

Statement from the New Jersey Department of Community Affairs Sandy Recovery Division:

May 20, 2015

We recognize that grant recipients of the RREM Program may receive third party benefits (i.e., flood insurance funds, Increased Cost of Compliance (ICC) benefits, SBA loans funds, National Flood Insurance Program (NFIP) monies) after they sign their RREM grant agreement. In these instances, each RREM-assisted homeowner has agreed in writing to notify the RREM Program and detail the amount they received and, if required, return any RREM funds in excess of their needs. This requirement is detailed in Exhibit 3 - Subrogation and Assignment Agreement of the RREM grant agreement that they signed. (You can view a copy of the RREM grant agreement by going to http://www.renewjerseystronger.org/wp-content/uploads/2015/01/Homeowner-Grant-Agreement_GAA1915.pdf on the reNewJerseyStronger website.)

Additionally, the RREM Program will conduct a review as part of the grant closeout process to determine (1) if the homeowner received additional benefits after the grant agreement was signed and (2) if so, if these additional benefits resulted in a change to the grant award. If it's determined that RREM funds already disbursed exceed the recalculated grant award based on additional benefits received, we take action to recover the funds. We do this because it is a federal requirement that we recover CDBG Disaster Recovery funds in those instances where a grant recipient receives additional third party benefits that reduce their unmet need. By federal law, CDBG Disaster Recovery monies can only be used as funding of last resort to fill the unmet needs gap between the cost to rebuild a home and other benefits the homeowner has received to rebuild their residence. To your question if there is an easy calculation, there is no pre-determined formula in terms of how additional flood insurance proceeds that a household could receive if they request a claim review by FEMA will affect their RREM grant award. It will be a case-by-case analysis to determine if additional flood insurance proceeds would result in a reduction of their RREM award or repayment.

All repayment notifications sent to RREM grant recipients include a document detailing exactly how the grant recipient's award amount was determined, a summary of the grant funds disbursed to date, and the changes that triggered a repayment. If a RREM recipient has additional information that they believe impacts the State's overpayment calculation, they are encouraged to contact their Housing Advisor with the information and the DCA will review it. RREM grant recipients who have received notification of overpayment and need more time to send the State a check with the overpaid amount may contact their Housing Advisor to explain their hardship. The DCA will review the situation and grant reasonable accommodations when warranted.