Committee Meeting
of
SENATE LEGISLATIVE OVERSIGHT COMMITTEE
"Testimony from invited guests regarding problems associated with the processing of applications to Sandy homeowner relief programs"

LOCATION: Committee Room 6
State House Annex
Trenton, New Jersey

DATE: February 11, 2014
10:00 a.m.

MEMBERS OF COMMITTEE PRESENT:

Senator Robert M. Gordon, Chair
Senator Loretta Weinberg, Vice Chair
Senator Paul A. Sarlo
Senator Joseph M. Kyrillos Jr.

ALSO PRESENT:

Scott A. Brodsky
Office of Legislative Services
Committee Aide

Francisco Maldonado
Senate Majority
Committee Aide

Frank Dominguez
Senate Republican
Committee Aide

Meeting Recorded and Transcribed by
The Office of Legislative Services, Public Information Office,
Hearing Unit, State House Annex, PO 068, Trenton, New Jersey
COMMITTEE NOTICE

TO: MEMBERS OF THE SENATE LEGISLATIVE OVERSIGHT COMMITTEE

FROM: SENATOR ROBERT M. GORDON, CHAIRMAN

SUBJECT: COMMITTEE MEETING - FEBRUARY 11, 2014

The public may address comments and questions to Michael R. Molimock, Committee Aide, or make bill status and scheduling inquiries to Sherri M. Hanlon, Secretary, at (609)847-3855, fax (609)292-0561, or e-mail: OLSAideSLO@njleg.org. Written and electronic comments, questions and testimony submitted to the committee by the public, as well as recordings and transcripts, if any, of oral testimony, are government records and will be available to the public upon request.

The Senate Legislative Oversight Committee will meet on Tuesday, February 11, 2014 at 10:00 AM in Committee Room 6, 1st Floor, State House Annex, Trenton, New Jersey.

The committee will meet to hear testimony from invited guests regarding problems associated with the processing of applications to Sandy homeowner relief programs.

Issued 2/7/14

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SENATOR ROBERT M. GORDON (Chair): Good morning.

This meeting of the Senate Legislative Oversight Committee will come to order. I welcome everyone.

We are having a hearing today to examine the operations of two major Sandy recovery programs. We’re going to be hearing from stakeholders. And the objective today is really to understand what’s been going wrong so that, hopefully, when members of the Administration appear, we’ll be able to ask them to respond and hear what their assessment of the problems are and how they’re going to fix them.

Let’s begin with the roll call, please.

MR. BRODSKY (Committee Aide): Senator Kyrillos.

SENATOR KYRILLOS: Yes.

MR. BRODSKY: Senator Kean is absent.

Senator Sarlo.

SENATOR SARLO: Here.

MR. BRODSKY: Senator Ruiz is absent.

Senator Weinberg.

SENATOR WEINBERG: Here.

MR. BRODSKY: Senator Gordon.

SENATOR GORDON: Here.

MR. BRODSKY: You have a quorum.

SENATOR GORDON: Thank you very much.

I’d like to just make some opening comments.

More than 15 months have passed since Superstorm Sandy ravaged New Jersey, significantly damaging and, in many cases, completely destroying thousands of homes and businesses. Despite almost $800
million in Federal funds made available to help homeowners rebuild, the State of New Jersey has approved awarding a little more than one-quarter of these funds and has actually paid out considerably less. The painfully slow distribution of funds is alarming enough, but a recent analysis performed by the Fair Share Housing Center paints an even graver picture.

In the case of two programs managed by the State -- the Reconstruction, Rehabilitation, Elevation, and Mitigation Program, or RREM, and the Resettlement Program -- it was found that about three-quarters of applicants who appealed a denial of Sandy recovery funds were found to be, in fact, eligible for funding. In other words, of those residents who decided to challenge the initial State decision, three out of four were found to have been improperly denied funds.

The RREM program provides eligible residents up to $150,000 to rebuild primary homes. The structures must have sustained substantial or major damage with a minimum of at least $8,000 in damages, or at least one foot of flooding on the first floor of living space. The Resettlement Program provides $10,000 grants to affected households for nonconstruction costs that are for additional needs such as increases in insurance premiums. And the goal here is to provide incentives for residents to remain part of their communities during the recovery and rebuilding period.

According to the Fair Share Housing Center, 789 out of 1,069 people, or nearly 74 percent, of those who appealed an RREM determination, and 1,124 of 1,464 who appealed a Resettlement rejection -- 76.8 percent -- won their appeals and are now considered eligible. It is troubling to note that nearly 1,800 people deemed ineligible for
Resettlement Grants, and almost 2,200 rejected for RREM money did not file any appeal. One can only assume that had these individuals actually filed an appeal, a large percentage would have been found to be eligible.

Several advocacy groups have also pointed to data that reveal these programs have disproportionately failed minorities. Not only were applications by minorities rejected at a significantly higher rate, but data indicate that minority residents applied at a lower rate. It has been suggested that the Administration’s failures to provide Spanish speaking residents with adequate information about these programs and to advertise in minority areas may have contributed to the lower application rates.

Additionally, public complaints about weaknesses in the administration of the RREM program have been constant since last year. The criticism has focused on improper initial rejections, lost applications, duplicative requests for information, and a lack of communication from officials regarding status of applications and rebuilding resources. If this analysis is correct, it would appear that the entire application process is severely flawed.

Moreover, the company contracted to administer the RREM program, Hammerman and Gainer, or HGI, was terminated in December. News of their termination was not immediately made public and, to date, the Administration has not provided any explanation for the termination of the contract. It is also unclear why the State made a nearly $10 million payment upon termination of the contract. Documents dated December 16 reveal that a settlement had been reached between the various State entities and HGI on December 6. This document stated that HGI would receive $9 million for an “unpaid balance,” and another $1.5 million for “interim
compensation” during the transition period. It is not clear if this sum was paid for work actually performed or if it is some sort of severance payment.

The goals of this hearing are, first, to hear from stakeholders to hear their views on how and why so many eligible homeowner applications were improperly rejected. And second, to begin to identify the changes needed to correct what appear to be fundamental flaws in the application process. And certainly those responsible should be held accountable.

It is essential to make these corrections now. Governor Christie has proposed making use of these programs for the next $1.4 billion in Federal recovery funds allocated to New Jersey. Continued reliance on a flawed system will undoubtedly yield continued program failure at a time when far too many New Jerseyans are mentally, physically, and financially exhausted.

I hope that we can begin resolving these issues today.

Thank you very much.

Would any member of the Committee like to make a comment?

Senator Weinberg.

SENATOR WEINBERG: Not a comment; I have a question.

Mr. Chairman, I know that you asked for Administration officials -- DCA Commissioner -- to come before the Committee. Did they give you alternate dates, or do we have assurances they are actually going to appear here?

SENATOR GORDON: At this point I can tell you that we have been told that the Commissioner of Community Affairs could be available on certain dates later this month. And I’m hopeful that we’re
going to be able to find a mutually convenient date so we can have a follow-
on hearing to ask them to address the issues we speak about today.

SENATOR WEINBERG: So you’re confident that he will--

SENATOR GORDON: I am hopeful.

SENATOR WEINBERG: I was just going to suggest we might have to go back to the Legislature and ask for subpoena power for another Committee in order to get answers on this. But if you’re hopeful that he’s going to appear, we certainly should wait for that to happen.

SENATOR GORDON: I am hopeful. And if we need to exercise the subpoena option, I’m sure we’ll be able to rely on your experience with the process.

Senator Sarlo.

SENATOR SARLO: Thank you, Mr. Chairman. I know there have been press reports. Many of the community housing groups have taken to the airwaves to express their concerns, frustration with this program. All eyes are on this program, especially since all of us, in a bipartisan manner, lobbied Congress and the Federal government to provide us with the necessary dollars to rebuild those homes that were destroyed -- in not just the shore communities, but parts of Middlesex, parts of Bergen, Monmouth, Ocean, and a bunch of other counties.

So I think the problem -- and I think we’re going to hear more about what some of the problems are. But I am a little bit concerned that we really do need to hear from the Administration. We do need to hear--

Now, I’m assuming this falls under DCA. Does this program fall--

SENATOR GORDON: This is DCA.
SENATOR SARLO: --or does it fall under the Governor’s Office under Mr. Ferzan’s unit? Is this under that unit, or is this program administered by DCA?

SENATOR GORDON: My understanding is that it’s been administered by DCA.

SENATOR SARLO: So the Commissioner of DCA would be the individual who is responsible to hear for this.

SENATOR GORDON: Senator Kyrillos.

SENATOR KYRILLOS: Mr. Chairman, thank you very much.

Thank you for scheduling this hearing.

As you know -- because I think we’ve talked about it maybe publicly and privately -- I would have advocated more regular meetings of this Committee to oversee the ongoing Sandy process. An inordinate amount of money is being spent, and I think it’s perhaps the biggest disaster recovery effort ever in America -- larger than Katrina, amongst the largest in the world perhaps. So it does make sense that there would be appropriate oversight.

No district was probably harder-hit than mine. There were some that I’m sure are comparable. But the communities in the Monmouth Bayshore and along the coastal zone of northern Monmouth County was particularly hard-hit. And while we’ve made great strides in the last 18 months or so, the fact remains that there are many people who have not returned to their homes, who have not been able to pull their lives together, who are suffering; and some, unfortunately, will for the longer term, foreseeable future. So this is important stuff.
I would typically share the concern of Senator Weinberg that the Administration isn’t here today to answer questions. And I was not going to make a point of this, but since it’s been raised, I should note that this meeting was scheduled -- at least so far as I know and so far as Commissioner Constable, for example, tells me he knew -- on Friday afternoon. This is a tragedy that hit the state in late October of 2012. And so I can understand people’s schedules. I have a busy one myself. It happened that it worked well for me, and I would have changed things to be here because it’s so important for the constituents that I represent. But in fairness, the Commissioner has a public hearing on this subject today, tomorrow, and Thursday. And so it’s unfortunate that there was only a few days notice.

Later on in the hearing -- I won’t take up the time right now -- I want to mention some efforts that he’s briefed me on that bear repeating to the Committee. And I also want to cite some numbers regarding what New York City and New York state have received from the Federal government versus New Jersey -- more than twice as much. At the end of the day, the reasons these decisions are so difficult is because there is not enough money to replace what has been lost. We will never get to that point -- some $37 billion of damage in New Jersey alone. So I hear a lot from the congressional delegation about what is not right. I would urge them today to do what their counterparts in New York state have done, which is to deliver twice as much money to the people of New York City and New York state. But we can get to that later.

SENATOR SARLO: Mr. Chairman.

SENATOR GORDON: Senator Sarlo.
SENATOR SARLO: Just one follow-up. And I appreciate Senator Kyrillos’ comments, and I’m glad the Commissioner briefed him on some of these issues. I would hope that he would brief the Chairman of the Budget Committee, one of these days, and brief the Chairman of the Legislative Oversight Committee, because the success of us providing oversight is going to depend upon the cooperation of the Administration. And I have two communities in my district, Moonachie and Little Ferry, as we sit here today that are still struggling. They still don’t have a borough hall, still don’t have a police department, they still have houses that are boarded up. So I’m looking forward to that briefing as well.

SENATOR GORDON: Let me just acknowledge, Senator Kyrillos, that this hearing was scheduled on short notice. We appreciate the Commissioner’s scheduling issues and demands on his time. And we are going to do everything we can to work with him and work around his schedule to try to provide an opportunity for him or a surrogate to come and speak to the Committee and answer our questions.

At this point, what I would like to do is call our first witness.

I think what we’re going to do today is-- We have three folks scheduled to present testimony. We’ll bring them up individually, and then I think, in the interest of time, we’ll bring them all back together and ask questions of them which they can then respond to.

I’d like to start with Staci Berger, Community Housing and Development Network.

S T A C I A. B E R G E R: Good morning, Chairman Gordon, members of the Committee.
My name is Staci Berger. I am President and CEO of the Housing and Community Development Network of New Jersey. As most of you know, we’re the statewide association of more than 250 community development corporations and other folks working to make sure that everybody has a safe, affordable place to live, and that they have economic opportunities to thrive.

Our members have been on the front lines of helping individuals and families recover since Superstorm Sandy hit. And we very much appreciate the opportunity to testify today about the experiences that we’ve heard both from our members and that have come to us directly from Sandy survivors.

Our main concern here today -- and we’re really just thrilled that you’re starting to look into this -- is to make sure that Sandy survivors are not victimized by the recovery process. We need to have a fair, transparent, and effective rebuilding effort that provides timely and accurate information to residents, and helps them get back on their feet and into safe homes they can afford. Unfortunately, this has just not been the case for so many of our neighbors and residents.

Last August, when the Senate and Assembly began to hold hearings on the Sandy recovery process, we began to hear from homeowners struggling to understand or get information about their application, or to find out why their application hadn’t been moved or why they were denied. At first we received a trickle of complaints from a small number of people. And then as those hearings progressed, that small stream became a torrent of requests for help; help for people who were denied, who were wait-listed, in some cases told not to apply at all; help for people who had not received
a response even though they had asked for one; help for people who had been treated poorly, and in the case of one woman made to feel -- as she testified -- like a criminal. It was mind-boggling to our members and our central office staff why people were being turned away, as well as 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 percent of the applicants had been denied through both the RREM and the Homeowner Resettlement program. That is a staggering figure, and shocking that this was only reported on because of the research done by our colleagues at Fair Share Housing Center.

The Administration, the Department of Community Affairs, and HGI knew that they had a problem, but it remains a mystery about why they did nothing to help thousands of people who had already suffered so much. A public statement should have been made, the Administration should have addressed it and had a plan in place to help these families get the assistance they needed, and made sure they were put on a priority appeal process so that they were quickly reviewed to determine whether they, in fact, should be placed on the waiting list, and figured out where on the waiting list they ought to go.

When this problem became public, the DCA initially blamed the FEMA and cited inaccurate damage assessment data provided to DCA by FEMA. FEMA very quickly -- within hours -- correctly disputed those claims. And that raises at least two major issues with the recovery programs at issue today. First, the State knew that the damage assessment data were incomplete but chose to use it anyway, which significantly disadvantaged
residents applying and appealing to the RREM and HRM programs. Why would they intentionally deny help to thousands of people? I do not know. I wish I knew, and I hope that if the people responsible -- either from the State or from the contractors -- do, in fact, appear 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.

Second, the State used those FEMA damage assessments as the measure by which to proportion homeowners and renter assistance in the entire recovery program.

As early as last February, the Network, Fair Share, and other organizations raised the concern that the State was underestimating the impact on renters by using only FEMA data. FEMA’s own response to this situation confirms what we said last year. The damage assessment is incomplete and does not accurately account for all of the damage done to communities and people. As a result, the action plan that we are currently operating under, and the action plan for which the State has requested another $1.4 billion, may significantly be underserving low- and moderate-income renters.

While we are very pleased that the Administration finally reversed course on its original refusal to allow thousands of people who had been denied unfairly to appeal, it is something that never should have happened. We need legislative investigations like this, and we have asked for a Federal monitor to review what has happened to determine how DCA and HGI made funding decisions, and to evaluate what specific steps are being taken now to ensure that these mistakes do not continue into the future.
For thousands of people, last week’s revelation explained what seemed like a capricious set of decision making, but it won’t make them whole. People who were unfairly denied and who are successful in their appeal will be placed somewhere on the waiting list with thousands of other people. Families don’t know where they are on the waiting list now, even though the Administration said, when they announced their amendment to the action plan, that they were going to start telling people where they were on the waiting list. The bottom line is, the Administration’s response has really been a day late and $150,000 short for a lot of people.

For example, Gert Sofman, who lives in the Highlands, called us last week and said she was awarded a RREM grant for $2,700 last November. When she questioned that figure and went back, she discovered the assessors failed to include her bathroom and her kitchen in the estimate of damage. When we heard from her last week, she was still waiting for a corrected estimate after six months of her initial inspection being done on August 5. She told me she can no longer afford to try to stay any longer in her home. She’s tried. She’s run out of everything she had and will be selling her house at a short sale very soon.

Kathleen Givens of Ocean City lives with her husband. She has three children and family pets. Her home had three feet of water after Sandy struck. Her insurance covered $55,000, which was enough to demolish but not enough to rebuild. She applied for all the State grants, but only got the Housing Resettlement program of $10,000. She is still waiting for a date to meet with a RREM or a Housing Advisor, as she believes she should qualify, but doesn’t know why she hasn’t gotten a meeting and doesn’t know why she hasn’t gotten any money. She told us
that if the family can’t get their housing situation together by May, they’re going to have to split up. She has a daughter with disabilities and doesn’t want to pull her out of her school system. They don’t want to lose their pets because the kids have already been traumatized, but they’re not sure they’re going to be able to find any place where they can stay whole as a family. Her husband is a contractor and lost most of his tools and his truck in the storm and can’t seem to get that property back.

Elizabeth Beaty lived in Holgate at the end of Long Beach Island. And in an e-mail to us she said she chose, by choice, to live in a quaint, humble, seaside trailer which became totaled by the storm. The Beaty’s were one of hundreds, maybe thousands, of families who were not given RREM grants because they lived in mobile homes. And this is a problem in Senator Sarlo’s district, in Moonachie, where we know that people were told they couldn’t apply. In some places they were told they could apply but they might not be eligible. In other places they were simply told they would not take an application from them. So even if something later turned out to be available for them, they weren’t in the system and they couldn’t appeal. So we know 400 mobile home residents in Moonachie suffered near total loss. Four of them are getting a RREM grant.

I just can’t get my head around the fact that people would run a program that intentionally dissuades people from applying for benefits they’re entitled to. The RREM and Resettlement Program were so poorly managed that HGI was let go last month. That seems to be the only real explanation because we haven’t gotten a clear one. I don’t think anyone
was sad to see them go, but we don’t have any answers about why they were let go that are official that we can point to.

There are lots of questions though. For starters, who is answering the phones and who is processing applications? How do people get the help that they need? Why did HGI get an over $10 million payout settlement when that $10 million would have certainly gone to help Sandy victims repair their homes? Most of all, why is the same Administration that promised the most transparent recovery on record unwilling to answer the most basic questions about these issues? We have asked, members of the media have asked, survivors have asked, people deserve to know.

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 yesterday, which is attached to the testimony we gave you, we specifically asked for training materials that are being used by the so-called housing advisors who are not HUD-certified housing counselors and, as far as we can tell, don’t have any actual housing advising training. In some cases they were temp workers who had received up to two hours of training about how to work people through the process, but they are not housing advisors. They are not helping renters and they are not helping homeowners who may have complicated housing situations like a foreclosure. They are not familiar, necessarily, with any of the other State programs and so they can’t help people coordinate the benefits that might be available under other HMFA or other State programs.

That’s a very big distinction between what is going on in New York, so I was very glad to hear Senator Kyrillos talk about how we might
compare ourselves to New York. Because, frankly, we’re not getting the kind of quality assistance that our folks deserve. And that is happening in New York. We can look across the river for some examples.

They have easy-to-understand criteria so that those people affected by the storm know the status of their eligibility as well as where they stand on the waiting list. Prioritization in New York City is based on household income and amount of un repaired storm damage. Homeowners applying for funding in New York City have an Option Review Meeting with a housing counselor where they are told their preliminary award decision; have the opportunity to review their application entirely, including information they submitted, other information that they may need to provide, as well as data received from other sources, and they can learn how to appeal.

All of this is clearly laid out on the website, and I gave you the link. You can look at it yourself if you’d like. The City of New York has five Build it Back Centers to help residents and businesses navigate any of their recovery programs, and they hold ongoing community presentations throughout the City. They put their presentation online so that people can download and review it whenever they have a chance. They have a PDF that clearly lays out how they prioritize their funding.

Monthly progress reports show damage assessments by category, and they also identify the number of people being helped. All that is online, and anybody can go look at that. It also shows where community meetings were held and where they are being planned.

Unlike New Jersey, New York City is also helping low-income renters for households whose income is less than 50 percent of the AMI,
who were displaced by the storm, with two-year housing vouchers. We are glad to see the Administration finally ask for some amount of rental vouchers in their next amendment. They asked for $15 million. We do not think that is enough, but it's better than zero. So that's a small step in the right direction.

But we can do much more. We really need to get the people the help they’re entitled to, that you all fought for, that everybody in New Jersey went to Congress and to bat for. But we need to make sure that money gets spent and gets spent wisely.

So I appreciate your time, and I'll take questions at the end of the panel.

SENATOR GORDON: Thank you very much, Ms. Berger.
If my colleagues don't object, we’ll bring everyone back at the end of the presentations for questions.

At this point I’d like to hear from Kevin Walsh, from Fair Share Housing Center.

KEVIN D. WALSH, ESQ.: Thank you, Senator and Committee, for inviting me to discuss our concerns about the Sandy recovery effort.

By way of introduction, the Fair Share Housing Center is an organization that has been around since 1975. We spend much of our time in the state making sure that lower-income families can afford to live in the places where they work without long commutes and, in overall, trying to make New Jersey’s housing market more inclusive.

When Hurricane Sandy hit, we quickly turned our efforts to understanding -- even before Congress passed the budget authorization -- how exactly New Jersey was impacted and what could be done to help
recover. We’ve set up a toll-free number, 866 Sandy 60, where people call up and-- Although we’re lawyers, we can’t always represent them. We can sometimes point people somewhat in the right direction. But the primary purpose is to gather stories so that we can inform our efforts with what is happening on the ground. And every day we get e-mails and calls where people are mystified; people are, at times it seems, increasingly frustrated and sometimes despaired over the slow recovery effort. And although we’ve been working hard on this trying to understand what is going on, I must admit that we still have more questions than we do answers. And the reason is because it’s hard to figure out what is going on. I think the Administration, which promised unprecedented transparency, hasn’t quite lived up to that promise, and we’re facing a record of the Administration only responding to criticism instead of proactively addressing problems, at least in an transparent way.

And so what’s happened is it’s more become a process of us informing people who were impacted by the storm just why it is they are so confused. And sometimes we have solved problems, but I think we have to get better at solving problems. And I think that this Committee can be helpful in that, because there are more people mystified than there are people whose questions have been answered. And I think we need the Administration, with the questions that I lay out -- that I’ve handed out -- to answer these questions in a way that will help-- By doing so I think it will help the people -- the thousands of people who were impacted by the storm -- figure out why they’re in the circumstances they’re in.
And so I’ve laid out the questions that I think are important here. And I think by answering these questions we will have the sort of transparency that is needed to move forward.

Incredibly, my first question is: Why are the rules for who is eligible for recovery funds and how applications are processed for $1 billion in housing funds not available on the State’s website? And that’s literally true. These rules here -- 175 pages, Reconstruction, Rehabilitation, Elevation, and Mitigation program -- there is one place in the whole State of New Jersey, on the whole Internet, where people who were impacted by the storm can figure out what the rules are that the State is supposedly playing by, and that’s my website: fairsharehousing.org/sandy. That’s the only place on the Internet that these rules are available. They are not available on the State of New Jersey’s website. I don’t know why that is. People -- lawyers and others who are involved in this -- regularly call us up and ask questions about-- “Well, they said that I’m not allowed to do this, and I don’t know what they’re citing for that. I ask them and they don’t tell me.” And the reason why they can’t point anybody is because they haven’t made these rules public. We got them by suing the State, which I’ll talk about. And the same thing is true with the Resettlement program. The rules here, dated June 2013, are only available on Fair Share Housing’s website, again inexplicably.

SENATOR GORDON: Mr. Walsh, I just stop you there. I mean, I’m just looking through some of the briefing materials I received, and I’m looking at the reproduction of the Department of Community Affairs’ website -- their frequently asked questions for RREM -- and it’s talking about what the program does, that you need $8,000 worth of
damage, it has to be a primary residence. They are providing the basics of information.

MR. WALSH: They are providing the very basics, but this is a 175-page document that lays out how applications are processed, who it is that -- what the various stages are, when you can appeal. There are actually 15 different decisions that can be appealed. The State’s website only addresses one of those. So the only place where you can find out about the decisions that you can appeal are on our website. So the State actually has-- It seems the State has a fairly developed process that nobody knows about. It’s a secret process.

And one of the problems is that the reason why the State may have been hesitant to put this out there is that this is dated October 22, 2013. It’s the RREM program regulations. Now, if you’re following the timeline here, most of the decisions involving the RREM program were made in July and August. So they literally wrote the rules after they had given out the money. And when we, in our litigation, said, “Why is it that this is dated October 2013? There must be an earlier version,” we were told -- and we have correspondence that confirms this -- that this is the only set of rules. And so they had the rules. The rules came after the decisions were made.

My second question: Why has it taken litigation to get access to basic information regarding how the funding programs work? We requested information in July -- at the end of July 2013 -- basic information like the rules, this data involving who received funding, and we were told-- They kept requesting extensions. In September of 2013, we sued. We didn’t receive information until October. We didn’t receive the most
relevant information until November, which was after the one-year anniversary and after the gubernatorial election. We received a large pile of documents. And it took litigation in order to get access to those documents. And so it was promised -- unprecedented transparency. I think a great role that this Oversight Committee could play is to see how that transparency promise has been fulfilled. Because I think there is a lot of information that could be up on the website. It shouldn’t take litigation to get access to the rules.

The third question -- and, Chairman Gordon, you touched on this: Why were thousands of people rejected from the RREM and Resettlement programs when they should have been accepted? Now, we’ve heard some of this information that the Administration put out on Thursday and Friday of last week. We also heard that it was FEMA’s fault. Senator Beck appeared on NJTV and asserted that it was HUD’s fault. New York though, all along, in its action plan on Page 16, laid out that it knew the limitations. Even in New Jersey’s action plan for these funds, it’s very clear that New Jersey knew of some of the limitations. And yet despite that, they rejected the applications of thousands of people who-- Thankfully, the Administration has now acknowledged that it’s going to allow those people to appeal again. And I suspect we’ll find a similar error rate for those folks of close to 80 percent -- people who were rejected but were rejected based on incorrect data. And they weren’t even aware of it.

One of the other big problems is that when people have been rejected from these programs, they’re told that the reason they’re rejected is either because they didn’t have enough water, or they didn’t have enough damage, or some other reason that they’re not going to put in the letter.
And then they say, “But you can appeal.” And when you appeal-- You know, how can you appeal something if you don’t know the reason why you were rejected? It’s a really basic violation of due process. The media has covered this extensively, but there are people out there today who have been told that they can appeal but still don’t know why they were denied. There is no reason for that sort of policy.

And it leads to my next point, which is point four: Although the Administration has not agreed to open up the waiting list for people who were rejected and didn’t appeal, one of the big questions -- and I don’t think anybody has addressed this -- is, there are thousands of people now who presumably will file appeals. And when they appeal, where do they go on the waiting list? Are they put at the back of the list? Are they put in a random spot on the list? Are they put in a place where they otherwise would have been put if their application wasn’t denied? It’s not going to be much help to have a right to appeal, even if you’re successful, if at the end of the day you’re just put at the back of the line. And so there are thousands of people right now throughout the state who are being given the opportunity to appeal. But if they are appealed and put at the back of the line, it won’t be much of an opportunity because everybody already knows there is not enough money to fulfill all of those applications’ needs. And so that’s an issue the Administration should address right away, because it’s really a basic question of fairness for those who were done wrong by the Administration’s errors.

Number five is something else that Chairman Gordon touched on, but I don’t think there have really been good responses, which is: Why are there substantial racial disparities in the RREM program and in the
Resettlement program? It’s high for Latinos compared to Caucasians; but it’s especially high for African-Americans, with nearly 2.5 times the rate of rejection of white applicants. And the reason for this has not been made clear to us. There have been some statements. Commissioner Constable said something at a housing hearing attempting to explain it, but I don’t think it really has been explained in any way.

The only thing that the Governor has said about this is that it’s a statistical anomaly. And maybe if whites were rejected at 15 percent and African-Americans at 16 percent, maybe that is the sort of thing you can say is a statistical anomaly, or maybe an even slightly bigger gap -- maybe. But when it’s 2.5 times the difference, that is not a statistical anomaly. That is the sort of thing that should set off alarm bells with anybody who is attempting to comply with Federal Civil Rights laws.

Number six: Why is the State providing only 30 percent of funding to renters when renters constitute 40 percent of the people who were impacted by the storm? And this is something that we have been really frustrated about, because we think it’s really important for lower-income renters especially, but all renters, to have an opportunity to recover from the storm. And the Administration has, in our view, somewhat stubbornly insisted that, “These numbers are right. It’s only 30 percent. And we’re giving renters even more than they’re entitled to under this program.” And do you know what we just realized? The Administration has been relying on FEMA data that it now acknowledges was wrong. That same FEMA data that the Administration has used to defend itself on the renters is also, according to New York state in their action plan -- undercounts renters. So the FEMA data that the Administration now
acknowledges led to the problems of the 80 percent error rate is the same FEMA data that has led to an undercounting of the needs of renters. And thus, as a result, an effort to meet it -- that it likewise underrecognizes the needs of renters. So that is another error that when the Administration comes forward with its action plan, as it has, we’re hopeful that they will now, having recognized publicly the flaws in the data, will in turn recognize that that same data has caused problems in other parts of the effort to recover.

Number seven: Why is the State proposing to remove a requirement in the action plan that targeted funds to the areas most impacted by the storm? The first action plan included a provision that says, “We are going to” -- and the Federal law similarly requires that they attempt to meet the needs of the places that were most impacted. We’re puzzled. We don’t even-- I can’t even come up with a possible explanation for the fact that this requirement has been removed from the next action plan. Does it suggest that there will be more Bellvilles than there will be efforts in Monmouth County to build affordable housing? Does it suggest that the communities that were hardest hit are not going to be the places that get the most help? I don’t know. But somebody should answer that, because it was either a serious mistake or it’s a serious sign that they’re going in the direction of focusing the recovery funds on the areas that weren’t hardest hit.

Why was HGI fired? That is the one question that reporters ask us the most. That is the one question that people seem to be most animated about when we get phone calls and e-mails. Because they think that the answer to that explains part of why they feel they’ve been treated
so badly. The question to why HGI was fired is one that possibly holds the keys that everybody has experienced. Has HGI bungled it in a way that the State said, “We’re not going to continue to keep you on”? They’re the sort of off-the-record comments that are made to the newspapers. But why not just come out with a statement that says, “This is why we fired HGI.” It would leave everybody who has been impacted by the storm, advocates, legislators, and others who are attempting to make some sense of this-- At least it would answer that. Why was the dispute with HGI settled for $10 million? We don’t know that, and we don’t necessarily know where those funds came from. Were they earned, or was that a contract dispute where both sides had an argument? That would be good to know.

Finally: Why have funds trickled out so slowly with the RREM program? Just $25 million out of the $600 million being distributed. Senator Beck, on NJTV the other night, said that HUD triple and quadruple questions every single decision that was made, suggesting that HUD is actually going over the paper that is submitted. That is not true. HUD has left the State to administer this program. When we called up HUD and said, “We need greater oversight,” the response we got was, “We look in on them every six or seven months.” They send people here to go over the files. There is an audit report from July in which HUD lays out what the problems are. They’re not coming back again until March. HUD is not reviewing the paper. I wish they were. I wish they were going over this in greater depth, because they might have discovered the 80 percent error rate.

SENATOR WEINBERG: Can I just interrupt you?

SENATOR GORDON: Senator Weinberg.
SENATOR WEINBERG: Did you say there is an audit report from HUD this past July that lays out these problems to them?

MR. WALSH: Senator, I don’t think the problems were clear at that point, because they hadn’t really begun implementing the programs in depth. My point is that every now and then HUD comes into town--

SENATOR WEINBERG: All right. I just thought you said there was already an audit report.

SENATOR KYRILLOS: Excuse me, Mr. Chairman.

SENATOR GORDON: Senator Kyrillos.

SENATOR KYRILLOS: I know you wanted to wait for later, but you’ve opened it up.

Perhaps we ought to have HUD officials at the next meeting. This is all Federal money and nobody has a monopoly of responsibility here. And I’m hearing Mr. Walsh say that HUD only comes around every few months. I have been told, because I’ve asked about it, that there is a standing conference call with Commissioner Constable and HUD officials every single week -- every single Thursday. So either they talk at least weekly, and maybe more, or they only communicate every few months as you indicate. So we’ll have to find that out. I think it’s more frequently. And I think there are a lot of people who are involved in this process, not that it’s going swimmingly for the people who are hurt. That’s really what this is all about, helping people. And we all share that goal.

MR. WALSH: Absolutely. Senator, just to clarify, I’m sure they’re in communication. The point I was making is that they’re not double checking, and triple and quadruple checking. They’re allowing the State to administer the program. And in some sense, that’s the way Federal
systems are supposed to work. The Federal government, with the Community Development Block Grant program, has generally had somewhat of a hands-off approach. The problem is, when the train is going off the tracks, in our view it suggests a need for greater involvement. And I think it would be helpful to have people here to explain that. I’m sure there are conference calls, but what isn’t happening is-- We are the ones who identified the error rate. The small Fair Share Housing Center, in Cherry Hill, New Jersey, with our spreadsheet analysis is the one that identified that 80 percent of the people who were denied succeeded in their appeals. That’s a startling number, and that’s a number that should have been figured out right away. It shouldn’t take litigation on data followed up by subsequent OPRA requests. It shouldn’t take that. That has resulted in a delay of people’s applications being processed of probably six months. And it shouldn’t take small, public interest law firms to do that. It may be HUD, it may be that if there were integrity monitors in place -- as your legislation required. They’re still not in place, from what I can tell. I read media reports that say that they were put in place in January. Even if that’s the case, that’s 10 months after the law was passed. The law went into effect right away. Why weren’t those integrity monitors who were contracted in April and May of 2013 immediately put in place? According to media accounts, it’s because they were training them. Well, when you read the applications these people submitted, these people don’t need training. These are people who used to run FEMA, these are people who used to work in inspector generals’ offices, these are people who could hit the ground running right now. Why weren’t the integrity monitors in place when we were working on a plan and, in part, expending $1.8 billion of
Federal funds? Nobody has answered that question. And if I had an 11th spot on my list, that’s the one I would put there. Why weren’t the integrity monitors in place for 10 months, and are they in place now?

I welcome the Committee’s questions. I understand you don’t want to do them right now. But I thank you for the opportunity to testify, and I will certainly stick around for questions.

SENATOR GORDON: Thank you very much, Mr. Walsh.

We will hear next from Frank Argote-Freyre, of the Latino Action Network.

FRANK ARGOTE-FREYRE: Great pronunciation, Senator.

SENATOR GORDON: Gracias. (laughter)

MR. ARGOTE-FREYRE: Good morning, Senator Gordon, Vice Chair--

SENATOR GORDON: Is the button on? (referring to PA microphone)

MR. ARGOTE-FREYRE: This one? (affirmative response)

Good morning, Chairman Gordon, Vice Chair Weinberg, Senator Sarlo, Senator Kyrillos.

SENATOR KYRILLOS: Is the red light on?

MR. ARGOTE-FREYRE: It isn’t.

Good morning, everyone.

Thank you for inviting me. I really appreciate it.

I am Frank Argote-Freyre, President of the Latino Action Network. The Latino Action Network is the largest statewide advocacy organization dedicated to championing issues of concern to the Latino community. We work on a broad range of civil rights issues throughout
New Jersey, including immigration reform, tuition equality, employment, education, and housing.

Thank you for inviting me to testify and for holding today’s hearing.

Hurricane Sandy recovery is of critical importance to the Latino community in New Jersey because so many Latino communities were impacted. One in four renters impacted by Sandy in New Jersey is Latino. And that comes from the Enterprise Community Partner Study of FEMA data.

Our goal today is to provide you with information about our involvement in monitoring the Christie Administration’s Sandy relief efforts, and about our growing concerns about policies that we deem detrimental and unfair to Latinos, African-Americans, and the working poor. And you’re asking very, very important questions, and we want to help you ask them.

In the summer of 2013, we noticed that little information about Sandy recovery efforts was being disseminated in Spanish. Several members of our organization contacted numerous Latino community-based nonprofit organizations in affected areas and found that they were not brought in by the Christie Administration into the community outreach process. We voiced our concerns to the Federal government at that time.

In September, we found that the Spanish language website responsible for providing information on Sandy relief efforts was riddled with errors and misinformation. So just a few examples: People using the English language website were given the opportunity to appeal denials of funding. People using the Spanish language website were not told about...
any such appeals process. The office location in Essex County, where the hardest hit area is the heavily Latino Ironbound neighborhood of Newark, changed, but the new address was not provided on the Spanish language website. Information regarding applications not being accepted after August 1 was provided in English, but not in Spanish. Thus, people who used the Spanish language website did not know about this deadline.

We filed a complaint with the Christie Administration on these issues on October 8. Under Federal law, they were supposed to provide us with a written response within 15 days. We are still waiting for that response. Fortunately, they have updated the website since we pointed out those mistakes, but they have not done a single thing to make the people misled by that website -- who went to the wrong office or missed an application deadline -- whole. They’ve done nothing in that regard.

I wish this was just an isolated incident, but it’s part of a much broader trend, something we’re very, very concerned about. Forty percent of people impacted were renters, as I mentioned before, and one in four renters impacted are Latino. But the Christie Administration has consistently left renters out of their plans, currently proposing only 25 percent of total funding for renters with their latest action plan amendment, and excluding renters from important programs. Excluding renters means excluding Latinos and making it so that Latinos cannot rebuild. This is also highlighted in a report we put out a month or so ago, and we’d be glad to provide you with that. There are a smaller number of impacted Latino homeowners, but even there the programs in place just aren’t working. We released data, along with the NAACP and Fair Share Housing Center, last month that shows -- and Kevin mentioned that -- that Latinos are rejected
at rates about 50 percent higher than non-Latino white applicants to homeowner programs.

More investigation is needed to find out what is going on here and why Latinos and African-Americans are rejected at such high rates. And many Latinos -- this goes right back to the earlier point I made. And many Latinos didn’t even apply to these poorly marketed, confusing programs. This also goes back to my earlier point about a failure to reach out to the Latino community.

So I think the following numbers are startling: For the RREM Program, 12,091 white residents applied, but only 533 Latinos and 527 African-Americans. We see the same pattern with the Resettlement program, where 17,749 white residents applied, but only 849 Latinos and 878 African-Americans. Last week, the Fair Share Housing Center released data indicating that 80 percent of those who appealed their denials of Sandy aid were wrongly rejected because inappropriate data was used to evaluate their applications.

At first, the Christie Administration refused to reconsider those applications but then reversed itself on Friday. So we now ask: What about those in the Spanish language community who received erroneous information about when to apply and no information about the appeals process from the State’s website? When will the Christie Administration address their concerns, the concerns of the Latino Action Network? For those who were wrongly rejected, will information about that appeals process be provided in Spanish? We don’t know that.
I hope we can all work together, including legislators of both parties and the Christie Administration, to make these programs work for everyone impacted by Sandy.

And I thank you again for inviting me here today and asking these important questions.

SENATOR GORDON: Thank you very much.

At this point I’d like Ms. Berger and Mr. Walsh to come up here. You can all sit together.

SENATOR WEINBERG: Senator, while they’re doing that can I just--

SENATOR GORDON: Certainly.

SENATOR WEINBERG: Since I have been an advocate of open government from the day I got into public service, and have been involved sometimes successfully and sometimes not so successfully in every Open Public Records Act and Open Public Meetings Act, I am outraged sitting here and listening to the fact -- I guess I read it in the newspaper, but somehow hearing it changes it for me -- that citizen groups have to go to court to get basic information from the Administration. I don’t know how we change that. We have laws on the books. It takes patience, discipline, public interest law firms. Can you imagine what it’s like just for the ordinary citizen?

Until we change that basic outlook -- that this information is paid for by the public, whether it’s Federal funds or State funds, and every single citizen in the State of New Jersey should have access to it-- And I want a letter to go from this Committee to the Administration to find out how and why all of this information will be made available any time
anybody makes an OPRA request; and not to have to go through the cost, the expense, the aggravation of going to court to get the basic information so that then we know there is a problem.

I don’t know what the solution to that is, but we have to start addressing it. And once we have the information, then people know how to react. So I just had to express my anger over that.

Thank you.

SENATOR GORDON: Thank you, Senator Weinberg. And I’m sure your views reflect the members of this Committee. We want open government, we want all this information available. We shouldn’t rely on small organizations to do a spreadsheet analysis to let us know how taxpayer dollars are being spent.

Ms. Berger.

MS. BERGER: To Senator Weinberg’s point, the state of New York makes all of this available. Nobody has to file an Open Public Records request in New York City or New York state to get that information. It’s not just that we shouldn’t have to sue, because we shouldn’t -- you’re absolutely right. But perhaps just asking the Administration to make available, publicly, all of the information on its website so that no one has to even file an OPRA request-- The information should just be there. There is no reason for them to hide what the guidelines are. People need to know where they stand, and they need to know what they’re being evaluated -- what their applications are being evaluated on. It should be a de facto way of doing business that they make their information available to the public so that nobody has to file an OPRA. Because even doing that requires time, effort, and cost, and experience. We spent all day yesterday
putting together a request just to get the staffing materials so that we know what they’re telling their new staff -- and we don’t know who they hired -- what they’re supposed to be telling folks who are calling and coming into those centers. So even one step further may be helpful for you to think about.

SENATOR GORDON: Senator Sarlo.

SENATOR SARLO: Thank you, Chairman.

In sitting here and listening to the three advocacy groups, it almost seems to me -- and please correct me if I’m wrong -- that when New Jersey and New York were awarded these dollars through the Federal government, through Congress’ appropriation, they put a lot of trust and faith in our State government, our Administration to develop the programs -- the RREM program -- to develop the programs, to administer them, and to monitor them. And they would provide some oversight.

Now, we know -- we’ve learned -- we’ve all heard of some of the horrors from Katrina. But it almost seems like the Federal government gave a lot of -- put a lot of trust into New Jersey’s Administration and said, “We’re not going to come here and be big brother. We’re not going to watch you on a daily basis. We’ll come in periodically.” And that’s a good thing. They had confidence in us. But it’s a little bit disappointing. It almost seems like -- and you correct me if I’m wrong -- is that we have not followed through, that the Administration has not been able to follow through on some of these programs, and the Federal oversight may have been helpful. A Federal monitor may have been helpful. Does anybody want to comment on that?
MR. WALSH: Senator Sarlo, I’d agree with that. New Jersey normally gets $20 million a year in CDBG money that is then spread out, compared to the now $3.3 billion or so altogether that we’ve been authorized by HUD to receive. The old playbook doesn’t work, and it’s absolutely necessary, I think, for HUD to exercise greater oversight. And part of the reason for that is they just have access to information. The HUD secretary has the ability to direct immediate changes under the law. The HUD secretary has the ability to demand all sorts of information.

We don’t know what we don’t know. That’s the problem. And there are probably other things like the 80 percent error rate that people sitting over at the DCA building know about right now -- that we don’t know what documents to request because we don’t know what the problem is. And so we can only play detective so much and try to unearth what the problems are. And we know somewhat where to look because we’ve figured out what some of the problems are. But right now one of the other big problems is, a lot of the rental money that is intended to go to landlords, for whatever reason, isn’t going to Ocean and Monmouth counties. It’s going to Essex and it’s going to Mercer, and that’s just absolutely puzzling. Is that because some other contractor messed up? I don’t know.

SENATOR SARLO: In your opinion then, the bureaucracy, sometimes, of the Federal government -- which is so massive -- has not gotten in the way here of preventing these funds from getting to the street? You don’t believe the Federal bureaucracy has been an obstacle here, in your opinion.

MR. WALSH: My understanding is that there are things that are different now than there were in the past. And so there are some
studies, and things like that, that we’ve known about from the start. And maybe that slowed it down. I don’t know. I’m told that those things are in place. But that doesn’t explain the lost documents. That doesn’t explain people showing up and waiting for eight hours. That doesn’t explain the changing rules when it comes to whether manufactured housing qualifies or doesn’t. That doesn’t change. And to be honest, some of this is understandable. This stuff is hard to do. So for a while-- For the first year or so I think people had a sense of tolerance while things got figured out. I think that sense of tolerance is over and people are starting to demand more. But along with demanding more, part of being accountable is acknowledging the mistakes. And that is what is so frustrating to the people who have been impacted -- who call us up every day -- who received a letter that told them they were denied. And they read from the Administration that everybody knows why they were denied, and they feel like they are starting to lose their minds, because they know their letter didn’t tell them that (sic) they were denied. And so there is just a fundamental disconnect between the talking points and the reality that people are experiencing.

And I think people would understand the delays if the Administration would own up to them and would-- People might be a little more tolerant if there was a willingness to deal forthrightly with the problems rather than relying on outside organizations to identify them.

SENATOR SARLO: Listen, we need to get this right because, God forbid there is another Federal disaster, Congress is going to think twice. If we don’t get this right and get this money to the people who it is intended for in a timely and efficient manner, the next tragedy, the next
natural disaster that is going to occur in some state out there-- It is going to be very difficult to get them Federal dollars.

MR. WALSH: The good story here is that we have a chance now with this $1.4 billion to get it right.

SENATOR SARLO: We have a chance.

MR. WALSH: We have a chance. And so the good news is that if HUD, and this Committee, and others who have the ability to push the Administration to do it right-- We can correct what has gone wrong now. We can put the information up in the appropriate languages, we can make sure that the contractors who bungled -- if we figure out what went wrong we can prevent it from happening again. And that I think is what is giving folks some hope.

SENATOR SARLO: And let’s make it clear. Everybody on this Committee, everybody in this room, all of us -- we need this program to succeed. And the mistakes that have been made here -- we need to correct them, and we need to make sure this succeeds. It’s in the best interest of the State of New Jersey for this program to succeed. And it’s incumbent upon all of us to work with one another. We want the Administration to be successful on this; they need to be successful. Our homeowners deserve it.

SENATOR GORDON: On Senator Sarlo’s point about the need to do this right and what message are we sending to Congress, I recall that those members of Congress who were objecting to authorizing Sandy money were expressing concerns about how the money is going to be spent. We don’t want to give credence to that.

I’d like to just ask one question. I know Senator Kyrillos has a question as well. I learned yesterday that -- and I haven’t gotten
confirmation yet -- but I learned there are more contractors working at DCA than State employees. And if that’s true, I’m wondering whether one of the underlying problems with this program and others is that we have essentially privatized a lot of this activity. And managing these outside organizations is a difficult task -- certainly assuring quality service. I’d be interested in your comments about that.

MS. BERGER: If I may, Chairman, when the action plan was originally contemplated I met with Commissioner Constable and Assistant Commissioner Richmond, and we talked a little bit about ways that nonprofit organizations could help recover -- help the State recover and be full participants in the program. We have housing counselors, we have folks who can do construction. And in New York City they actually are -- that’s what the Build it Back program is. It’s actually run in coordination between the city Department of Housing and a number of nonprofits in the city of New York. And while managing contractors is complicated, managing in-state contractors who have experience working with low-income populations that are sometimes hard to reach, that have multiple potentially economic and social issues, seems to be working better than privatizing it to out-of-state, for-profit companies that have consultants whose bottom line is figuring out how they can make money for their shareholders. It’s a totally legitimate enterprise, but maybe not necessarily the best choice of contractors for the State to choose. And so it was disconcerting to see they hired a company that had no New Jersey experience. HGI was out of Louisiana, not based in New Jersey. We’ve heard about call centers being operated in Arizona and other parts of the country -- where they weren’t
even hiring people in New Jersey where we have one of the highest unemployment rates in the country.

So we looked at the kinds of management structures that were put in place for that contract, but also who was involved and who they hired now. I mean, we can’t really figure out who was answering the phone when somebody calls for help. And what does that person on the other end of the phone say to somebody if they have no training and no experience dealing with housing issues or economic security issues? It’s really troubling that there were choices that could have been made differently when people wanted to and were willing to help. And some of our members are -- I know Habitat is in a number of communities, especially in Ocean and Monmouth -- are working, volunteering, and have done some private fund raising to rebuild homes. And the Robin Hood Foundation came in and gave some direct resources. But there has got to be a way for the State to interact with as many entities that want to participate and have qualifications to participate in the rebuilding, instead of just choosing outside of New Jersey and folks who are really looking at the bottom line, and not necessarily the people, in the process.

SENATOR GORDON: Thank you.

Senator Kyrillos, and then Senator Weinberg.

MR. ARGOTE-FREYRE: May I just make a quick comment?

SENATOR GORDON: Certainly.

MR. ARGOTE-FREYRE: I just wanted to say, in terms of impacting the future allocation of funds -- and there is a public hearing process underway now. And we were hoping that, from the Latino Action Network’s perspective, more funds would go into the rental -- help renters.
From our own data, from our own report we show that share of homes impacted by Sandy, renters made up 40 percent of those homes. And the funding -- only about 25 percent of it went to renters. So that’s a real -- as I tried to point out in my testimony, that’s an important issue for the Hispanic community.

The other point -- just a quick aside -- the HGI firing is of concern. I spoke to a person from New Orleans who mentioned that they were not particularly well thought of in terms of their work there, in terms of the recovery in Katrina. And apparently Christie Administration were informed that they had not done a satisfactory job. And so we’re wondering why -- I’m wondering why they didn’t take that advice. They were warned to be careful, that HGI had not done a good job.

SENATOR GORDON: Senator Kyrillos.

SENATOR KYRILLOS: Thank you, Mr. Chairman.

Let me just say at the outset -- put in context any points that I make or questions that I ask -- that no Senator or no district office is more cognizant of the frustrations and the heartache, and headache, and tragedy throughout the State of New Jersey than me or my office. Thankfully I had some very good caseworkers -- and now I can call them counselors -- who work for me, who help people along the way in the Monmouth communities that I represent and in the environs that are affected.

But just a couple of points and/or questions, Mr. Chairman. I already made my thoughts about HUD known -- that we should be speaking to members of the Federal Housing and Urban Development Department. I’m a little surprised in some of the exchange between some of the members and our panelists that were describing HUD or FEMA as lean,
mean machines, entrepreneurial, able to make fast decisions, get things done. I want to get your reaction. But everything I hear from homeowners who deal with FEMA, from line workers and these contractor offices that have to deal with the community -- that much of the delay, much of the seeming intransigence, much of the difficulty in delivering dollars is the -- are the requirements from HUD, the information, reinformation, reconfirmable information that’s required that sends people back to their homes to gather more data, more information over, and over, and over again. And so a lot of the people at DCA -- a lot of these contracted workers feel as if they have handcuffs on them. And so, yes, there is some degree of flexibility for the State to -- whoever is in charge -- Governor Cuomo, Governor Christie, their agency heads -- to do their job. There are some very fixed points that are seemingly immovable -- that most nimble people would, at least on the surface, think ought to be streamlined for speed and efficiency’s sake.

Do you want to comment on that at all?

MR. WALSH: Senator, I think it’s a good question to figure out where the delays are coming from. The folks that I have dealt with have little to say about FEMA anymore, given that it’s largely gone out of the state because it was there to respond to immediate needs.

I do think that there is some part of it that is connected to HUD’s process. I do think that there is some part of it that is connected to incompetence by the State contractors. I think that some part of it is also related to decisions involving how to work with the contractors that remain. I don’t know which part is which, and I think that it would be a good thing to figure out. Because my experience has been that HUD has been
somewhat hands-off with the State. And so there are requirements regarding -- you need a study before -- involving environmental issues -- before you can approve some sorts of funds. Those are requirements that have been in place since before Sandy hit, and they’re still in place now.

So I don’t-- It’s hard for me to--

SENATOR KYRILLOS: Let me interrupt. I hear anecdotally that the rules are more severe, more cumbersome, more difficult, if you will, than during the Katrina episode. I have heard that numerous times. You may just want to speak to that. I don’t mean to interrupt you. And I know Ms. Berger wants to chime in.

MR. WALSH: So what I would say is that I think somebody should get to the bottom of that, because it’s easy to say it, and it would be great if somebody could demonstrate it. And given that people don’t-- I’d love to see a list from DCA of the 10 issues that they’re blaming HUD for, because then maybe we can push HUD on it. Instead what get is “HUD is to blame for the delays,” and we don’t-- I don’t know that. I’m not running the recovery centers. I’m not doing-- From what I can tell, there is a fair amount of incompetence that people have experienced, apart from a Federal regulatory scheme, that is lost paperwork. Lawyers who are either impacted themselves, or are helping parents who are impacted, who can’t navigate a system when lawyers are very often more skilled at navigating systems-- And so it’s hard to pin it-- For me, from what I see, there is no doubt some delays are connected to the Federal government. There are a lot of delays that are connected to something closer to bungling at the State level. And it would be helpful to have Commissioner Constable here, to have HGI here, to have maybe somebody from the Federal government here
to lay out exactly where it is. I’d love to see a flow chart from DCA where they’re blaming HUD and where they’re taking their own responsibility.

SENATOR KYRILLOS: I think that’s a good point. I think it would be informative and keeping with our responsibilities to know exactly what we have to deal with here, whoever the governor is, whoever the DCA commissioner is.

Very good.

And congratulations on your work to ferret out the problems and the challenges for the people affected.

MR. WALSH: Thank you.

SENATOR KYRILLOS: I mean that.

MS. BERGER: Senator, I was actually going to say that a flow chart would be very helpful because I’ve heard people say that HUD is checking applications two or three times. People are being told stuff that is just not accurate. HUD is not reviewing applications. That is actually what we were paying HGI to do. So if HUD is doing it for free, I don’t know why we would have HGI doing it. So somebody is not being forthright with the public about what the process for an application to be submitted and to be reviewed is; and if it’s deficient in some way, to be appealed or completed. We get calls all the time from people who say, “I was told I might qualify, but I don’t know. And I don’t know where to go to get a good answer or a good analysis. Can you send me to a lawyer who might be able to help?” So there is clearly a need for a process to be very clear and very forthright. And if there are problems at the Federal level, we would be happy to figure out what those problems are and to make sure that the public knows that those problems are at the Federal level. But the only calls
that we’ve been getting are, “I submitted my paperwork to the Renew New Jersey Center; they lost it. I’m on my ninth case manager.” One woman testified that the person who was her final case manager, who seemed like she knew what she was doing, was going out on maternity leave -- which, believe me, is her right -- but then she was going to get another case manager. So she felt she was going to have to go all the way to point one -- back to square one, rather, to get to the beginning of the process. So figuring out where the delays are is essential to figuring out how to fix it so that people don’t keep going through this.

However, there are some requirements that New Jersey simply decided to adopt that New York City and New York state did not -- for example, the flood plain manager letter which, in most cases, is being required by DCA for the RREM grant. They asked municipal flood plain managers to provide a letter of damage. That is not a requirement that New York state or New York City has asked of its applicants. So one of the questions I would hope Commissioner Constable or Marc Ferzan could answer is: Why did New Jersey decide to adopt one more piece of paper that other jurisdictions didn’t?

Senator Sarlo’s point about the Federal government giving the states a lot of leeway to design their programs is very accurate. And in every conversation we’ve had with HUD they said the way that CDBG-DR works is very different than most other Federal funding. It is supposed to be flexible, it’s supposed to be designed by the people on the ground because they know better, in theory, what residents of their states need. So on the one hand we have this very flexible program that is designed to meet New Jersey’s needs; but on the other we may have gone kind of overboard
in terms of the way they designed the program from scratch. Essentially, they built an entire bureaucratic system of contractors out of thin air. So there may have been too much flexibility in the process.

SENATOR GORDON: If this were a Federal problem we would not see the disparity in performance from one state to another.

I do want to give Senator Weinberg an opportunity to ask one question.

SENATOR KYRILLOS: And I have more points when you’re ready, Mr. Chairman.

SENATOR GORDON: Okay.

SENATOR WEINBERG: Thank you, Mr. Chairman.

First of all, from what I’m gleaning from what I’ve heard from the three of you -- and I appreciate your being here and your advocacy. And I don’t know if I want to put this in the form of a motion. But I think this Committee should send to the DCA Commissioner, first of all, that we want to know all the contractors that DCA is dealing with by name and what their responsibility is. Again, after my anger over the Open Public Records issue, to hear that you’ve been told that there are more private contractors working for DCA than public employees also lends credence to the fact that private business is not always better than having our public employees doing the job they’re hired for. So I think we should ask for a complete list of all of those contractors and what their responsibility is.

We should also submit to him the questions that were laid out so clearly by Kevin Walsh and the Fair Share Housing Center so that he has time to answer all of these questions before he comes before us.
And last -- well, next to last -- the issues around -- that the Hispanic Alliance (*sic*) brought up around the renters and why they’re such a small percentage. And where is that money going, and why is it not going into the counties most hard-hit?

And last, I would like to see the request for proposal that went out that ended in us hiring HGI, and then a complete explanation as to why they were fired in December and why it’s being kept a secret from us as well as from the public.

So if I have to put all of that in the form of a motion, I will; or can the Committee just follow--

SENATOR GORDON: Is there any objection to the Committee drafting that letter?

SENATOR KYRILLOS: I’m fine with that. I asked some of my own questions over time. And I just wanted to say that I’m told there is a DCA transparency website, and that all Sandy-related recovery procurement efforts are posted on the site and there is a controller’s New Jersey Sandy transparency site as well. So it very well may be that some of the information that has been discussed is available for people who want to go and do the research. But I have no problem with you making that request to the Commissioner, Mr. Chairman.

SENATOR GORDON: We will do that.

I would just like to pose a question: I know that it’s on your hit parade here, but just anecdotally, you have a theory as to what explains the high error rate and the denials. I’m still unclear about how the FEMA data may have been the factor. There is this $8,000 threshold that has to be crossed. Now, I would think that you just replace some windows and
you hit $8,000. I understand something about the FEMA Individual Assistance Program, which is where I think that $8,000 comes from. How is it that there is such a high error rate? Please explain this issue of FEMA data and why it might have been wrong.

MS. BERGER: I can give you one example that was testified to previously by someone. FEMA came to her house and they couldn’t get around the back of her house because of the existing storm damage. So they could only verify what they could actually see. So FEMA verifies damage to the property structure. So if they see in the front of your house that you’re out one window and it looks like a load-bearing wall is damaged, that’s all they verify. That’s it. And then they can’t get around the back to see that your porch is gone or that you no longer have a second-story master bedroom that you added three years ago. They can only physically verify what they’re physically able to get to in the quick aftermath of the storm. That’s why New York City and New York state allowed people to use damage assessments from flood insurance, from private homeowner’s insurance, from their town managers, from other folks who could come back out two or three months later after all of the debris had been carted away, the trees had been taken down, and things had been secured. If it’s not safe for a FEMA employee to go to the back of the house and look at what was once there, that FEMA employee can’t do that. And we can’t ask people to do that, because that is not safe. We don’t want people to get hurt in the recovery process. So relying on that single damage assessment is just providing a snapshot in time. It’s not a full picture of what people experienced.
And because it took into account only the structure, it really undercounted renters, because renters didn’t necessarily have FEMA come to their apartment, because that would be the landlord’s responsibility. And if the landlord didn’t move fast enough, or for whatever reason didn’t contact FEMA while FEMA was in town, they just didn’t get counted. So it really skews the whole way that the State looked at the data, which is why we sent the Enterprise Foundation report, that Frank mentioned before, to DCA, and we said publicly, privately, in our public comments, in conversations, in testimony, “Do not just use this data. It is a not a good picture of what actually happened.”

MR. WALSH: Along those lines, Senator, New York state, in its plan, acknowledges that -- it writes that it obtained the same data that New Jersey has. And then it includes some information that New Jersey didn’t quite seem to appreciate -- or the contractors didn’t appreciate. New Jersey, on Page 16 -- and this is April 2013, so this was still in time for New Jersey to catch its mistake -- they write that they used the data as a starting point. And then they write, “Based on initial inspections of each property, FEMA calculates FEMA verified loss, FVL, which represents the estimated cost to make critical repairs to each home affected by the storm. Since FVL, fully verified loss, is based on a rapid assessment process that does not attempt to estimate the cost to fully restore the home to its pre-storm condition, FVL systematically underrepresents damages incurred by homeowners. FVL furthermore focuses on owner-occupied properties and is generally not calculated for properties if they are occupied by renters at the time of the storm. It therefore systematically underrepresents the extent of damage to the rental stock. Given the large proportion of minority and low-
income New Yorkers” -- this is New York state’s plan -- “who require affordable rental properties, the state believes it is critical to understand the damage incurred by the segment of the housing market.” And then it went on to discuss how it used this data as a starting point, but then it made modifications and brought information in from elsewhere. This was information that we brought to the State’s attention back in April or March. This was what we were arguing over in New Jersey -- over the renters. This is not something that they learned about from HUD. I don’t believe that. I’ve heard that. This is not something that anybody mislead them on, I believe. This is something that anybody who has done disaster recovery work in the United States of America understands is the limitation of FEMA data. Maybe this is why HGI was fired. I don’t know. We should ask. Somebody should answer that question. And when New York state knew this, why didn’t New Jersey’s people know this? Or did they know it and choose to disregard it? I don’t know.

SENATOR GORDON: So when these 80 percent had their decisions -- initial decisions rescinded, what was the basis of that decision? Did someone say, “Well, we should really be looking at this more comprehensive assessment?” Did they, in effect, say, “Jeepers, we were wrong to use just FEMA data”?

MS. BERGER: They said, “You could submit other damage estimates. You can use homeowners insurance, you can use flood insurance, you can use whole other statements of loss to give us a better analysis of what the full picture of your loss is.” So that’s why not going out at some point and saying, “Hey, wait a second, we realize we weren’t doing this right. If you were denied, please appeal. We’re going to extend the
appellate process because we know that there is a mistake, and now people have to go back to their house and dig up more paper.” Without telling people they had the right to do that -- because they were letting some folks do it -- they really disenfranchised all of the people who were -- who didn’t know they could appeal. And because the letter, as Kevin mentioned before, said, “You were denied for one of six reasons or other disqualifying reasons--” It wasn’t like there was a check box on the letter that said, “You were disqualified because you didn’t have substantial damage,” or, “You didn’t make enough money,” or some other disqualifying reason. It actually said, “Other disqualifying reasons,” period. The appeals process was very complicated, so some people just threw up their hands and didn’t know -- because no one said publicly until last Wednesday that you could use other documents to appeal.

SENATOR GORDON: And I assume none of the information was made available in Spanish.

MR. ARGOTE-FREYRE: Not that I’m aware of, no.

SENATOR KYRILLOS: Mr. Chairman.

SENATOR GORDON: Senator Kyrillos.

SENATOR KYRILLOS: Thank you.

Again, I’ve heard some of the numbers that you discussed with regard to the Hispanic community, the African-American community, and other communities. I don’t know how to look at that in this context. But I do think it’s important to be stated that most of the programs are earmarked, to begin with, to low- and moderate-income earners. I think there is some impression that the opposite is the case. I think it varies anywhere from 100 percent to low- and moderate-income households to 70
percent of the money going to so-called *low- and moderate-income* earning households. Can you enlighten us as to the income thresholds that constitutes low- or moderate-income in this context?

MR. WALSH: Sure. So the programs are-- The RREM program, for instance, is available to people-- this was the State’s decision-- earning up to $250,000 in adjusted gross income, which means after deductions. Having said that-- which is-- those are people who earn more than I earn by a lot.

SENATOR KYRILLOS: So people who are above that threshold are not entitled to any assistance.

MR. WALSH: But somebody could make $350,000 and have a lot of--

SENATOR KYRILLOS: Or has been argued with me in my office-- $256,000 they’re out.

MR. WALSH: They’re out. That’s right. But it is true, Senator, that 50 percent of the Federal money is required to be used for people with low and moderate incomes, which is probably somebody earning up to $60,000, $70,000 or so. I could have the numbers. I’m not great with that. That’s the moderate. And one of the programs-- the Resettlement Program, which is $10,000 grants for homeowners only, not for renters, which continues that theme of renters being somewhat left out-- I think the target was 60 percent, and they haven’t met that target. So there are some areas where I think they’re up with their targets, there are others where they said there weren’t enough lower-income people eligible. Although now, when they redo them in light of the new data that they have acknowledged and allowed people to appeal, maybe they can get there. And
that’s a good goal, because if you have a low or moderate income, you’re probably in a worse position if your house is destroyed than somebody who is an upper-income person.

SENATOR KYRILLOS: The information that I have, just so we know, is that for the Resettlement Program it’s 60 percent low- and moderate-income as you indicated. But for the RREM program, it’s 70 percent. So that’s important for people to know, especially for people who are two-income earning households making $45,000 each. They’re not in that 70 percent category. That’s quite a lot of people in Monmouth and Ocean counties and, frankly, most places in the state.

SENATOR GORDON: Ms. Berger.

MS. BERGER: I was just going to add to the Senator’s point that those are target numbers. What we haven’t really gotten yet is whether or not they’ve actually met those numbers; because we were told 60 percent of the Resettlement Grants were going to go to low- and moderate-income families, but that has not actually been the case. I think it’s about 42 percent, 43 percent at this point.

The second action plan that has been released -- it was released last week, which there are going to be hearings on this week -- is a little bit disconcerting, in addition to that, because it looks like they may not meet that 50 percent threshold that the Federal government requires the CDBG-DR be spent on. Normal CDBG money is required to be spent -- about 70 percent of that needs to be spent in low- and moderate-income communities and for low- and moderate-income families. CDBG-DR is actually less than that. So for them to not meet the 50 percent would make the application they currently submitted be extremely problematic. So we would hope they
would go back and review the numbers that they’ve submitted, which is something I know we’ll be testifying about, and Fair Share will be as well.

MR. WALSH: Some of this -- and it would be a great thing for this Committee to exercise oversight on-- One of the things in the new plan suggests that the Stronger than the Storm campaign that is out there -- that 15 percent of that money benefits low- and moderate-income households. That’s the sort of thing that is -- if it benefits them, it’s fairly direct. And I’m not sure how much of the accounting for low- and moderate-income is direct benefit versus indirect arguable benefit.

MR. ARGOTE-FREYRE: I want to thank Senator Kyrillos for your points earlier. I didn’t get a chance to answer you on the issue of whether the delays are from Federal or the State.

As an advocacy organization, any information that you have about that -- we want all levels of government to be responsive. The people we’ve spoken to at the State haven’t expressed concerns about HUD or the Federal government causing those delays. But we’re not closed off. If that’s where the issues are, and we discover that, you discover that in your work, we’ll be out there as well raising a banner that that needs to change.

SENATOR KYRILLOS: Thank you.

SENATOR GORDON: Senator Weinberg.

SENATOR WEINBERG: Certainly we should add to that list of questions for the Commissioner specific places that he perceives HUD has caused this slow down. But I agree with Staci Berger. I have had some experience with community development block grants and the whole issue is, you give the money to the local community and let them come up with all the rules and regulations.
But given that, I have a couple more questions. Do any of you know what HGI’s exact role was in this whole process; and others such as the URS group, Shaw Environmental, and Gilbane Building? Do any of you know what the roles of those folks are?

MR. WALSH: Senator, HGI’s role was to serve as sort of the face of the program initially, where people could -- in some sense, the storefront where people walked in, or called, or e-mailed, or otherwise applied through the Internet. And they set up the front end, who qualifies part of the program.

SENATOR WEINBERG: That’s HGI.

MR. WALSH: That’s HGI. And those are the folks-- That’s where we’ve identified the biggest problems to date distinguishing between who qualified and who didn’t.

The other groups you mentioned, I believe, are the entities that are responsible for determining -- once a decision of eligibility has been made -- they’re involved in getting bids for the work for elevation and rehabilitation; they’re involved in picking the contractors. This is a stage that a number of -- a substantial number of people are at. And we’re starting to get calls about that process as well. And we don’t know too much about them. I haven’t had any direct dealings with them. But they were the ones who-- The other three were hired to sort of deal on the back end part of the process.

SENATOR WEINBERG: For the other three, do you know if they have segmented responsibilities, or are they all involved in one process?
MR. WALSH: So my understanding is that URS is the lead entity. All three of them bid, and they took all three bids, but I believe they may have put URS at the head of those. But we’re getting-- Some of the information we’re getting back is that there is something happening there because there were some people they were dealing with that they’re no longer dealing with. There was a process in which we were told there was supposed to be three bids submitted in order to get the lowest price, but now they’re only going with one bid. And that’s resulting in some of the contractors out there having hundreds of jobs because they’ve gotten low bids, but then people are in long waiting lines to get the funding. So that’s preliminary information we’re hearing. It’s difficult to verify it. But from what we’re hearing, there are some challenges with the back end process as well.

SENATOR WEINBERG: So as far as you know, all of those groups are under contract now or some form of contract with the State, but we don’t know what they are yet?

MR. WALSH: No, I think we know what they are, I just think we don’t know how they’re doing or we have some concerns about how they’re doing. And the rules that I held up here -- the 175 pages of rules -- it seems like they may be departing from them without changing the rules. And so when people call up and I say, “Well, maybe your question is answered in here--” and then I get a call back saying, “I’ve read those rules, and I had to look at the front cover to see if they’re from New Jersey, because the process that’s described in the rules is different than what I’m experiencing.”

SENATOR WEINBERG: Thank you.
SENATOR GORDON: Senator Sarlo.

SENATOR SARLO: Let me just jump in here for a moment. This is just an assumption on my part. I believe the three or four firms that you mentioned -- they’re national, large, construction engineering firms. So my assumption is they’re probably not that busy because not much money has gone to do construction. So they probably haven’t done a whole heck of a lot of work. But I’m assuming their responsibility is, once HGI did all of the up-front work, did all the qualifications, and provided what the value of dollars a homeowner would be receiving, these companies then would prequalify local contractors -- do the prequalification -- get bids for whether it’s window replacement, whether it’s raising the home, roofs, whatever it may be. They would sort of serve as the construction manager -- prequalify local contractors and then manage the construction. That’s my assumption of the role they’re playing.

MR. WALSH: The only distinction I’d have there is whether they’re local contractors; but yes, prequalify some of them.

MS. BERGER: There is a piece of that where the homeowner has to actually put the -- doesn’t actually get a check. They get sort of an escrow account.

SENATOR SARLO: Correct.

MS. BERGER: So the local contractors-- We’ve heard some reports from local contractors that they feel they’ve not really been a part of the process either. So there is definitely some back-end issues that we’re starting to hear about now; that there are some applications being processed.
SENATOR SARLO: Unfortunately, whenever you have storms of these magnitudes -- I don’t want to use this word -- sometimes you get-- It’s unfortunate, because you have some great contractors -- local contractors who (indiscernible) and get bypassed by, sometimes, what they call storm-chaser contractors, who literally will come in from out-of-state and follow natural disasters, and come in and team up with these larger companies to do the work. And unfortunately that hurts some of our local guys, some of our neighbors who could be getting the benefit of putting the boots on, and doing some work, and getting paid for this.

MS. BERGER: If I may, through the Chairman, that’s one of the reasons the Integrity Monitor law is so important. Somebody needs to be looking -- especially at the large developments -- at who is bidding, who is getting the contracts, and whether those folks are qualified. If there are people coming from out-of-state and working here, how do we know what level of quality work we’re getting? I’m not saying it’s not good quality, I’m just saying the Integrity Monitor law that you all passed, that the Governor signed, at this point is just collecting dust. And that really needs to be looked at.

SENATOR SARLO: I would hope it’s local building contractors in this state--

MS. BERGER: I would hope so too.

SENATOR SARLO: --who pay workers’ compensation insurance or are employing New Jersey residents, who are registered with our local building departments -- those who struggle during this recession and are still employing people. I would hope that those contractors are getting the chance to do this work.
MS. BERGER: I don’t know that that’s true.

SENATOR WEINBERG: I have a few more questions.

SENATOR GORDON: Senator Weinberg.

SENATOR WEINBERG: Since I talked a little bit about transparency, and so did you, do you think that there is sufficient transparency in the process going forward? How would you recommend, other than going to court, that we can serve as a helper in straightening this out?

MR. WALSH: What we’ve started to do is to say we will--They’ve gotten somewhat better after we sued a couple of times. (laughter)

SENATOR WEINBERG: That’s like the practice round. (laughter)

MR. WALSH: What we now do, Senator, is we say, “We will give you 14 days to respond to this. We will not grant any further extensions.” And we let them know right away. Or we say, “We demand this in 7 days, no extensions.” We’ve requested a lot of information recently about HGI. Maybe that will answer some of the questions that they have thus far been unwilling to answer. The worst case was, I think, when they delayed us from July until November, and eventually, in effect under court order, turned it over. It was hard to see that as anything other than being obstructionists, because these were all documents they should have had very handy right on the top of the desk. We’re not asking for something from 1987; we’re asking for something they’re working on right now.
SENATOR WEINBERG: And we still don’t know why HGI was terminated, or under what circumstances, or how much money that cost to terminate the contract.

MR. WALSH: We don’t know. I’m hopeful we’ll find out soon what it was, but they might also request-- I think it’s due today. It was either due yesterday or today. And I am hopeful there will be some documentation in there. And I hope they don’t request an extension.

SENATOR WEINBERG: One more question for the Latino Alliance. What changes would you suggest to us to make sure that the Latino community is adequately informed, particularly about what you brought up about the people who were told their applications were too late when, in fact, the date was revamped? Does the State have a list of who those people are, and can they reach out to them?

MR. ARGOTE-FREYRE: Senator, thank you. I was going to actually bring it back to that issue when you asked Kevin the other question.

In terms of transparency, we would love to know why nothing was done about our complaint with regard to this incorrect information or missing information on the Spanish language website. And what about opening it up for those folks who may have been misinformed about the process? It seems like there was no effort -- justice there with those folks. And so we’d like to know what went into that decision-making process in terms of why did they not address us; why did they not respond publicly to that aspect of our complaint; and why haven’t they given these folks some additional time? They made the error; they corrected it. Why not do something to make it right for those individuals who may have been
affected? It’s befuddling to me. I don’t know why they wouldn’t do something about that. So if in your list of questions to DCA you would please include that. It would be great, from our perspective, to know what is going on with that.

    Thank you.

SENATOR WEINBERG: Thank you.

SENATOR GORDON: Any other questions by members of the Committee?

SENATOR KYRILLOS: I just have a couple of summarizing thoughts, but not questions, for the Committee.

SENATOR GORDON: Senator Kyrillos, do you want to go ahead?

SENATOR KYRILLOS: Yes, I’m just going to make a couple of little wrap-up points, if I could, Mr. Chairman.

    I’m pleased that we’re focused on this. I think all of us in the advocacy community, members of the Senate, the public at large want to rebuild our lives, we want to rebuild these communities, and we want to do it as efficiently and as quickly as possible, recognizing that we live in a great country and that there is genuine empathy and generosity to try to make things better. I am frustrated every day by the process.

    But I want to read something to you, because I think it is important to recognize that when we find ourselves in these kinds of situations in life -- this is a historic situation -- when we are living through, as I indicated before, maybe the largest recovery -- most expensive, in any case -- of its kind in our country’s history, that it’s unique, and others have the same kinds of problems and frustration.

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I want to read something from the NAACP Legal Defense and Education Fund Sandy Recovery website -- not about New Jersey, but about New York, a state that I’ve heard a few mentions of doing things differently, perhaps better. I’m not sure. I’m not a student of the experience there.

But the LDF, the Legal Defense Fund, “continues to monitor the New York City and New York state’s Sandy recovery efforts. As of January 31 of this calendar year, 2014, New York City has not distributed any of its CDBG Disaster Recovery funds designated for housing recovery programs. The state administered some housing funds in December 2013, though it’s not clear whether those funds came from CDBG Disaster Recovery grants or elsewhere. Unfortunately, neither the city nor the state has been very transparent during the recovery process. Accordingly, in November of last year, submitted Freedom of Information requests to the agencies handling post-Sandy recovery efforts seeking applicant data from the city and the state housing recovery programs, and information about the city and state’s assessments of unmet needs and outreach efforts,” have not been forthcoming. “As of January 2014, the Legal Defense Fund has received a limited response from the city and no responsive documents from the state.”

So let’s keep things in perspective, from my point of view, and let’s try to provide the right kind of oversight to truly help people and get things moving, be constructive, be productive. I recognize that we’re not unique, and this is not an island.

And in conclusion, from my point of view, Mr. Chairman, I just want to reiterate what I said earlier about the fact that if we had as many dollars and assistance as we had tragedy, we wouldn’t have to make any of
these tough calls. We would just do the accounting and sort it out. But that’s not the case. And, again, I hope our congressional delegation gets to work. Because here in New Jersey we had $37 billion in total damage. New York state, including New York City, had $42 billion -- pretty close numbers; $5 billion really is a lot of money, but they have received nearly twice as much in assistance -- $7.04 billion in recovery funding to New Jersey’s $3.2 billion. Those numbers don’t seem right to me. Those original revenue estimates already built in the higher cost of living and higher expenses in New York City. So these seem pretty good comparisons, apples to apples, if you will. And that leads to a lot of our frustration as well.

Thank you, Mr. Chairman.

SENATOR GORDON: Thank you.

Any other members of the Committee? (no response)

At this point I just want to thank--

SENATOR SARLO: Wait.

SENATOR GORDON: Senator Sarlo.

SENATOR SARLO: If I’m correct, Senator Gordon, $1.2 billion was this first round. I’m looking in the supplemental documents, supplemental materials that we received in our packets. Funds from the action plan were $1.159 billion -- $1.2 billion say. We’ve only awarded $280 million so far of the $1.5 billion. I mean, it’s not the lack of money. We’re not getting it out on the street fast enough.

SENATOR KYRILLOS: I agree. Let’s get to work.

SENATOR GORDON: It’s less than 25 percent.

SENATOR SARLO: We’re not getting it on the street.
SENATOR GORDON: I think overall, and I think in the terms of RREM, it’s in the single digits. I just got an e-mail from a constituent who said, “I’ve been approved. I’ve been waiting and waiting for the money.”

There are clearly a good number of issues that we need to address. We’re going to summarize those issues in the letter that we’re going to submit to the Executive Branch.

I want to thank the three of you for helping us crystallize those issues.

MS. BERGER: Thank you for having us.

SENATOR GORDON: And I am hopeful that we will have the Commissioner of Community Affairs here and, perhaps, others who can help us understand what kinds of flaws emerged in this process, and what is being done to fix them so we provide the kinds of services our residents desire.

And with that, I will adjourn the meeting.

Thank you all very much.

(MEETING CONCLUDED)