally required activities associated with our Action Plan including, but not limited to, audit, monitoring, project closeout and record retention will continue well beyond September 2022. Setting aside program income for eligible program support activities post-2022 allows the State to maintain the necessary personnel through closeout, conclude administrative activities and support other eligible program activities, such as mitigation and planning. This funding will remain subject to the rules and requirements governing CDBG-DR funds. This will not affect the program income generated by existing revolving loan funds, which will continue to revolve in those funding streams.

### Clarification of the Substantial Amendment Threshold

In the March 5, 2013 Federal Register Notice, HUD established the criteria for substantial amendments to action plans for disaster recovery, including among them that an allocation or re-allocation of more than \$1 million would constitute a substantial amendment. However, recognizing that Grantees under Public Law 113-2 are nearing the end of their recovery programs and will require more flexibility in re-allocations, the Department updated their criteria to allow the State to establish a reasonable threshold for substantial amendments. Therefore, in accordance with [84 FR 4386 \(February 29, 2019\)](#), the State is setting that threshold at \$10 million. In doing so, the State has seriously considered its obligation of transparency. The State will continue to post on its website all amendments detailing re-allocations, including those under \$10 million, prior to HUD's approval. This change will allow the State to disburse reallocated funds (under \$10 million) without the delay required by the substantial amendment process, which can take up to 90 days. The State is confident that setting the threshold at \$10 million allows the maximum amount of transparency, while ensuring that funds are directed to the places where they are needed without delay.

## SECTION 4: PUBLIC COMMENTS/RESPONSES

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As required by HUD, this proposed Substantial Amendment will be made available for public comment over a period of at least thirty days. The State will hold a public hearing to solicit comments in connection with this proposed amendment. The date and location of the public hearing are as follows:

Tuesday, November 26, 2019 (5:00p.m.-7:00p.m. EST)  
Stockton University Atlantic City  
Academic Center, Fannie Lou Hamer Event Room  
3711 Atlantic Ave.  
Atlantic City, NJ 08401

Commenters are able to submit comments to this proposed amendment (i) via email to [sandy.publiccomment@dca.nj.gov](mailto:sandy.publiccomment@dca.nj.gov) (Subject: ACTION PLAN AMENDMENT 35); (ii) via U.S. mail; or (iii) via oral or written comments at the public hearing. All comments are given the same amount of consideration regardless of the method of submission.

The State will review all public comments provided during the comment period and, per HUD guidelines, will synthesize public comments submitted regarding this proposed amendment. The State will then include written responses to those comments as part of the final amendment submitted to HUD for review and approval.