



**Senate Legislative Oversight Committee  
Testimony of Staci A. Berger, HCDNNJ President & CEO,  
Regarding Problems with Sandy Homeowner Programs and  
Applications  
Feb. 11, 2014**

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Good morning, Chairman Gordon and members of the Committee. My name is Staci Berger, and I am President and CEO of the Housing and Community Development Network of New Jersey. The Network is the statewide association of more than 250 housing and community development corporations, individuals and other organizations that support the creation of housing and economic opportunities for low- and moderate-income New Jerseyans. Our members are on the front lines in NJ communities, working with people to help them recover from the devastation of Superstorm Sandy. Thank you for the opportunity to testify today regarding the problems and concerns associated with the processing of applications to Sandy homeowner relief programs.

Sandy survivors should not be victimized by the recovery process. We should have a fair, transparent and effective rebuilding effort that provides timely, accurate information to residents, and helps them get back on their feet and into safe homes they can afford. Sadly, this is not the case for so many. Last August, we first began to hear from homeowners who were struggling to get information about their application, or understand why they were denied. First, we received a trickle of complaints. That small stream quickly became a torrent of requests for help; help for people who were denied, wait-listed or told not to apply at all; help for people who had not received a response at all; help for people who had been given inaccurate information, and help for people who were treated poorly and made to feel, in the words of one survivor, “like a criminal.” It was mind-boggling to our members and our central staff why people who clearly qualified for these programs were being turned away, and not treated with the respect and dignity they deserved.

Last week, some of the pieces of the puzzle began to fall into place when we learned that nearly 80% of the applicants for both the Reconstruction, Rehabilitation, Elevation, and Mitigation (RREM) program and the Homeowner Resettlement (RSM) grant were incorrectly deemed ineligible. That is a staggering figure, and shocking that this was only reported on because of the research done by Fair Share Housing Center. The Administration, the Department of Community Affairs, and Hammerman & Gainer, Inc. all knew there was a problem. It remains a mystery why nothing was done to help the thousands of people who have already suffered so much. This just added insult to injury. A public statement should have been made, the Administration should have addressed this issue and had a plan in place to help these families the assistance they needed to put their lives back together.

When this problem became public, the Department of Community Affairs blamed the Federal Emergency Management Agency (FEMA), and cited inaccurate damage assessment data. FEMA quickly, and correctly, disputed the claims made by DCA, which raises at least two major

issues with the recovery programs.

- First, the state knew that the damage assessment data were incomplete, but chose to use it anyway, which significantly disadvantaged residents applying to the RREM and HRM program. Why? Why would they intentionally deny help to thousands of people? I wish I knew, and I hope that if the people responsible, either at the state or from any of its contractors appears before you, that you will ask them why. Even worse, they exacerbated the situation by not telling people that they could appeal using other documents. It is simply unconscionable behavior.
- Second, the state used the FEMA damage assessments as the proportions by which to set the resources available for homeowners and renters. As early as last February, we raised the concern that the state was underestimating the impact on renters, by using only the FEMA data. FEMA's own response to this situation confirms what we said last year; that this damage assessment is incomplete and does not accurately account for all of the damage to a community. As a result, the Action Plan under which the state is currently operating, and for which the Administration is seeking another \$1.4 billion to use in much the same manner, may be significantly underserving low and moderate income renters.

While we are glad that the Administration finally reversed course on its original refusal to allow thousands of people to appeal, this is something that should never have happened. We need legislative investigations and a federal monitor to review what has happened here, to determine how DCA and HGI made funding decisions, and to evaluate what specific steps are being taken now to ensure that similar mistakes do not continue into the future. For thousands of people, last week's revelation explained what seemed like a capricious decision making nature of the recovery, but it will not make them whole. People who were unfairly denied and who are successful in their appeal will be placed on the waiting list, with thousands of other people. Families still do not know where they are on that list or why, despite assurances weeks ago that the state would begin telling them. It is good that the mistakes are out in the open, but it is not enough for this Administration simply to say "we are sorry." For too many people, the apology is a day late, and \$150,000 short.

For example, *Gert Sofman* who lives in Highlands, NJ was awarded a RREM grant on Nov. 2, 2013 for a mere \$2,700. When she questioned that figure, she discovered the assessors failed to include her bathroom and her kitchen in the estimate. When we heard from her last week, she was still waiting for a corrected estimate six months after her initial inspection was done on Aug 5, 2013. She told us she can no longer afford to try to keep her home, so she'll be selling hers at short sale.

*Kathleen Givens* of Ocean City lives with her husband, three children and their family pets. Her home had three feet of water after Sandy struck. Her insurance covered \$55,000, which was enough to demolish their home, but not enough to rebuild. She applied for all the state grants, but only got the \$10,000 resettlement. She is still waiting for a date for her RREM meeting, with a Housing Advisor, as she believes she should qualify, but doesn't know why she did not receive the funds. She told us that if the family cannot get their housing situation stabilized by May, the family will have to split up. Her daughter has learning disabilities and she doesn't want to have

to pull her from her school. Most likely, she will lose the family pets, which she doesn't want to do, because the kids have already been through so much. To make the situation even worse, her husband is a contractor and lost his work truck and all his tools in the storm which are not eligible to be replaced.

*Elizabeth Beaty* lived in Holgate at the end of Long Beach Island, in her words, "in a quaint humble seaside trailer (BY CHOICE) that was totaled by the storm." The Beatys were one of hundreds, maybe thousands, of families who were not given RREM grants because they lived in mobile homes. RREM guidelines were not clear about the eligibility of mobile homeowners. While some mobile homeowners were told they could apply, some were told they could not.... To be clear, *they were not simply denied*, they were told they could not even apply, and therefore could not appeal. This was not a problem limited to the Shore area, however. 400 mobile home residents in Moonachie suffered near total losses, yet only four are getting RREM grants. People were inaccurately told that they weren't eligible because they didn't own the land where their home is located.

Who runs programs that dissuade people from applying? . The RREM and Resettlement Program were so poorly managed, that HGI WAS quietly let go last month. While I don't think anyone is sad to see them go, the end of their contract raises more questions than it answers. For starters, who is answering the phones and processing applications? How will people get the help they need? Why did HGI get over \$10 million payout in a "settlement" when \$10 million would have helped a lot of Sandy victims repair their homes? Most of all, why is the same Administration that promised the most transparent recovery ever, unwilling to answer the most basic questions about these issues?

We have asked DCA to make public the information about the hiring and training of the staff that has replaced HGI in the day to day operations of the RREM and Resettlement Program. In an OPRA request submitted yesterday, which is attached to my testimony, we specifically asked for training materials that are being used by the Housing Advisors now performing the tasks previously being done by HGI staff. We want to know whether and how DCA has taken steps to improve the fairness and efficiency of the programs as well as the experience and expertise that Sandy survivors deserve. DCA refused to include HUD-certified housing counselors in their programs. Unlike New York City residents, New Jerseyans are not getting the quality, trained assistance they need.

Despite all of these problems, the Christie Administration seems to be continuing down the same flawed path for the next round of CDBG-DR funding. Instead of doing the same thing and expecting different results, New Jersey needs to do things differently and better. We can look across the river to New York City, and learn from some of their successes. For example, New York City has clear, easy to understand criteria so those affected by the storm know the status of their eligibility for funding as well as where they stand on the waiting list. Prioritization is based on household income and amount of unrepaired storm damage. Homeowners applying for funding there have "An Option Review Meeting" with staff where they are told their preliminary award decision, have the opportunity to review their application entirely, including information they submitted and data received from other sources and learn how to appeal a decision.

All of this is clearly laid out on their website.

<http://www.nyc.gov/html/recovery/html/homeowners/homeowners.shtml>. The City has five “Build it Back Centers” to help residents and businesses navigate any of their recovery programs and holds community presentations throughout the city. They even put the information from their presentation on-line <http://www.nyc.gov/html/recovery/downloads/pdf/Build-it-Back-Update-for-Public-v4.pdf> which clearly lays out how they are prioritizing their funding.

Monthly progress reports that show damage assessments by category and the number of people being helped is also available on line. It also shows where community meetings were held and where they are being planned.

[http://www.nyc.gov/html/recovery/downloads/pdf/december\\_progress\\_report.pdf](http://www.nyc.gov/html/recovery/downloads/pdf/december_progress_report.pdf)

Unlike New Jersey, New York City is also helping low-income renters, households whose income is less than 50% of the AMI, who were displaced by the Storm with two year housing vouchers. New Jersey has finally included \$15 million in rental vouchers through a separate request, which is a small step in the right direction.

We can do so much more, and we need your help to ensure that people get the assistance to which they are entitled. We need a recovery that works for Sandy survivors, thousands of whom have been unfairly denied, treated badly and left to fend for themselves in a bureaucratic nightmare of the state’s making. We appreciate you holding this hearing to help put New Jersey on a path to securing the fair and equitable recovery our residents, our communities and our future deserve.