

Landlord Rental Repair Program

1. What is the Landlord Rental Repair Program?

The Landlord Rental Repair Program (LRRP) is designed to restore rental properties that were damaged by Superstorm Sandy. In addition to increasing the supply of rental housing in areas that were damaged by the Superstorm Sandy, the Program also will serve to help revitalize damaged neighborhoods by transforming blighted vacant buildings into newly renovated rental properties.

The State of New Jersey has allocated \$70 million in CDBG-DR funds for the LRRP. The LRRP will provide up to \$50,000 per storm damaged unit to assist eligible owners of rental property to repair or elevate rental property damaged by Superstorm Sandy. The landlord must be willing to rent the repaired units to low and moderate income families at approved affordable rents.

2. Who is Eligible?

To be considered for the LRRP:

- Owners of rental property (1-25 units)
- Owners may be either for-profit or nonprofit owners.
- The owner of the property must either be the pre-storm owner, a new owner, or a prospective owner that can demonstrate valid site control, such as an option to purchase the property.
- Property units must have sustained damage from *Superstorm Sandy*. The damage to a unit can be verified through an inspection by the LRRP Construction Manager; or the owner can provide data from a State and Federal source demonstrating the unit was damaged by Superstorm Sandy.

3. Do the damaged units have to be located in certain counties?

The program is required to expend 70% of the program funds on rental units located in Atlantic, Bergen, Cape May, Essex, Hudson, Middlesex, Monmouth, Ocean, and Union Counties. Thirty percent (30%) of the funds can be spent on *Superstorm Sandy* damaged rental units located outside of the nine counties.

4. What structure types are not permitted for LRRP?

- Manufactured/Mobile homes are not eligible for the program.
- Single Room Occupancy (SRO) units are not eligible.

5. Are there preferences for certain types of rental units?

Properties with 25 or fewer units are eligible for the program but a preference for funding will be given for:

- Smaller projects with 7 or fewer units.

- Properties with mold remediation needs.
- Properties that will be used for special needs housing.

6. How does the extent of damage to my property affect my LRRP eligibility?

The extent of damage is important in several ways:

1. To be eligible, the property must have sustained significant damage to be eligible for the program.
2. Owner of properties that are deemed substantially damaged (sustained more than 50% damage of their assessed value) and are located in a flood plain may be required to elevate the property. Currently, HUD does not allow reimbursement for any work already performed on a structure that is substantially damaged.
3. Owners of properties that had more than 75% damage may be required to reconstruct the property. This program is primarily targeted to those units in need of repair, not reconstruction. Those properties will be considered on a case-by-case basis and may not be eligible.
4. If the repair costs exceed the \$50,000 LRRP funds, the Owner will have to provide the additional funding needed to repair the unit(s) in accordance with local, state, and federal building codes.

7. Does my income affect my eligibility for LRRP?

No, the owner's income is not a factor for the LRRP program.

8. Do rental properties have to be year round rentals?

To be eligible for LRRP the units must be year round rentals. The properties did not have to be year-round rentals before Superstorm Sandy, but the owner must agree that the units will be used for year round rentals after they are repaired.

9. Can an owner be a corporation as well as a person?

Yes, if a corporation owns the property, the application should be made in the name of the corporation.

10. Can a "mixed use" property be considered?

A mixed use property is one that has both residential rental units and commercial or retail space, such as offices or a convenience store. Rental units in mixed use properties may be considered but LRRP funds cannot be used to repair the non-rental units or convert the commercial/retail space to residential rental units.

11. Can a building that has both an owner-occupied unit and a rental unit qualify for LRRP?

Yes. The owner can apply for RREM assistance for the owner-occupied unit and LRRP for the rental unit(s). The owner does not have to receive RREM assistance in order to receive LRRP funds for the rental units.

12. What are my obligations if I receive LRRP funds?

Repairs must meet all applicable federal, state and local requirements.

The program funds are structured as a forgivable loan. Owners must agree to lease assisted units to low and moderate income households and charge rents that are established for the program. For-profit owners are required to comply with these provisions for the first occupancy and must sign a one-year lease. Nonprofit owners must comply with these unit affordability requirements for 5 years. If the owner fails to meet these requirements, the LRRP funds must be repaid. The loan is forgiven when the occupancy requirements are met.

13. Who qualifies as a Low and Moderate Income Household?

The Department of Housing and Urban Development (HUD) publishes Low Income Limits that represent approximately 80% of the median income in the area. Income limits are published for each jurisdiction and vary by household size. The 2013 income limits adjusted for household size for the nine most impacted counties are listed below. The income limits are subject to change, and will be updated by DCA as information is received.

FY 2013 80% AMI Income Limits								
	1 Person	2 Person	3 Person	4 Person	5 Person	6 Person	7 Person	8 Person
Bergen	\$50,050	\$58,200	\$64,450	\$72,700	\$78,550	\$84,350	\$90,150	\$96,000
Essex	\$45,100	\$51,550	\$58,000	\$64,400	\$69,600	\$74,750	\$79,900	\$85,050
Hudson	\$43,200	\$49,400	\$55,550	\$61,700	\$66,650	\$71,600	\$76,550	\$81,450
Middlesex	\$58,200	\$66,500	\$74,800	\$83,100	\$89,750	\$96,400	\$103,050	\$109,700
Monmouth	\$46,050	\$52,600	\$59,200	\$65,750	\$71,050	\$76,300	\$81,550	\$86,800
Ocean	\$46,050	\$52,600	\$59,200	\$65,750	\$71,050	\$76,300	\$81,550	\$86,800
Atlantic	\$38,400	\$43,900	\$49,400	\$54,850	\$59,250	\$63,650	\$68,050	\$72,450
Cape May	\$41,800	\$47,800	\$53,750	\$59,700	\$64,500	\$69,300	\$74,050	\$78,850
Union	\$45,100	\$51,550	\$58,000	\$64,400	\$69,600	\$74,750	\$79,900	\$85,050

14. What rents can I charge?

Rents are limited to the lesser of the market rent for the unit and rent schedule established by the Department of Community Affairs, which is based on 30% of 80% of the Area Median Income per county.

15. Can I select my own tenants?

Yes. Owners can select their own tenants, provided the tenants meet the low and moderate income eligibility criteria. However, before the landlord leases the unit, the income of the tenant selected must be confirmed by the LRRP program

16. How do I apply for the Landlord Rental Repair Program?

Applying for the LRRP is easy. You can apply:

- On line at renewjerseystronger.org if you need help while filling out the online application our Call Center can answer your questions [1 855-SANDYHM \(1-855-726-3946\)](tel:1855SANDYHM).
- By Phone: If you would prefer you can call our Call Center and a representative will complete the online application for you.
- In Person: Housing Recovery Centers are open in each of the nine counties. You can go to the Center to submit an application or get information about the program.

How you apply does not affect your status or the likelihood that your application will be selected for processing.

A final deadline for applications has not yet been established, but submitting your application as soon as possible is a good idea because LRRP applications will be considered first received, first processed.

17. How will the damage to my rental units be determined?

The extent of damage will be determined using a combination of factors including damage records provided by FEMA inspection by the LRRP Construction Managers, and documentation provided by the landlord.

18. How is my award calculated?

Program rules require that an owner does not receive more funds than needed. The maximum LRRP grant is \$50,000 for each damaged rental unit. It is intended to “fill in the gap” between the cost to repair the rental units and the funds you have available to make those repairs. The duplication of benefits analysis takes into consideration all of the funds the owner received to repair the damaged units including insurance, SBA assistance and any assistance from other sources, that were for repair of the structure. To determine the award, other sources of repair funds will be subtracted from the cost to repair, unless those funds were used to make repairs to the unit(s).

19. Who decides what repairs need to be made to my home?

The LRRP Construction Managers will work with the owner to develop a scope of work that meets all required standards.

20. Can I select my own contractor to complete the construction work?

Yes, LRRP owners may choose their own contractors. LRRP Construction Managers are available to assist owners who need help in finding and qualifying reliable contractors and the General Contractors who are pre-qualified for the RREM Program are available for use also.

21. When will I receive LRRP funds?

After award, a closing meeting will be scheduled. As part of the closing process, if the cost of a unit is in excess of \$50,000, the owner’s funds that are needed to pay for the cost of construction will be placed in an escrow account. Except in limited circumstances where the cost of the construction contract is less than \$50,000 for a unit and an Owner is eligible to be reimbursed for costs previously disbursed to a builder, an Owner does not directly receive the LRRP funds. In all other

circumstances the LRRP funds will be paid directly to the builder based upon the amount of work that is completed.

22. Can I apply for reimbursement of repairs already made?

Reimbursement for completed repairs may be available for properties that contain 1-4 units and that are not substantially damaged. The completion of the repairs and the cost must be confirmed by a Program inspector.

23. What is Duplication of Benefits?

Under the Stafford Act, persons and businesses may not receive federal funds from two or more sources for the same disaster or emergency. As a result, the LRRP must ensure that deductions are made from an award equal to other Federal or insurance proceeds. This is called DUPLICATION OF BENEFITS. When these funds are used for certain ALLOWABLE ACTIVITIES the deduction may be reduced.

24. Is “sweat equity” considered an allowable activity?

No. Sweat equity is work physically completed by the owner on the property. Only repairs completed under contract with a contractor can be considered Allowable Activity.

25. Does the Uniform Relocation Act (URA) apply?

The Uniform Relocation Act requires that a series of notices that must be provided to tenants in an instance where the relocation of a tenant occurs in a federally assisted project. Applicants for LRRP assistance must be sure to not take any action that would require existing tenant to be dislocated from a property in order to apply for funds.

26. Are there requirement to provide rental housing opportunities for households that occupied rental housing properties at the time of the Storm?

Section 414 of the Stafford Act requires that residents of a rental property at the time of the storm be given an opportunity to occupy units that are rehabilitated using federal funds. The State of New Jersey expect to post a registry on the Department of Community Affairs web site so that households that were residents as of October 29, 2013 can seek out information about opportunities to occupy rental housing properties that have been rehabilitated using federal funds made available to the state.

27. Are Energy Efficient and Mold Resistant Construction Methods Required?

Housing rehabilitation and reconstruction activities must be designed to achieve maximum energy efficiency to the extent achievable on a cost-effective basis. Applicants to the LRRP can demonstrate energy efficiency 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 in the rehabilitation plans.

reNEW Jersey Stronger Call Center
1-855-SANDYHM (726-3946)