

HUD ACT
of 1968

50
Years

1968 - 2018

50 Years of Promoting
Economic Opportunity



NATIONAL TRAINING CONFERENCE

SECTION 3
of the Housing and Urban
Development Act of 1968

Day 3
June 20, 2018





NATIONAL TRAINING CONFERENCE

Disaster Recovery and Section 3

Brenda Edmondson

Day 3

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Superstorm Sandy

- Hits New York and New Jersey on October 29, 2012
- Estimated \$65 Billion damage in the USA and \$315 million worth of damage in the Caribbean, making it one of the 10 most costly hurricanes to hit the USA.
- It causes major wind, water and public infrastructure damage, destroying thousands of homes and commercial businesses, damaging train and subway stations, and leaving millions without electricity for days and weeks on end. It destroyed much of our New Jersey shoreline and protective areas such as sand dunes, raised water levels all along the east coast.
- **Disaster Recovery (DR) Funds-New Jersey received a total of \$4.9 Billion in Disaster Recovery Funds and New York over \$17 Billion in 2013.**
- State of New Jersey Department of Community Affairs received and administered Disaster Recovery Funds

Latino Action Network (LAN) Lawsuit

- In **April 2013**, the Latino Action Network (“LAN”), and Fair Share Housing Center filed with HUD FHEO, alleged that the State of New Jersey engaged in discriminatory housing practices with respect to the provision of Disaster Recovery services and failed to affirmatively further fair housing.
- The complaint filed under Title VI of the Civil Rights Act of 1964, Title VIII of the Civil Rights Act of 1968, as amended; and Section 109 of Title I of the Housing and Community Development Act of 1974. Section 3 was not specifically identified as one of CR laws violated.
- On April 23, 2013, the complaint was amended-added NJ State Conference of the NAACP as a Complainant and the NJ Department of Community Affairs (“DCA”) as a Respondent.
- The Recipients entered into a Voluntary Compliance Agreement/Conciliation Agreement (VCA/CA) with HUD on May 30, 2014, to ensure compliance with Title VI, Title 8, Section 109, and AFFH. DCA submits quarterly and annual VCA reports to HUD, and HUD (FHEO) monitors.

LAN VCA

The VCA stipulates 119 Specific Provisions and sub-provisions, DCA to:

- Allocate \$215 million to the Fund for the Restoration of Multifamily Housing and prioritize Sandy displaced residents to create 4,000 units. DCA has developed 36 projects: 20 for families (1,766 units), 15 for seniors (1,080) and one for both groups (70 units), totaling 2,916 units in 8 of the 9 Disaster Recovery counties.
- Establish the LMI Homeowners Rebuilding Program with a focus on LMI and LEP residents
- Allocate \$32 million for the Tenant-Based Rental Assistance Program (TBRA) to extend the time-period for the use of these vouchers and waive the limit of 120% to enable DCA to pay 130% over Fair Market Rents
- Conduct LEP Four-Factor Analyses of residents in 9 DR Counties develop a Language Access Plan (LAP), create a Language Access Training Plan for sub-recipients and DCA staff

LAN VCA

- Allocate \$2 million for a LMI/LEP outreach initiative
- **Develop and implement its “NJ DCA Sandy Recovery Division: HUD CDBG-DR Funds Section 3 Plan”, and “Section 3 Implementation Guide” used to educate sub-recipients and key DCA staff.**
- Update its Analysis of Impediments to Fair Housing Choice.
- Post all documents on renewjerseystronger.org website to ensure transparency, translate the website into Spanish, the major language spoken in NJ, after English.

Section 3 VCA Specific Provisions

The VCA/CA contains 13 Section 3 Specific Provisions and requires DCA to:

- Select firm to ensure compliance with Section 3, Ernst & Young perform this function (2014).
- Appoint full time Section 3 coordinator for its CDBG-DR activities, Sandy Recovery Division.
- Develop and adopt a Section 3 Plan for CDBG-DR in 150 days with HUD review of the plan in 30 days. FHEO did this review with FHEO HQ.
- Develop a Section 3 Implementation Guide to facilitate consistent compliance with Section 3 in all aspects of the State's CDBG-DR activities. Post both documents on DCA's Sandy Website.
- Submit Annual Reports in SPEARS. Excellent numbers for resident hires.

Section 3 VCA Specific Provisions

- Develop Section 3 training materials for DCA, subrecipients, Section 3 businesses and Section 3 covered persons
- HUD may direct Recipients to refocus outreach efforts for groups, Section 3 residents or businesses.
- Post notices on website, in common areas of its housing, advertise in local media
- Use HUD's Section 3 Business Registry, encourage Section 3 businesses to sign up. Numbers in the Registry remain low at 56 businesses, although DCA has trained 75 businesses.
- Section 3 enforcement and monitoring process for DCA and its Subrecipients. DCA's Office of Compliance and Monitoring started this function in 2017.

Role of Office of FHEO- Region 2-Newark

- FHEO reviews to determine if civil rights related language is included
- Reviewed NOFAS & Federal Register
- Reviewed Disaster Recovery Action Plans, completed Action Plan Checklists with feedback to CPD HQ (NY staff reviewed New York State and NY City Plans, and NJ staff did State of NJ DCA DR Plans). Newark FHEO staff also reviewed the Spanish version of DR Action Plan for NJ
- FHEO staff -Attended all 5 Public Hearings for DR funds and State Congressional Hearings, met with Advocates to discuss concerns
- HUD staff (FHEO also) worked at Disaster Recovery Centers in south Jersey

Role of Office of FHEO- Region 2-Newark

- **In 2015 FHEO staff participated in HQ CPD Onsite Monitoring of DCA's use of DR Funds and records kept**
- **In May 2016** with NY City Office of Management and Budget, CPD DR Monitor, NYCHA, FHEO provided Section 3, W/MBEs and civil rights training to over 200 staff involved in DR efforts in NY. This included how to develop and **Implement a Viable Section 3 Plan and W/MBE Program. As a result, NY also reports excellent numbers for Section 3 resident new hires.**

Lessons Learned

- **Local staff should be present when VCA is negotiated so everyone is “on the same page” and understands why some provisions are included or omitted**
- **VCA should reflect all items HUD will require to satisfy provisions**
- **It’s extremely important to cross collaborate with the Disaster Recovery CDBG Recipient to identify the importance of our civil rights laws and Section 3.**
- DCA works collaboratively with HUD and the Fair Housing Advocates that brought the initial complaint. There have been some challenges but overall, DCA has made major efforts to implement the VCA.
- DCA created a special website. The [renewjersey stronger.org](http://renewjerseystronger.org) website can also be accessed through DCA’s main website. The “renew site” has:
 - Section 3 Plan and Guide
 - Name and contact information for Section 3 Coordinator

Lessons Learned

- DCA pulled in its top officials, including the newly appointed DCA Commissioner and several Deputy Commissioners to participate in this process. Important to underscore commitment
- DCA established a Sandy Recovery Division, and 9 temporary Housing Recovery Centers, identified a LAP and Section 3 Coordinator, and awarded VCA related contracts to Ersnt and Young, Femworks, and, Diversity, Inc., among others.